

REGISTRAR'S  
COPY

Company Registration No 2024289 (England and Wales)

LUXONIC LIGHTING PLC

DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

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**COMPANY INFORMATION**

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<b>Directors</b>	N Tavare N T Shelton R Conboy J Goodman
<b>Secretary</b>	J Goodman
<b>Company number</b>	2024289
<b>Registered office</b>	17 Priestley Road Basingstoke Hampshire RG24 9JP
<b>Auditors</b>	HW Viewpoint Basing View Basingstoke Hampshire RG21 4RG
<b>Business address</b>	17 Priestley Road Basingstoke Hampshire RG24 9JP
<b>Bankers</b>	Royal Bank of Scotland 19/23 Winchester Street Basingstoke Hampshire RG21 7EE

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**CONTENTS**

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	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 20

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## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2007**

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

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of lighting designers and manufacturers

We are designers and manufacturers of commercial lighting products and lighting controls for sale to electrical contractors, electrical wholesalers and end users. For further information on the company's products please visit [www.luxonic.co.uk](http://www.luxonic.co.uk)

The relocation of the business to its new production and headquarter facility was successfully completed as planned in 2007. The new facility will meet all the company's requirements for the foreseeable future. Inevitably the relocation costs did impact on profitability, but the pre-tax profit of £180,571 still exceeded the targeted figure for the year.

The company expects the highly competitive lighting market to remain at similar levels in 2008, the growth in company turnover will be smaller than in the previous two financial years.

The company uses three key performance indicators, these being turnover, profitability, and return on capital employed. Turnover increased by 13%, profitability fell by 59% and recorded return on capital employed of 15%.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of a further dividend.

#### **Directors**

The following directors have held office since 1 September 2006:

N Tavaré  
N T Shelton  
R Conboy  
J Goodman

#### **Directors' interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 August 2007	1 September 2006
N Tavaré	37,500	37,500
N T Shelton	12,500	12,500
R Conboy	1,525	1,010
J Goodman	-	-

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HW be reappointed as auditors of the company will be put to the Annual General Meeting.

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2007**

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**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 of the profit or loss of the company 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,
- 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.

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



N. Shelton, Director

26 March 08

# **LUXONIC LIGHTING PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF LUXONIC LIGHTING PLC**

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We have audited the financial statements of Luxonic Lighting plc for the year ended 31 August 2007 set out on pages 5 to 20. 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 the 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 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).

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

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

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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.

# **LUXONIC LIGHTING PLC**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF LUXONIC LIGHTING PLC**

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### **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 company's affairs as at 31 August 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

HW

HW

**Registered Auditors and  
Chartered Accountants**

27 March 2008

Viewpoint  
Basingstoke  
Hampshire  
RG21 4RG

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 AUGUST 2007**

	Notes	2007 £	2006 £
Turnover	2	10,465,665	9,276,219
Cost of sales		(7,365,753)	(6,292,114)
<b>Gross profit</b>		<b>3,099,912</b>	<b>2,984,105</b>
Distribution costs		(967,753)	(983,850)
Administrative expenses		(1,839,296)	(1,491,855)
<b>Operating profit</b>	<b>3</b>	<b>292,863</b>	<b>508,400</b>
Profit on sale of property		35,000	-
<b>Profit on ordinary activities before interest</b>		<b>327,863</b>	<b>508,400</b>
Other interest receivable and similar income	4	1,156	189
Interest payable and similar charges	5	(148,448)	(72,377)
<b>Profit on ordinary activities before taxation</b>		<b>180,571</b>	<b>436,212</b>
Tax on profit on ordinary activities	6	(21,714)	(120,004)
<b>Profit for the year</b>	<b>18</b>	<b>158,857</b>	<b>316,208</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



