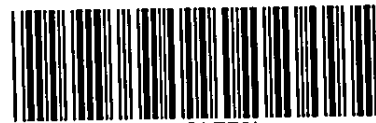


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010
FOR
BAYRAM TIMBER LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2010

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BAYRAM TIMBER LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2010

DIRECTORS:	G Goodwin J A Grace A D Clarke C J Husband
SECRETARY:	I W Jordan
REGISTERED OFFICE:	Gibson Lane Melton North Ferriby Hull Humberside HU14 3HF
REGISTERED NUMBER:	3995988
SENIOR STATUTORY AUDITOR:	David Miller
AUDITORS:	Bartfields (UK) Limited Statutory Auditors Burley House 12 Clarendon Road Leeds LS2 9NF
BANKERS:	Barclays Bank plc PO box 456 25 James Street Harrogate North Yorkshire HG1 1QX
SOLICITORS:	Carrick Read Solicitors 12 Park Place Leeds LS1 2RU

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2010

The directors present their report with the financial statements of the company for the year ended 31 October 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of adding value to imported kiln dried sawn softwoods by processing and cutting for supply in ready to assemble form to industrial end users from two factories in the Hull area

REVIEW OF BUSINESS

The strong trading pattern in the latter half of the 2009 financial year continued into the first half of 2010, with healthy demand and gross margins holding up well, and a similar result to 2009 looked achievable

However, the second half of the year saw a reduction in sales volumes as the garden sector declined sooner than anticipated as a result of the poor Summer weather, and the traditional growth from the leisure sector in the Autumn failed to materialise

Gross margins also came under severe pressure during this period from both reduced selling prices and increased raw material prices. Weak customer demand and increased competition in the company's non contract sectors put pressure on average selling prices although, as a result of the strong first half, these did marginally increase compared to 2009

However, increased global demand for softwood, coupled with reduced supply chain, lead to a 30% increase in raw material prices, most of which could not be passed onto customers in the way of increased prices. This resulted in a 4% reduction in gross profit compared to 2009 which had an obvious and marked affect on the net profit

With little organic growth expected from many of our core customers, the company has intensified its efforts to diversify the business and move into new market sectors. A new salesman was recruited in January 2011 based in the South West which creates more exposure to a mainly new potential customer base. In addition the company has also invested in its production facility to upgrade some existing plant and machinery and purchase new plant to allow the service of new markets with added value products

There have been some signs of recovery in the credit insurance sector and the company took advantage to enter into a policy covering most of its debtor book, albeit at a premium price compared to recent times. This has allowed the Board to negotiate increased funding within its invoice finance facility with Skipton Business Finance Ltd, an important point at a time when credit availability remains difficult, and leaves the company well placed to take advantage of any upturn in activity

After the year end the company did suffer an unexpected bad debt of nearly £48,000 which has been included in these accounts. This reinforces the need for continued tight controls, systems and procedures and the Board continues to analyse daily statistical reports and key performance indicators to ensure the company operates in the most cost effective manner possible and minimises such losses

Market conditions are expected to be difficult throughout 2011 but there has been a significant upturn in demand in early Spring as a result of some of the measures the company has previously taken, and the Board has confidence that the company is on the right track to achieve a positive return for the year

DIVIDENDS

An interim dividend of £100 per share on the Ordinary 'A' £1 shares was paid on 27 April 2010. The directors recommend that no final dividend be paid on these shares

No interim dividend was paid on the Ordinary £1 shares. The directors recommend that no final dividend be paid on these shares

The total distribution of dividends for the year ended 31 October 2010 will be £100,000

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2009 to the date of this report

G Goodwin
J A Grace
A D Clarke
C J Husband

The company has made qualifying third party indemnity provisions for the benefit of its directors

PRINCIPAL RISKS AND UNCERTAINTIES

Global demand for timber and the willingness of other countries to pay more for this material is keeping prices high and the availability of some dimensions remains affected. Recent unrest in North Africa and the Middle East have compounded this problem and forward demand from Japan is expected to be high as they rebuild following the recent tsunami.

Sterling remains weak against the euro and other European currencies and there is still a possibility that this could force UK prices higher. However, the company does have a foreign exchange facility and can buy some material in currency to hedge against this.

Although raw material prices are expected to remain at high levels, weak demand and increased competition make it very difficult to pass all of these increases on, which places further pressure on gross margin. However, the steps the company has taken to recruit a further salesman and diversify into new sectors and geographical areas, gives the opportunity to increase sales volume and replace this potential lost gross margin.

Energy and fuel prices form a significant proportion of the company's overhead and there have been cost increases recently which could continue through the Summer and beyond. The Board is in the early stages of investigating alternative fuel sources which could help to reduce current costs.

