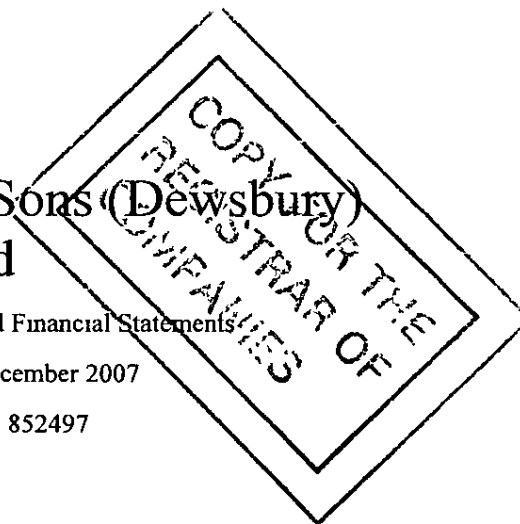


William S. Graham & Sons (Dewsbury)  
Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 December 2007

Registration number 852497



TUESDAY



\*ACAAA3DW\*

A06

23/09/2008

164

COMPANIES HOUSE

**William S. Graham & Sons (Dewsbury) Limited**

**Contents Page**

Officers and advisers .....	1
Directors' report .....	2 to 4
Independent auditors' report .....	5
Consolidated profit and loss account .....	6
Consolidated statement of total recognised gains and losses .....	7
Consolidated balance sheet .....	8
Balance sheet .....	9
Consolidated cash flow statement .....	10
Notes to the financial statements .....	11 to 26

The following page does not form part of the statutory financial statements

Company detailed profit and loss account .....	27
--	----

**William S. Graham & Sons (Dewsbury) Limited**  
**Officers and Advisers**

<b>Directors</b>	J S Graham N Graham
<b>Secretary</b>	N Graham
<b>Registered office</b>	Ravens Ing Mills Ravensthorpe Dewsbury WF13 3JF
<b>Bankers</b>	HSBC Bank plc Market Place Dewsbury West Yorkshire WF13 1DH
<b>Auditors</b>	RSM Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

**William S. Graham & Sons (Dewsbury) Limited**  
**Directors' Report for the Year Ended 31 December 2007**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2007

**Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

**Principal activity**

The principal activity of the group is that of the manufacture of carpet yarn and carpets

**Business review**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face. The group continues to be a manufacturer of carpet yarn and carpets

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover, gross margin, net assets and operating cash flow

The turnover of the group decreased to £31.6 million from £32.7 million in the prior year, a decrease of 3.4%. Of this decrease, approximately £382,000 related to the closure of the restaurant operation in 2006. The breakdown of turnover can be seen in note 2 to the financial statements. The overall gross margin percentage improved from 22.1% in 2006 to 22.5% in the current year. The overall effect of these changes is an operating loss of £147,277 compared to a profit of £177,083 in the prior year. Net interest payable amounted to £102,869 (2006 - £273,440) reflecting reduced total borrowings and the breakdown of this can be seen in note 7 to the financial statements. The net loss before taxation and exceptional items was £242,571 compared to a loss of £96,066 in the prior year

The net assets of the group now stand at £11.9 million (2006 - £12.1 million) with net current assets of £2.9 million (2006 - £3.0 million)

**William S. Graham & Sons (Dewsbury) Limited**  
**Directors' Report for the Year Ended 31 December 2007**

*continued*

**Business review (continued)**

The group generated £2.3 million of cash from operating activities (2006 - £1.9 million). Net borrowings at the year-end had reduced to Nil and overall net funds amounted to £0.7 million compared to net borrowings of £1.28 million at the previous year-end as shown in note 25.

The directors take the environmental impact of the group's operations seriously and endeavour to ensure this impact is minimised. The group has operated within all relevant regulatory and legislative guidelines.

As for many businesses of our size, the business environment in which we operate continues to be challenging. However, we are generally satisfied with these results for the year which reflect the costs associated with realigning the business. Furthermore, we feel that as a result of this, and a restructuring of the spinning operation, the group will be in a stronger position within the industry and we remain optimistic that the company can continue to achieve its objectives.

**Results and dividend**

The results for the group are set out in the financial statements.

The directors do not recommend the payment of a dividend.

