

**TUNNEL TECH NORTH LIMITED**  
**ABBREVIATED ACCOUNTS**  
**29 DECEMBER 2006**

TUESDAY



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# **TUNNEL TECH NORTH LIMITED**

## **ABBREVIATED ACCOUNTS**

**PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

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# **TUNNEL TECH NORTH LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	M J Dewhurst J E Hall D B E Johnson S Middlebrook
<b>Company secretary</b>	M J Dewhurst
<b>Registered office</b>	The Old Airfield Winchester Street Leckford Stockbridge Hampshire SO20 6JF
<b>Auditor</b>	CW Fellowes Limited Registered Auditors Templars House Lulworth Close Chandlers Ford Hampshire SO53 3TL
<b>Bankers</b>	Lloyds TSB Bank plc 1st Floor Blue Boar Row Salisbury Wiltshire SP1 1DA

# **TUNNEL TECH NORTH LIMITED**

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

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The directors present their report and the financial statements of the company for the period from 31 December 2005 to 29 December 2006

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company during the period was that of the manufacture and sale of mushroom compost and associated services

We aim to present a balanced and comprehensive review of the development and performance of our business during the period to 29 December 2006 and its position at the period end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face.

Our mushroom compost is sold at 3 phases of production. Due to the steady reduction in numbers of UK mushroom farms, our customers are now progressive and innovative producers who are taking more Phase III product to ensure high yields and consistent high quality mushrooms. To satisfy this increasing demand we commenced the 4th expansion of our Phase III facilities during the period, which came fully into production in 1st quarter 2007 - further investment is planned into the foreseeable future. Allied to future investments, the business is carrying out detailed reviews of all production processes to ensure the business maximises return on new investments.

Turnover increased by 13% over 2005 mostly driven by higher Phase III sales. Gross margin % remained similar to the prior period. Tight control has been maintained over Administrative expenses. Net Profit before Tax has increased to £167,038 from £9,523. After tax, £103,453 has been added to Reserves.

As for all businesses operating in our niche market, the business and operating environments continue to be challenging. Our customers are under constant review from their customers, the UK supermarkets, to contain costs and increase mushroom quality and consistency - we therefore have to ensure our product is of a consistently high quality at a price affordable to our customers. We believe we are well placed in our niche market, and are able to benefit from the considerable experience and resources of our shareholders who are all in related business activities.

#### **RESULTS AND DIVIDENDS**

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

#### **THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY**

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 29 December 2006	At 31 December 2005
M J Dewhurst	8,875	8,875
J E Hall	-	-
D B E Johnson	-	-
S Middlebrook	-	-
	<hr/>	<hr/>

# TUNNEL TECH NORTH LIMITED

## THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

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### 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 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

A resolution to re-appoint CW Fellowes Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office  
The Old Airfield  
Winchester Street  
Leckford  
Stockbridge  
Hampshire  
SO20 6JF

Signed by order of the directors



M J Dewhurst  
Company Secretary

Approved by the directors on 19 June 2007

# **TUNNEL TECH NORTH LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO TUNNEL TECH NORTH LIMITED**

### **UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 5 to 17, together with the financial statements of Tunnel Tech North Limited for the period from 31 December 2005 to 29 December 2006 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 auditor's 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 audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR**

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 auditor's 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 have been properly prepared in accordance with that provision.

*CW Fellowes Limited*

**CW FELLOWES LIMITED**

Registered Auditors  
Templars House  
Lulworth Close  
Chandlers Ford  
Hampshire  
SO53 3TL

*20th July 2007*

# **TUNNEL TECH NORTH LIMITED**

## **ABBREVIATED PROFIT AND LOSS ACCOUNT**

**PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

		<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
<b>GROSS PROFIT</b>	<b>Note</b>	<b>2,008,425</b>	<b>1,772,557</b>
Administrative expenses		<u>1,835,599</u>	<u>1,758,092</u>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>172,826</b>	<b>14,465</b>
Interest receivable		<b>9</b>	<b>28</b>
Interest payable and similar charges	<b>5</b>	<u>(5,797)</u>	<u>(4,970)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>167,038</b>	<b>9,523</b>
Tax on profit on ordinary activities	<b>6</b>	<u>63,585</u>	<u>34,131</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>		<b>103,453</b>	<b>(24,608)</b>
Balance brought forward		<u>455,161</u>	<u>479,769</u>
Balance carried forward		<u>558,614</u>	<u>455,161</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 8 to 17 form part of these abbreviated accounts.