# LUXONIC LIGHTING PLC

## **BALANCE SHEET** **AS AT 31 AUGUST 2007**

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	9	2,485,198		1,132,727	
Investments	10	59,667		59,667	
		<u>2,544,865</u>		<u>1,192,394</u>	
<b>Current assets</b>					
Stocks	11	853,156		939,656	
Debtors	12	2,309,253		1,776,161	
Cash at bank and in hand		2,190		61,172	
		<u>3,164,599</u>		<u>2,776,989</u>	
<b>Creditors' amounts falling due within one year</b>	13	<u>(3,100,333)</u>		<u>(2,559,657)</u>	
<b>Net current assets</b>		<u>64,266</u>		<u>217,332</u>	
<b>Total assets less current liabilities</b>		<u>2,609,131</u>		<u>1,409,726</u>	
<b>Creditors' amounts falling due after more than one year</b>	14	(1,344,305)		(179,166)	
<b>Provisions for liabilities</b>	15	<u>(73,713)</u>		<u>(74,126)</u>	
		<u>1,191,113</u>		<u>1,156,434</u>	
<b>Capital and reserves</b>					
Called up ordinary share capital	17	51,525		51,010	
Share premium account	18	5,645		1,010	
Revaluation reserve	18	-		167,731	
Profit and loss account	18	1,133,943		936,683	
<b>Shareholders' funds</b>	19	<u>1,191,113</u>		<u>1,156,434</u>	

Approved by the Board and authorised for issue on 26 March 08

N Tavaré.  
 N Tavaré  
 Director

**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 31 AUGUST 2007**

	£	2007 £	£	2006 £
<b>Net cash inflow from operating activities</b>		308,599		807,569
<b>Returns on investments and servicing of finance</b>				
Interest received	1,156		189	
Interest paid	(148,448)		(72,377)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(147,292)		(72,188)
<b>Taxation</b>		(119,049)		(2,608)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(1,870,654)		(102,984)	
Receipts from sales of tangible assets	486,100		32,500	
<b>Net cash outflow for capital expenditure</b>		(1,384,554)		(70,484)
<b>Equity dividends paid</b>		(129,328)		(93,858)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(1,471,624)		568,431
<b>Financing</b>				
Issue of ordinary share capital	5,150		2,020	
New long term bank loan	1,600,000		-	
Other new short term loans	609,766		-	
Repayment of long term bank loan	(489,462)		(480,072)	
Repayment of other short term loans	(421,451)		-	
Capital element of hire purchase contracts	(42,791)		(46,418)	
<b>Net cash inflow from financing</b>		1,261,211		(524,470)
<b>(Decrease)/increase in cash in the year</b>		(210,413)		43,961

**NOTES TO THE CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2007**

1	Reconciliation of operating profit to net cash inflow from operating activities	2007		2006	
		£		£	
	Operating profit	292,863		508,400	
	Depreciation of tangible assets	182,061		171,126	
	(Profit)/loss on disposal of tangible assets	(13,695)		23,890	
	Decrease/(increase) in stocks	86,500		(215,842)	
	Increase in debtors	(533,092)		(77,248)	
	Increase in creditors within one year	293,962		397,243	
	<b>Net cash inflow from operating activities</b>	<b>308,599</b>		<b>807,569</b>	
2	Analysis of net debt	1 September 2006	Cash flow	Other non-cash changes	31 August 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	61,172	(58,982)	-	2,190
	Bank overdrafts	(164,910)	(151,431)	-	(316,341)
		(103,738)	(210,413)	-	(314,151)
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(142,723)	(58,492)	-	(201,215)
	Debts falling due within one year	(510,913)	(160,790)	-	(671,703)
	Debts falling due after one year	(69,667)	(1,138,063)	-	(1,207,730)
		(723,303)	(1,357,345)	-	(2,080,648)
	<b>Net debt</b>	<b>(827,041)</b>	<b>(1,567,758)</b>	<b>-</b>	<b>(2,394,799)</b>
3	Reconciliation of net cash flow to movement in net debt	2007		2006	
		£		£	
	(Decrease)/increase in cash in the year	(210,413)		43,961	
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,357,345)		376,020	
	<b>Movement in net debt in the year</b>	<b>(1,567,758)</b>		<b>419,981</b>	
	Opening net debt	(827,041)		(1,247,022)	
	<b>Closing net debt</b>	<b>(2,394,799)</b>		<b>(827,041)</b>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2007**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

