

Abaris Holdings Limited
Annual report and financial
statements
for the year ended 31 January 2006

Registered number: 1167325



Abaris Holdings Limited

Annual report and financial statements for the year ended 31 January 2006

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Abaris Holdings Limited

Officers and professional advisors

Directors

J D Sach
J B Wilson
D H Smallridge
A N Dix

Secretary

J B Wilson

Registered office

Bradbourne Drive
Tilbrook
Milton Keynes
Buckinghamshire
MK7 8BE

Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Bankers

The Royal Bank of Scotland
280 Bishopsgate
London EC2M 4RB

Abaris Holdings Limited

Directors' report for the year ended 31 January 2006

The directors present their annual report and the audited financial statements of Abaris Holdings Limited for the year ended 31 January 2006.

Results and dividends

The profit before taxation amounted to £331,000 (2005: loss £1,988,000). The directors do not recommend the payment of a dividend (2005: £nil).

The prior year comparatives have been restated to categorise the amortisation of issuing costs of arranging the loan facility from administration to net interest payable.

Principal activity and review of the business

Throughout the year, the group carried on the business of design, manufacture and distribution of wallcoverings and fabrics in the United Kingdom and the principal export markets of the world.

The directors are satisfied with the results of the business for the year ended 31 January 2006.

In the future the directors will continue to invest in the product and creativity of the design teams which will help the brands gain market share.

Directors and their interests

The directors of the company who served throughout the year are listed on page 1. No director had any interest in the shares of Abaris Holdings Limited.

Directors interests in shares of the parent company Walker Greenbank Plc

	1p ordinary shares 31 January 2006 Number	1p ordinary shares 31 January 2005 Number
J D Sach	160,000	50,000
A N Dix	30,000	-
D H Smallridge	60,000	-
J B Wilson*	30,000	-

J D Sach also had interest in 90,000 share options at the year end (2005: 115,000).

* J B Wilson is not a director of the parent company Walker Greenbank Plc.

Directors and officers' liability insurance

During the year, the company maintained directors' and officers' liability insurance.

Disabled employees

It is the policy of the group to support the employment of disabled persons wherever practicable and to ensure that as far as possible they share in the training, career development and promotion opportunities available to all employees.

Abaris Holdings Limited

Directors' report for the year ended 31 January 2006 (continued)

Payment to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the supplier. The amount of trade creditors shown in the consolidated balance sheet at 31 January 2006 represents 60 days (2005: 61 days) of average purchases during the year for the group.

Employees' involvement

Employees' representatives are consulted on matters that may affect their employment or other prospects and their views are taken into account in making decisions, which are likely to be of concern to them or affect their interests. They are also made aware of the financial and economic factors affecting the trading of their separate areas of activity and the overall relationship of this to the group.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

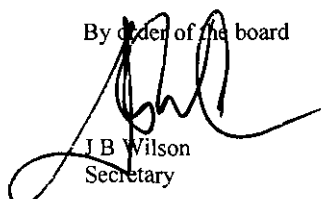
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors will be reappointed by the directors at a board meeting during the year on behalf of the shareholders, given that the shareholders have elected to dispense with the Annual General Meeting.

By order of the board


J B Wilson
Secretary

Abaris Holdings Limited

Independent auditors' report to the members of Abaris Holdings Limited

We have audited the group and parent company financial statements of Abaris Holdings Ltd for the year ended 31 January 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

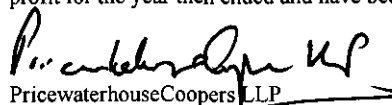
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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 judgments 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 31st January 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

1 November 2006.

Abaris Holdings Limited

Consolidated profit and loss account for the year ended 31 January 2006

	Note	2006 Total £'000	2005 Total (restated) £'000
Turnover	2	45,978	45,805
Operating Profit /(Loss)	3	1,125	(2,714)
Profit on sale of Warner Archive	4	-	1,470
Profit/(Loss) on ordinary activities before interest		1,125	(1,244)
Interest payable	6	(794)	(744)
Profit/(Loss) on ordinary activities before taxation	7	331	(1,988)
Tax on profit/(loss) on ordinary activities	8	(117)	(54)
Profit/(Loss) for the financial year	21	214	(2,042)

All activities are continuing operations.

There is no material difference between the profit/(loss) on ordinary activities above and their historic cost equivalent.