The company still generates a substantial revenue from sales of wood shavings and the market price for this product is both seasonal and volatile. There is little the company can do to influence this price but it does have an impact on profitability so cannot be overlooked.

The Company continues to operate strict control systems covering accounts, sales, production, operational matters, stock control, quality control, and health and safety in order to manage these risks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2010

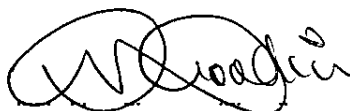
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Bartfields (UK) Limited will be proposed for re-appointment in accordance with the Companies Act 2006

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G Goodwin', written over a horizontal line.

G Goodwin - Director

Date 12 / 4 / 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
BAYRAM TIMBER LIMITED

We have audited the financial statements of Bayram Timber Limited for the year ended 31 October 2010 on pages six to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

David Miller (Senior Statutory Auditor)
for and on behalf of Bartfields (UK) Limited
Statutory Auditors
Burley House
12 Clarendon Road
Leeds
LS2 9NF

12 April 2011

BAYRAM TIMBER LIMITED (REGISTERED NUMBER 3995988)**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 OCTOBER 2010

	Notes	2010 £	£	2009 £	£
TURNOVER			14,161,545		10,649,556
Cost of sales			11,751,680		8,403,859
GROSS PROFIT			2,409,865		2,245,697
Distribution costs		792,596		609,572	
Administrative expenses		1,505,670		1,335,116	
			2,298,266		1,944,688
			111,599		301,009
Other operating income			61,667		46,883
OPERATING PROFIT	3		173,266		347,892
Interest payable and similar charges	4		80,153		58,035
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			93,113		289,857
Tax on profit on ordinary activities	5		1,220		60,080
PROFIT FOR THE FINANCIAL YEAR			91 893		229,777

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements


BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 3995988)**BALANCE SHEET**
31 OCTOBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	573,415	634,548
CURRENT ASSETS			
Stocks	8	2,061,913	1,641,516
Debtors	9	2,753,014	2,442,892
Cash at bank and in hand		172,753	80,640
		<u>4,987,680</u>	<u>4,165,048</u>
CREDITORS			
Amounts falling due within one year	10	<u>4,099,105</u>	<u>3,325,804</u>
NET CURRENT ASSETS		<u>888,575</u>	<u>839,244</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,461,990</u>	<u>1,473,792</u>
CREDITORS			
Amounts falling due after more than one year	11	(66,971)	(47,386)
PROVISIONS FOR LIABILITIES	15	<u>(47,218)</u>	<u>(70,498)</u>
NET ASSETS		<u><u>1,347,801</u></u>	<u><u>1,355,908</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Capital redemption reserve	17	90,000	90,000
Profit and loss account	17	<u>1,247,801</u>	<u>1,255,908</u>
SHAREHOLDERS' FUNDS	21	<u><u>1,347,801</u></u>	<u><u>1,355,908</u></u>

The financial statements were approved by the Board of Directors on its behalf by

12-4-2011

and were signed on


G Goodwin - Director

The notes form part of these financial statements

BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 3995988)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	Notes	2010 £	£	2009 £	£
Net cash (outflow)/inflow from operating activities	1		(383,521)		894,946
Returns on investments and servicing of finance	2		(80,153)		(58,035)
Taxation			(84,493)		101,107
Capital expenditure	2		10,161		(22,239)
Equity dividends paid			(100,000)		-
			(638,006)		915,779
Financing	2		730,119		(875,055)
Increase in cash in the period			92,113		40,724
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		92,113		40,724	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(730,119)		854,671	
Change in net debt resulting from cash flows			(638,006)		895,395
New finance leases			(106,825)		-
Movement in net debt in the period			(744,831)		895,395
Net debt at 1 November			(1,188,253)		(2,083,648)
Net debt at 31 October			(1,933,084)		(1,188 253)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	173,266	347,892
Depreciation charges	168,597	181,456
Profit on disposal of fixed assets	(10,800)	-
Increase in stocks	(420,397)	(244,090)
Increase in debtors	(310,122)	(53,513)
Increase in creditors	15,935	663,201
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operating activities	(383,521)	894,946

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest paid	(70,502)	(46,316)
Interest element of hire purchase payments	(9,651)	(11,719)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	(80,153)	(58,035)
	<u> </u>	<u> </u>
Capital expenditure		
Purchase of tangible fixed assets	(12,689)	(22,239)
Sale of tangible fixed assets	22,850	-
	<u> </u>	<u> </u>
Net cash inflow/(outflow) for capital expenditure	10,161	(22,239)
	<u> </u>	<u> </u>
Financing		
New loans in year	200,000	-
Invoice discounting loan movement	626,087	(810,349)
Hire purchase capital repayments in year	(95,968)	(44,322)
Amount withdrawn by directors	-	(20,384)
	<u> </u>	<u> </u>
Net cash inflow/(outflow) from financing	730,119	(875,055)

BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 3995988)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 11 09 £	Cash flow £	Other non-cash changes £	At 31 10 10 £
Net cash				
Cash at bank and in hand	80,640	92,113		172,753
	<u>80,640</u>	<u>92,113</u>		<u>172,753</u>
Debt				
Hire purchase	(120,629)	95,968	(106,825)	(131 486)
Debts falling due within one year	<u>(1,148,264)</u>	<u>(826,087)</u>	<u>-</u>	<u>(1,974,351)</u>
	<u>(1,268 893)</u>	<u>(730,119)</u>	<u>(106,825)</u>	<u>(2,105,837)</u>
Total	<u>(1,188,253)</u>	<u>(638,006)</u>	<u>(106,825)</u>	<u>(1,933,084)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property		straight line over the life of the lease
Plant and machinery	12.5%	on cost
Fixtures and fittings	25.0%	on cost
Motor vehicles	25.0%	on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Cost includes directly attributable transport and machining costs incurred in bringing the stock to its current state and location. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

All other leases are treated as operating leases. Their annual rentals are charged/(credited) to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General meeting.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the instrument's legal form.

BAYRAM TIMBER LIMITED (REGISTERED NUMBER 3995988)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

2 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	2,124,260	1,772,415
Social security costs	210,619	165,730
Other pension costs	37,840	18,878
	<u>2,372,719</u>	<u>1,957,023</u>

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

	2010	2009
Directors	4	4
Senior management	5	5
Sales/Administration	9	8
Manufacturing	79	68
	<u>97</u>	<u>85</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Other operating leases	245,299	236,409
Operating lease income	(61,667)	(46,883)
Depreciation - owned assets	113,329	113,602
Depreciation - assets on hire purchase contracts	55,268	67,854
Profit on disposal of fixed assets	(10,800)	-
Auditors remuneration	6,950	7,800
Hire of plant and machinery - operating leases	94,948	94,691
	<u>241,208</u>	<u>228,493</u>
Directors' remuneration	33,014	16,006
Directors' pension contributions to money purchase schemes		

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>4</u>	<u>4</u>
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Information regarding the highest paid director is as follows

	2010	2009
	£	£
Emoluments etc	61,336	58,696
Pension contributions to money purchase schemes	7,354	3,814

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest	151	264
Discounting interest	63,679	39,069
Other interest	6,672	6,983
Hire purchase and leasing interest	9,651	11,719
	<u>80,153</u>	<u>58,035</u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010	2009
	£	£
Current tax		
UK corporation tax	24,500	85,000
Origination and reversal of timing differences	(23,280)	(24,920)
Tax on profit on ordinary activities	<u>1,220</u>	<u>60,080</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	<u>93,113</u>	<u>289,857</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 28%)	19,554	81,160
Effects of		
Expenses not deductible for tax purposes	1,163	1,787
Capital allowances for period in deficit / (excess) of depreciation	1,775	23,217
Other short term timing differences	2,016	680
Marginal tax relief	-	(19,723)
Enhanced tax relief previous years	-	(2,347)
Rounding	(8)	226
Current tax charge	<u>24,500</u>	<u>85,000</u>

6 DIVIDENDS

	2010	2009
	£	£
Ordinary 'A' shares of £1 each		
Interim dividend	<u>100,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

7 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2009	142,627	1,288,070	115,655	96,914	1,643,266
Additions	-	69,750	7,439	42,325	119,514
Disposals	-	-	-	(46,785)	(46,785)
At 31 October 2010	142,627	1,357,820	123,094	92,454	1,715,995
DEPRECIATION					
At 1 November 2009	25,168	817,910	93,688	71,952	1,008,718
Charge for year	14,263	121,023	12,760	20,551	168,597
Eliminated on disposal	-	-	-	(34,735)	(34,735)
At 31 October 2010	39,431	938,933	106,448	57,768	1,142,580
NET BOOK VALUE					
At 31 October 2010	103,196	418,887	16,646	34,686	573,415
At 31 October 2009	117,459	470,160	21,967	24,962	634,548

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 November 2009	349,546	68,098	417,644
Additions	64,500	42,325	106,825
Disposals	-	(15,250)	(15,250)
Transfer to ownership	(225,850)	(52,848)	(278,698)
At 31 October 2010	188,196	42,325	230,521
DEPRECIATION			
At 1 November 2009	141,267	43,138	184,405
Charge for year	37,791	17,477	55,268
Eliminated on disposal	-	(4,767)	(4,767)
Transfer to ownership	(134,998)	(46,877)	(181,875)
At 31 October 2010	44,060	8,971	53,031
NET BOOK VALUE			
At 31 October 2010	144,136	33,354	177,490
At 31 October 2009	208,279	24,960	233,239

