

**Report of the Directors and
Financial Statements for the Year Ended 31 July 2007
for
Beattie Communications Group Limited**

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for the Year Ended 31 July 2007**

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**Company Information
for the Year Ended 31 July 2007**

DIRECTORS:	G Beattie Ms L O'Donnell E G W Chambers
SECRETARY:	E G W Chambers
REGISTERED OFFICE:	118 North Main Street Carronshore Falkirk Stirlingshire FK2 8HU
REGISTERED NUMBER:	SC248915 (Scotland)
AUDITORS:	Campbell Dallas LLP Chartered Accountants & Registered Auditors Sherwood House 7 Glasgow Road Paisley Renfrewshire PA1 3QS
SOLICITORS:	Biggart Baillie 310 St Vincent Street Glasgow Lanarkshire G2 5DR

**Report of the Directors
for the Year Ended 31 July 2007**

The directors present their report with the financial statements of the company and the group for the year ended 31 July 2007.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of provision of public relation services

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

Beattie Communications Group continued to make steady progress in the 2006/2007 financial year, delivering a consolidated operating profit of £430,295 a rise of 35% on the previous year (2005/2006 £318,065) It is pleasing to note, this is the second year running our profits have increased by over 30%

We have continued to focus on our bottom line reducing costs and improving margins Although our turnover dipped slightly there was a healthy increase in our profitability

All our offices and specialist teams performed well during the year with property and construction, pharmaceuticals and food and drink going from strength to strength

We are also delighted to report that internationally the Group is doing well having won several pieces of global PR business over the past year International client work will become increasingly important as we move forward

We are, of course, a people business and we are only as good as the people we employ Recruitment of people with exceptional talent will be a major priority in the coming year and we are in a strong position to further strengthen our teams in London, the north of England and Scotland with a view to delivering future growth in turnover and profitability

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent businesses and the general downturn in the economy

Future Outlook

Looking to the future, we anticipate an increasing focus on environmental issues In response, we have established a specialist environment team which is operating across all our offices in Scotland

Use of Financial Instruments

Our financial risk management objectives are to ensure sufficient working capital for the group This is achieved through careful management of our cash resources, and by obtaining overdraft and loan finance where necessary Other than this, the use of financial instruments is not material for the assessment of the assets, liabilities, financial position and profit of the group

Employees Training and Development

We have consistently sought to recruit and retain the best employees in our market place Particular attention is given to the training and career development of employees with a view to encouraging them to play an active role in the development of the group

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind

DIVIDENDS

**Report of the Directors
for the Year Ended 31 July 2007**

An interim dividend of 1 282 pence per ordinary share and £17 40 per B ordinary share was paid on 10 April 2007 and an interim dividend of 1 312 pence per ordinary share was paid on 31 May 2007

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2006 to the date of this report

G Beattie
Ms L O'Donnell
E G W Chambers

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year donations of £19,587 (2006 £14,416) were made towards charitable causes

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the group and of the profit or loss of the group 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 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 which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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

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 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information

**Report of the Directors
for the Year Ended 31 July 2007**

AUDITORS

On 1st November 2007, the auditors Campbell Dallas transferred its business to a Limited Liability Partnership, Campbell Dallas LLP. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to Campbell Dallas LLP from 1st November 2007. Accordingly the audit report has been signed in the name of Campbell Dallas LLP and a resolution for the reappointment of Campbell Dallas LLP will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



E G W Chambers Director

Date *28th May 2008*

**Report of the Independent Auditors to the Members of
Beattie Communications Group Limited**

We have audited the financial statements of Beattie Communications Group Limited for the year ended 31 July 2007 on pages seven to twenty two. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

**Report of the Independent Auditors to the Members of
Beattie Communications Group Limited**

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 affairs of the company and the group as at 31 July 2007 and of the profit of the group for the year then ended,
the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Report of the Directors is consistent with the financial statements



Campbell Dallas LLP
Chartered Accountants &
Registered Auditors
Sherwood House
7 Glasgow Road
Paisley
Renfrewshire
PA1 3QS