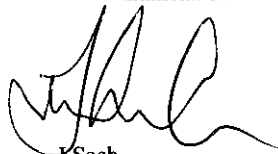
Abaris Holdings Limited

Balance sheets at 31 January 2006

	Note	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Fixed assets					
Intangible assets	9	4,859	4,898	4,859	4,898
Tangible assets	10	5,607	6,608	5,227	6,324
Investments	11	-	-	2,864	2,864
		10,466	11,506	12,950	14,086
Current assets					
Stocks	12	11,576	12,102	11,572	12,063
Debtors	13	8,946	10,245	9,367	10,621
Cash at bank and in hand		1,445	980	1,285	637
		21,967	23,327	22,224	23,321
Creditors: amounts falling due within one year	14	(12,027)	(13,141)	(16,854)	(17,743)
Net current assets		9,940	10,186	5,370	5,578
Total assets less current assets		20,406	21,692	18,320	19,664
Creditors: amounts falling due after more than one year	15	(14,730)	(30,913)	(14,777)	(30,960)
Provisions for liabilities and charges	18	-	(323)	-	(323)
Net assets/(liabilities)		5,676	(9,544)	3,543	(11,619)
Capital and reserves					
Called up share capital	20	17,000	16,500	17,000	16,500
Share premium account	21	15,776	1,276	15,776	1,276
Profit and loss account	21	(27,100)	(27,320)	(29,233)	(29,395)
Equity shareholders' funds/(deficit)		5,676	(9,544)	3,543	(11,619)

These financial statements were approved by the Board of Directors on

2006.


J Sach
Director


A N Dix
Director

Abaris Holdings Limited

Statement of total recognised gains and losses **Year ended 31 January 2006**

	2006	2005
	£'000	£'000
Profit/(Loss) for the financial year	214	(2,042)
Currency translation differences	6	(19)
Total recognised gains and losses relating to the year	220	(2,061)

Reconciliation of movements in shareholders' funds **Year ended 31 January 2006**

	2006	2005
	£'000	£'000
Profit/(Loss) for the financial year	214	(2,042)
Dividends	-	-
Profit/(Loss) for the year	214	(2,042)
Other recognised gains and losses relating to the year	6	(19)
Goodwill previously set off to reserves in respect of the disposal of operations	-	202
Issue of shares	500	-
Share premium on issue of shares	14,500	-
Net increase/(reduction) to shareholders' funds	15,220	(1,859)
Opening shareholders' deficit	(9,544)	(7,685)
Closing shareholders' funds/(deficit)	5,676	(9,544)

The historical cost profit/(loss) for the year is the same as the profit/(loss) reported in the profit and loss account.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Accounting convention

The financial statements are prepared under the historical cost convention and have been prepared on a going concern basis as a result of the continuing support of the company's parent undertaking, Walker Greenbank PLC.

Related party transactions

As the company is a wholly owned subsidiary of Walker Greenbank PLC the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Walker Greenbank PLC, within which this company is included, can be obtained from the address given in note 26.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of Abaris Holdings Limited and all its subsidiary undertakings for the year ended 31 January 2006. No profit and loss account is prepared for Abaris Holdings Limited as provided by s.230 of the Companies Act 1985.

The profit after taxation of the parent company Abaris Holdings Limited is £164,000 (2005: loss of £1,602,000).

Goodwill and intangible assets

For acquisitions made before 1 February 1998, goodwill representing the excess of the cost of acquisition of a business over the fair value of the net assets at the date of acquisition was written off to reserves. On subsequent disposal of all or part of these businesses, the appropriate proportion of goodwill is charged to the profit and loss account on disposal.

For acquisitions since 1 February 1998, goodwill representing the excess of the cost of acquisition of a business over the fair value of the net assets at the date of acquisition is capitalised and amortised over a period not exceeding 20 years.

In the opinion of the directors the Arthur Sanderson and William Morris archive has an indefinite economic life and is not, therefore, subject to annual amortisation. The carrying value of this asset will be reviewed annually and provision made for any impairment in the carrying value if required.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised and depreciation is provided over the shorter of the lease terms and their estimated useful lives. The capital element of the lease obligation is included in creditors. The interest element of the obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account as they are incurred.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the invoiced value of sales to external customers excluding VAT and is recognised at the point of despatch of goods.