8 STOCKS

	2010 £	2009 £
Finished goods and goods for resale	2,061,913	1,641,516

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

9	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010	2009
		£	£
	Trade debtors	2,584,523	2,350,229
	Prepayments and accrued income	168,491	92,663
		<u>2,753,014</u>	<u>2,442,892</u>
10	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010	2009
		£	£
	Other loans (see note 12)	1,974,351	1,148,264
	Hire purchase contracts (see note 13)	64,515	73,243
	Trade creditors	1,368,409	1,273,745
	Taxation	25,007	85,000
	Social security and other taxes	353,050	361,052
	Other creditors	100,000	150,000
	Accruals and deferred income	213,773	234,500
		<u>4,099,105</u>	<u>3,325,804</u>
11	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2010	2009
		£	£
	Hire purchase contracts (see note 13)	<u>66,971</u>	<u>47,386</u>
12	LOANS		
	An analysis of the maturity of loans is given below		
		2010	2009
		£	£
	Amounts falling due within one year or on demand		
	Invoice discounting loan	1,774,351	1,148,264
	Other loans	200,000	-
		<u>1,974,351</u>	<u>1,148,264</u>
13	OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES		
		Hire purchase contracts	
		2010	2009
		£	£
	Net obligations repayable		
	Within one year	64,515	73,243
	Between one and five years	66,971	47,386
		<u>131,486</u>	<u>120,629</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring				
Within one year	-	-	4,108	-
Between one and five years	75,000	75,000	91,520	33,800
In more than five years	160,000	160,000	-	57,720
	<u>235,000</u>	<u>235,000</u>	<u>95,628</u>	<u>91,520</u>

14 SECURED DEBTS

The following secured debts are included within creditors

	2010 £	2009 £
Invoice discounting loan	1,774,351	1,148,264
Hire purchase contracts	131,486	120,629
	<u>1,905,837</u>	<u>1,268,893</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

The invoice discounting loan is secured by a first fixed charge on book debts and a floating charge over other assets of the company

The other loans are secured by a first fixed charge over the assets, excluding book debts, of the company

15 PROVISIONS FOR LIABILITIES

	2010 £	2009 £
Deferred tax		
Accelerated capital allowances	50,074	71,618
Short term timing differences	(2,856)	(1,120)
	<u>47,218</u>	<u>70,498</u>
		Deferred tax £
Balance at 1 November 2009		70,498
Accelerated capital allowances		(21,544)
Short term timing differences		(1,736)
Balance at 31 October 2010		<u>47,218</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

16 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2010 £	2009 £
9,000	Ordinary	£1	9,000	9,000
1,000	Ordinary 'A'	£1	1,000	1,000
NIL	Redeemable preference	£1	-	-
(2009 - 90,000)				
			<u>10,000</u>	<u>10,000</u>

The ordinary 'A' shares of £1 each carry the same rights as the ordinary shares of £1 each

17 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 November 2009	1,255,908	90,000	1,345,908
Profit for the year	91,893		91,893
Dividends	(100,000)		(100,000)
At 31 October 2010	<u>1,247,801</u>	<u>90,000</u>	<u>1,337,801</u>

18 PENSION COMMITMENTS

The company contributes to defined contribution pension schemes in respect of certain employees. At the year end contributions outstanding amounted to £13,600 (2009 £4,000)

19 RELATED PARTY DISCLOSURES

The directors and their families are all shareholders of the company and they have not fully drawn monies due to them from dividends voted to them in the year. The amounts still owing to them and their families at the year end and interest charged by them in the year was as follows

	Amounts due to/(from)		Interest charged	
	2010	2009	2010	2009
G Goodwin	51,000	176,500	1,957	3,741
J A Grace	9,800	18,375	376	711
A D Clarke	9,800	18,375	376	630
C J Husband	9,800	18,375	376	715

The above balances bear interest at 2% above base rate

In addition G Goodwin has advanced loans to the company in the year of £75,000, bearing interest at 4.75% above base rate, and £125,000 interest free. Both loans are repayable on demand and are secured by a first fixed charge over the assets, excluding book debts, of the company.

20 ULTIMATE CONTROLLING PARTY

The company is controlled by G Goodwin, a director and majority shareholder

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2010

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit for the financial year	91,893	229,777
Dividends	(100,000)	-
Redemption of preference shares		
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(8,107)	229,777
Opening shareholders' funds	1,355,908	1,126,131
	<hr/>	<hr/>
Closing shareholders' funds	1,347,801	1,355,908
	<hr/>	<hr/>