

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED ACCOUNTS

FOR YEAR ENDED

31 MARCH 2007

THURSDAY



A14

AZEHOTI3

04/10/2007

COMPANIES HOUSE

362

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

CONTENTS	PAGES
Officers and professional advisers	1
The director's report	2 to 3
Independent auditor's report to the company	4
Abbreviated profit and loss account	5
Statement of total recognised gains and losses	6
Abbreviated balance sheet	7
Cash flow statement	8 to 9
Notes to the abbreviated accounts	10 to 17

SUTHERLAND TRADING COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE DIRECTOR

Mr G D Jones

COMPANY SECRETARY

Mr P McKenna

REGISTERED OFFICE

Bedwas House Industrial Estate
Bedwas
Caerphilly
CF83 8XQ

AUDITOR

Menzies
Chartered Accountants
& Registered Auditors
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

BANKERS

Royal Bank of Scotland Plc
PO Box 450
5-10 Great Tower Street
London
EC3P 3HX

SOLICITORS

Cartwright Black
36 West Bute Street
Cardiff
CF10 5UA

SUTHERLAND TRADING COMPANY LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 MARCH 2007

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year comprised the import and wholesale selling of musical instruments and accessories

The director is satisfied with the results for the year as shown in the attached financial statements. The company aims to continue its current operations and increase its level of profitability in the coming year

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £85,946. Particulars of dividends paid are detailed in note 7 to the financial statements

Profit before tax for 2007 amounted to £206,724, this is comparable to the previous year's result of £202,631

A breakdown of the dividends paid by class of share can be seen in note 9

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company

THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company were as follows

	Class of share	At 31 March 2007	At 1 April 2006
Mr G D Jones	Ordinary Shares of £1 each	<u>47,997</u>	<u>47,997</u>

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

SUTHERLAND TRADING COMPANY LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

AUDITOR

A resolution to re-appoint Menzies 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
Bedwas House Industrial Estate
Bedwas
Caerphilly
CF83 8XQ

Signed by order of the director



Mr P McKenna
Company Secretary

Approved by the director on 13.9.07

SUTHERLAND TRADING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO SUTHERLAND TRADING COMPANY LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 17, together with the financial statements of Sutherland Trading Company Limited for the year ended 31 March 2007 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 DIRECTOR AND THE AUDITOR

The director is 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

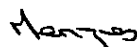
We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial 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.

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

25/4/07



MENZIES
Chartered Accountants
& Registered Auditors

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
GROSS PROFIT		2,013,628	2,023,644
Administrative expenses		1,689,626	1,699,727
OPERATING PROFIT	2	324,002	323,917
Interest receivable		674	1,201
Interest payable and similar charges	5	(117,952)	(122,487)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		206,724	202,631
Tax on profit on ordinary activities	6	120,778	(88,673)
PROFIT FOR THE FINANCIAL YEAR		85,946	291,304

All of the activities of the company are classed as continuing

The notes on pages 10 to 17 form part of these abbreviated accounts.

SUTHERLAND TRADING COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2007

	2007	2006
	£	£
Profit for the financial year attributable to the shareholders	85,946	291,304
Unrealised loss on revaluation of tangible fixed assets		
Investment Property	(26,984)	(40,000)
Total gains and losses recognised since the last annual report	<u>58,962</u>	<u>251,304</u>

The notes on pages 10 to 17 form part of these abbreviated accounts.

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED BALANCE SHEET


31 MARCH 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Intangible assets	8		61,545		66,674
Tangible assets	9		713,897		734,971
Investments	10		315,918		307,940
			<u>1,091,360</u>		<u>1,109,585</u>
CURRENT ASSETS					
Stocks	11	1,197,274		1,098,825	
Debtors	12	1,250,303		1,144,937	
Cash at bank and in hand		72,223		176,033	
		<u>2,519,800</u>		<u>2,419,795</u>	
CREDITORS: Amounts falling due within one year	14	1,503,705		1,315,169	
NET CURRENT ASSETS			1,016,095		1,104,626
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,107,455</u>		<u>2,214,211</u>
CREDITORS: Amounts falling due after more than one year	15		390,270		508,058
			<u>1,717,185</u>		<u>1,706,153</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		56,467		56,467
Revaluation reserve	19		-		26,984
Profit and loss account	20		1,660,718		1,622,702
SHAREHOLDERS' FUNDS	21		<u>1,717,185</u>		<u>1,706,153</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 and signed by the director and authorised for issue on 20.9.07

Mr G D Jones



The notes on pages 10 to 17 form part of these abbreviated accounts.

