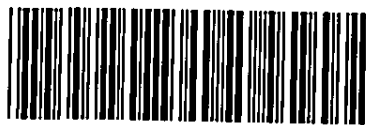


WEARWELL (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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COMPANIES HOUSE

WEARWELL (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

B Greasley
G Clayton
C Rooney

SECRETARY

B Greasley

COMPANY NUMBER

02993093

REGISTERED OFFICE

Gagarin, Lichfield Road
Tamworth
Staffordshire
B79 7TR

AUDITORS

Smith Cooper
Chartered Accountants & Registered Auditors
Wilmot House
St James Court
Friar Gate
Derby
DE1 1BT

WEARWELL (UK) LIMITED

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WEARWELL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The company's principal activity, which has remained unchanged throughout the year, is the manufacture and marketing of work wear within the United Kingdom.

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.

Wearwell (UK) Limited is a supplier of work wear in the United Kingdom.

We consider the key performance indicators of the business that communicate the financial performance and strength of the company are gross profit and net profit on ordinary activities before taxation.

The company faced difficult market conditions during the year but despite this gross profit was increased from the previous year to £1.3m. As a result of savings in overhead costs, profit before tax also increased from the previous year to £289k.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £234,633 (2006 - £14,694).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were

B Greasley
G Clayton
C Rooney

WEARWELL (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Smith Cooper, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 24 September 2008 and signed on its behalf


B Greasley
Secretary

WEARWELL (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO WEARWELL (UK) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts of Wearwell (UK) Limited for the year ended 31 December 2007 set out on pages 4 to 18, together with the financial statements of the company for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 'The special Auditors' report on abbreviated accounts in the United Kingdom' issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 have been properly prepared in accordance with that provision.

Smith Cooper

SMITH COOPER
Chartered Accountants
Registered Auditors
Wilmot House
St James Court
Friar Gate
Derby
DE1 1BT

Date 24 September 2008

WEARWELL (UK) LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
GROSS PROFIT		1,299,962	1,201,483
Administrative expenses		(870,580)	(1,061,542)
Exceptional administrative expenses		(61,936)	-
Total administrative expenses		(932,516)	(1,061,542)
OPERATING PROFIT	2	367,446	139,941
Interest receivable		82	-
Interest payable	4	(74,124)	(60,125)
Other finance income	5	(4,400)	(17,800)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,004	62,016
Tax on profit on ordinary activities	6	(54,371)	(47,322)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	234,633	14,694

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account

The notes on pages 7 to 18 form part of these financial statements

WEARWELL (UK) LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	£	2007 £	£	2006 £
Tangible fixed assets	7		790,341		365,771
CURRENT ASSETS					
Stocks	8	1,346,539		1,190,170	
Debtors	9	2,256,931		2,000,824	
Cash at bank and in hand		408,969		607,616	
		<u>4,012,439</u>		<u>3,798,610</u>	
CREDITORS : amounts falling due within one year	10	<u>(1,364,331)</u>		<u>(1,521,261)</u>	
NET CURRENT ASSETS			<u>2,648,108</u>		<u>2,277,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,438,449</u>		<u>2,643,120</u>
CREDITORS : amounts falling due after more than one year	11		(911,789)		(289,790)
PROVISIONS FOR LIABILITIES					
Deferred Tax	12		<u>(4,217)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>2,522,443</u>		<u>2,353,330</u>
Defined benefit pension scheme liability	20		<u>(32,480)</u>		<u>(76,720)</u>
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u><u>2,489,963</u></u>		<u><u>2,276,610</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		146,178		146,178
Share premium account	14		132,943		132,943
Capital redemption reserve	14		71,463		71,463
Other reserves	14		692,696		692,696
Profit and loss account	14		<u>1,446,683</u>		<u>1,233,330</u>
SHAREHOLDERS' FUNDS	15		<u><u>2,489,963</u></u>		<u><u>2,276,610</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 24 September 2008

B. M. Greasley

B Greasley
Director

The notes on pages 7 to 18 form part of these financial statements

WEARWELL (UK) LIMITED**ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
Net cash flow from operating activities	16	(229,502)	481,207
Returns on investments and servicing of finance	17	(74,042)	(60,125)
Taxation		(45,869)	(4,634)
Capital expenditure and financial investment	17	(478,583)	(20,340)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(827,996)	396,108
Financing	17	629,349	(18,944)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(198,647)	377,164

