

COMPANY REGISTRATION NUMBER 4112976

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED ACCOUNTS

FOR YEAR ENDED

31 MARCH 2005



SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

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SUTHERLAND TRADING COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr G D Jones

COMPANY SECRETARY

Mr P McKenna

REGISTERED OFFICE

Bedwas House Industrial Estate
Bedwas
Caerphilly
CF83 8XQ

AUDITORS

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 2005

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2005.

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

The director has recommended the following dividends:

	2005 £	2004 £
Proposed dividends on ordinary shares	108,079	130,026

A breakdown of the dividends paid by class of share can be seen in note 8.

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 was as follows:

	Class of share	At 31 March 2005	At 1 April 2004
Mr G D Jones	Ordinary Shares of £1 each	47,997	47,997

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the director is required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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 which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director 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.

SUTHERLAND TRADING COMPANY LIMITED

THE DIRECTOR'S REPORT (*continued*)

YEAR ENDED 31 MARCH 2005

AUDITORS

A resolution to re-appoint Menzies as auditors 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 on30.1.06.....

SUTHERLAND TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 17, together with the financial statements of the company for the year ended 31 March 2005 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 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

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 accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

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. 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 financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with those provisions.

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

30 January 2006

Menzies

MENZIES
Chartered Accountants
& Registered Auditors

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
GROSS PROFIT		2,091,513	1,927,109
Administrative expenses		1,678,986	1,473,089
OPERATING PROFIT	2	412,527	454,020
Interest receivable		1,449	928
Interest payable and similar charges	5	(94,786)	(69,389)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		319,190	385,559
Tax on profit on ordinary activities	6	165,604	(115,199)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		153,586	500,758
Dividends	7	108,079	130,026
RETAINED PROFIT FOR THE FINANCIAL YEAR		45,507	370,732

All of the activities of the company are classed as continuing.

SUTHERLAND TRADING COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2005

	2005	2004
	£	£
Profit for the financial year attributable to the shareholders	153,586	500,758
Unrealised profit on revaluation of tangible fixed assets:		
Investment Property	66,984	-
Total gains and losses recognised since the last annual report	<u>220,570</u>	<u>500,758</u>

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

SUTHERLAND TRADING COMPANY LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Intangible assets	8		71,803		76,932
Tangible assets	9		756,481		696,827
Investments	10		133,075		1
			<u>961,359</u>		<u>773,760</u>
CURRENT ASSETS					
Stocks	11	1,213,158		766,550	
Debtors	12	1,032,987		1,321,032	
Cash at bank and in hand		309,747		224,686	
		<u>2,555,892</u>		<u>2,312,268</u>	
CREDITORS: Amounts falling due within one year	14	<u>1,522,665</u>		<u>1,273,585</u>	
NET CURRENT ASSETS			<u>1,033,227</u>		<u>1,038,683</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,994,586</u>		<u>1,812,443</u>
CREDITORS: Amounts falling due after more than one year	15		<u>525,385</u>		<u>455,733</u>
			<u>1,469,201</u>		<u>1,356,710</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		70,819		70,819
Revaluation reserve	19		66,984		-
Profit and loss account	20		1,331,398		1,285,891
SHAREHOLDERS' FUNDS	21		<u>1,469,201</u>		<u>1,356,710</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 on 30.1.06

Mr S D Jones

SUTHERLAND TRADING COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2005

	2005	2004
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	401,963	219,430
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,449	928
Interest paid	(39,532)	(26,459)
Interest element of hire purchase	(55,254)	(42,930)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(93,337)	(68,461)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(34,181)	(272,997)
Receipts from sale of fixed assets	12,902	19,007
Loans to participating interests	(35,962)	-
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(57,241)	(253,990)
ACQUISITIONS AND DISPOSALS		
Acquire investments in participating interests	(97,112)	-
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(97,112)	-
EQUITY DIVIDENDS PAID	(130,026)	(186,284)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	24,247	(289,305)
FINANCING		
Increase in bank loans	41,079	121,889
Capital element of hire purchase	(6,661)	(13,871)
Net inflow/(outflow) from other long-term creditors	31,875	(2,897)
NET CASH INFLOW FROM FINANCING	66,293	105,121
INCREASE/(DECREASE) IN CASH	90,540	(184,184)
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2005	2004
	£	£
Operating profit	412,527	454,020
Amortisation	5,129	5,130
Depreciation	24,949	21,751
Loss/(Profit) on disposal of fixed assets	3,660	(3,470)
Increase in stocks	(446,608)	(247,557)
Decrease in debtors	122,441	15,526
Increase/(decrease) in creditors	279,865	(25,970)
Net cash inflow from operating activities	401,963	219,430

