

Registered number
3318338

Preston Innovations Limited

Report and Accounts

31 December 2006

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Preston Innovations Limited
Report and accounts
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Preston Innovations Limited Company Information

Directors

Mr D Preston
Mr R Teale

Secretary

Mr D Preston

Auditors

Tranter Lowe
23 Tan Bank
Wellington
Telford
TF1 1HJ

Bankers

Lloyds TSB plc
Telford

Registered office

Unit E1b
Stafford Park
Telford
TF3 3BA

Registered number

3318338

Preston Innovations Limited

Directors' Report

The directors present their report and accounts for the period ended 31 December 2006

Principal activities and review of the business

The company's principal activity during the period continued to be the manufacture and wholesale of fishing equipment and accessories

The company changed its year end to 31 December in 2006. Turnover increased on a prorata basis but development costs for new products and divisions increased the cost base. The return on capital employed was 8.8%

The company faces normal commercial and competitive risks - in particular consumer spending propensity and seasonal fluctuations. The company is well placed to take advantage of any opportunities which may arise in the future.

Results and dividends

The profit for the year, after taxation, amounted to £471,360. The directors paid an ordinary dividend of £135,000 leaving a profit of £336,360 to be retained.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They consider that the next year will show further growth in sales following the development of new product streams. The company continues to invest heavily in research and development.

Events since the balance sheet date

The company has purchased its own freehold premises at High Bridge Court, Stafford Park 1, Telford at a cost of £1.3 million - funded principally by a mortgage from Lloyds TSB Plc. Lloyds TSB plc hold a first legal charge on the property.

Directors

The directors who served during the period and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	31 Dec 2006	1 Jun 2006
Mr D Preston	100	100
Mr R Teale	-	-

Preston Innovations Limited

Directors' Report

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts 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 to enable them to ensure that the accounts 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.

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

This report was approved by the board on **17 JUL 2007**

Mr D Preston
Director

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a flourish.

Preston Innovations Limited

Independent auditors' report to the shareholder of Preston Innovations Limited

We have audited the financial statements of Preston Innovations Limited for the year ended 31 December 2006 which comprise pages 5 to 15. These financial statements have been prepared under section 226 of the Companies Act 1985.

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 are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

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 have carried out the procedures we considered necessary to confirm, by reference to the full financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 15 are properly prepared in accordance with that provision.



**Tranter Lowe
Registered auditors**

Date 18-10-07

**23 Tan Bank
Wellington
Telford
TF1 1HJ**

Preston Innovations Limited
Profit and Loss Account
for the period from 1 June 2006 to 31 December 2006

	Notes	31/12/06 £	31/5/06 £
Gross profit		1,491,010	2,059,450
Administrative expenses		(902,702)	(1,069,756)
Operating profit	3	<u>588,308</u>	<u>989,694</u>
Interest receivable		40,250	40,385
Interest payable	6	(398)	(1,136)
Profit on ordinary activities before taxation		<u>628,160</u>	<u>1,028,943</u>
Tax on profit on ordinary activities	7	(156,800)	(266,590)
Profit for the period		<u>471,360</u>	<u>762,353</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two periods

Preston Innovations Limited
Balance Sheet
as at 31 December 2006

	Notes	31/12/06 £	31/5/06 £
Fixed assets			
Tangible assets	8	268,013	190,167
Current assets			
Stocks	9	1,279,586	1,193,604
Debtors	10	1,602,620	1,372,144
Cash at bank and in hand		1,023,862	1,107,423
		<u>3,906,068</u>	<u>3,673,171</u>
Creditors amounts falling due within one year	11	(1,011,941)	(1,038,785)
Net current assets		<u>2,894,127</u>	<u>2,634,386</u>
Total assets less current liabilities		<u>3,162,140</u>	<u>2,824,553</u>
Creditors amounts falling due after more than one year	12	(3,111)	(8,684)
Provisions for liabilities			
Deferred taxation	14	(14,100)	(7,300)
Net assets		<u>3,144,929</u>	<u>2,808,569</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	3,144,829	2,808,469
Shareholder's funds	18	<u>3,144,929</u>	<u>2,808,569</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium companies

The abbreviated financial statements on pages 2 to 15 were approved by the board of directors on and signed on its behalf by

Mr D Preston
Director

Approved by the board on 17 JUL 2007



Preston Innovations Limited
Cash Flow Statement
for the period from 1 June 2006 to 31 December 2006

