

THE DEZAC GROUP LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

MONDAY



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COMPANIES HOUSE

THE DEZAC GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

D B L Mills
M B Mills
S C Brown

SECRETARY

D B L Mills

COMPANY NUMBER

2186341

REGISTERED OFFICE

Dezac House
Montpellier Street
Cheltenham
Gloucestershire
GL50 1SS

AUDITORS

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

THE DEZAC GROUP LIMITED

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THE DEZAC GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and the financial statements for the year ended 30 September 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- 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.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of manufacturing and distribution of domestic consumer goods.

BUSINESS REVIEW

The company continues to invest in research and development to expand the range of products. The directors are satisfied with the results for the year.

RESULTS

The profit for the year, after taxation, amounted to £13,931 (2005 - Loss £1,126,563).

DIRECTORS

The directors who served during the year were

D B L Mills
M B Mills
S C Brown

No rights to subscribe for shares were granted or issued during the year.

THE DEZAC GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

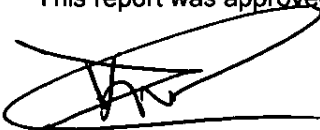
RESEARCH AND DEVELOPMENT ACTIVITIES

The company is continually developing new products and making improvements to its existing product range

AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 20 June 2008 and signed on its behalf

A handwritten signature in black ink, appearing to be 'D B L Mills', is written over a horizontal line.

D B L Mills
Director

THE DEZAC GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE DEZAC GROUP LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of The Dezac Group Limited for the year ended 30 September 2006 set out on page 4, together with the financial statements of the company for the year ended 30 September 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 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 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 on pages 4 to 15 have been properly prepared in accordance with that provision.



HORWATH CLARK WHITEHILL LLP

Chartered Accountants
Registered Auditors

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

23 June 2008

THE DEZAC GROUP LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	2006 £	2005 £
GROSS PROFIT		4,540,984	2,036,221
Administrative expenses		<u>(4,212,008)</u>	<u>(3,109,792)</u>
OPERATING PROFIT/(LOSS)	2	328,976	(1,073,571)
Amounts written off investments		-	(301,992)
Interest receivable		1,533	1,292
Interest payable	5	<u>(190,517)</u>	<u>(140,866)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		139,992	(1,515,137)
Tax on profit/(loss) on ordinary activities	6	<u>(126,061)</u>	<u>388,574</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u>13,931</u>	<u>(1,126,563)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 6 to 15 form part of these financial statements

THE DEZAC GROUP LIMITED

ABBREVIATED BALANCE SHEET
AS AT 30 SEPTEMBER 2006

	Note	£	2006	£	£	2005	£
FIXED ASSETS							
Intangible fixed assets	7			160,269		240,403	
Tangible fixed assets	8			601,203		1,143,386	
Fixed asset investments	9			6		6	
				<u>761,478</u>		<u>1,383,795</u>	
CURRENT ASSETS							
Stocks	10	2,381,038			1,882,350		
Debtors	11	2,786,351			3,584,309		
		<u>5,167,389</u>			<u>5,466,659</u>		
CREDITORS: amounts falling due within one year	12	(2,176,935)			(3,000,855)		
NET CURRENT ASSETS				<u>2,990,454</u>		<u>2,465,804</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>3,751,932</u>		<u>3,849,599</u>	
CREDITORS: amounts falling due after more than one year	13			(39,220)		(61,818)	
NET ASSETS				<u><u>3,712,712</u></u>		<u><u>3,787,781</u></u>	
CAPITAL AND RESERVES							
Called up share capital	15			550		550	
Profit and loss account	16			3,712,162		3,787,231	
SHAREHOLDERS' FUNDS	17			<u><u>3,712,712</u></u>		<u><u>3,787,781</u></u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 20 June 2008


B B L Mills
Director

The notes on pages 6 to 15 form part of these financial statements

THE DEZAC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	50 years
Short-Term leasehold land and buildings	-	Period of lease
Plant & machinery	-	4 - 10 years
Motor vehicles	-	4 years
Furniture and equipment	-	2 - 4 years

1.6 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

THE DEZAC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.9 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.10 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.11 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred

1.12 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting)

	2006	2005
	£	£
Amortisation - intangible fixed assets	80,134	63,264
Depreciation of tangible fixed assets		
- owned by the company	637,848	347,922
- held under finance leases	35,048	(312,042)
Auditors' remuneration	31,890	12,150
Difference on foreign exchange	191,719	(358,791)
Research and development expenditure written off	146,862	159,789
	=====	=====

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2006	2005
	£	£
Wages and salaries	2,017,818	2,158,774
Social security costs	193,168	203,724
Other pension costs	60,000	-
	=====	=====
	2,270,986	2,362,498
	=====	=====

The average monthly number of employees, including the directors, during the year was as follows

	2006	2005
	No.	No
Office and management	20	21
Selling	6	7
Production	73	76
	=====	=====
	99	104
	=====	=====

4 DIRECTORS' REMUNERATION

	2006	2005
	£	£
Emoluments	439,273	478,443
	=====	=====
Company pension contributions to money purchase pension schemes	60,000	-
	=====	=====

During the year retirement benefits were accruing to 3 directors (2005 - 3) in respect of money purchase pension schemes

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

The highest paid director received remuneration of ££147,986 (2005 - £176,402)

5. INTEREST PAYABLE

	2006	2005
	£	£
On bank loans and overdrafts	109,869	61,278
On other loans	71,559	63,085
On finance leases and hire purchase contracts	9,089	16,503
	190,517	140,866