Date

29/5/08

**Consolidated Profit and Loss Account
for the Year Ended 31 July 2007**

	Notes	2007 £	2006 £
TURNOVER		5,206,056	5,341,946
Cost of sales		3,184,016	3,082,928
GROSS PROFIT		2,022,040	2,259,018
Administrative expenses		1,683,424	2,029,864
		338,616	229,154
Other operating income		91,679	88,911
OPERATING PROFIT	3	430,295	318,065
Interest receivable and similar income			36
		430,295	318,101
Interest payable and similar charges	5	102,811	100,054
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		327,484	218,047
Tax on profit on ordinary activities	6	80,201	50,351
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		247,283	167,696

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

Consolidated Balance Sheet
31 July 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	9	1,859,801	1,908,137
Investments	10		
		<u>1,859,801</u>	<u>1,908,137</u>
CURRENT ASSETS			
Debtors	11	990,252	902,100
Cash at bank and in hand		9,019	13,718
		<u>999,271</u>	<u>915,818</u>
CREDITORS			
Amounts falling due within one year	12	<u>1,081,856</u>	<u>1,366,258</u>
NET CURRENT LIABILITIES		<u>(82,585)</u>	<u>(450,440)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,777,216</u>	<u>1,457,697</u>
CREDITORS			
Amounts falling due after more than one year	13	(1,356,364)	(1,058,767)
PROVISIONS FOR LIABILITIES	16	<u>(30,014)</u>	<u>(30,375)</u>
NET ASSETS		<u><u>390,838</u></u>	<u><u>368,555</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	80,018	80,018
Profit and loss account	18	<u>310,820</u>	<u>288,537</u>
SHAREHOLDERS' FUNDS	20	<u><u>390,838</u></u>	<u><u>368,555</u></u>

The financial statements were approved by the Board of Directors on *28th May 2008* and were signed on its behalf by

E G W Chambers
E G W Chambers Director

Company Balance Sheet

31 July 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	9	1,589,978	1,606,038
Investments	10	80,008	80,008
		<u>1,669,986</u>	<u>1,686,046</u>
CREDITORS			
Amounts falling due within one year	12	<u>156,357</u>	<u>175,715</u>
NET CURRENT LIABILITIES		<u>(156,357)</u>	<u>(175,715)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,513,629	1,510,331
CREDITORS			
Amounts falling due after more than one year	13	<u>1,298,066</u>	<u>1,148,524</u>
NET ASSETS		<u>215,563</u>	<u>361,807</u>
CAPITAL AND RESERVES			
Called up share capital	17	80,018	80,018
Profit and loss account	18	<u>135,545</u>	<u>281,789</u>
SHAREHOLDERS' FUNDS	20	<u>215,563</u>	<u>361,807</u>

The financial statements were approved by the Board of Directors on *28th May 2008* and were signed on its behalf by

E G W Chambers
E G W Chambers Director

**Cash Flow Statement
for the Year Ended 31 July 2007**

	Notes	2007 £	2006 £
Net cash inflow from operating activities	1	506,635	756,678
Returns on investments and servicing of finance	2	(102,811)	(100,018)
Taxation		(25,382)	(103,173)
Capital expenditure	2	(32,223)	(65,228)
Equity dividends paid		(225,000)	(364,000)
		<u>121,219</u>	<u>124,259</u>
Financing	2	<u>296,318</u>	<u>(110,300)</u>
Increase in cash in the period		<u><u>417,537</u></u>	<u><u>13,959</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		417,537	13,959
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(297,597)</u>	<u>57,894</u>
Change in net debt resulting from cash flows		<u>119,940</u>	<u>71,853</u>
Movement in net debt in the period		<u>119,940</u>	<u>71,853</u>
Net debt at 1 August		<u>(1,751,788)</u>	<u>(1,823,641)</u>
Net debt at 31 July		<u><u>(1,631,848)</u></u>	<u><u>(1,751,788)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2007

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating profit	430,295	318,065
Depreciation charges	80,559	72,302
(Increase)/Decrease in debtors	(88,152)	352,490
Increase in creditors	83,933	13,821
Net cash inflow from operating activities	506,635	756,678