**Employment policies**

During the year the group continued to provide employees with relevant information and to seek their views on matters of concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's trading position and of any significant organisation changes.

It is the policy of the group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who have become disabled whilst in the employment of the group, as well as generally through training and career development.

**Charitable donations**

During the year the group made charitable donations of £6,590. Individual donations were

	2007 £
Freedom of information	5,000
Other small donations	<u>1,590</u>

**Directors**

The directors who held office during the year were as follows:

- J S Graham
- N Graham

**Auditors**

The auditors, RSM Bentley Jennison, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

**William S. Graham & Sons (Dewsbury) Limited**  
**Directors' Report for the Year Ended 31 December 2007**

*continued*

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by a horizontal line that ends in a small flourish.

N Graham  
Company Secretary

Date

1 / 9 / 08

## **Independent Auditors' Report to the Members of William S. Graham & Sons (Dewsbury) Limited**

We have audited the group and parent company financial statements (the "financial statements") of William S Graham & Sons (Dewsbury) Limited for the year ended 31 December 2007 set out on pages 6 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
RSM Bentley Jennison  
Chartered Accountants & Registered Auditors

Date 17 September 2008

2 Wellington Place  
Leeds  
LS1 4AP

**William S. Graham & Sons (Dewsbury) Limited**  
**Consolidated Profit and Loss Account for the Year Ended 31 December 2007**

	Note	2007 £	2006 £
Turnover	2	31,569,969	32,679,178
Cost of sales		<u>(24,477,754)</u>	<u>(25,462,651)</u>
<b>Gross profit</b>		7,092,215	7,216,527
Administrative expenses		<u>(7,239,492)</u>	<u>(7,039,444)</u>
<b>Operating (loss)/profit</b>	3	(147,277)	177,083
Exceptional profit on sale of fixed assets	4	-	373,773
Other interest receivable and similar income		7,575	291
Interest payable and similar charges	7	<u>(102,869)</u>	<u>(273,440)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(242,571)	277,707
Tax on (loss)/profit on ordinary activities	8	<u>58,015</u>	<u>(27,753)</u>
<b>(Loss)/profit for the financial year</b>	19	<u><u>(184,556)</u></u>	<u><u>249,954</u></u>

Turnover and operating (loss)/profit derive wholly from continuing operations with the exception of the restaurant business which ceased during the 2006 year



**William S. Graham & Sons (Dewsbury) Limited**

**Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31  
December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Net (loss)/profit for the year	(184,556)	249,954
Actuarial (loss)/gain recognised on defined pension scheme liability	(34,000)	66,000
Movement on deferred tax relating to actuarial (loss)/gain on defined benefit pension liability	9,800	(19,600)
Total (losses) and gains for the year	<u>(208,756)</u>	<u>296,354</u>

The notes on pages 11 to 26 form an integral part of these financial statements

**William S. Graham & Sons (Dewsbury) Limited**  
**Consolidated Balance Sheet as at 31 December 2007**

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		10,945,712		11,401,732
<b>Current assets</b>					
Stocks	11	1,537,124		1,506,389	
Debtors	12	6,588,206		10,375,501	
Cash at bank and in hand		<u>1,021,846</u>		<u>288,707</u>	
		9,147,176		12,170,597	
<b>Creditors: Amounts falling due within one year</b>	13	<u>(6,219,592)</u>		<u>(9,187,829)</u>	
<b>Net current assets</b>			<u>2,927,584</u>		<u>2,982,768</u>
<b>Total assets less current liabilities</b>			13,873,296		14,384,500
<b>Creditors: Amounts falling due after more than one year</b>	14		(150,000)		(350,000)
<b>Provisions for liabilities</b>	17		<u>(1,606,509)</u>		<u>(1,679,957)</u>
<b>Net assets excluding pension liabilities</b>			12,116,787		12,354,543
<b>Pension liabilities</b>	22				
<b>Total of defined benefit schemes</b>					
With net liabilities			<u>(209,000)</u>		<u>(238,000)</u>
<b>Net assets including pension liabilities</b>			<u>11,907,787</u>		<u>12,116,543</u>
<b>Capital and reserves</b>					
Called up share capital	18		40,434		40,434
Capital redemption reserve	19		92,482		92,482
Profit and loss account	19		<u>11,774,871</u>		<u>11,983,627</u>
<b>Equity shareholders' funds</b>	20		<u>11,907,787</u>		<u>12,116,543</u>

