

Ca House

R. F. Holdings Limited

Director's Report and Consolidated Financial Statements

for the Year Ended 30 April 2005

Registration number: 2786895



R. F. Holdings Limited

Contents Page

| | |
|--|---------|
| Officers and advisers | 1 |
| Director's report | 2 to 3 |
| Independent auditors' report | 4 |
| Consolidated profit and loss account | 5 |
| Consolidated balance sheet | 6 |
| Company balance sheet | 7 |
| Consolidated cash flow statement | 8 |
| Notes to the financial statements | 9 to 20 |

R. F. Holdings Limited

Officers and Advisers

| | |
|--------------------------|---|
| Director | M P Creighton |
| Secretary | L J Guest (appointed 30 September 2004) |
| Registered office | Hall Lane Walsall Wood West Midlands WS9 9AP |
| Bankers | HSBC Bank Plc 148 High Street Harborne Birmingham B17 9PN |
| Auditors | Bentley Jennison Chartered Accountants & Registered Auditors Charterhouse Legge Street Birmingham B4 7EU |

R. F. Holdings Limited
Director's Report for the Year Ended 30 April 2005

The director presents his report and the audited consolidated financial statements for the year ended 30 April 2005.

Directors' responsibilities

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and 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 financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities.

Business review

The director considers that the results for the year and the financial position at the end of the year reflects the continued development of the group's strategies. The results for the current year are expected to be in line with these results.

Future Developments

The group continues to be committed to manage and grow the business through both organic and acquisition strategies.

Results and dividend

The results for the group are set out in the financial statements.

An interim ordinary dividend of £15,000 was paid during the year.

Fixed assets

The changes in the fixed assets during the year are summarised in the notes to the financial statements.

Director and his interests

The director who held office during the year and his beneficial interest in the shares of the company was as follows:

M P Creighton

His beneficial interest in the issued share capital of the company was as follows:

| | 2005 | 2004 |
|--------------------|----------------|----------------|
| Ordinary £1 shares | <u>100,002</u> | <u>100,002</u> |

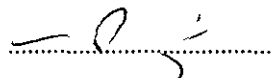
R. F. Holdings Limited
Director's Report for the Year Ended 30 April 2005

.....continued

Auditors

The auditors, Bentley Jennison, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Approved by the Board on 19 January 2006 and signed on its behalf by:

A handwritten signature in dark ink, appearing to be 'M P Creighton', is written over a horizontal dotted line.

M P Creighton
Director

Independent Auditors' Report to the Members of

R. F. Holdings Limited

We have audited the consolidated financial statements of R. F. Holdings Limited for the year ended 30 April 2005 set out on pages 5 to 20. These consolidated financial statements have been prepared under the historical cost convention and 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 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

As described in the statement of Directors' responsibilities on page 2, the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the consolidated financial statements, if the group 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 transactions with the company and other members of the group is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of opinion

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

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the company and the group as at 30 April 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Bentley Jennison
Chartered Accountants & Registered Auditors

Charterhouse
Legge Street
Birmingham
B4 7EU

19 January 2006

R. F. Holdings Limited
Consolidated Profit and Loss Account for the Year Ended 30 April 2005

| | Note | 2005 £ | 2004 £ |
|--|------|-------------------------|-----------------------|
| Turnover | 2 | 4,643,058 | 3,318,511 |
| Cost of sales | | (3,110,506) | (2,267,547) |
| Gross profit | | <u>1,532,552</u> | <u>1,050,964</u> |
| Administrative expenses | | (979,552) | (814,449) |
| Operating profit | 3 | <u>553,000</u> | <u>236,515</u> |
| Interest receivable and similar income | | 4,476 | 1,927 |
| Interest payable and similar charges | 6 | (29,616) | (29,221) |
| Profit on ordinary activities before taxation | | <u>527,860</u> | <u>209,221</u> |
| Tax on profit on ordinary activities | 8 | (132,845) | (61,928) |
| Profit on ordinary activities after taxation | | <u>395,015</u> | <u>147,293</u> |
| Dividends | 10 | (15,000) | (6,000) |
| Retained profit for the financial year | | <u>380,015</u> | <u>141,293</u> |
| Retained profit brought forward | | 946,850 | 805,557 |
| Retained profit carried forward | | <u><u>1,326,865</u></u> | <u><u>946,850</u></u> |

Turnover and operating profit derive wholly from continuing operations.