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

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received		36
Interest paid	(102,811)	(100,054)
Net cash outflow for returns on investments and servicing of finance	(102,811)	(100,018)
Capital expenditure		
Purchase of tangible fixed assets	(32,223)	(65,228)
Net cash outflow for capital expenditure	(32,223)	(65,228)
Financing		
New loans in year	350,000	
Loan repayments in year	(52,403)	(57,894)
Amount introduced by directors	1,253	20,000
Amount withdrawn by directors	(2,532)	(72,406)
Net cash inflow/(outflow) from financing	296,318	(110,300)

Notes to the Cash Flow Statement
for the Year Ended 31 July 2007

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 8 06 £	Cash flow £	At 31 7 07 £
Net cash			
Cash at bank and in hand	13,718	(4,699)	9,019
Bank overdrafts	<u>(653,182)</u>	<u>422,236</u>	<u>(230,946)</u>
	<u>(639,464)</u>	<u>417,537</u>	<u>(221,927)</u>
Debt			
Debts falling due within one year	(53,557)		(53,557)
Debts falling due after one year	<u>(1,058,767)</u>	<u>(297,597)</u>	<u>(1,356,364)</u>
	<u>(1,112,324)</u>	<u>(297,597)</u>	<u>(1,409,921)</u>
Total	<u><u>(1,751,788)</u></u>	<u><u>119,940</u></u>	<u><u>(1,631,848)</u></u>

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

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Group Accounts

The consolidated financial statements incorporate the financial statements of Beattie Communications Group Limited and its subsidiaries at 31 July 2007

Turnover

Turnover represents revenue earned under a wide variety of contracts to provide professional services. It is measured by reference to the stage of completion of the contract at the estimated fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but 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

Freehold property	1% on cost
Fixtures and fittings	15% 25% on reducing balance and 15% on reducing balance
Motor vehicles	25% on reducing balance

Deferred tax

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post retirement benefits

Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate

Employee Benefit Trust

Assets and liabilities held in the Employee Benefit Trust are recognised as assets and liabilities of the company until they vest unconditionally in the beneficiaries

2 STAFF COSTS

	2007	2006
	£	£
Wages and salaries	2,690,167	2,824,645
Social security costs	298,586	308,381
Other pension costs	80,794	80,260
	<u>3,069,547</u>	<u>3,213,286</u>

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

	2007	2006
Average number of employees	<u>79</u>	<u>80</u>

**Notes to the Financial Statements continued
for the Year Ended 31 July 2007**

3 OPERATING PROFIT

The operating profit is stated after charging

	2007	2006
	£	£
Other operating leases	197,578	232,154
Depreciation owned assets	80,559	72,302
Auditors' remuneration	9,801	8,434
	<u>293,093</u>	<u>552,386</u>
Directors' emoluments	8,034	7,800
Directors' pension contributions to money purchase schemes	<u>8,034</u>	<u>7,800</u>

Information regarding the highest paid director is as follows

	2007	2006
	£	£
Emoluments etc	154,165	288,920
Pension contributions to money purchase schemes	<u>8,034</u>	<u>7,800</u>

4 EXCEPTIONAL ITEMS

The exceptional item relates to termination payments following a review of operations and a reorganisation within certain offices

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	33,227	34,179
Bank loan interest	69,302	65,875
Interest on overdue tax	282	
	<u>102,811</u>	<u>100,054</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2007

6 TAXATION

Analysis of the tax charge

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

	2007 £	2006 £
Current tax		
UK corporation tax	84,300	45,550
Corporation tax prior year	(3,738)	(1,827)
Total current tax	<u>80,562</u>	<u>43,723</u>
Deferred tax		
Deferred tax	(361)	(72)
Exceptional item		6,700
Total deferred tax	<u>(361)</u>	<u>6,628</u>
Tax on profit on ordinary activities	<u><u>80,201</u></u>	<u><u>50,351</u></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

	2007 £	2006 £
Profit on ordinary activities before tax	<u>327,484</u>	<u>218,047</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2006 19%)	62,222	41,429
Effects of		
Disallowable expenditure	3,093	3,612
Other timing differences	1,912	509
Prior year charge	(3,738)	(1,827)
Marginal relief	16,576	
Change of rate	497	
Current tax charge	<u><u>80,562</u></u>	<u><u>43,723</u></u>