	Notes	31/12/06 £	31/5/06 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		588,308	989,694
Depreciation charges		49,535	60,181
Increase in stocks		(85,982)	(402,519)
Increase in debtors		(230,476)	(288,122)
(Decrease)/increase in creditors		(169,957)	174,389
Net cash inflow from operating activities		<u>151,428</u>	<u>533,623</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		151,428	533,623
Returns on investments and servicing of finance	19	39,852	39,249
Taxation		-	(295,290)
Capital expenditure	19	<u>(127,381)</u>	<u>(113,530)</u>
		63,899	164,052
Equity dividends paid		<u>(135,000)</u>	<u>(220,000)</u>
		(71,101)	(55,948)
Financing	19	(12,460)	(7,553)
Decrease in cash		<u>(83,561)</u>	<u>(63,501)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(83,561)	(63,501)
Decrease in debt and lease financing		12,460	7,553
New finance leases		-	(8,000)
Change in net debt	20	<u>(71,101)</u>	<u>(63,948)</u>
Net funds at 1 June		<u>1,089,186</u>	<u>1,153,134</u>
Net funds at 31 December		<u>1,018,085</u>	<u>1,089,186</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Plant and machinery	3 to 8 years
Motor vehicles	4 years

Stocks

Stock is valued at the lower of cost and net realisable value

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts

Turnover is attributable to one continuing activity, the manufacture and wholesale of fishing equipment and accessories

Analysis by geographical market	31/12/06	31/5/06
	£	£
UK	96%	96%
Overseas	4%	4%
	<u>100 00%</u>	<u>100 00%</u>

3 Operating profit

This is stated after charging

	31/12/06	31/5/06
	£	£
Depreciation of owned fixed assets	44,636	53,795
Depreciation of assets held under finance leases and hire purchase contracts	4,899	6,386
Operating lease rentals - plant and machinery	3,400	5,277
Operating lease rentals - land buildings	42,476	56,510
Auditors' remuneration	9,250	8,000
Research and development	<u>101,045</u>	<u>141,298</u>

4 Directors' emoluments

	31/12/06	31/5/06
	£	£
Emoluments	71,272	99,847
Company contributions to money purchase pension schemes	5,453	9,348
	<u>76,725</u>	<u>109,195</u>

Number of directors in company pension schemes

	31/12/06	31/5/06
	Number	Number
Money purchase schemes	<u>1</u>	<u>1</u>

5 Staff costs

	31/12/06	31/5/06
	£	£
Wages and salaries	313,939	397,821
Social security costs	31,598	38,906
Other pension costs	5,453	9,348
	<u>350,990</u>	<u>446,075</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

Average number of employees during the year	Number	Number
Administration	22	16
Development	14	14
Distribution	11	11
	<u>47</u>	<u>41</u>
6 Interest payable	31/12/06	31/5/06
	£	£
Finance charges payable under finance leases and hire purchase contracts	<u>398</u>	<u>1,136</u>
7 Taxation	31/12/06	31/5/06
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	173,000	290,000
Adjustments in respect of previous periods	(23,000)	(28,710)
	<u>150,000</u>	<u>261,290</u>
Deferred tax		
Origination and reversal of timing differences	6,800	5,300
	<u>156,800</u>	<u>266,590</u>
Tax on profit on ordinary activities		
	<u>156,800</u>	<u>266,590</u>
Factors affecting tax charge for period		
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows		
	31/12/06	31/5/06
	£	£
Profit on ordinary activities before tax	<u>628,160</u>	<u>1,028,943</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	188,448	308,683
Effects of		
Small company relief	(8,648)	(13,383)
Capital allowances for period in excess of depreciation	(6,800)	(5,300)
Adjustments to tax charge in respect of previous periods	(23,000)	(28,710)
	<u>150,000</u>	<u>261,290</u>
Current tax charge for period		
	<u>150,000</u>	<u>261,290</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

8 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 June 2006	468,286
Additions	138,381
Disposals	<u>(23,945)</u>
At 31 December 2006	<u>582,722</u>
Depreciation	
At 1 June 2006	278,119
Charge for the period	49,535
On disposals	<u>(12,945)</u>
At 31 December 2006	<u>314,709</u>
Net book value	
At 31 December 2006	<u>268,013</u>
At 31 May 2006	<u>190,167</u>

	31/12/06 £	31/5/06 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>6,667</u>	<u>22,566</u>

9 Stocks

	31/12/06 £	31/5/06 £
Raw materials and consumables	29,833	13,114
Work in progress	149,233	71,033
Finished goods and goods for resale	<u>1,100,520</u>	<u>1,109,457</u>
	<u>1,279,586</u>	<u>1,193,604</u>

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

10 Debtors

	31/12/06 £	31/5/06 £
Trade debtors	1,265,116	1,103,894
Amounts owed by group undertakings and undertakings in which the company has a participating interest	77,158	155,458
Other debtors	233,514	80,899
Prepayments and accrued income	<u>26,832</u>	<u>31,893</u>
	<u>1,602,620</u>	<u>1,372,144</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

11 Creditors amounts falling due within one year	31/12/06	31/5/06
	£	£
Obligations under finance lease and hire purchase contracts	2,666	9,553
Trade creditors	432,778	475,403
Corporation tax	440,000	290,000
Other taxes and social security costs	17,207	99,340
Other creditors	5,490	22,902
Accruals and deferred income	113,800	141,587
	<u>1,011,941</u>	<u>1,038,785</u>