Approved by the Board on 1/9/08 and signed on its behalf by

  
J S Graham  
Director

**William S. Graham & Sons (Dewsbury) Limited**  
**Company Balance Sheet as at 31 December 2007**

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Investments	10		157,845		157,845
<b>Creditors: Amounts falling due within one year</b>	13	<u>(72,084)</u>	<u>(72,084)</u>	<u>(72,084)</u>	<u>(72,084)</u>
<b>Net current liabilities</b>					
<b>Total assets less current liabilities</b>			<u>85,761</u>		<u>85,761</u>
<b>Net assets</b>			<u>85,761</u>		<u>85,761</u>
<b>Capital and reserves</b>					
Called up share capital	18		40,434		40,434
Capital redemption reserve	19		89,607		89,607
Profit and loss account	19		<u>(44,280)</u>		<u>(44,280)</u>
<b>Equity shareholders' funds</b>	20		<u>85,761</u>		<u>85,761</u>

Approved by the Board on 1/9/08 and signed on its behalf by

  
J S Graham  
Director

**William S. Graham & Sons (Dewsbury) Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 December 2007**

		2007	2006
	Note	£	£
Net cash flow from operating activities	23	2,339,092	1,879,479
Returns on investment and servicing of finance	24	(62,929)	(260,976)
Taxation	24	(186,402)	(60,597)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,347,272)	(912,318)
Sale of tangible fixed assets		52,673	2,525,503
		(1,294,599)	1,613,185
<b>Cash inflow before management of liquid resources and financing</b>		795,162	3,171,091
<b>Financing</b>			
Repayment of loans and borrowings		(1,219,038)	(297,233)
Amounts introduced (withdrawn) by directors		1,157,015	(440,458)
		(62,023)	(737,691)
<b>Net cash flow</b>		<u>733,139</u>	<u>2,433,400</u>

**Reconciliation of net cash flow to movement in net debt**

		2007	2006
	Note	£	£
Increase in cash in the year	25	733,139	2,433,400
Cash outflow from decrease in debt and lease financing		1,219,038	297,233
Change in net debt resulting from cash flows		1,952,177	2,730,633
 Net debt at the start of the year	25	(1,280,331)	(4,010,964)
 Net funds/(debt) at the end of the year	25	<u>671,846</u>	<u>(1,280,331)</u>

The notes on pages 11 to 26 form an integral part of these financial statements

# **William S. Graham & Sons (Dewsbury) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2007**

### **1 Accounting policies**

#### **Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2007. The acquisitions method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. Its profit for the financial year was £0 (2006 - £312,019).

#### **Turnover**

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers.

#### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Freehold buildings	2% straight line
Leasehold improvements	Over the period of the lease
Plant and machinery	10% straight line
Motor vehicles	25% reducing balance
Computer equipment	25% straight line
Restaurant fixtures	10% straight line

#### **Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

#### **Deferred taxation**

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

#### **Foreign currencies**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

#### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### Pensions

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

The group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with an insurance company. The scheme is closed to new entrants and there are no active members of the scheme as benefit accrual ceased on 31 July 2005. All members of this scheme are either deferred members or pensioner members.

Following the adoption of FRS17 the regular cost of providing defined benefits to employees in the period and the full cost of providing amendments to benefits in respect of past service are charged to operating profits. A credit representing the expected return on assets held by the pension scheme is included within interest receivable and similar income. The expected return is based upon the market value of these assets at the start of the period. An interest charge is also included in interest payable and similar charges. The interest charge is the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement. The difference between actual and expected returns on assets is recognised in the Statement of Total Recognised Gains and Losses, together with differences arising from changes in assumptions. The difference in the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as a liability on the balance sheet, net of deferred tax where appropriate.

### 2 Turnover

An analysis of turnover by geographical market and by segment is given below.