Royalty income

Royalties are received from licence holders under the terms of various agreements. Royalties are recognised as other operating income as they fall due.

Depreciation

Depreciation is charged on a straight-line basis on the original cost (excluding freehold land) after depreciation of any estimated residual value. The principal annual rates are:

Freehold Buildings	2%
Plant, Equipment and Vehicles	Between 5% and 33%
Computer assets	Between 12.5% and 33%

Land and buildings are stated at cost less provision for impairment.

Impairment of fixed assets and goodwill

Fixed assets and goodwill are subject to review for impairment in accordance with Financial Reporting Standard, No. 11. Any impairment is recognised in the profit and loss account in the year in which it occurs.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, on a first-in, first-out basis, and direct labour, plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs of disposal. Provision is made for any slow moving and obsolete items.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The balance sheets of overseas subsidiary undertakings are translated at the rates of exchange ruling at the balance sheet date. The profit and loss accounts are translated at the average rates of exchange applicable to the accounting period. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, that give rise to an obligation to pay more tax in the future or a right to pay less. No provision has been made for any further liability arising from the distribution of past earnings of subsidiary undertakings. Deferred tax assets are recognised in the accounts, when it is more likely than not that they will be recovered in the foreseeable future.

The deferred tax provision has been calculated using the average rates that are expected to apply when the timing differences reverse and the liability has not been discounted.

Pension costs

The group operates both defined benefit and defined contribution schemes. The cost of providing retirement pensions and related benefits is charged to the profit and loss account in accordance with Financial Reporting Standard No.17, full provision being made at the balance sheet date for any surplus or deficit of assets over liabilities.

2 Segmental analysis

a) Classes of business	Turnover	
	2006	2005 (restated)
	£000	£000
Fabrics	29,832	29,741
Wallcoverings	12,263	12,512
Other	3,883	3,552
	45,978	45,805

The other category includes furniture, paint and trimmings.

The comparative classes of business have been restated to better reflect the nature of the business.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

2 Segmental analysis (continued)

b) Geographical segments

	Turnover		Profit/(Loss) before taxation		Net Assets/(Liabilities)	
	2006	2005	2006	2005	2006	2005
	£000	£000	£000	£000	£000	£000
By origin:						
United Kingdom	39,149	38,855	214	(1,749)	5,366	(9,797)
Continental Europe	568	451	(37)	(24)	124	164
North America	6,261	6,499	154	(215)	186	89
	45,978	45,805	331	(1,988)	5,676	(9,544)

	Turnover	
	2006	2005
	£000	£000
By destination:		
United Kingdom	29,658	31,244
Continental Europe	5,581	5,022
North America	7,937	8,024
Rest of World	2,802	1,515
	45,978	45,805

The Group has not disclosed segmental analysis by brand and manufacturing for turnover, operating profit and net assets as it regards the information commercially sensitive.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

3 Analysis of operating profit/(loss)

	2006	2005 (restated)
	£000	£000
Turnover	45,978	45,805
Cost of sales	(20,502)	(21,777)
Gross profit	25,476	24,028
Net operating expenses:		
Distribution costs	(11,578)	(8,321)
Administrative expenses	(12,773)	(18,421)
Operating profit/(loss)	1,125	(2,714)

The comparative analysis of administration and distribution has been restated to better reflect the costs of the business.

Comparatives have also been restated for the impact of FRS 4 reclassifying £32,000 from administration costs to interest paid.

Exceptional items

The operating loss in 2005 included £670,000 of items of a one-off non-recurring nature relating to the integration of the Sanderson business within the Group. This comprised £191,000 redundancy costs incurred in combining the Zoffany and Sanderson US operations, £295,000 redundancy costs relating to the combining of the Sanderson and Zoffany UK divisions onto one site, £127,000 removal costs and costs of terminating a property lease at the Zoffany UK site and £57,000 of costs incurred in transferring Sanderson stock to the Group's warehouse at Tilbrook.

4 Profit on sale of Warner Archive

In May 2004, the Warner Archive of designs was sold for a consideration before costs of £2,000,000, generating a profit on disposal of £1,470,000.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

5 Information regarding directors and employees

Emoluments of Directors

	2006	2005
	£000	£000
Aggregate emoluments	-	142

The directors did not receive any remuneration from the Company. The directors are remunerated by Walker Greenbank Plc and an apportionment cannot be made for the services to the Company.