# TUNNEL TECH NORTH LIMITED

## ABBREVIATED BALANCE SHEET

AS AT 29 DECEMBER 2006

	Note	29 Dec 06 £	30 Dec 05 £
<b>FIXED ASSETS</b>			
Tangible assets	7	2,531,227	2,188,119
<b>CURRENT ASSETS</b>			
Stocks	8	268,687	312,320
Debtors	9	1,221,030	1,037,423
Cash at bank and in hand		423	287
		<u>1,490,140</u>	<u>1,350,030</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>2,678,674</u>	<u>2,361,434</u>
<b>NET CURRENT LIABILITIES</b>		(1,188,534)	(1,011,404)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,342,693</u>	<u>1,176,715</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	<u>433,079</u>	<u>370,554</u>
		<u>909,614</u>	<u>806,161</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	351,000	351,000
Profit and loss account		558,614	455,161
<b>SHAREHOLDERS' FUNDS</b>	16	<u>909,614</u>	<u>806,161</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on the 14 June 2007 and are signed on their behalf by



M J Dewhurst

The notes on pages 8 to 17 form part of these abbreviated accounts



# **TUNNEL TECH NORTH LIMITED**

## **CASH FLOW STATEMENT**

**PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

		<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
	<b>17</b>	<b>206,712</b>	<b>(302,877)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>17</b>	<b>(5,788)</b>	<b>(4,942)</b>
<b>TAXATION</b>	<b>17</b>	<b>(33,840)</b>	<b>124</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>17</b>	<b>(767,836)</b>	<b>(96,602)</b>
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(600,752)</b>	<b>(404,297)</b>
<b>FINANCING</b>	<b>17</b>	<b>287,975</b>	<b>360,524</b>
<b>DECREASE IN CASH</b>	<b>17</b>	<b>(312,777)</b>	<b>(43,773)</b>

**The notes on pages 8 to 17 form part of these abbreviated accounts.**

# **TUNNEL TECH NORTH LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

#### **Turnover**

Turnover represents net sales of goods and services during the period, exclusive of VAT

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	5% - 15% straight line
Plant & Machinery	-	5% - 50% straight line
Motor Vehicles	-	5% - 50% straight line

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

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### 1. ACCOUNTING POLICIES *(continued)*

#### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions paid are charged to the profit and loss account.

#### Deferred taxation

Deferred tax is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations, except that a net deferred tax asset is recognised only when it can be regarded as more likely than not it will be recovered. Deferred tax is provided at current rates and is not discounted. Deferred tax assets and liabilities are offset where they relate to taxes levied by the same tax authority and are in the same taxable entity or group.

#### Going concern

The financial statements have been prepared on the basis that the company is a going concern because its fellow subsidiary, Tunnel Tech Limited, has agreed to provide ongoing financial support as necessary. Tunnel Tech Limited will only be repaid amounts owed to it to the extent that these will not prejudice Tunnel Tech North Limited's ability to meet its other liabilities as and when they fall due.

#### Deferred government grants

Government grants are recognised in the Profit and Loss Account so as to match them with the expected useful economic lives of the related assets.

### 2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Amortisation of government grants re fixed assets	(28,682)	(25,826)
Depreciation of owned fixed assets	415,713	426,970
Depreciation of assets held under hire purchase agreements	13,404	3,487
Profit on disposal of fixed assets	(4,389)	-
Auditor's remuneration		
- as auditor	3,250	3,000
Operating lease costs		
Other	866,126	863,750

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

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#### 3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to

	Period from 31 Dec 05 to 29 Dec 06 No	Period from 1 Jan 05 to 30 Dec 05 No
Number of administrative staff	2	2
Number of management staff	3	3
Number of other staff	27	29
	<u>32</u>	<u>34</u>

The aggregate payroll costs of the above were

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Wages and salaries	741,626	702,450
Social security costs	109,674	103,680
Other pension costs	9,100	5,654
	<u>860,400</u>	<u>811,784</u>

#### 4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Emoluments receivable	77,644	78,686
Value of company pension contributions to money purchase schemes	6,768	5,624
	<u>84,412</u>	<u>84,310</u>

The number of directors who accrued benefits under company pension schemes was as follows

	Period from 31 Dec 05 to 29 Dec 06 No	Period from 1 Jan 05 to 30 Dec 05 No
Money purchase schemes	<u>1</u>	<u>1</u>

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Interest payable on bank borrowing	4,972	3,548
Finance charges	825	1,422
	<u>5,797</u>	<u>4,970</u>