	Carpet yarn £	Thornhill Carpets £	Restaurant £	Total £
<b>Sales - UK</b>				
Sales - UK	17,790,021	13,652,930	-	31,442,951
<b>Overseas sales</b>				
Sales - Europe	127,018	-	-	127,018
<b>Geographical turnover</b>	<u>17,917,039</u>	<u>13,652,930</u>	<u>-</u>	<u>31,569,969</u>
<b>2006</b>	<u>25,075,116</u>	<u>7,222,140</u>	<u>381,922</u>	<u>32,679,178</u>

**William S. Graham & Sons (Dewsbury) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**3 Operating (loss)/profit**

Operating (loss)/profit is stated after charging/(crediting)

	2007		2006	
	£	£	£	£
Operating leases - land and buildings		200,000		27,808
<b>Auditors' remuneration</b>				
The audit of the company's subsidiaries' annual accounts	14,175		13,500	
Tax services	4,898		16,188	
Other services	7,585		5,051	
		26,658		34,739
(Profit)/loss on sale of tangible fixed assets		(4,573)		19,652
Depreciation of owned tangible fixed assets		<u>1,755,192</u>		<u>1,730,830</u>

**4 Exceptional items**

	2007	2006
	£	£
Exceptional (profit)/loss on sale of fixed assets	<u>-</u>	<u>(373,773)</u>

The exceptional profit in the prior year relates to the disposal of a freehold property at Thornhill

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### 5 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	2007 No	2006 No.
Production	320	294
Sales and administration	13	10
Restaurant	-	20
	<u>333</u>	<u>324</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	7,647,725	7,505,347
Social security	620,025	662,418
Other pension costs	148,912	91,402
	<u>8,416,662</u>	<u>8,259,167</u>

### 6 Directors' emoluments

The directors' emoluments for the year are as follows

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	<u>395,128</u>	<u>417,857</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows

	2007 No	2006 No.
Money purchase	<u>2</u>	<u>2</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £214,224 (2006 - £233,690)



**William S. Graham & Sons (Dewsbury) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**7 Interest payable and similar charges**

	2007 £	2006 £
Bank interest payable	26,298	143,002
Bank loan interest payable	5,235	57,745
Invoice discounting interest	5,382	-
Pension scheme loan interest	45,115	51,693
Directors' loan interest	10,839	-
Pension scheme finance costs	10,000	21,000
	<u>102,869</u>	<u>273,440</u>

**8 Taxation**

**Analysis of current period tax (credit)/charge**

	2007 £	2006 £
<b>Current tax</b>		
Corporation tax (credit)/charge	(8,492)	63,000
(Over)/under provision in previous year	<u>1,125</u>	<u>(665)</u>
UK Corporation tax	<u>(7,367)</u>	<u>62,335</u>
 <b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(50,648)</u>	<u>(34,582)</u>
 <b>Total tax on (loss)/profit on ordinary activities</b>	<u>(58,015)</u>	<u>27,753</u>

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### Factors affecting current period tax (credit)/charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2006 - lower than) the standard rate of corporation tax in the UK of 30.00% (2006 - 30.00%)

The differences are reconciled below

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	(242,571)	277,707
Standard rate corporation tax (credit)/charge	(72,771)	83,312
Expenses not deductible for tax purposes	14,344	38,774
Deferred tax timing differences as provided	73,448	51,982
Timing differences as provided re defined benefit pension liabilities	(22,800)	(17,400)
Small companies relief	(713)	(32,514)
Roundings on corporation and deferred tax	-	218
Indexation allowances on property disposal	-	(43,781)
Depreciation charged on disposed property not taxable	-	(17,591)
Adjustments relating to prior years	1,125	(665)
Total current tax for the year	(7,367)	62,335

### 9 Tangible fixed assets

#### Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
As at 1 January 2007	2,308,387	22,531,946	469,936	25,310,269
Additions	214,654	946,371	186,247	1,347,272
Disposals	-	(559)	(112,473)	(113,032)
As at 31 December 2007	2,523,041	23,477,758	543,710	26,544,509
<b>Depreciation</b>				
As at 1 January 2007	472,880	13,171,467	264,190	13,908,537
Eliminated on disposals	-	(126)	(64,806)	(64,932)
Charge for the year	48,558	1,625,735	80,899	1,755,192
As at 31 December 2007	521,438	14,797,076	280,283	15,598,797
<b>Net book value</b>				
As at 31 December 2007	2,001,603	8,680,682	263,427	10,945,712
As at 31 December 2006	1,835,507	9,360,479	205,746	11,401,732