SUTHERLAND TRADING COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2007

	2007		2006
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		56,602	419,926
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	674		1,201
Interest paid	(33,012)		(40,807)
Interest element of hire purchase	(52,356)		(49,726)
Dividends on shares classed as financial liabilities	(32,584)		(31,954)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(117,278)	(121,286)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(71,359)		(88,982)
Receipts from sale of fixed assets	34,836		39,450
Loans to participating interests	(7,978)		(174,865)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(44,501)	(224,397)
EQUITY DIVIDENDS PAID		(47,930)	(64,847)
CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(153,107)	9,396
MANAGEMENT OF LIQUID RESOURCES			
Cash placed in short term deposits	22,882		(36,102)
NET CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES		22,882	(36,102)
FINANCING			
Repayment of bank loans	(65,847)		(27,367)
Capital element of hire purchase	2,261		22,094
Net outflow from other long-term creditors	(9,216)		(22,659)
NET CASH OUTFLOW FROM FINANCING		(72,802)	(27,932)
DECREASE IN CASH		(203,027)	(54,638)
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
	2007		2006
	£		£
Operating profit	324,002		323,917
Amortisation	5,129		5,129
Depreciation	29,594		31,157
Loss/(Profit) on disposal of fixed assets	1,019		(115)
(Increase)/decrease in stocks	(98,449)		114,333
Increase in debtors	(226,144)		(23,277)
Increase/(decrease) in creditors	21,451		(31,218)
Net cash inflow from operating activities	56,602		419,926

The notes on pages 10 to 17 form part of these abbreviated accounts

SUTHERLAND TRADING COMPANY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2007

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007		2006
	£	£	£
Decrease in cash in the period	(203,027)		(54,638)
Net cash outflow from bank loans	65,847		27,367
Cash outflow in respect of hire purchase	(2,261)		(22,094)
Net cash outflow from other long-term creditors	9,216		22,659
Cash used to decrease/increase liquid resources	(22,882)		36,102
		(153,107)	9,396
Change in net debt		(153,107)	9,396
Net debt at 1 April 2006		(847,756)	(857,152)
Net debt at 31 March 2007		(1,000,863)	(847,756)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	176,033	(103,810)	72,223
Overdrafts	(468,530)	(122,099)	(590,629)
Less deposits treated as liquid resources	(36,102)	22,882	(13,220)
	(328,599)	(203,027)	(531,626)
Liquid resources			
Deposits included in cash	36,102	(22,882)	13,220
Debt			
Debt due within 1 year	(34,596)	(39,168)	(73,764)
Debt due after 1 year	(487,766)	114,231	(373,535)
Hire purchase agreements	(32,897)	(2,261)	(35,158)
	(555,259)	72,802	(482,457)
Net debt	(847,756)	(153,107)	(1,000,863)

The notes on pages 10 to 17 form part of these abbreviated accounts.

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

Consolidation

In the opinion of the director, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales related taxes

Amortisation

Amortisation 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

Goodwill - Over 18 years

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	- 1% straight line on original cost
Fixtures, plant and machinery	- 10% - 30% reducing balance
Motor Vehicles	- 25% straight line on original cost

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation will be transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it will be recognised in the profit and loss account for the year

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view

This departure from the Companies Act 1985 has no material effect on the financial statements

Stocks

Stock is stated at the lower of cost and net realisable value. In the case of raw materials and consumable stores, cost means purchase price calculated on a first in, first out basis. Net realisable value means the estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution

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

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

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

1 ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising for the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Trade fairs

Expenditure with regard to trade fairs is spread over the beneficial period, which is considered to be one year from the date of the fair