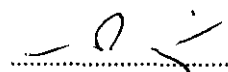
The company has no recognised gains or losses other than the profit for the year.

The notes on pages 9 to 20 form an integral part of these financial statements.

R. F. Holdings Limited
Consolidated Balance Sheet as at 30 April 2005

| | | 2005 | | 2004 | |
|--|------|--------------------|------------------|--------------------|------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 11 | | (52,799) | | (65,605) |
| Tangible assets | 12 | | <u>648,799</u> | | <u>735,536</u> |
| | | | 596,000 | | 669,931 |
| Current assets | | | | | |
| Stocks | 14 | 767,642 | | 691,518 | |
| Debtors | 15 | 1,202,061 | | 940,832 | |
| Cash at bank and in hand | | <u>258,852</u> | | <u>240,486</u> | |
| | | 2,228,555 | | 1,872,836 | |
| Creditors: Amounts falling due within one year | 16 | <u>(1,333,226)</u> | | <u>(1,392,142)</u> | |
| Net current assets | | | <u>895,329</u> | | <u>480,694</u> |
| Total assets less current liabilities | | | 1,491,329 | | 1,150,625 |
| Creditors: Amounts falling due after more than one year | 17 | | (17,462) | | (50,773) |
| Provisions for liabilities | 19 | | <u>(47,000)</u> | | <u>(53,000)</u> |
| Net assets | | | <u>1,426,867</u> | | <u>1,046,852</u> |
| Capital and reserves | | | | | |
| Called up share capital | 20 | | 100,002 | | 100,002 |
| Profit and loss account | | | <u>1,326,865</u> | | <u>946,850</u> |
| Equity shareholders' funds | | | <u>1,426,867</u> | | <u>1,046,852</u> |

These accounts were approved by the Director on 19 January 2006


.....

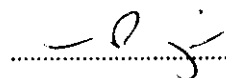
M P Creighton
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

R. F. Holdings Limited
Company Balance Sheet as at 30 April 2005

| | | 2005 | | 2004 | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 13 | | 1,675,711 | | 1,675,711 |
| Current assets | | | | | |
| Cash at bank and in hand | | 1,806 | | 1,836 | |
| Creditors: Amounts falling due within one year | 16 | <u>(1,577,515)</u> | <u>(1,575,709)</u> | <u>(1,577,545)</u> | <u>(1,575,709)</u> |
| Net current liabilities | | | <u>(1,575,709)</u> | | <u>(1,575,709)</u> |
| Total assets less current liabilities | | | <u>100,002</u> | | <u>100,002</u> |
| Net assets | | | <u>100,002</u> | | <u>100,002</u> |
| Capital and reserves | | | | | |
| Called up share capital | 20 | | 100,002 | | 100,002 |
| Profit and loss account | | | <u>-</u> | | <u>-</u> |
| Equity shareholders' funds | | | <u>100,002</u> | | <u>100,002</u> |

These accounts were approved by the Director on 19 January 2006



M P Creighton
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

R. F. Holdings Limited

Consolidated Cash Flow Statement for the Year Ended 30 April 2005

| | | 2005 | 2004 |
|---|------|----------------------|------------------------|
| | Note | £ | £ |
| Net cash flow from operating activities | 26 | 264,150 | 237,723 |
| Returns on investment and servicing of financing | 27 | (25,139) | (22,394) |
| Taxation paid | | (53,722) | (39,920) |
| Capital expenditure and financial investment | 27 | (40,893) | 565 |
| Equity dividends paid | | (15,000) | (6,000) |
| Cash inflow from increase in debt and lease financing | | <u>(111,030)</u> | <u>(191,617)</u> |
| Net cash flow | | <u>18,366</u> | <u>(21,643)</u> |

Reconciliation of net cash flow to movement in net debt

| | | 2005 | 2004 |
|---|------|-----------------------|----------------------|
| | Note | £ | £ |
| Increase/(Decrease) in cash in the year | 28 | 18,366 | (21,643) |
| Cash inflow from increase in debt and lease financing | | <u>111,030</u> | <u>161,617</u> |
| Change in net debt resulting from cash flows | | 129,396 | 139,974 |
| New finance leases | | - | (27,260) |
| Movement in net debt in the period | | <u>129,396</u> | <u>112,714</u> |
| Net funds/(debt) at the start of the year | 28 | <u>69,877</u> | <u>(42,837)</u> |
| Net funds at the end of the year | 28 | <u>199,273</u> | <u>69,877</u> |

The notes on pages 9 to 20 form an integral part of these financial statements.