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### Land and buildings

The net book value of land and buildings includes

	2007 £	2006 £
Freehold	<u>2,001,603</u>	<u>1,835,507</u>

### 10 Fixed asset investments

#### Company

	Group shares £
<b>Cost</b>	
As at 1 January 2007 and 31 December 2007	<u>157,845</u>
<b>Net book value</b>	
As at 31 December 2007	<u>157,845</u>
As at 31 December 2006	<u>157,845</u>

The company holds more than 20% of the share capital of the following companies

	Country of incorporation	Principal activity	Class	%	Year end
<b>Subsidiary undertakings</b>					
William S Graham Limited	England	Manufacture of carpet yarn and carpets	Ordinary	100	31 December 2007
Futuregrowth Limited	England	Dormant	Ordinary	100	30 September 2007

### 11 Stocks and work in progress

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Raw materials	599,839	574,173	-	-
Work in progress	<u>937,285</u>	<u>932,216</u>	-	-
	<u>1,537,124</u>	<u>1,506,389</u>	-	-



**William S. Graham & Sons (Dewsbury) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**12 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	5,919,328	8,791,307	-	-
Other debtors	302,394	273,975	-	-
Director current accounts	-	982,071	-	-
Prepayments and accrued income	366,484	328,148	-	-
	<u>6,588,206</u>	<u>10,375,501</u>	<u>-</u>	<u>-</u>

Debtors includes £0 (2006 - £245,518) receivable after more than one year

This can be analysed as follows

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other debtors	<u>-</u>	<u>245,518</u>	<u>-</u>	<u>-</u>

**13 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	1,019,038	-	-
Pension scheme loan	200,000	200,000	-	-
Trade creditors	3,648,345	5,059,598	-	-
Corporation tax	-	166,282	-	-
Social security and other taxes	925,790	1,615,729	-	-
Other creditors	72,084	72,084	72,084	72,084
Director current accounts	174,944	-	-	-
Accruals and deferred income	1,198,429	1,055,098	-	-
	<u>6,219,592</u>	<u>9,187,829</u>	<u>72,084</u>	<u>72,084</u>

**William S. Graham & Sons (Dewsbury) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**14 Creditors Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pension scheme loan due one to two years	150,000	200,000	-	-
Pension scheme loan due two to five years	-	150,000	-	-
	<u>150,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>

**15 Maturity of borrowings**

**Group**

Amounts repayable

	<b>Bank loans &amp; overdrafts</b>	<b>Pension scheme loan</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 31 December 2007</b>			
In one year or less on demand	-	200,000	200,000
Between one and two years	-	150,000	150,000
	<u>-</u>	<u>350,000</u>	<u>350,000</u>
<b>As at 31 December 2006</b>			
In one year or less on demand	1,019,038	200,000	1,219,038
Between one and two years	-	200,000	200,000
Between two and five years	-	150,000	150,000
	<u>1,019,038</u>	<u>550,000</u>	<u>1,569,038</u>

**16 Security of borrowings**

The pension scheme loan is unsecured and carries an interest rate of 3% over the bank base rate. The loan is repayable in quarterly instalments over a period of five years.

**William S. Graham & Sons (Dewsbury) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**17 Provisions for liabilities**

**Group**

	<b>Deferred tax provision £</b>
As at 1 January 2007	1,679,957
Deferred tax provision charged to the profit and loss account	<u>(73,448)</u>
As at 31 December 2007	<u><u>1,606,509</u></u>

**Deferred tax**

Deferred tax is provided at  
30.00% (2006 - 30.00%)

	<b>Group</b>		<b>Company</b>	
	<b>2007 £</b>	<b>2006 £</b>	<b>2007 £</b>	<b>2006 £</b>
Accelerated capital allowances	1,610,759	1,688,192	-	-
Other short term timing differences	<u>(4,250)</u>	<u>(8,235)</u>	<u>-</u>	<u>-</u>
	<u><u>1,606,509</u></u>	<u><u>1,679,957</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**18 Share capital**

	<b>2007 £</b>	<b>2006 £</b>
<b>Authorised</b>		
<b>Equity</b>		
54,480 Ordinary shares of £1 each	<u>54,480</u>	<u>54,480</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
40,434 Ordinary shares of £1 each	<u>40,434</u>	<u>40,434</u>