6 TAXATION

	2006	2005
	£	£
ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profits for the year	71,226	-
Adjustments in respect of prior periods	-	(13,941)
Group relief surrendered	-	(64,461)
TOTAL CURRENT TAX	71,226	(78,402)
DEFERRED TAX		
Origination and reversal of timing differences	(102,973)	(253,493)
Effect of increased tax rate on opening liability	-	101,129
Losses carried forward	157,808	(157,808)
TOTAL DEFERRED TAX (see note 14)	54,835	(310,172)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	126,061	(388,574)

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

6 TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006	2005
	£	£
Profit/(loss) on ordinary activities before tax	139,992	(1,515,137)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30 %)	41,998	(454,541)
EFFECTS OF		
Expenses not deductible for tax purposes	54,097	99,794
Capital allowances for year in excess of depreciation	167,742	260,643
Utilisation of tax losses	(157,808)	157,808
Marginal rate adjustment	(14,172)	(63,704)
Group relief surrendered	(20,631)	(64,461)
Adjustments to tax charge in respect of prior periods	-	(13,941)
CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR (see note above)	71,226	(78,402)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

7. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 October 2005 and 30 September 2006	303,667
AMORTISATION	
At 1 October 2005	63,264
Charge for the year	80,134
At 30 September 2006	143,398
NET BOOK VALUE	
At 30 September 2006	160,269
At 30 September 2005	240,403

THE DEZAC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

8 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Total £
COST					
At 1 October 2005	284,891	3,335,186	497,465	187,195	4,304,737
Additions	-	95,934	39,850	-	135,784
Disposals	-	-	(52,876)	-	(52,876)
At 30 September 2006	284,891	3,431,120	484,439	187,195	4,387,645
DEPRECIATION					
At 1 October 2005	42,732	2,622,197	349,771	146,651	3,161,351
Charge for the year	28,489	578,816	43,118	22,473	672,896
On disposals	-	-	(47,805)	-	(47,805)
At 30 September 2006	71,221	3,201,013	345,084	169,124	3,786,442
NET BOOK VALUE					
At 30 September 2006	213,670	230,107	139,355	18,071	601,203
At 30 September 2005	242,159	712,989	147,694	40,544	1,143,386

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	£	£
Plant and machinery	10,826	18,837
Motor vehicles	129,990	112,284
	140,816	131,121

9. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
COST OR VALUATION	
At 1 October 2005 and 30 September 2006	6

THE DEZAC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

9. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company

Dezac Limited	Dormant throughout year under review
Rio Health and Beauty Limited	Dormant throughout year under review
Salon Essentials Limited	Dormant throughout year under review

The aggregate of the share capital and reserves as at 30 September 2006 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Dezac Limited	2	-
Rio Health and Beauty Limited	2	-
Salon Essentials Limited	2	-
	<u>2</u>	<u>-</u>

10. STOCKS

	2006 £	2005 £
Parts and components	<u>2,381,038</u>	<u>1,882,350</u>

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

11 DEBTORS

	2006 £	2005 £
Trade debtors	2,313,306	1,401,946
Amounts owed by group undertakings	-	1,720,576
Other debtors	55,086	91,694
Prepayments and accrued income	337,298	234,597
Deferred tax asset (see note 14)	80,661	135,496
	<u>2,786,351</u>	<u>3,584,309</u>

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**12. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Bank loans and overdrafts	154,937	945,799
Net obligations under finance leases and hire purchase contracts	58,112	73,095
Trade creditors	863,444	1,103,308
Corporation tax	71,226	34,853
Social security and other taxes	78,913	165,551
Other creditors	864,361	607,302
Accruals and deferred income	85,942	70,947
	<u>2,176,935</u>	<u>3,000,855</u>

Bank loans and overdrafts are secured by a debenture dated 10 September 1993 in the bank's standard form

**13. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	<u>39,220</u>	<u>61,818</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2006 £	2005 £
Between one and five years	<u>39,220</u>	<u>61,818</u>

14. DEFERRED TAX ASSET

	2006 £	2005 £
At 1 October 2005	135,496	(174,676)
(Charge for)/released during the year	(54,835)	310,172
	<u>80,661</u>	<u>135,496</u>
At 30 September 2006	<u>80,661</u>	<u>135,496</u>

The deferred tax asset is made up as follows

	2006 £	2005 £
Accelerated capital allowances	<u>(80,661)</u>	<u>(135,496)</u>

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

15. SHARE CAPITAL

	2006 £	2005 £
AUTHORISED		
9,700 Ordinary 'A' shares of £1 each	9,700	9,700
300 Ordinary 'B' shares of £1 each	300	300
	<u>10,000</u>	<u>10,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
250 Ordinary 'A' shares of £1 each	250	250
300 Ordinary 'B' shares of £1 each	300	300
	<u>550</u>	<u>550</u>

16. RESERVES

	Profit and loss account £
At 1 October 2005	3,787,231
Profit retained for the year	13,931
Dividends Equity capital	(89,000)
	<u>3,712,162</u>
At 30 September 2006	

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	3,787,781	4,914,344
Profit/(loss) for the year	13,931	(1,126,563)
Dividends (Note 18)	(89,000)	-
	<u>3,712,712</u>	<u>3,787,781</u>
Closing shareholders' funds		

18. DIVIDENDS

	2006 £	2005 £
Dividends paid on equity capital	<u>89,000</u>	<u>-</u>

THE DEZAC GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

19. TRANSACTIONS WITH DIRECTORS

The company rents an office property from D B L Mills, a director of the company. The rental charge to the profit and loss account for the period was £7,920 (2005 £7,920)

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Dezac Group Holdings Limited, a company registered in England and Wales. A copy of that company's financial statements can be obtained from the Registrar of Companies, Cardiff.

The ultimate controlling party of the company is D B L Mills by virtue of his shareholdings in Dezac Group Holdings Limited.