Fixed asset investments

Fixed asset investments are included in the financial statements at cost less provision for any permanent diminution in value

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Amortisation	5,129	5,129
Depreciation of owned fixed assets	21,795	28,194
Depreciation of assets held under hire purchase agreements	7,799	2,963
Loss/(Profit) on disposal of fixed assets	1,019	(115)
Auditor's remuneration		
- as auditor	7,500	7,200
Operating lease costs		
Plant and equipment	4,466	2,248
Net (profit)/loss on foreign currency translation	(8,204)	34,039

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

3 PARTICULARS OF EMPLOYEES

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

	2007 No	2006 No
Sales	17	17
Administrative	9	9
Warehouse	8	8
	<u>34</u>	<u>34</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	892,685	896,403
Social security costs	83,534	81,301
	<u>976,219</u>	<u>977,704</u>

4. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	<u>134,336</u>	<u>123,339</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest payable on bank borrowing	29,287	37,278
Finance charges	52,356	49,726
Other similar charges payable	36,309	35,483
	<u>117,952</u>	<u>122,487</u>

6. TAXATION ON ORDINARY ACTIVITIES

	2007 £	2006 £
Deferred tax		
Origination and reversal of timing differences	<u>120,778</u>	<u>(88,673)</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>206,724</u>	<u>202,631</u>
Profit on ordinary activities by rate of tax	62,017	60,789
Tax losses brought forward	<u>(62,017)</u>	<u>(60,789)</u>
Total current tax	<u>-</u>	<u>-</u>

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

7. DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends on ordinary shares	47,930	64,847

8. INTANGIBLE FIXED ASSETS

Goodwill £

COST

At 1 April 2006 and 31 March 2007	92,320
-----------------------------------	--------

AMORTISATION

At 1 April 2006	25,646
Charge for the year	5,129
At 31 March 2007	30,775

NET BOOK VALUE

At 31 March 2007	61,545
At 31 March 2006	66,674

The goodwill relates to the transfer of the trade of Southern Union Trading Limited, the company's wholly owned subsidiary, on the 30 March 2001

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Investment Property £	Total £
COST					
At 1 April 2006	454,396	37,171	97,420	230,000	818,987
Additions	-	11,959	59,400	-	71,359
Disposals	-	-	(53,851)	-	(53,851)
At 31 March 2007	454,396	49,130	102,969	230,000	836,495
DEPRECIATION					
At 1 April 2006	43,650	18,113	22,253	-	84,016
Charge for the year	2,741	4,611	22,242	-	29,594
On disposals	-	-	(17,996)	-	(17,996)
Revaluation adjustment	-	-	-	26,984	26,984
At 31 March 2007	46,391	22,724	26,499	26,984	122,598
NET BOOK VALUE					
At 31 March 2007	408,005	26,406	76,470	203,016	713,897
At 31 March 2006	410,746	19,058	75,167	230,000	734,971

The investment properties valuation will be reviewed annually by the director and is based upon their open market value at the year end

Hire purchase agreements

Included within the net book value of £713,897 is £58,018 (2006 - £43,027) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £7,799 (2006 - £2,963)

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

10. INVESTMENTS

	Subsidiary undertakings	Joint ventures	Total
	£	£	£
COST			
At 1 April 2006 and 31 March 2007	1	97,112	97,113
LOANS			
At 1 April 2006	-	210,827	210,827
Advanced in year	-	7,978	7,978
At 31 March 2007	-	218,805	218,805
NET BOOK VALUE			
At 31 March 2007	1	315,917	315,918
At 31 March 2006	1	307,939	307,940

The company owns 100% of the issued share capital of Southern Union Trading Limited a company incorporated in England and Wales. The company no longer trades and the most recent set of financial statements to 31 March 2005 had reserves of £1.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

During the year the company invested a further £7,978 in order to maintain its 50% interest in a joint venture company which is registered in the United States of America. Under the terms of an agreement dated 22 April 2005, which created this joint venture, the maximum amount to be invested by the company is \$500,000. By 31 March 2007 the maximum investment had been made.