The company has electronic funds transfer facilities of £500,000 (year ended 31 May 2006 £560,000)

Lloyds TSB plc hold a fixed and floating charge dated 19 July 1999

Lloyds TSB plc hold a first legal charge dated 20 July 2000 over the balance on the Premier Interest Account

12 Creditors amounts falling due after one year	31/12/06	31/5/06
	£	£
Obligations under finance lease and hire purchase contracts	<u>3,111</u>	<u>8,684</u>

13 Obligations under finance leases and hire purchase contracts	31/12/06	31/5/06
	£	£
Amounts payable		
Within one year	2,666	9,553
Within two to five years	3,111	8,684
	<u>5,777</u>	<u>18,237</u>

14 Deferred taxation	31/12/06	31/5/06
	£	£
Accelerated capital allowances	<u>14,100</u>	<u>7,300</u>
Undiscounted provision for deferred tax	<u>14,100</u>	<u>7,300</u>

	31/12/06	31/5/06
	£	£
At 1 June	7,300	2,000
Deferred tax charge in profit and loss account	6,800	5,300
At 31 December	<u>14,100</u>	<u>7,300</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

15 Share capital			31/12/06	31/5/06
			£	£
Authorised				
Ordinary shares of £1 each			<u>100</u>	<u>100</u>
	31/12/06	31/5/06	31/12/06	31/5/06
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>
16 Profit and loss account			31/12/06	31/5/06
			£	£
At 1 June			2,808,469	2,266,116
Profit for the period			471,360	762,353
Dividends			(135,000)	(220,000)
At 31 December			<u>3,144,829</u>	<u>2,808,469</u>
17 Dividends			31/12/06	31/5/06
			£	£
Dividends for which the company became liable during the period				
Dividends paid			<u>135,000</u>	<u>220,000</u>
18 Reconciliation of movement in shareholder's funds			31/12/06	31/5/06
			£	£
At 1 June			2,808,569	2,266,216
Profit for the financial period			471,360	762,353
Dividends			(135,000)	(220,000)
At 31 December			<u>3,144,929</u>	<u>2,808,569</u>
19 Gross cash flows			31/12/06	31/5/06
			£	£
Returns on investments and servicing of finance				
Interest received			40,250	40,385
Interest element of finance lease rental payments			(398)	(1,136)
			<u>39,852</u>	<u>39,249</u>
Capital expenditure				
Payments to acquire tangible fixed assets			(138,381)	(113,530)
Receipts from sales of tangible fixed assets			11,000	-
			<u>(127,381)</u>	<u>(113,530)</u>
Financing				
Capital element of finance lease rental payments			<u>(12,460)</u>	<u>(7,553)</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

20 Analysis of changes in net debt

	At 1 Jun 2006 £	Cash flows £	Non-cash changes £	At 31 Dec 2006 £
Cash at bank and in hand	1,107,423	(83,561)		1,023,862
Finance leases	(18,237)	12,460		(5,777)
Total	<u>1,089,186</u>	<u>(71,101)</u>	<u>-</u>	<u>1,018,085</u>

21 Capital commitments

	31/12/06 £	31/5/06 £
Amounts contracted for but not provided in the accounts	<u>46,720</u>	<u>27,033</u>

22 Pension commitments

The company contributes to the pension schemes of the directors. The schemes are defined contribution schemes. There was no outstanding contributions at the balance sheet date.

23 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 31/12/06 £	Land and buildings 31/5/06 £	Other 31/12/06 £	Other 31/5/06 £
Operating leases which expire within one year	9,375	9,375	2,967	2,687
within two to five years	<u>65,732</u>	<u>65,732</u>	<u>3,832</u>	<u>3,832</u>
	<u>75,107</u>	<u>75,107</u>	<u>6,799</u>	<u>6,519</u>

24 Transactions with directors

Mr D. Preston has made the following interest free loan to the company:

	Dec 2006 £	Maximum Outstanding £	May 2006 £
Mr D. Preston	<u>5,075</u>	<u>5,075</u>	<u>16,149</u>

Preston Innovations Limited
Notes to the Accounts
for the period from 1 June 2006 to 31 December 2006

25 Related parties

The company had the following transactions during the year with Primo Distribution BV an organisation in which Mr D Preston has an 80% interest (2005 - 80%)

	Sales	Purchases	Debtors	Creditors
	£	£	£	£
31 December 2006	<u>75,739</u>	<u>-</u>	<u>77,158</u>	<u>-</u>
	Sales	Purchases	Debtors	Creditors
	£	£	£	£
31 May 2006	<u>122,902</u>	<u>-</u>	<u>155,458</u>	<u>-</u>

26 Controlling party

The company is controlled by Mr D Preston