**1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Sales are recognised as and when invoices are raised and goods are despatched.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated, on a monthly basis, to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings (freehold)	See below
Land and buildings (leasehold)	See below
Plant and machinery	20% Reducing balance
Fixtures, fittings & equipment	20% - 33 3% Reducing balance
Motor vehicles	33 3% Reducing balance

No depreciation is provided in respect of freehold and long leasehold land and buildings. It is the company's practice to maintain those buildings in a continual state of sound repair and to make improvements thereto from time to time and accordingly, in the opinion of the directors, the useful economic lives of those properties and their residual values is such that the depreciation charge would be immaterial. This is a departure from the Company Act's requirement to depreciate fixed assets.

**1.5 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**1.7 Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value after making due allowances for slow moving stocks.

**1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

**1 Accounting policies (continued)**

**1 9 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1 10 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account.

**1 11 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The subsidiary has been excluded from the consolidation as the subsidiary is not material, in accordance with section 229(2) of the Companies Act 1985.

**2 Turnover**

**Geographical market**

	<b>Turnover 2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Europe	16,712	22,945
Middle East	85,906	-
United Kingdom	10,363,047	9,253,274
	<u>10,465,665</u>	<u>9,276,219</u>

**3 Operating profit**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation of tangible assets	182,061	171,126
Loss on disposal of tangible assets	-	23,890
Loss on foreign exchange transactions	1,044	367
Operating lease rentals	166,388	199,894
Auditors' remuneration	5,000	5,000
Auditors' remuneration in respect of non-audit work	3,400	3,626
and after crediting		
Profit on disposal of tangible assets	<u>(13,695)</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

<b>4</b>	<b>Investment income</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Bank interest	1,139	189
	Other interest	17	-
		<u>1,156</u>	<u>189</u>

<b>5</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	44,878	52,939
	On other loans wholly repayable within five years	93,118	13,842
	Hire purchase interest	10,319	5,511
	Other interest	133	85
		<u>148,448</u>	<u>72,377</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

<b>6</b>	<b>Taxation</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	22,261	119,049
	Adjustment for prior years	(134)	-
	<b>Current tax charge</b>	<b>22,127</b>	<b>119,049</b>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(413)	955
		<b>21,714</b>	<b>120,004</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	180,571	436,212
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.42% (2006 - 30.00%)	35,067	130,864
	<b>Effects of</b>		
	Non deductible expenses	9,384	15,902
	Depreciation add back	35,356	47,888
	Capital allowances	(31,373)	(47,814)
	Adjustments to previous periods	(134)	-
	Chargeable disposals	15,858	-
	Other tax adjustments	(42,031)	(27,791)
		<b>(12,940)</b>	<b>(11,815)</b>
	<b>Current tax charge</b>	<b>22,127</b>	<b>119,049</b>

**7** **Exceptional Items**

During the year the company sold its freehold property for £460,000 giving rise to a profit of £35,000 as included on the face of the profit and loss account

<b>8</b>	<b>Dividends</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	129,328	93,858
		<b>129,328</b>	<b>93,858</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2007**

**9 Tangible fixed assets**

	Land and buildings (freehold)	Land and buildings (leasehold)	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2006	425,000	-	2,422,366	423,529	82,779	3,353,674
Additions	-	1,746,203	126,821	54,414	44,499	1,971,937
Disposals	(425,000)	-	(54,620)	-	(20,858)	(500,478)
At 31 August 2007	-	1,746,203	2,494,567	477,943	106,420	4,825,133
<b>Depreciation</b>						
At 1 September 2006	-	-	1,844,509	337,809	38,629	2,220,947
On disposals	-	-	(47,817)	-	(15,256)	(63,073)
Charge for the year	-	-	129,694	33,451	18,916	182,061
At 31 August 2007	-	-	1,926,386	371,260	42,289	2,339,935
<b>Net book value</b>						
At 31 August 2007	-	1,746,203	568,181	106,683	64,131	2,485,198
At 31 August 2006	425,000	-	577,857	85,720	44,150	1,132,727

