

**TRP SEALING SYSTEMS LIMITED**

**AUDITED REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2005**

**Registered No. 01588087**



Young & Co.

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

Bewell House

Bewell Street

Hereford

HR4 0BA

☎ 01432 263282 ☎ 01432 263326

🌐 [www.youngand.co.uk](http://www.youngand.co.uk) ✉ [info@youngand.co.uk](mailto:info@youngand.co.uk)

**TRP SEALING SYSTEMS LIMITED**

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**TRP SEALING SYSTEMS LIMITED**

**GENERAL INFORMATION**

**2005**

**Directors:**

*P J Children Esq.  
S J Children Esq.  
Mrs R G Children (Appointed 30 June 2005)*

**Secretary:**

*Mrs R G Children (Appointed 30 June 2005)  
R J Francis Esq. (Resigned 30 June 2005)*

**Registered Office:**

*24 Tarsmill Court  
Rotherwas  
Hereford  
HR2 6JZ*

**Administrative Office:**

*24 Tarsmill Court  
Rotherwas  
Hereford  
HR2 6JZ*

**Auditors:**

*Young & Co  
Chartered Accountants & Registered Auditors  
Bewell House  
Bewell Street  
Hereford  
HR4 0BA*

**Bankers:**

*HSBC Bank plc  
35 High Town  
Hereford  
HR1 2AQ*

**TRP SEALING SYSTEMS LIMITED**

**DIRECTORS' REPORT**

**30 APRIL 2005**

*The directors present their report and the audited financial statements for the year ended 30 April 2005.*

**Principal activities**

*The company's principal activities during the year remained those of the manufacture and sale of rubber seals and mouldings. The directors are pleased to report retained profitability. The directors are taking all necessary steps to ensure that profitability is sustainable for the future.*

**Political and charitable donations**

*Contributions made by the company during the year for charitable purposes amounted to £420.*

**Auditors**

*Messrs Young & Co. have indicated their willingness to continue in office.*

**Directors and their interests**

*The Directors of the company during the year and their interests in the shares of the company as recorded in the register of directors interests were as follows:-*

	30/04/2005	30/04/2004
	Ordinary Shares	Ordinary Shares
Peter John Children	3,250	3,250
Simon John Children	<u>500</u>	<u>500</u>

**On behalf of the board**

*R. Cleovaine Children*

**Mrs R G Children**  
**Secretary**

8 September 2005  
24 Tarsmill Court  
Rotherwas  
Hereford  
HR2 6JZ

**TRP SEALING SYSTEMS LIMITED**

**30 APRIL 2005**

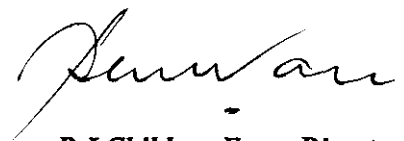
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

*Company law requires the directors to prepare statutory 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 period. In preparing those financial statements, the directors are 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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.*

8 September 2005

  
P J Children Esq. - Director

**TRP SEALING SYSTEMS LIMITED**

**INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED 30 APRIL 2005**

**To the members of**

**TRP Sealing Systems Limited**

*We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.*

*This report is made solely to the company's members, as a body, in accordance with s235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.*

*Our responsibility is to audit the 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 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.*

*We read the Directors' Report and consider the implications for our report if we become aware of apparent misstatements within it.*

***Basis of opinion***

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

**TRP SEALING SYSTEMS LIMITED**

**INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED 30 APRIL 2005**

**To the members of**

**TRP Sealing Systems Limited**

*continued*

***Qualified opinion arising from limitation in audit scope***

*Except for any adjustments that might have been found necessary had we been able to obtain sufficient evidence concerning stock and work in progress, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*

*In respect alone of the limitation on our work relating to stock and work in progress:*

- We have not obtained all the information and explanations that we consider necessary for the purpose of our audit, as we were appointed auditors after the year end date.*

8 September 2005

  
Young & Co.

**Registered Auditors & Chartered Accountants**

**TRP SEALING SYSTEMS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 APRIL 2005**

	<u>Note</u>	<u>£</u>	<u>Period from 1 January 2003 to 30 April 2004</u> <u>£</u>
<b>Turnover</b>	<b>2</b>	<b>8,522,852</b>	<b>11,522,741</b>
<b>Cost of sales</b>		<b>(6,700,457)</b>	<b>(9,307,282)</b>
<b>Gross profit</b>		<b>1,822,395</b>	<b>2,215,459</b>
<b>Administration expenses</b>		<b>(1,550,492)</b>	<b>(2,233,125)</b>
<b>Operating profit/(loss)</b>	<b>4</b>	<b>271,903</b>	<b>(17,666)</b>
<b>Interest receivable</b>		<b>1,333</b>	<b>-</b>
<b>Interest payable and similar charges</b>	<b>3</b>	<b>(76,653)</b>	<b>(24,325)</b>
<b>Exceptional items</b>	<b>6</b>	<b>(243,002)</b>	<b>(1,329,101)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(46,419)</b>	<b>(1,371,092)</b>
<b>Tax on profit on ordinary activities</b>	<b>5</b>	<b>2,292</b>	<b>(102,000)</b>
<b>Loss on ordinary activities after taxation</b>		<b>(44,127)</b>	<b>(1,473,092)</b>
<b>Dividends payable</b>		<b>-</b>	<b>-</b>
<b>Loss for the financial year / period</b>		<b>£ (44,127)</b>	<b>£ (1,473,092)</b>