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

1 Accounting policies

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2005. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Turnover

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

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| | |
|----------------------------------|--|
| Freehold land | Nil |
| Freehold buildings | 2% on cost |
| Improvements to property | Over the period of the lease |
| Plant, machinery and equipment | 10% & 15% on reducing balance & 10% to 33% on cost |
| Fixtures, fittings and equipment | 15% on reducing balance, 10%, 20%, 25% & 33% on cost |
| Motor vehicles | 25% & 33% on cost |

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of the purchase consideration over the fair value of the identifiable assets of the subsidiary at the date of acquisition, is capitalised and amortised on a straight line basis over its estimated useful life of ten years.

Negative goodwill arising on acquisition, representing the excess of the fair value of net assets of the subsidiary at the date of the acquisition over the purchase consideration, is deducted from fixed assets and released to the group profit and loss account over ten years, being the period over which the non-monetary assets acquired are recovered.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation 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.

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Deferred government grants

Government grants are credited to a deferral account and are released to the profit and loss account over the expected useful life of the relevant assets.

Pensions

The group companies operate their own defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Export sales represent 26% (2004 - 27%) of total turnover.

3 Operating profit

Operating profit is stated after charging:

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Hire of plant and machinery (Operating Leases) | 771 | 817 |
| Auditors' remuneration - audit services | | |
| Company | - | - |
| Group | 25,210 | 24,600 |
| Foreign currency losses | 42,791 | 5,685 |
| Loss on sale of tangible fixed assets | 2,245 | 2,801 |
| Depreciation of tangible fixed assets | 125,385 | 141,015 |
| Amortisation of goodwill | 9,653 | 9,653 |
| Amortisation of negative goodwill | (22,459) | (22,459) |
| Rent | 96,917 | 93,881 |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

4 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

| | 2005 No. | 2004 No. |
|----------------|-------------|-------------|
| Production | 63 | 55 |
| Administration | 22 | 24 |
| | <u>85</u> | <u>79</u> |

The aggregate payroll costs of these persons were as follows:

| | 2005 £ | 2004 £ |
|---------------------|------------------|------------------|
| Wages and salaries | 1,487,383 | 1,344,536 |
| Social security | 121,120 | 113,716 |
| Other pension costs | 9,237 | 11,189 |
| | <u>1,617,740</u> | <u>1,469,441</u> |

5 Director's emoluments

The director's emoluments for the year are as follows:

| | 2005 £ | 2004 £ |
|--|----------------|---------------|
| Director's pension contributions | 3,333 | 2,616 |
| Director's emoluments (including benefits in kind) | 106,209 | 94,537 |
| | <u>109,542</u> | <u>97,153</u> |

6 Interest payable and similar charges

| | 2005 £ | 2004 £ |
|----------------------------|---------------|---------------|
| Bank interest payable | 1,767 | 66 |
| Bank loan interest payable | 2,039 | 7,752 |
| Loan interest | 4,208 | 4,110 |
| Factoring interest | 16,288 | 11,770 |
| Other interest payable | 1,357 | 4 |
| Hire purchase interest | 3,957 | 5,519 |
| | <u>29,616</u> | <u>29,221</u> |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

7 Interest receivable

| | 2005 £ | 2004£ |
|--------------------------|--------------|--------------|
| Bank interest receivable | <u>4,476</u> | <u>1,927</u> |

8 Taxation

Analysis of current period tax charge

| | 2005 £ | 2004 £ |
|---|----------------|----------------|
| Current tax | | |
| Corporation tax charge | 139,000 | 54,000 |
| (Over)/under provision in previous year | <u>(155)</u> | <u>(1,080)</u> |
| UK Corporation tax | <u>138,845</u> | <u>52,920</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (8,000) | (7,437) |
| Effect of changes in tax rates | <u>2,000</u> | <u>16,445</u> |
| Total deferred tax | <u>(6,000)</u> | <u>9,008</u> |
| Total tax on profit on ordinary activities | <u>132,845</u> | <u>61,928</u> |

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2004 - lower than) the standard rate of corporation tax in the UK of 30.00% (2004 - 30.00%).