The director considers the carrying amount of the investment in the above joint venture company, of £315,917 (2006 - £307,939), to be appropriate. The director does not consider there to have been a permanent diminution of value in regard to this investment during the period.

11. STOCKS

	2007	2006
	£	£
Stock	1,197,274	1,098,825

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

12. DEBTORS

	2007	2006
	£	£
Trade debtors	944,546	709,800
Other debtors	14,270	8,308
Prepayments and accrued income	129,562	144,126
Deferred taxation (note 13)	161,925	282,703
	1,250,303	1,144,937

All amounts included above, with the exception of the deferred tax asset, are considered receivable within one year of the balance sheet date.

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

13. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 12)	161,925	282,703

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	282,703	194,030
Profit and loss account movement arising during the year	(120,778)	88,673
Balance carried forward	161,925	282,703

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Tax losses available	161,925	282,703
	161,925	282,703

14. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	664,393	503,126
Trade creditors	424,674	317,764
Other taxation and social security	119,970	91,232
Hire purchase agreements	18,423	12,605
Other creditors	84,533	69,219
Directors current accounts	48,294	128,665
Accruals and deferred income	143,418	192,558
	1,503,705	1,315,169

The bank loan and mortgages are secured by way of a debenture and legal mortgage over the company's relevant freehold property and a fixed and floating charge over other company assets

Interest is applied on these borrowings at 3% above the base rate

Included in other creditors is £65,907 (2006 - £45,691) in regard to unpaid finance charges on shares classed as financial liabilities

15. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	359,183	464,198
Hire purchase agreements	16,735	20,292
Shares classed as financial liabilities	14,352	14,352
Other creditors	-	9,216
	390,270	508,058

The bank loan and mortgages are secured by way of a debenture and legal mortgage over the company's relevant freehold property and a fixed and floating charge over other company assets

Interest is applied on these borrowings at 3% above the base rate

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2007 £	2006 £
Bank loans and overdrafts	64,129	325,184

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2007 £	2006 £
Amounts payable within 1 year	18,423	12,605
Amounts payable between 2 to 5 years	16,735	20,292
	<u>35,158</u>	<u>32,897</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	4,502	1,223	4,502	-
Within 2 to 5 years	-	3,065	-	2,075
	<u>4,502</u>	<u>4,288</u>	<u>4,502</u>	<u>2,075</u>

18. SHARE CAPITAL

Authorised share capital:

	2007 £	2006 £
84,883 Ordinary shares of £1 each	84,883	84,883
14,117 Preference Class 'A' shares of £1 each	14,117	14,117
100,000 Preference Class 'B' shares of £0.01 each	1,000	1,000
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	56,467	56,467	56,467	56,467
Preference Class 'A' shares of £1 each	14,117	14,117	14,117	14,117
Preference Class 'B' shares of £0.01 each	23,528	235	23,528	235
	<u>94,112</u>	<u>70,819</u>	<u>94,112</u>	<u>70,819</u>

Amounts presented in equity:

	2007 £	2006 £
Ordinary shares of £1 each	56,467	56,467

Amounts presented in liabilities:

	2007 £	2006 £
Preference Class 'A' shares of £1 each	14,117	14,117
Preference Class 'B' shares of £0.01 each	235	235
	<u>14,352</u>	<u>14,352</u>

All shares are ranked equally

19. REVALUATION RESERVE

	2007 £	2006 £
Balance brought forward	26,984	66,984
Revaluation of fixed assets	(26,984)	(40,000)
	<u>-</u>	<u>26,984</u>

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2007

20. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
Balance brought forward	1,622,702	1,396,245
Profit for the financial year	85,946	291,304
Equity dividends paid	(47,930)	(64,847)
Balance carried forward	<u>1,660,718</u>	<u>1,622,702</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	85,946	291,304
Other net recognised gains and losses	(26,984)	(40,000)
Equity dividends paid	(47,930)	(64,847)
Net addition to shareholders' funds	<u>11,032</u>	<u>186,457</u>
Opening shareholders' funds	1,706,153	1,519,696
Closing shareholders' funds	<u>1,717,185</u>	<u>1,706,153</u>