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £	2006 £
(Decrease)/Increase in cash in the year	(198,647)	377,164
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(629,349)	18,944
MOVEMENT IN NET DEBT IN THE YEAR	(827,996)	396,108
Net funds/(debt) at 1 January 2007	300,162	(95,946)
NET (DEBT)/FUNDS AT 31 DECEMBER 2007	(527,834)	300,162

The notes on pages 7 to 18 form part of these financial statements

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold Buildings	-	4% straight line
Plant & Machinery	-	10-20% straight line
Motor Vehicles	-	25% straight line
Office Equipment	-	10-33% straight line

1.4 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 1 January 2006

1.9 Finance costs

Issue costs incurred in raising additional finance are deducted from the proceeds received from the loans and are amortised over the term of the capital instrument in accordance with FRS4

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	54,989	56,825
Accountancy and audit	11,850	11,850
(Profit)/Loss on foreign exchange	(4,633)	(3,812)
Exceptional administrative expenses - relocation costs	61,936	-
Operating lease charges - property	49,004	58,500
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2006 - £NIL)

WEARWELL (UK) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007****3. STAFF COSTS**

Staff costs were as follows

	2007 £	2006 £
Wages and salaries	1,334,048	1,455,058
Social security costs	39,793	55,547
Other pension costs (Note 20)	(87,580)	50,891
	<u>1,286,261</u>	<u>1,561,496</u>

The average monthly number of employees, including the directors, during the year was as follows

	2007 No.	2006 No
Production and sales	60	97
Management and administration	13	11
	<u>73</u>	<u>108</u>

4. INTEREST PAYABLE

	2007 £	2006 £
On bank loans and overdrafts	<u>74,124</u>	<u>60,125</u>

5 OTHER FINANCE INCOME

	2007 £	2006 £
Expected return on pension scheme assets	20,800	15,300
Interest on pension scheme liabilities	(25,200)	(33,100)
	<u>(4,400)</u>	<u>(17,800)</u>

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

6. TAXATION

	2007 £	2006 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	19,110	46,000
Adjustments in respect of prior periods	(131)	34
Total current tax	18,979	46,034
Deferred tax		
Origination and reversal of timing differences	7,312	1,288
Movement in timing differences on pension liabilities	28,080	-
Total deferred tax (see note 12)	35,392	1,288
Tax on profit on ordinary activities	54,371	47,322

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK (19.75%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	289,004	62,016
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2006 - 25%)	57,078	15,504
Effects of:		
Expenses not deductible for tax purposes	(12,170)	23,776
Capital allowances for year in excess of depreciation	(7,312)	6,720
Movement on pension liabilities	(28,080)	-
Difference in rates on deferred taxation on pension fund liability	9,594	-
Adjustments to tax charge in respect of prior periods	(131)	34
Current tax charge for the year (see note above)	18,979	46,034

Factors that may affect future tax charges

There were no factors that may affect future tax charges

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost					
At 1 January 2007	435,000	201,068	63,510	131,805	831,383
Additions	435,038	15,933	-	28,894	479,865
Disposals	-	-	(25,140)	-	(25,140)
At 31 December 2007	<u>870,038</u>	<u>217,001</u>	<u>38,370</u>	<u>160,699</u>	<u>1,286,108</u>
Depreciation					
At 1 January 2007	150,000	157,922	50,128	107,562	465,612
Charge for the year	17,479	12,360	8,925	16,225	54,989
On disposals	-	-	(24,834)	-	(24,834)
At 31 December 2007	<u>167,479</u>	<u>170,282</u>	<u>34,219</u>	<u>123,787</u>	<u>495,767</u>
Net book value					
At 31 December 2007	<u>702,559</u>	<u>46,719</u>	<u>4,151</u>	<u>36,912</u>	<u>790,341</u>
At 31 December 2006	<u>285,000</u>	<u>43,146</u>	<u>13,382</u>	<u>24,243</u>	<u>365,771</u>

8. STOCKS

	2007 £	2006 £
Raw materials	129,065	115,966
Work in progress	563,767	440,032
Finished goods and goods for resale	653,707	634,172
	<u>1,346,539</u>	<u>1,190,170</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