The differences are reconciled below:

| | 2005 £ | 2004 £ |
|--|----------------|----------------|
| Profit on ordinary activities before taxation | <u>527,860</u> | <u>209,221</u> |
| Standard rate corporation taxcharge | 158,358 | 62,766 |
| Expenses not deductible for tax purposes (including goods) | 1,681 | 3,084 |
| Accelerated capital allowances | 12,966 | 11,735 |
| Amortisation of goodwill | (3,842) | (3,842) |
| Marginal relief | (16,812) | (5,426) |
| Tax losses utilised | (9,539) | (11,082) |
| Effect of tax rate change | (5,523) | (3,635) |
| Under/(over) provision in previous years | (155) | (1,080) |
| Other rounding | <u>1,711</u> | <u>400</u> |
| Total current tax for the year | <u>138,845</u> | <u>52,920</u> |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

Deferred tax

Deferred tax is provided at 30.00% (2004 - 19.00%).

| | 2005 £ | 2004 £ |
|--------------------------------|---------------|---------------|
| Accelerated allowances | 53,000 | 54,000 |
| Reversal of timing differences | (7,000) | |
| Effect of change in tax rates | 2,000 | |
| Government grants | (1,000) | (1,000) |
| | <u>47,000</u> | <u>53,000</u> |

9 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 £15,000 (2004 £6,000).

10 Dividends

| | 2005 £ | 2004 £ |
|------------------------|---------------|--------------|
| Equity dividends | | |
| Ordinary dividend paid | <u>15,000</u> | <u>6,000</u> |

11 Intangible fixed assets

Group

| | Goodwill £ | Negative Goodwill £ | Total £ |
|------------------------------------|---------------|---------------------------|------------------|
| Cost | | | |
| As at 1 May 2004 and 30 April 2005 | <u>96,532</u> | <u>(224,588)</u> | <u>(128,056)</u> |
| Amortisation | | | |
| As at 1 May 2004 | 31,566 | (94,017) | (62,451) |
| Charge for the year | <u>9,653</u> | <u>(22,459)</u> | <u>(12,806)</u> |
| As at 30 April 2005 | <u>41,219</u> | <u>(116,476)</u> | <u>(75,257)</u> |
| Net book value | | | |
| As at 30 April 2005 | <u>55,313</u> | <u>(108,112)</u> | <u>(52,799)</u> |
| As at 30 April 2004 | <u>64,966</u> | <u>(130,571)</u> | <u>(65,605)</u> |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

12 Tangible fixed assets

| Group | Freehold Land and buildings £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Improvements to property £ | Total £ |
|-------------------------|----------------------------------|--------------------------|----------------------------|---------------------|-------------------------------|------------|
| Cost | | | | | | |
| As at 1 May 2004 | 283,826 | 1,789,464 | 132,145 | 133,945 | 6,185 | 2,345,565 |
| Additions | - | 8,553 | 5,663 | 32,400 | 1,077 | 47,693 |
| Disposals | - | (46,950) | - | (15,155) | - | (62,105) |
| As at 30 April 2005 | 283,826 | 1,751,067 | 137,808 | 151,190 | 7,262 | 2,331,153 |
| Depreciation | | | | | | |
| As at 1 May 2004 | 50,297 | 1,380,252 | 111,066 | 62,612 | 5,802 | 1,610,029 |
| Eliminated on disposals | - | (42,957) | - | (10,103) | - | (53,060) |
| Charge for the year | 3,256 | 84,620 | 5,735 | 30,314 | 1,460 | 125,385 |
| As at 30 April 2005 | 53,553 | 1,421,915 | 116,801 | 82,823 | 7,262 | 1,682,354 |
| Net book value | | | | | | |
| As at 30 April 2005 | 230,273 | 329,152 | 21,007 | 68,367 | - | 648,799 |
| As at 30 April 2004 | 233,529 | 409,212 | 21,079 | 71,333 | 383 | 735,536 |

Freehold land and buildings

The gross book value of freehold land and buildings includes £183,826 (2004 - £183,826) of depreciable assets.

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £54,360 (2004 - £89,876) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £24,843 (2004 - £31,231).

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

13 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost

As at 1 May 2004 and 30 April 2005

1,675,711

Net book value

As at 30 April 2005

1,675,711

As at 30 April 2004

1,675,711

At the 30 April 2005, R. F. Holdings Limited held the entire issued share capital of the following companies, all of which are incorporated in England and Wales and are included in the Group financial statements.