The staff costs during the year, excluding directors were as follows:

	2006	2005
	£'000	£'000
Wages and salaries	12,559	13,474
Social security costs	1,241	1,407
Other pension costs	483	504
	14,283	15,385

	2006	2005
Average weekly numbers of employees during the year:	No.	No.
Manufacturing	240	244
Sales, warehousing and administration	286	343
	526	587

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

6 Net interest payable

	2006	2005 (restated)
	£'000	£'000
Interest receivable	6	4
Interest payable:		
Amortisation of issue costs of loan	(66)	(32)
Interest on bank loans and overdrafts repayable within five years	(734)	(675)
Finance charges - finance leases and hire purchase contracts	-	(41)
	(800)	(748)
Net interest payable	(794)	(744)

Amortisation of issuing costs of arranging the loan have been restated from administration to net interest payable in the year, £32,000 of administration expenses have been restated to net interest payable in the prior year.

7 Profit/(Loss) on ordinary activities before taxation

Profit/(Loss) on ordinary activities before taxation is stated after charging:

	2006	2005
	£'000	£'000
Management charge payable to parent undertaking	1,331	1,314
Auditors' remuneration – group auditors	84	93
Amortisation of intangible assets	39	135
Depreciation of owned tangible fixed assets	1,743	1,556
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	-	492
Hire of plant and machinery	406	363
Other operating leases - land and buildings	1,299	1,386

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

8 Taxation

	2006	2005
	£'000	£'000
UK Corporation tax at 30% (2005:30%)		
- current year	-	-
- prior year	-	-
Overseas taxation		
- current year	117	54
- prior year	-	-
Total current tax charge	117	54

The difference between the profit/(loss) on ordinary activities at the corporation tax rate of 30% ruling in the UK and the actual current tax shown above is explained below:

	2006	2005
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	331	(1,988)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	99	(596)
Adjustment in respect to prior years	-	-
Expenses not deductible for tax purposes	106	302
Utilisation of capital losses	-	(502)
Utilisation of losses of group companies	(2)	389
Depreciation in excess of capital allowances	505	549
Utilisation of prior year losses	(486)	-
Other timing differences	(105)	(88)
Total current tax	117	54

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

9 Intangible assets

Group and Company

	2006	2005
	£'000	£'000
a) Goodwill	559	598
b) Arthur Sanderson and William Morris archive	4,300	4,300
	4,859	4,898

(a) Goodwill

	£'000
Cost	
At 1 February 2005 and 31 January 2006	1,534
Amortisation	
At 1 February 2005	936
Amortisation for the period	39
At 31 January 2006	975
Net book amount at 31 January 2006	559
Net book amount at 31 January 2005	598

(b) Arthur Sanderson and William Morris Archive

The Arthur Sanderson and William Morris archive was purchased as part of the acquisition of Arthur Sanderson & Sons on 29 August 2003. It comprises an historic record of unique designs that are used to generate a significant royalty income in the business. The directors believe that the valuation of this asset is substantially in excess of the £4,300,000 however it has been capped at this level, in accordance with Financial Reporting Standard No. 10, to avoid the creation of negative goodwill on acquisition.

	£'000
Cost:	
At 1 February 2005 and 31 January 2006	4,300
Net book amount at 31 January 2006	4,300
Net book amount at 31 January 2005	4,300

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

10 Tangible fixed assets

Group

	Land and buildings	Plant, equipment, vehicles & computers	Total
	£'000	£'000	£'000
Cost:			
At 1 February 2005	112	18,305	18,417
Additions	-	746	746
Disposals	(10)	(1,455)	(1,465)
At 31 January 2006	102	17,596	17,698
Accumulated depreciation:			
At 1 February 2005	112	11,697	11,809
Charge for the year	-	1,743	1,743
Disposals	(10)	(1,451)	(1,461)
At 31 January 2006	102	11,989	12,091
Net book amount:			
At 31 January 2006	-	5,607	5,607
At 31 January 2005	-	6,608	6,608

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

10 Tangible fixed assets (continued)

Company

	Plant, equipment, vehicles & computers
	£'000
Cost:	
At 1 February 2005	19,972
Additions	607
Disposals	(1,238)
At 31 January 2006	19,341
Accumulated depreciation:	
At 1 February 2005	13,648
Charge for the year	1,695
Disposals	(1,229)
At 31 January 2006	14,114
Net book amount:	
At 31 January 2006	5,227
At 31 January 2005	6,324