7 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £78,756 (2006 £98,275)

Notes to the Financial Statements continued
for the Year Ended 31 July 2007

8 DIVIDENDS

	2007 £	2006 £
Ordinary shares of £ 01 each		
Final	105,000	
Interim	102,600	324,000
B Ordinary shares of £ 01 each		
Interim	17,400	40,000
	<u>225,000</u>	<u>364,000</u>

9 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 August 2006	1,606,038	34,696	480,001	10,775	2,131,510
Additions			32,223		32,223
At 31 July 2007	<u>1,606,038</u>	<u>34,696</u>	<u>512,224</u>	<u>10,775</u>	<u>2,163,733</u>
DEPRECIATION					
At 1 August 2006		8,772	208,372	6,229	223,373
Charge for year	<u>16,060</u>	<u>2,592</u>	<u>60,770</u>	<u>1,137</u>	<u>80,559</u>
At 31 July 2007	<u>16,060</u>	<u>11,364</u>	<u>269,142</u>	<u>7,366</u>	<u>303,932</u>
NET BOOK VALUE					
At 31 July 2007	<u>1,589,978</u>	<u>23,332</u>	<u>243,082</u>	<u>3,409</u>	<u>1,859,801</u>
At 31 July 2006	<u>1,606,038</u>	<u>25,924</u>	<u>271,629</u>	<u>4,546</u>	<u>1,908,137</u>

Company

	Freehold property £
COST	
At 1 August 2006 and 31 July 2007	<u>1,606,038</u>
DEPRECIATION	
Charge for year	<u>16,060</u>
At 31 July 2007	<u>16,060</u>
NET BOOK VALUE	
At 31 July 2007	<u>1,589,978</u>
At 31 July 2006	<u>1,606,038</u>

Notes to the Financial Statements continued
for the Year Ended 31 July 2007

10 FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 August 2006
and 31 July 2007

80,008

NET BOOK VALUE

At 31 July 2007

80,008

At 31 July 2006

80,008

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Beattie Communications Limited

Nature of business Provision of public relations

	% holding
Class of shares	
Ordinary shares	100.00

	2007	2006
	£	£
Aggregate capital and reserves	175,279	6,752
Profit for the year	168,527	69,421

Beattie New Media Limited

Nature of business Dormant

	% holding
Class of shares	
Ordinary shares	100.00

	2007	2006
	£	£
Aggregate capital and reserves	2	2

Beattie (Glasgow) Limited

Nature of business Dormant

	% holding
Class of shares	
Ordinary shares	100.00

	2007	2006
	£	£
Aggregate capital and reserves	80,000	80,000

Notes to the Financial Statements - continued
for the Year Ended 31 July 2007

10 FIXED ASSET INVESTMENTS continued

Beattie Media Limited

Nature of business Dormant

	% holding	2007	2006
Class of shares		£	£
Ordinary shares	100 00		
Aggregate capital and reserves		<u>2</u>	<u>2</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2007	2006
	£	£
Trade debtors	826,365	762,193
Other debtors	15,218	25,143
Prepayments and accrued income	148,669	114,764
	<u>990,252</u>	<u>902,100</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts (see note 14)	284,503	706,739	53,557	53,557
Trade creditors	184,823	187,945		
Tax	119,838	64,658	22,800	42,158
Social security and other taxes	73,128	87,362		
VAT	84,605	81,043		
Other creditors	16,332	8,608		
Owed to subsidiary			80,000	80,000
Directors' loan accounts	2,670	3,949		
Accruals and deferred income	315,957	225,954		
	<u>1,081,856</u>	<u>1,366,258</u>	<u>156,357</u>	<u>175,715</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2007

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans (see note 14)	1,006,364	1,058,767	1,006,364	1,058,767
Other loans (see note 14)	350,000			
Amounts owed to group undertakings			291,702	89,757
	<u>1,356,364</u>	<u>1,058,767</u>	<u>1,298,066</u>	<u>1,148,524</u>