Principal activity

Rubbernek Fittings Limited
Auto Engineering Supplies Limited
The Stampings Alliance Limited
Tru- Thread Limited

Hydraulic fittings
Precision engineers
Sale of forgings
Precision thread grinding

14 Stocks and work in progress

| | Group | | Company | |
|------------------|----------------|----------------|---------|------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Raw materials | 87,836 | 157,067 | - | - |
| Work in progress | 200,789 | 178,564 | - | - |
| Finished goods | <u>479,017</u> | <u>355,887</u> | - | - |
| | <u>767,642</u> | <u>691,518</u> | - | - |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

15 Debtors

| | Group | | Company | |
|--------------------------------|------------------|----------------|----------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Trade debtors | 985,031 | 838,459 | - | - |
| Other debtors | 58,045 | - | - | - |
| Prepayments and accrued income | 158,985 | 102,373 | - | - |
| | <u>1,202,061</u> | <u>940,832</u> | <u>-</u> | <u>-</u> |

16 Creditors: Amounts falling due within one year

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 13,793 | 79,500 | - | 60,000 |
| Other loans | 10,960 | 10,960 | - | - |
| Amount due to factoring company | 246,766 | 305,752 | - | - |
| Obligations under finance leases and hire purchase contracts | 21,678 | 36,499 | - | - |
| Trade creditors | 610,067 | 621,666 | - | - |
| Amounts owed to group undertakings | - | - | 1,457,515 | 1,397,545 |
| Corporation tax | 139,123 | 54,000 | - | - |
| Social security and other taxes | 74,064 | 77,611 | - | - |
| Other creditors | 7,366 | 24,374 | - | - |
| Director current accounts | 120,000 | 120,000 | 120,000 | 120,000 |
| Accruals and deferred income | 89,409 | 61,780 | - | - |
| | <u>1,333,226</u> | <u>1,392,142</u> | <u>1,577,515</u> | <u>1,577,545</u> |

The bank loans and overdrafts of two of the subsidiary undertakings are secured by mortgage debentures incorporating a fixed and floating charge over all current and future assets of the companies and a fixed charge over the companies freehold and leasehold property.

A deed of guarantee and indemnity has been given in respect of the amount due to the factoring company in whom ownership of the trade debtors was vested.

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

17 Creditors: Amounts falling due after more than one year

| | Group | | Company | |
|--|---------------|---------------|-----------|-----------|
| | 2005 £ | 2004 £ | 2005 £ | 2004 £ |
| Obligations under finance leases and hire purchase contracts | 13,147 | 32,690 | - | - |
| Accruals and deferred income | 4,315 | 7,123 | - | - |
| Other loans due between one and two years | - | 10,960 | - | - |
| | <u>17,462</u> | <u>50,773</u> | <u>-</u> | <u>-</u> |

18 Maturity of borrowings

Group

Amounts repayable:

| | Bank loans & overdrafts £ | Other Loans £ | Obligations under finance leases and HP contracts £ | Total £ |
|----------------------------------|------------------------------|------------------|--|----------------|
| As at 30 April 2005 | | | | |
| In one year or less or on demand | 13,793 | - | 21,678 | 35,471 |
| Between two and five years | - | - | 13,147 | 13,147 |
| | <u>13,793</u> | <u>-</u> | <u>34,825</u> | <u>48,618</u> |
| As at 30 April 2004 | | | | |
| In one year or less or on demand | 79,500 | - | 36,499 | 115,999 |
| Between one and two years | - | 10,960 | - | 10,960 |
| Between two and five years | - | - | 32,690 | 32,690 |
| | <u>79,500</u> | <u>10,960</u> | <u>69,189</u> | <u>159,649</u> |

Company

Bank loans & overdrafts

Amounts repayable:

| | 2005 £ | 2004 £ |
|----------------------------------|-----------|---------------|
| In one year or less or on demand | <u>-</u> | <u>60,000</u> |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

.....continued

19 Provisions for liabilities

Group

| | Deferred tax provision £ |
|---|--------------------------------|
| As at 1 May 2004 | 53,000 |
| Deferred tax provision charged to the profit and loss account | (6,000) |
| As at 30 April 2005 | <u>47,000</u> |