Included in the amounts for plant, equipment and vehicles are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

Net book amount:	Group	Company
	£'000	£'000
At 31 January 2006	-	-
At 31 January 2005	1,963	1,963

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

11 Investments

Company

Investment in subsidiary undertakings:	£'000
Cost at 1 February 2005 and 31 January 2006	4,408
Provision for diminution in value at 1 February 2005 and 31 January 2006	(1,544)
Net book amount at 31 January 2005 and 31 January 2006	2,864

The principal subsidiaries of the company in which the whole of the share capital is owned is as follows. All subsidiary undertakings operate and are registered in England and Wales except where stated. Abaris Holdings Limited holds all the voting rights of its subsidiary undertakings.

Trading

Walker Greenbank Inc - Country of operations and incorporation – USA
Arthur Sanderson & Sons Inc – *incorporated in the USA*
Arthur Sanderson & Sons SARL – *incorporated in France*

Trading only as agents for Abaris Holdings Limited

Anstey Wallpaper Company Limited
Cirka Limited
Harlequin Fabrics & Wallcoverings Limited
Zoffany Limited
Tilbrook Distribution Limited
Harris Fabrics Limited
Standfast Dyers and Printers Limited
Barracks Fabric Printing Company Limited
Arthur Sanderson & Sons Limited

The acquisition of Sanderson represents 100% of the ordinary share capital of Arthur Sanderson & Sons SARL and Arthur Sanderson & Sons Inc, companies incorporated in France and USA respectively.

The principal activities of the Group are design, manufacture, marketing and distribution of wallcoverings, furnishing fabrics and associated products for the consumer market.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

12 Stocks

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Raw materials	1,053	1,230	1,053	1,230
Work-in-progress	1,511	1,516	1,511	1,516
Finished goods	9,012	9,356	9,008	9,317
	11,576	12,102	11,572	12,063

The value of stocks secured under the loan facility was £7,800,000 (2005: £7,048,000)

13 Debtors

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Trade debtors	7,110	7,732	6,829	7,487
Amounts owed by parent undertaking and fellow subsidiary undertakings	578	715	578	715
Amounts owed by subsidiary undertakings	-	-	562	819
Other debtors	418	792	421	699
Prepayments	840	1,006	977	901
	8,946	10,245	9,367	10,621

The value of trade debtors secured under the loan facility was £5,862,000 (2005: £6,982,000)

Unamortised loan issue costs previously included in prepayments have been deducted from loans in the year.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

14 Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Loans	150	-	150	-
Obligations under finance lease and hire purchase contracts (note 17)	-	236	-	236
Bank overdraft	2	-	2	-
Trade creditors	6,247	7,162	6,095	6,971
Amounts owed to parent undertakings and fellow subsidiary undertakings	1,135	1,132	3,642	3,639
Amounts owed to subsidiary undertakings	-	-	2,469	2,401
Other creditors	101	148	85	148
Other taxation and social security	2,910	2,709	2,829	2,720
Accruals	1,482	1,754	1,582	1,628
	12,027	13,141	16,854	17,743

The overdrafts of the company and its parent undertaking, Walker Greenbank PLC, are subject to multilateral guarantees given by the company and its parent undertaking. As at 31 January 2006 the total of the overdrafts guaranteed by the company under this agreement amounted to £2,000 (2005: £nil).

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Loans (note 16)	9,065	9,744	9,065	9,744
Amounts owed to parent undertakings	5,665	21,169	5,712	21,216
	14,730	30,913	14,777	30,960

The directors consider that the amount owed to its parent undertaking, Walker Greenbank PLC, at the balance sheet date of £5,665,000 (2005:£21,169,000) is payable after more than one year. This loan is non interest-bearing and has no fixed repayment date.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

16 Loans: due after more than one year

	Group and Company	
	2006	2005
	£'000	£'000
Repayment within 2-5yrs		
Loans	9,065	9,744
	9,065	9,744

Within the loan balance was a Euro loan of £75,000 (2005: £259,000)

17 Obligations under finance leases and hire purchase commitments

	Group and Company	
	2006	2005
	£'000	£'000
Amounts payable within one year	-	236
Between one and two years	-	-
	-	236