9. DEBTORS

	2007 £	2006 £
Trade debtors	2,021,810	1,933,687
Amounts owed by group undertakings	185,394	569
Other debtors	11,653	-
Prepayments and accrued income	38,074	63,473
Deferred tax asset (see note 12)	-	3,095
	<u>2,256,931</u>	<u>2,000,824</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

10. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts (note 12)	25,014	17,664
Trade creditors	1,227,875	1,051,724
Amounts owed to group undertakings	-	150,000
Corporation tax	19,110	46,000
Social security and other taxes	16,631	105,579
Accruals and deferred income	75,701	150,294
	<u>1,364,331</u>	<u>1,521,261</u>

11. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans	911,789	289,790

Creditors include amounts not wholly repayable within 5 years as follows

	2007 £	2006 £
Repayable by instalments	793,610	219,134

The bank loan is for a period of 19 years and 5 months and is repayable in equal monthly instalments
Interest on the loan is charged at a rate of 1 36% over bank base rate

The bank loans are stated net of unamortised issue costs of £16,150. These costs together with the interest expense are allocated to the profit and loss account over the term of the loans at a constant rate on the carrying amount.

The bank loan and overdraft are secured by a mortgage over the freehold property and by a fixed and floating charge over the assets of the company.

12. DEFERRED TAXATION

	2007 £	2006 £
At 1 January 2007	3,095	(4,383)
Charged for the year	(7,312)	(1,288)
	<u>(4,217)</u>	<u>3,095</u>
At 31 December 2007		

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

12. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows

	2007 £	2006 £
Depreciation in advance of capital allowances	<u>4,217</u>	<u>3,095</u>

13. SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
146,178 Ordinary shares shares of £1 each	<u>146,178</u>	<u>146,178</u>

14. RESERVES

	Share premium account £	Capital redempt'n reserve £	Other reserves £	Profit and loss account £
At 1 January 2007	132,943	71,463	692,696	1,233,330
Profit for the year				234,633
Pension reserve movement				(21,280)
At 31 December 2007	<u>132,943</u>	<u>71,463</u>	<u>692,696</u>	<u>1,446,683</u>

The closing balance on the Profit and loss account includes a £32,480 (2006 - £76,720) debit, stated after deferred taxation of £13,920 (2006 - £32,880), in respect of pension scheme liabilities of the company pension scheme

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	2,276,610	2,036,586
Profit for the year	234,633	14,694
Other recognised gains and losses during the year	<u>(21,280)</u>	<u>225,330</u>
Closing shareholders' funds	<u>2,489,963</u>	<u>2,276,610</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	367,446	139,941
Depreciation of tangible fixed assets	54,989	56,825
Profit on disposal of tangible fixed assets	(976)	-
(Increase)/decrease in stocks	(156,369)	107,544
Increase in debtors	(74,377)	(348,470)
(Increase)/decrease in amounts owed by group undertakings	(184,825)	307,436
Increase in creditors	12,610	76,631
(Decrease)/increase in amounts owed to group undertakings	(150,000)	150,000
Decrease in net pension assets/liabilities	(98,000)	(8,700)
Net cash (outflow)/inflow from operations	(229,502)	481,207

17 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	82	-
Interest paid	(74,124)	(60,125)
Net cash outflow from returns on investments and servicing of finance	(74,042)	(60,125)
	2007 £	2006 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(479,865)	(20,340)
Sale of tangible fixed assets	1,282	-
Net cash outflow from capital expenditure	(478,583)	(20,340)
	2007 £	2006 £
Financing		
New secured loans	629,349	-
Repayment of loans	-	(18,944)
Net cash inflow/(outflow) from financing	629,349	(18,944)

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

18. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2007 £	Cash flow £	Other non-cash changes £	31 December 2007 £
Cash at bank and in hand	607,616	(198,647)	-	408,969
Debt:				
Debts due within one year	(17,664)	(629,349)	621,999	(25,014)
Debts falling due after more than one year	(289,790)	-	(621,999)	(911,789)
Net funds/(debt)	300,162	(827,996)	-	(527,834)

19. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure the banks borrowings of other companies in the group. At 31 December 2007 group borrowings amounted to £1,790,373 (2006 £1,279,435)

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The company operates a Defined benefit pension scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 1 January 2006.