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 2005

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005		2004	
	£	£	£	£
Increase/(decrease) in cash in the period	90,540		(184,184)	
Net cash (inflow) from bank loans	(41,079)		(121,889)	
Cash outflow in respect of hire purchase	6,661		13,871	
Net cash (inflow) from/outflow from other long-term creditors	(31,875)		2,897	
		24,247		(289,305)
Change in net debt		24,247		(289,305)
Net debt at 1 April 2004		(867,047)		(577,742)
Net debt at 31 March 2005		(842,800)		(867,047)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2004 £	Cash flows £	At 31 Mar 2005 £
Net cash:			
Cash in hand and at bank	224,686	85,061	309,747
Overdrafts	(589,187)	5,479	(583,708)
	(364,501)	90,540	(273,961)
Debt:			
Debt due within 1 year	(33,716)	(880)	(34,596)
Debt due after 1 year	(451,366)	(72,074)	(523,440)
Hire purchase agreements	(17,464)	6,661	(10,803)
	(502,546)	(66,293)	(568,839)
Net debt	(867,047)	24,247	(842,800)

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

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 invoiced during the year, exclusive of Value Added Tax.

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 2005

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.

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):

	2005 £	2004 £
Amortisation	5,129	5,130
Depreciation of owned fixed assets	20,062	15,947
Depreciation of assets held under hire purchase agreements	4,887	5,804
Loss/(Profit) on disposal of fixed assets	3,660	(3,470)
Auditors' remuneration		
- as auditors	6,950	6,750
Operating lease costs:		
Plant and equipment	1,523	2,634
Net loss on foreign currency translation	37,747	38,999

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

3. PARTICULARS OF EMPLOYEES

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

	2005 No	2004 No
Sales	16	16
Administrative	9	10
Warehouse	8	7
	<u>33</u>	<u>33</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	849,508	771,054
Social security costs	76,160	72,002
	<u>925,668</u>	<u>843,056</u>

4. DIRECTOR'S EMOLUMENTS

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

	2005 £	2004 £
Emoluments receivable	<u>120,000</u>	<u>120,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest payable on bank borrowing	37,224	23,647
Finance charges	55,254	42,930
Other similar charges payable	2,308	2,812
	<u>94,786</u>	<u>69,389</u>

6. TAXATION ON ORDINARY ACTIVITIES

	2005 £	2004 £
Deferred tax:		
Origination and reversal of timing differences	<u>165,604</u>	<u>(115,199)</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% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>319,190</u>	<u>385,559</u>
Profit on ordinary activities by rate of tax	95,757	115,668
Tax losses brought forward	<u>(95,757)</u>	<u>(115,668)</u>
Total current tax	<u>-</u>	<u>-</u>

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

7. DIVIDENDS

The following dividends have been proposed in respect of the year:

	2005 £	2004 £
Proposed dividend on ordinary shares	64,847	78,016
Proposed dividend on ordinary 'A' shares	16,212	19,504
Proposed dividend on ordinary 'B' shares	27,020	32,506
	<u>108,079</u>	<u>130,026</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2004 and 31 March 2005	<u>92,320</u>
AMORTISATION	
At 1 April 2004	15,388
Charge for the year	5,129
At 31 March 2005	<u>20,517</u>
NET BOOK VALUE	
At 31 March 2005	<u>71,803</u>
At 31 March 2004	<u>76,932</u>

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 OR VALUATION					
At 1 April 2004	450,501	30,234	76,299	203,016	760,050
Additions	3,896	2,275	28,010	-	34,181
Disposals	-	-	(30,211)	-	(30,211)
Revaluation	-	-	-	66,984	66,984
At 31 March 2005	<u>454,397</u>	<u>32,509</u>	<u>74,098</u>	<u>270,000</u>	<u>831,004</u>
DEPRECIATION					
At 1 April 2004	38,196	8,141	16,886	-	63,223
Charge for the year	2,728	5,181	17,040	-	24,949
On disposals	-	-	(13,649)	-	(13,649)
At 31 March 2005	<u>40,924</u>	<u>13,322</u>	<u>20,277</u>	<u>-</u>	<u>74,523</u>
NET BOOK VALUE					
At 31 March 2005	<u>413,473</u>	<u>19,187</u>	<u>53,821</u>	<u>270,000</u>	<u>756,481</u>
At 31 March 2004	<u>412,305</u>	<u>22,093</u>	<u>59,413</u>	<u>203,016</u>	<u>696,827</u>

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

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

9. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £756,481 is £18,592 (2004 - £27,180) 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 £4,887 (2004 - £5,804).