18 Provisions for liabilities and charges

	Group and Company	
	2006	2005
	£'000	£'000
1 February 2005	323	586
Fair value adjustment	-	518
Utilised in the year	(323)	(781)
31 January 2006	-	323

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

19 Deferred taxation

	Group and Company	
	2006	2005
	£'000	£'000
Deferred taxation is provided in full in respect of:		
Accelerated capital allowances (asset)/liability	(68)	(32)
Other timing differences (asset)/liability	68	32
	-	-

The group and company have no unprovided deferred tax liabilities (2005: £nil)

The group has an unrecognised deferred tax asset of £7,318,000 (2005: £7,354,000) relating to carried forward trading losses £6,462,000 (2005: £6,937,000) and accelerated capital allowances £856,000 (2005: £417,000).

20 Share capital

Ordinary shares of £1 each:	Group	Company
Authorised share capital:	£'000	£'000
31 January 2006	17,000	17,000
1 February 2005	16,500	16,500
Allotted, called up and fully paid:		
31 January 2006	17,000	17,000
1 February 2005	16,500	16,500

On 28th November 2005 the company increased its authorised share capital from 16,500,000 to 17,000,000 by the creation of 500,000 ordinary shares of £1.00 each ranking pari passu in all respects with the existing ordinary shares. On the same day the shares were issued to the parent company Walker Greenbank PLC for a premium of £29.00 per share, resulting in an increase in the share premium account of £14.5 million. The proceeds of the share issue reduced the intercompany loan balance by £15 million.

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

21 Reserves

	Share Premium account	Profit and Loss account
	£'000	£'000
Group		
At 1 February 2005	1,276	(27,320)
Share premium on shares issued during the year	14,500	-
Profit for the year	-	214
Currency translation movements	-	6
Goodwill previously set off to reserves in respect of the disposal of operations	-	-
At 31 January 2006	15,776	(27,100)
Company		
At 1 February 2005	1,276	(29,395)
Share premium on shares issued during the year	14,500	-
Profit for the year	-	164
Currency translation movements	-	(2)
At 31 January 2006	15,776	(29,233)

22 Capital commitments

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Authorised and contracted	47	-	47	-

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

23 Other financial commitments

The annual commitments due under non-cancellable operating leases are as follows:

Group	2006		2005	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	19	73	101	73
Between one and five years	817	217	256	191
Over five years	237	-	1,030	5
	1,073	290	1,387	269

Company	2006		2005	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	18	73	5	73
Between one and five years	752	225	256	182
Over five years	-	-	740	5
	770	298	1,001	260

24 Pension commitments

Certain employees in the group qualify for membership of Walker Greenbank PLC pension schemes. In addition, there is a defined benefit scheme for all qualifying employees of Abaris Holdings Limited, which also contains a defined contribution section, although this section is relatively small.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. These schemes are subjected to triennial actuarial reviews with the most recent one having been at 6 April 2003 for both the Walker Greenbank Pension Plan and the Abaris Holdings Limited scheme. In addition, Walker Greenbank PLC operates a further defined contribution

Abaris Holdings Limited

Notes to the financial statements for the year ended 31 January 2006 (continued)

24 Pension commitments continued

scheme for certain senior executives. A valuation was undertaken at 31 January 2006 for the purposes of Financial Reporting Standard no. 17. Further details of the schemes including the disclosures required under the rules of FRS 17 are given in the financial statements of Walker Greenbank PLC. The company is unable to identify its share of the underlying assets and liabilities of these schemes and as such will account for them as defined contribution schemes.

The total pension cost of these schemes for the Abaris Holdings group was £200,000 (2005: £259,000) all of which related to the defined benefit schemes. The company also made £292,000 (2005: £292,000) of contributions to the Walker Greenbank PLC Group Personal Pension Plan, which is a defined contributions scheme.

25 Cash flow statement

The company has taken advantage of the exemption contained in FRS 1 not to publish its cash flow statement as it is a wholly owned subsidiary of Walker Greenbank PLC and its cash flows are dealt with in the consolidated cash flow statement of that company.

26 Ultimate parent undertaking

The ultimate parent undertaking is Walker Greenbank PLC that is incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements of Walker Greenbank PLC are available from its registered office at Bradbourne Drive, Tilbrook, Milton Keynes, Buckinghamshire, MK7 8BE.