The company's total pension cost included within operating profit was a credit of £87,580 (2006 - charge £50,891), being a credit of £98,000 (2006 - £38,000) in respect of its Defined benefit pension scheme arrangements and a charge of £10,420 (2006 - £12,891) in respect of its defined contribution pension arrangements.

The amounts in the financial statements for the year ended 31 December 2007, relating to pensions, are based on a full actuarial valuation dated 1 January 2006.

The main financial assumptions used in the actuarial valuation were:

	2007 %	2006 %
Inflation	3.5	2.5
Rate of increase in salaries	NIL	2.0
Rate of increase for pensions	5.0	5.0
Discount rate for liabilities	5.7	5.3

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

20. PENSION COMMITMENTS (continued)

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 2007 %	Value at 2007 £	Long-term rate of return expected at 2006 %	Value at 2006 £
Bonds	-	374,000	4.7	286,200
Property	5.9	93,500	6.2	71,500
Total market value of assets		<u>467,500</u>		<u>357,700</u>
Present value of scheme liabilities		<u>(513,900)</u>		<u>(467,300)</u>
Deficit in the scheme		(46,400)		(109,600)
Related deferred tax liability		13,920		32,880
Net pension liability		<u>(32,480)</u>		<u>(76,720)</u>

The following amounts have been recognised in the financial statements in the year to 31 December 2007 and 31 December 2006 under the requirements of FRS17

	2007 £	2006 £
Operating profit		
Current service cost	16,400	47,900
Employee contributions	(12,400)	(9,900)
Total operating charge	<u>4,000</u>	<u>38,000</u>
Other finance income		
Expected return on pension scheme assets	20,800	15,300
Interest on pension scheme liabilities	(25,200)	(33,100)
Net return	<u>(4,400)</u>	<u>(17,800)</u>
Analysis of amount recognised in the (STRGL)		
Actual return less expected return on pension scheme assets	(25,400)	8,800
Experience gains and losses arising on the scheme liabilities	62,900	8,100
Changes in assumptions underlying the present value of the scheme liabilities	(67,900)	301,100
Actuarial loss recognised in STRGL	<u>(30,400)</u>	<u>318,000</u>

WEARWELL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

20. PENSION COMMITMENTS (continued)

	2007 £	2006 £
Movements in deficit during the year:		
Surplus in scheme at beginning of year	(109,600)	(418,500)
Current year service cost	(16,400)	(47,900)
Contributions	114,400	56,600
Other finance income	(4,400)	(17,800)
Actuarial	(30,400)	318,000
Deficit in scheme at end of year	<u>(46,400)</u>	<u>(109,600)</u>

History of experience gains and losses in the scheme

	2007	2006
Difference between the expected and actual return on scheme assets		
Amount (£)	(25,400)	8,800
Percentage of scheme assets	(5.4)%	2.5 %
Experience gains and losses on scheme liabilities		
Amount (£)	62,900	8,100
Percentage of the present value of the scheme liabilities	12.2 %	1.7 %
Total amount recognised in		
Amount (£)	(30,400)	318,000
Percentage of the present value of the scheme liabilities	(5.9)%	68.1 %

21. OPERATING LEASE COMMITMENTS

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date:				
Within 1 year	-	14,625	-	2,220

22. RELATED PARTY TRANSACTIONS

During the year the company purchased services with a value of £45,481 (2006 £62,580) from Cuskit Limited, a company in which B M Greasley is a director and shareholder. At 31 December 2007 there was an amount of £4,318 (2006 £7,050) due from the company to Cuskit Limited.

During the year the company paid management charges of £430,000 (2006 £450,000) to Wearwell Group Limited, the parent undertaking. At 31 December 2007 there was an amount due from Wearwell Group Limited of £185,394 (2006 £150,000 due to Wearwell Group). This loan is unsecured, interest free and has no fixed repayment date.

WEARWELL (UK) LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2007, the immediate and ultimate parent undertaking was Wearwell Group Limited, a company registered in England

At 31 December 2007, the ultimate controlling party was by Mrs B Greasley by virtue of her 50.25% interest in the equity capital of Wearwell Group Limited