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### 19 Reserves

#### Group

	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 January 2007	92,482	11,983,627	12,076,109
Other recognised gains re pension scheme liability	-	(24,200)	(24,200)
Transfer from profit and loss account for the year	-	(184,556)	(184,556)
Balance at 31 December 2007	<u>92,482</u>	<u>11,774,871</u>	<u>11,867,353</u>

The closing balance on the Profit and Loss Reserve includes a £209,000 debit (2006 - £238,000 debit) stated after deferred taxation of £89,000 (2006 - £102,000), in respect of the pension scheme liability of the group's defined benefit pension scheme

#### Company

	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 January 2007	89,607	(44,280)	45,327
Transfer from profit and loss account for the year	-	-	-
Balance at 31 December 2007	<u>89,607</u>	<u>(44,280)</u>	<u>45,327</u>

### 20 Reconciliation of movements in shareholders' funds

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
(Loss)/profit attributable to members of the group / company	(184,556)	249,954	-	(312,019)
Other recognised (losses)/gains for the year	<u>(24,200)</u>	<u>46,400</u>	<u>-</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(208,756)	296,354	-	(312,019)
Opening equity shareholders' funds	<u>12,116,543</u>	<u>11,820,189</u>	<u>85,761</u>	<u>397,780</u>
Closing equity shareholders' funds	<u>11,907,787</u>	<u>12,116,543</u>	<u>85,761</u>	<u>85,761</u>



# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### 21 Operating lease commitments

#### Group

As at 31 December 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings	
	2007 £	2006 £
Over five years	<u>200,000</u>	<u>200,000</u>

### 22 Pension schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £92,176 (2006 - £91,402)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

#### Defined benefit pension scheme

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with an insurance company. The scheme is closed to new entrants, and the current service costs will increase as members approach retirement. The total charge to the profit and loss account in respect of this scheme was £56,736 (2006 - £Nil)

The latest full actuarial valuation was carried out at 1 August 2004 and was updated for FRS 17 purposes to 31 December 2007 by a qualified independent actuary

The major assumptions used in this valuation were

	2007	2006	2005
Rate of increase in salaries	0.00%	0.00%	4.50%
Rate of increase in pensions in payment and deferred pensions	3.25%	3.25%	3.00%
Discount rate applied to scheme liabilities	4.75%	4.75%	4.75%
Inflation assumption	3.25%	3.25%	3.00%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2007 £	Value at 2006 £	Value at 2005 £
Equities	536,000	269,000	-
Bonds	190,000	307,000	-
Cash	60,000	151,000	546,000
Deposit administration contract	-	56,000	106,000
Annuities purchased	1,285,000	1,225,000	1,662,000
Total fair value of assets	2,071,000	2,008,000	2,314,000
Present values of scheme liabilities	(2,369,000)	(2,348,000)	(2,778,000)
Deficit in the scheme - Pension liability	(298,000)	(340,000)	(464,000)
Related deferred tax liability	89,000	102,000	139,000
Net pension liability	(209,000)	(238,000)	(325,000)

	Long term rate of return 2007	Long term rate of return 2006	Long term rate of return 2005
Equities	6.50%	6.50%	0.00%
Bonds	4.75%	4.75%	0.00%
Cash	4.50%	4.50%	4.50%
Deposit administration contract	0.00%	5.30%	5.30%
Annuities purchased	4.75%	4.75%	4.75%

### Movement in deficit during the year

	2007 £	2006 £
Deficit at year beginning	(340,000)	(464,000)
Current service costs	-	-
Contributions paid	86,000	79,000
Other financial income / costs	(10,000)	(21,000)
Actuarial gain loss	(34,000)	66,000
Deficit in the scheme at the end of the year	(298,000)	(340,000)

### Analysis of other pension costs charged in arriving at operating (loss)/profit

	2007 £	2006 £
Current service costs	-	-
Net operating return	-	-



# William S. Graham & Sons (Dewsbury) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

### Analysis of amounts included in other finance income/costs

	2007 £	2006 £
Expected return on pension scheme assets	43,000	31,000
Interest on pension scheme liabilities	(53,000)	(52,000)
Net finance return	<u>(10,000)</u>	<u>(21,000)</u>