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 August 2007	163,464	59,126	222,590
At 31 August 2006	126,000	36,643	162,643
<b>Depreciation charge for the year</b>			
At 31 August 2007	31,674	15,062	46,736
At 31 August 2006	9,000	5,976	14,976



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

**10 Fixed asset investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 September 2006 & at 31 August 2007	59,667
<b>Net book value</b>	
At 31 August 2007	59,667
At 31 August 2006	59,667

**Holdings of more than 20%**

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

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Program Lighting Limited	England and Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
	<b>Principal activity</b>		
Program Lighting Limited	dormant	59,667	-

**11 Stocks and work in progress**

	2007 £	2006 £
Raw materials and consumables	598,133	603,763
Work in progress	225,947	269,580
Finished goods and goods for resale	29,076	66,313
	853,156	939,656

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

<b>12 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,150,863	1,607,299
Other debtors	124,395	116,561
Prepayments and accrued income	33,995	52,301
	<u>2,309,253</u>	<u>1,776,161</u>

Trade debtors include £609,766 (2006 - £421,451) which are secured under a full recourse agreement under the company's debt factoring arrangements

<b>13 Creditors. amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	378,278	254,372
Net obligations under hire purchase contracts	64,640	33,224
Trade creditors	1,374,642	1,227,021
Corporation tax	22,260	119,183
Other taxes and social security costs	280,138	242,475
Directors' current accounts	26,689	23,897
Other creditors	712,835	496,480
Accruals and deferred income	240,851	163,005
	<u>3,100,333</u>	<u>2,559,657</u>

The bank loan £61,937 (2006 - £89,462) is secured by a mortgage debenture over the long leasehold property, and is repayable by instalments at an interest rate of 5.25% fixed until 2012

The bank overdraft facility £316,341 (2006 - £164,910) is secured over the long leasehold property at an interest rate of 2.5% over base rate

Net obligations under finance leases and hire purchase contracts, amounting to £64,640 (2006 - £33,224), are secured on the assets to which they relate

Included within trade creditors is an amount of £15,382 (2006 - £nil) which may be due after more than one year

Included in other creditors is £609,766 relating to debt factoring scheme entered into with The Royal Bank of Scotland on recourse basis

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

<b>14 Creditors, amounts falling due after more than one year</b>	<b>2007 £</b>	<b>2006 £</b>
Bank loans	1,138,063	-
Other loans	59,667	59,667
Net obligations under hire purchase contracts	136,575	109,499
Other creditors	10,000	10,000
	<u>1,344,305</u>	<u>179,166</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments		
Bank loan	1,197,730	-
Wholly repayable within five years	671,703	570,580
	<u>1,869,433</u>	<u>570,580</u>
Included in current liabilities	(671,703)	(510,913)
	<u>1,197,730</u>	<u>59,667</u>
Instalments not due within five years	<u>830,110</u>	<u>59,667</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	71,048	-
In more than two years but not more than five years	236,905	-
In more than five years	889,777	59,667
	<u></u>	<u></u>
<p>The bank loan £1,138,063 (2006 - £nil) is secured by a mortgage debenture over the long leasehold property, and is repayable by instalments at an interest rate of 5.25% fixed until 2012</p> <p>The net obligations under finance leases and hire purchase contracts, amounting to £136,575 (2006 - £109,499), are secured on the assets concerned and are all repayable within five years</p>		
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	64,640	33,224
Repayable between one and five years	136,575	109,499
	<u>201,215</u>	<u>142,723</u>
Included in liabilities falling due within one year	(64,640)	(33,224)
	<u>136,575</u>	<u>109,499</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

**15 Provisions for liabilities and charges**

	<b>Deferred tax liability £</b>
Balance at 1 September 2006	74,126
Profit and loss account	18,806
Revaluation reserve	(19,219)
	<hr/>
Balance at 31 August 2007	73,713
	<hr/>

The deferred tax liability is made up as follows:

	<b>2007 £</b>	<b>2006 £</b>
Accelerated capital allowances	73,713	54,907
Surplus on revaluation of land and buildings	-	19,219
	<hr/>	<hr/>
	73,713	74,126
	<hr/>	<hr/>

**16 Pension costs**

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £45,613 (2006 - £42,531). Contributions totalling £5,460 (2006 - £5,029) were payable to the fund at the year end.