#### 6. TAXATION ON ORDINARY ACTIVITIES

##### (a) Analysis of charge in the period

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Current tax		
UK Corporation tax based on the results for the period	64,000	34,255
Under provision in prior year	(415)	(124)
Total current tax	<u>63,585</u>	<u>34,131</u>

##### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Profit on ordinary activities before taxation	<u>167,038</u>	<u>9,523</u>
Profit/(loss) on ordinary activities by rate of tax	50,111	2,857
Expenses not deductible for tax purposes	(3,465)	420
Capital allowances for period in excess of depreciation	30,944	47,030
Tax chargeable at lower rates	(13,590)	(16,052)
Adjustments to tax charge in respect of previous periods	(415)	(124)
Total current tax (note 6(a))	<u>63,585</u>	<u>34,131</u>

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

### 7. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>				
At 31 December 2005	2,475,728	2,903,570	141,622	5,520,920
Additions	3,918	711,952	66,467	782,337
Disposals	—	—	(60,432)	(60,432)
<b>At 29 December 2006</b>	<b>2,479,646</b>	<b>3,615,522</b>	<b>147,657</b>	<b>6,242,825</b>
<b>DEPRECIATION</b>				
At 31 December 2005	1,777,144	1,450,915	104,742	3,332,801
Charge for the period	75,257	329,072	24,788	429,117
On disposals	—	—	(50,320)	(50,320)
<b>At 29 December 2006</b>	<b>1,852,401</b>	<b>1,779,987</b>	<b>79,210</b>	<b>3,711,598</b>
<b>NET BOOK VALUE</b>				
<b>At 29 December 2006</b>	<b>627,245</b>	<b>1,835,535</b>	<b>68,447</b>	<b>2,531,227</b>
At 30 December 2005	698,584	1,452,655	36,880	2,188,119

Included in the cost of freehold property is freehold land of £60,000 (2005 £60,000) which is not depreciated

#### Hire purchase agreements

Included within the net book value of £2,531,227 is £53,063 (2005 - £27,827) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the period in respect of such assets amounted to £13,404 (2005 - £3,487)

### 8. STOCKS

	29 Dec 06 £	30 Dec 05 £
Raw materials	88,093	127,935
Work in progress	180,594	184,385
	<b>268,687</b>	<b>312,320</b>

### 9. DEBTORS

	29 Dec 06 £	30 Dec 05 £
Trade debtors	889,134	785,108
Amounts owed by group undertakings	2,238	17,729
Other debtors	329,658	234,586
	<b>1,221,030</b>	<b>1,037,423</b>

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

#### 10. CREDITORS: Amounts falling due within one year

	29 Dec 06	30 Dec 05
	£	£
Bank loans and overdrafts	696,072	183,159
Trade creditors	545,429	284,745
Amounts owed to group undertakings	862,919	1,065,896
Other creditors including taxation and social security		
Corporation tax	64,000	34,255
PAYE and social security	20,628	22,230
Hire purchase agreements	30,157	4,707
Other creditors	459,469	766,442
	<u>2,678,674</u>	<u>2,361,434</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	29 Dec 06	30 Dec 05
	£	£
Bank loans and overdrafts	<u>696,072</u>	<u>183,159</u>

The bank loan and overdraft are secured by an unlimited debenture over the company's assets, supported by a group guarantee and set off arrangement with Tunnel Tech Limited and Bromcraft Limited. The obligations under finance leases are secured upon the related asset.

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

	29 Dec 06	30 Dec 05
	£	£
Bank loans and overdrafts	292,532	201,325
Other creditors		
Other creditors	140,547	169,229
	<u>433,079</u>	<u>370,554</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	29 Dec 06	30 Dec 05
	£	£
Bank loans and overdrafts	<u>292,532</u>	<u>201,325</u>

#### 12. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	29 Dec 06	30 Dec 05
	£	£
Amounts payable within 1 year	30,157	4,707
	<u>30,157</u>	<u>4,707</u>

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

#### 13. COMMITMENTS UNDER OPERATING LEASES

At 29 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	29 Dec 06		30 Dec 05	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	9,308	-	1,378
Within 2 to 5 years	-	25,390	-	34,698
After more than 5 years	600,000	-	600,000	-
	<u>600,000</u>	<u>34,698</u>	<u>600,000</u>	<u>36,076</u>

#### 14. TRANSACTIONS WITH THE DIRECTORS

D Johnson is a director of, and materially interested in, the shares of Northern Straw Ltd, which trades with Tunnel Tech North Limited on normal commercial terms. Invoices from Northern Straw Limited to the company during the period under review totalled £903,207 (2005 £736,059). At the year-end, there was £74,111 outstanding.