### Analysis of amount recognised in statement of total recognised gains and losses

	2007 £	2006 £
Actual return less than expected return on scheme assets	(106,000)	57,000
Experience gains and losses arising on scheme liabilities	72,000	52,000
Changes in assumptions underlying the present value of scheme liabilities	-	(43,000)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	<u>(34,000)</u>	<u>66,000</u>

### History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount	£(106,000)	£57,000	£46,000	£20,000	£9,000
Percentage of year end scheme assets	(5.10)%	2.80%	2.00%	1.00%	1.00%
Experience gains and losses on scheme liabilities					
Amount	£72,000	£52,000	£158,000	£(10,000)	£17,000
Percentage of year end present value of scheme liabilities	3.00%	2.20%	5.70%	0.00%	1.00%
Total amount recognised in statement of total recognised gains and losses					
Amount	£(34,000)	£66,000	£92,000	£(240,000)	£(7,000)
Percentage of year end present value of scheme liabilities	(1.40)%	2.80%	3.30%	(9.00)%	0.00%

**William S. Graham & Sons (Dewsbury) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2007**

*continued*

**23 Reconciliation of operating (loss)/profit to operating cash flows**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit	(147,277)	177,083
Depreciation, amortisation and impairment charges	1,755,192	1,730,830
(Profit)/loss on disposal of fixed assets	(4,573)	19,652
(Increase)/decrease in stocks	(30,735)	1,424,638
Decrease/(increase) in debtors	2,832,711	(2,001,742)
(Decrease)/increase in creditors	(1,980,226)	608,018
FRS17 items included in operating profit	(86,000)	(79,000)
<b>Net cash inflow from operating activities</b>	<b><u>2,339,092</u></b>	<b><u>1,879,479</u></b>

**24 Analysis of cash flows**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Returns on investment and servicing of finance</b>		
Other interest paid	(70,504)	(261,267)
Interest received	7,575	291
	<u>(62,929)</u>	<u>(260,976)</u>
<b>Taxation</b>		
Taxation paid	<u>(186,402)</u>	<u>(60,597)</u>

**25 Analysis of net funds/(debt)**

	<b>At start of period</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>At end of period</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	288,707	733,139	-	1,021,846
Bank overdraft	-	-	-	-
Cash and bank net debt	<u>288,707</u>	<u>733,139</u>	<u>-</u>	<u>1,021,846</u>
Debt due within one year	(1,019,038)	1,019,038	-	-
Debt due after one year	-	-	-	-
Pension loan due within one year	(200,000)	200,000	(200,000)	(200,000)
Pension loan due after one year	(350,000)	-	200,000	(150,000)
Change in debt	<u>(1,569,038)</u>	<u>1,219,038</u>	<u>-</u>	<u>(350,000)</u>
<b>Net funds/(debt)</b>	<b><u>(1,280,331)</u></b>	<b><u>1,952,177</u></b>	<b><u>-</u></b>	<b><u>671,846</u></b>

## William S. Graham & Sons (Dewsbury) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2007

*continued*

#### 26 Related parties

##### Controlling entity

The company and group is controlled by the directors who own 64.53% of the called up share capital

##### Related party transactions

Mr J S Graham and Mr N Graham are trustees and members of the W S Graham and Sons Self Administered Pension Fund

At the year end a loan existed between the group and this pension scheme in the sum of £350,000 (2006 - £550,000). Interest payable for the year on this loan was £45,115 (2006 - £51,693). Of this amount £32,120 (2006 - £11,000) is included in accruals and deferred income at the year end.

The group leases property from the pension fund on normal commercial terms. The amount of rent payable in the year to the pension fund amounted to £200,000 (2006 - £27,808). The whole of this £200,000 is included in accruals and deferred income at the year end.

##### Directors' loan accounts

The following balances owed to/(by) the directors were outstanding at the year end

	Maximum Balance £	2007 £	2006 £
J S Graham	(830,307)	7,160	(779,094)
N Graham	(227,980)	167,784	(202,977)
	<u>(1,058,287)</u>	<u>174,944</u>	<u>(982,071)</u>

The overdrawn directors' loan accounts were repaid during the year and were in credit by the year end.

Interest payable to the directors on loan balances in credit amounted to £10,308 for N Graham and £531 for J S Graham.