10. INVESTMENTS

	Subsidiary undertakings	Joint ventures	Total
	£	£	£
COST			
At 1 April 2004	1	–	1
Additions	–	97,112	97,112
At 31 March 2005	1	97,112	97,113
LOANS			
Advanced in year	–	35,962	35,962
At 31 March 2005	–	35,962	35,962
NET BOOK VALUE			
At 31 March 2005	1	133,074	133,075
At 31 March 2004	1	–	1

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 2004 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 £97,112 to acquire a 50% interest in a joint venture company, Crafter USA Inc a company registered in the United States of America. Under the terms of an agreement dated 22 April 2005 the maximum amount to be invested by the company is \$500,000 of which \$243,500 has been invested at 31 March 2005.

11. STOCKS

	2005 £	2004 £
Stock	1,213,158	766,550

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

12. DEBTORS

	2005 £	2004 £
Trade debtors	702,581	775,125
Other debtors	6,483	3,587
Prepayments and accrued income	129,893	182,686
Deferred taxation (note 13)	194,030	359,634
	1,032,987	1,321,032

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 2005

13. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2005 £	2004 £
Included in debtors (note 12)	194,030	359,634

The movement in the deferred taxation account during the year was:

	2005 £	2004 £
Balance brought forward	359,634	244,435
Profit and loss account movement arising during the year	(165,604)	115,199
Balance carried forward	194,030	359,634

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

	2005 £	2004 £
Tax losses available	194,030	359,634
	194,030	359,634

14. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	618,304	622,903
Trade creditors	353,405	184,836
Other taxation and social security	79,102	78,856
Hire purchase agreements	8,858	13,097
Dividends payable	108,079	130,026
Other creditors	19,177	5,518
Directors current accounts	125,952	77,030
Accruals and deferred income	209,788	161,319
	1,522,665	1,273,585

The bank loan and mortgage's 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.

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

	2005 £	2004 £
Bank loans and overdrafts	491,565	451,366
Hire purchase agreements	1,945	4,367
Other creditors	31,875	—
	525,385	455,733

The bank loan and mortgage's 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.

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

15. CREDITORS: Amounts falling due after more than one year (*continued*)

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:

	2005 £	2004 £
Bank loans and overdrafts	353,181	316,702

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2005 £	2004 £
Amounts payable within 1 year	8,858	13,097
Amounts payable between 2 to 5 years	1,945	4,367
	<u>10,803</u>	<u>17,464</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	7,425	-	7,425	-
Within 2 to 5 years	-	2,075	-	2,075
	<u>7,425</u>	<u>2,075</u>	<u>7,425</u>	<u>2,075</u>

18. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
84,883 Ordinary shares of £1 each	84,883	84,883
14,117 Ordinary 'A' shares of £1 each	14,117	14,117
100,000 Ordinary 'B' shares of £0.01 each	1,000	1,000
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	56,467	56,467	56,467	56,467
Ordinary 'A' shares of £1 each	14,117	14,117	14,117	14,117
Ordinary '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>

All shares are ranked equally.

19. REVALUATION RESERVE

	2005 £	2004 £
Revaluation of fixed assets	66,984	-
Balance carried forward	<u>66,984</u>	<u>-</u>

SUTHERLAND TRADING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

20. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
Balance brought forward	1,285,891	915,159
Retained profit for the financial year	45,507	370,732
Balance carried forward	<u>1,331,398</u>	<u>1,285,891</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	153,586	500,758
Dividends	(108,079)	(130,026)
	<u>45,507</u>	<u>370,732</u>
Other net recognised gains and losses	66,984	-
Net addition to shareholders' equity funds	<u>112,491</u>	<u>370,732</u>
Opening shareholders' equity funds	1,356,710	985,978
Closing shareholders' equity funds	<u>1,469,201</u>	<u>1,356,710</u>