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	230,946	653,182		
Bank loans	<u>53,557</u>	<u>53,557</u>	<u>53,557</u>	<u>53,557</u>
	<u>284,503</u>	<u>706,739</u>	<u>53,557</u>	<u>53,557</u>
Amounts falling due between one and two years				
Bank loans 1 2 years	<u>53,557</u>	<u>53,557</u>	<u>53,557</u>	<u>53,557</u>
Amounts falling due between two and five years				
Bank loans 2 5 years	160,671	160,671	160,671	160,671
Other loans 2 5 years	<u>350,000</u>			
	<u>510,671</u>	<u>160,671</u>	<u>160,671</u>	<u>160,671</u>
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>792,136</u>	<u>844,539</u>	<u>792,136</u>	<u>844,539</u>

Notes to the Financial Statements continued
for the Year Ended 31 July 2007

15 SECURED DEBTS

The following secured debts are included within creditors.

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank overdrafts	230,946	653,182		
Bank loans	1,059,921	1,112,324	1,059,921	1,112,324
	<u>1,290,867</u>	<u>1,765,506</u>	<u>1,059,921</u>	<u>1,112,324</u>

The bank overdraft is secured by a bond and floating charge over the assets of the group

The bank loan is secured by a standard security over property and a bond and floating charge over the assets of the group

16 PROVISIONS FOR LIABILITIES

	Group	
	2007	2006
	£	£
Deferred tax	<u>30,014</u>	<u>30,375</u>
Group		
		Deferred tax
		£
Balance at 1 August 2006		30,375
Charge for year		(361)
Balance at 31 July 2007		<u>30,014</u>

17 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007 £	2006 £
17,999,000	Ordinary	£ 01	179,990	179,990
1,000	B Ordinary	£ 01	10	10
2,000,000	A ordinary shares	£ 01	20,000	20,000
			<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2007 £	2006 £
8,000,800	Ordinary	£ 01	80,008	80,008
1,000	B Ordinary	£ 01	10	10
			<u>80,018</u>	<u>80,018</u>

**Notes to the Financial Statements continued
for the Year Ended 31 July 2007****17 CALLED UP SHARE CAPITAL continued**

The B ordinary shares have no voting rights. In the event of a sale, or winding up the holders participate pari passu with the ordinary shareholders

18 RESERVES**Group**

	Profit and loss account £
At 1 August 2006	288,537
Profit for the year	247,283
Dividends	(225,000)
	<hr/>
At 31 July 2007	310,820
	<hr/>

Company

	Profit and loss account £
At 1 August 2006	281,789
Profit for the year	78,756
Dividends	(225,000)
	<hr/>
At 31 July 2007	135,545
	<hr/>

19. TRANSACTIONS WITH DIRECTORS

During the period the Group paid for the following in relation to transactions connected with Gordon Beattie. All transactions were deemed to be at fair values

The Group leased property from Gordon Beattie during the period at a total cost of £117,504 (2006 £117,504)

The Group leased property from the Trustees of Gordon Beattie's personal pension scheme during the period at a total cost of £25,000 (2006 £25,000)

At 31 July 2007 a balance of £2,670 (2006 £3,949) was due to Gordon Beattie

**Notes to the Financial Statements continued
for the Year Ended 31 July 2007**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2007	2006
	£	£
Profit for the financial year	247,283	167,696
Dividends	(225,000)	(364,000)
Net addition/(reduction) to shareholders' funds	22,283	(196,304)
Opening shareholders' funds	368,555	564,859
Closing shareholders' funds	390,838	368,555

Company

	2007	2006
	£	£
Profit for the financial year	78,756	98,275
Dividends	(225,000)	(364,000)
Net reduction of shareholders' funds	(146,244)	(265,725)
Opening shareholders' funds	361,807	627,532
Closing shareholders' funds	215,563	361,807

21. EMPLOYEE BENEFIT TRUST

An employee Benefit Trust (EBT) is established with Independent trustees appointed acting for the employees of the Group as beneficiaries of the trust. The trustees have absolute discretion in the approval of each and every award within the EBT.

The assets and liabilities of the EBT are included in the Group balance sheet until they vest unconditionally in the beneficiaries. In this respect at 31 July 2007, included in debtors is £11,828 (2006 £12,812).

No amounts were paid to the EBT by the Group in the period.

22 CONTROL

The group is under the control of G Beattie a director of the company.