**17 Share capital**

	<b>2007 £</b>	<b>2006 £</b>
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
51,525 Ordinary shares of £1 each	51,525	51,010
	<hr/>	<hr/>

During the year 515 ordinary shares of £1 each were issued. The total consideration received by the company was £5,150 giving rise to a share premium of £4,635 as stated in note 18.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

**18 Statement of movements on reserves**

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2006	1,010	167,731	936,683
Profit for the year	-	-	158,857
Transfer from revaluation reserve to profit and loss account	-	(167,731)	167,731
Premium on shares issued during the year	4,635	-	-
Dividends paid	-	-	(129,328)
Balance at 31 August 2007	5,645	-	1,133,943

**19 Reconciliation of movements in shareholders' funds**

	2007 £	2006 £
Profit for the financial year	158,857	316,208
Dividends	(129,328)	(93,858)
	29,529	222,350
Proceeds from issue of shares	5,150	2,020
Net addition to shareholders' funds	34,679	224,370
Opening shareholders' funds	1,156,434	932,064
Closing shareholders' funds	1,191,113	1,156,434

**20 Financial commitments**

At 31 August 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2008

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Operating leases which expire				
Within one year	130,900	91,669	-	-
Between two and five years	-	-	1,340	1,633
	130,900	91,669	1,340	1,633

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

<b>21 Directors' emoluments</b>	<b>2007 £</b>	<b>2006 £</b>
Emoluments for qualifying services	290,716	246,932
Company pension contributions to money purchase schemes	22,731	20,054
	<u>313,447</u>	<u>266,986</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	100,389	68,642
Company pension contributions to money purchase schemes	7,617	5,516
	<u>108,006</u>	<u>74,158</u>

The number of directors for whom retirement benefit are accruing under defined contribution schemes amounted to 4 (2006 - 4)

**22 Transactions with directors**

The following directors had interest free loans during the year which are included in other debtors. The movement on these loans are as follows

	<b>Amount outstanding 2007 £</b>	<b>2006 £</b>	<b>Maximum in year £</b>
R Conboy	250	-	250
N Tavaré	95,786	93,877	174,636
	<u>96,036</u>	<u>93,877</u>	<u>174,886</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2007**

**23 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2007 Number</b>	<b>2006 Number</b>
Production	70	62
Sales	8	9
Administration and management	22	22
	<u>100</u>	<u>93</u>

**Employment costs**

	<b>2007 £</b>	<b>2006 £</b>
Wages and salaries	2,294,484	2,033,794
Social security costs	252,371	228,169
Other pension costs	45,613	42,531
	<u>2,592,468</u>	<u>2,304,494</u>

**24 Control**

Throughout the year, the company was controlled by N Tavaré, a director and majority shareholder

**25 Related party transactions**

At the year end N T Shelton, a director, was owed by the company £26,689 (2006 - £23,897) This movement represents cash paid to the company of £31,375 (2006 - £23,000), interest received of £nil (2006 - £1,784) and personal expenses paid for by the company of £28,583 (2006 - £16,593)

Included in creditors is a loan received from Lady Tavaré, the mother of director, N Tavaré At the year end the amount outstanding on the loan was £70,000 (2006 - £70,000), interest is paid on the loan at a rate of 8% and during the year amounted to £5,600 (2006 - £5,600), as at 31 August 2007 £465 (2006 - £465) remained outstanding

During the year Mrs H Shelton, the wife of a director, had emoluments totalling £40,628 (2006 - £39,560) Mrs S Tavaré, the wife of a director, had emoluments totalling £nil (2006 - £24,696)

Mrs S Conboy the wife of R Conboy, director, received emoluments totalling £14,378 (2006 - £14,000) during the year