Northern Straw Limited also holds 40% of the shares of Bromcraft Limited, the holding company of Tunnel Tech North Limited.

The company also made sales in the year totalling £10,480 (2005 £140,626) to The Premier Mushroom Group Limited, a company of which M J Dewhurst is a director and shareholder. At the year end, the balance due to Tunnel Tech North Limited was £2,238.

#### 15. SHARE CAPITAL

##### Authorised share capital:

	29 Dec 06	30 Dec 05
	£	£
351,000 Ordinary shares of £1 each	<u>351,000</u>	<u>351,000</u>

##### Allotted, called up and fully paid:

	29 Dec 06		30 Dec 05	
	No	£	No	£
Ordinary shares of £1 each	<u>351,000</u>	<u>351,000</u>	<u>351,000</u>	<u>351,000</u>

#### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	29 Dec 06	30 Dec 05
	£	£
Profit/(Loss) for the financial period	103,453	(24,608)
Opening shareholders' equity funds	<u>806,161</u>	<u>830,769</u>
Closing shareholders' equity funds	<u>909,614</u>	<u>806,161</u>



# **TUNNEL TECH NORTH LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

### **PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

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#### **17. NOTES TO THE STATEMENT OF CASH FLOWS**

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

	<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
Operating profit	172,826	14,465
Depreciation	429,117	430,457
Profit on disposal of fixed assets	(4,389)	—
Decrease/(increase) in stocks	43,633	(73,768)
Increase in debtors	(183,607)	(147,213)
Decrease in creditors	(250,868)	(526,818)
Net cash inflow/(outflow) from operating activities	<u>206,712</u>	<u>(302,877)</u>

##### **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
Interest received	9	28
Interest paid	(4,972)	(3,548)
Interest element of hire purchase	(825)	(1,422)
Net cash outflow from returns on investments and servicing of finance	<u>(5,788)</u>	<u>(4,942)</u>

##### **TAXATION**

	<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
Taxation	<u>(33,840)</u>	<u>124</u>

##### **CAPITAL EXPENDITURE**

	<b>Period from 31 Dec 05 to 29 Dec 06 £</b>	<b>Period from 1 Jan 05 to 30 Dec 05 £</b>
Payments to acquire tangible fixed assets	(782,337)	(96,602)
Receipts from sale of fixed assets	14,501	—
Net cash outflow from capital expenditure	<u>(767,836)</u>	<u>(96,602)</u>

# TUNNEL TECH NORTH LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006

#### 17. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

##### FINANCING

	Period from 31 Dec 05 to 29 Dec 06 £	Period from 1 Jan 05 to 30 Dec 05 £
Increase in bank loans	291,207	334,658
Capital element of hire purchase	25,450	(22,558)
Net (outflow)/inflow from other long-term creditors	(28,682)	48,424
Net cash inflow from financing	<u>287,975</u>	<u>360,524</u>

##### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	29 Dec 06 £	30 Dec 05 £
Decrease in cash in the period	(312,777)	(43,773)
Net cash (inflow) from bank loans	(291,207)	(334,658)
Cash outflow in respect of hire purchase	(25,450)	22,558
Net cash outflow from/(inflow) from other long-term creditors	28,682	(48,424)
	<u>(600,752)</u>	<u>(404,297)</u>
Change in net debt	(600,752)	(404,297)
Net debt at 31 December 2005	(558,133)	(153,836)
Net debt at 29 December 2006	<u>(1,158,885)</u>	<u>(558,133)</u>

##### ANALYSIS OF CHANGES IN NET DEBT

	At 31 Dec 2005 £	Cash flows £	At 29 Dec 2006 £
Net cash			
Cash in hand and at bank	287	136	423
Overdrafts	(49,826)	(312,913)	(362,739)
	<u>(49,539)</u>	<u>(312,777)</u>	<u>(362,316)</u>
Debt			
Debt due within 1 year	(133,333)	(200,000)	(333,333)
Debt due after 1 year	(370,554)	(62,525)	(433,079)
Hire purchase agreements	(4,707)	(25,450)	(30,157)
	<u>(508,594)</u>	<u>(287,975)</u>	<u>(796,569)</u>
Net debt	<u>(558,133)</u>	<u>(600,752)</u>	<u>(1,158,885)</u>

# **TUNNEL TECH NORTH LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**PERIOD FROM 31 DECEMBER 2005 TO 29 DECEMBER 2006**

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### **18. ULTIMATE PARENT COMPANY**

The directors are of the opinion that Bromcraft Limited, incorporated in England, is the company's ultimate parent company at 29 December 2006