20 Share capital

| | 2005 £ | 2004 £ |
|---|------------------|------------------|
| Authorised | | |
| 2,500,000 Ordinary shares of £1 each | <u>2,500,000</u> | <u>2,500,000</u> |
| Allotted, called up and fully paid | | |
| 100,002 Ordinary shares of £1 each | <u>100,002</u> | <u>100,002</u> |

21 Reconciliation of movements in shareholders' funds

| | Group | | Company | |
|---|----------------------|--------------------|--------------------|--------------------|
| | 2005 £ | 2004 £ | 2005 £ | 2004 £ |
| Profit attributable to members of the company | 395,015 | 147,293 | 15,000 | 6,000 |
| Dividends | <u>(15,000)</u> | <u>(6,000)</u> | <u>(15,000)</u> | <u>(6,000)</u> |
| | 380,015 | 141,293 | - | - |
| Opening equity shareholders' funds | <u>1,046,852</u> | <u>905,559</u> | <u>100,002</u> | <u>100,002</u> |
| Closing equity shareholders' funds | <u>1,426,867</u> | <u>1,046,852</u> | <u>100,002</u> | <u>100,002</u> |

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

..... continued

22 Contingent liabilities

At 30 April 2005 the company had entered into multilateral cross guarantees in favour of certain of its subsidiary undertakings for bank borrowing and debt factoring arrangements. At 30 April 2005 these companies had bank borrowings of £13,793 (2004 £39,096) and debt factoring liabilities of £246,766 (2004 £305,730) both of which are secured upon certain assets of the group. No liability is expected to arise in respect of these guarantees.

The government grant received by one of the subsidiary undertakings could become repayable if the conditions under which it was granted are not maintained.

23 Contingent assets

The group's director is taking advice on commencing actions against R. F. Holdings Limited's professional advisers for recovery of purchase consideration, and certain other expenses incurred by Tru-Thread Limited and R. F. Holdings Limited. At the present time it is not possible to quantify the amount, if any, that will be recovered.

24 Operating lease commitments

As at 30 April 2005 the company had annual commitments under non-cancellable operating leases expiring as follows:

| | Land and Buildings | |
|----------------------------|--------------------|---------------|
| | 2005 | 2004 |
| | £ | £ |
| Within one year | 52,000 | 52,000 |
| Between two and five years | 43,600 | 43,600 |
| | <u>95,600</u> | <u>95,600</u> |

25 Control of company

The company was controlled throughout the current and previous period by M P Creighton by virtue of him holding all of the issued ordinary share capital of the company.

R. F. Holdings Limited

Notes to the Financial Statements for the Year Ended 30 April 2005

26 Reconciliation of operating profit to operating cash flows

| | 2005 £ | 2004 £ |
|---|----------------|----------------|
| Operating Profit | 553,000 | 231,615 |
| Depreciation, amortisation and impairment charges | 112,579 | 128,209 |
| Loss on disposal of fixed assets | 2,245 | 2,801 |
| Increase in stocks | (76,124) | (134,254) |
| Increase in debtors | (261,229) | (121,853) |
| (Decrease)/Increase in creditors | (63,513) | 134,013 |
| Release of government grants | (2,808) | (2,808) |
| Net cash inflow from operating activities | 264,150 | 237,723 |

27 Analysis of cash flows

| | 2005 £ | 2004 £ |
|---|-----------------|-----------------|
| Returns on investment and servicing of financing | | |
| HP interest paid | (3,956) | (5,519) |
| Other interest paid | (25,659) | (18,802) |
| Interest received | 4,476 | 1,927 |
| | (25,139) | (22,394) |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (47,693) | (4,885) |
| Sale of tangible fixed assets | 6,800 | 5,450 |
| | (40,893) | 565 |

28 Analysis of net funds

| | At start of period £ | Cash flow £ | Other non-cash changes £ | At end of period £ |
|--------------------------|----------------------------|----------------|-----------------------------------|--------------------------|
| Cash at bank and in hand | 240,486 | 18,366 | - | 258,852 |
| Debt due within one year | (90,460) | 76,667 | (10,960) | (24,753) |
| Debt due after one year | (10,960) | - | 10,960 | - |
| Finance leases | (69,189) | 34,363 | - | (34,826) |
| Change in debt | (170,609) | 111,030 | - | (59,579) |
| Net funds | 69,877 | 129,396 | - | 199,273 |