*All activities of the company are continuing activities. There were no acquisitions in the year.*

*The only movement in Shareholders Funds was in respect of the retained profit shown above.*

*There were no recognised gains or losses other than the profit for the year.*

*The notes on pages 10 to 17 form part of these financial statements.*



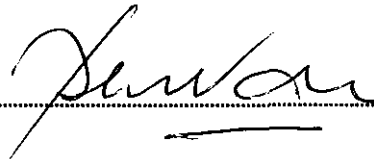
**TRP SEALING SYSTEMS LIMITED**

**BALANCE SHEET**

**AT 30 APRIL 2005**

	<u>Note</u>	£	£	£	<u>2004</u>	£
<b>Fixed assets</b>						
Tangible assets	7		1,048,573			1,160,259
Investments			20			-
			<u>1,048,593</u>			<u>1,160,259</u>
<b>Current assets</b>						
Stock		1,388,144		1,427,972		
Debtors	9	2,171,730		1,662,201		
Cash at bank		<u>38,119</u>		<u>121,798</u>		
		<u>3,597,993</u>		<u>3,211,971</u>		
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,978,684)</u>		<u>(2,922,064)</u>		
<b>Net current assets</b>			619,309			289,907
<b>Total assets less current liabilities</b>			<u>1,667,902</u>			<u>1,450,166</u>
<b>Creditors: Amounts falling due after more than one year</b>	12		(284,063)			(19,908)
<b>Provisions for liabilities and charges</b>	14		(99,708)			(102,000)
			<u>£ 1,284,131</u>			<u>£ 1,328,258</u>
<b>Capital and reserves</b>						
Called up share capital	15		5,000			5,000
Capital redemption reserve			5,000			5,000
Preference shares	15		440,000			440,000
Profit and loss account	16		<u>834,131</u>			<u>878,258</u>
<b>Shareholders funds (including mon equity interests)</b>			<u>£ 1,284,131</u>			<u>£ 1,328,258</u>

Approved by the Board of Directors on 8 September 2005 and signed on its behalf by:

  
P.J. Children Esq. - Director

Approved by the Preferential Shareholders on 8 September 2005 and signed on its behalf by:

  
J.R. Watts Esq. - Agent

The notes on pages 10 to 17 form part of these financial statements.

**TRP SEALING SYSTEMS LIMITED**

**CASH FLOW STATEMENT FOR THE**

**YEAR ENDED 30 APRIL 2005**

	<u>Note</u>		<u>Period from</u> <u>1 January 2003</u> <u>to 30 April 2004</u>
		<u>£</u>	<u>£</u>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit / (loss)		271,903	(17,666)
Depreciation and amortisation charges		277,697	281,567
Profit on sale of fixed assets		-	(18,888)
Decrease / (Increase) in stock		39,828	(50,021)
(Increase) / Decrease in debtors		(509,529)	466,314
Increase / (Decrease) in creditors		1,178	(303,704)
<b>Net cash inflow from operating activities</b>		<u>81,077</u>	<u>357,602</u>
<b>Cash Flow Statement</b>			
Net cash inflow from operating activities		81,077	357,602
Returns on investment and servicing of finance		(75,320)	(24,325)
Investment in subsidiary company		(20)	-
Capital expenditure		<u>(151,178)</u>	<u>(524,265)</u>
<b>Net cash inflow before financing</b>		<u>(145,441)</u>	<u>(190,988)</u>
Financing		(289,956)	1,509
<b>Decrease in cash</b>		<u>(435,397)</u>	<u>(189,479)</u>
<b>Reconciliation of net cash inflow to movement in net debt (note 2)</b>			
Decrease in cash		(435,397)	(189,479)
Capital element of hire purchase repayments		<u>4,689</u>	<u>-</u>
<b>Change in net debt</b>		<u>(430,708)</u>	<u>(189,479)</u>
Other non-cash changes		(23,800)	(27,452)
<b>Net debt at 30 April 2004</b>		<u>(1,194,201)</u>	<u>(977,270)</u>
<b>Net debt at 30 April 2005</b>		<u>(1,648,709)</u>	<u>(1,194,201)</u>

**TRP SEALING SYSTEMS LIMITED**

**NOTES TO THE CASH FLOW STATEMENT FOR THE**

**YEAR ENDED 30 APRIL 2005**

	<u>Note</u>	£	<i>Period from 1 January 2003 to 30 April 2004</i> £
<b>Note 1 - Gross cash flows</b>			
<b>Returns on investment and servicing of finance</b>			
Interest received		1,333	-
Interest paid		(76,653)	(24,325)
		<u>(75,320)</u>	<u>(24,325)</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(151,178)	(544,215)
Receipts from sales of tangible fixed assets		-	19,950
		<u>(151,178)</u>	<u>(524,265)</u>
<b>Financing</b>			
Capital element of hire purchase repayments		(4,689)	1,509
Bank loan		(285,267)	-
		<u>(289,956)</u>	<u>1,509</u>

**Note 2 - Analysis of net debt**

	<u>At 30 April 2004</u> £	<u>Cash flow</u> £	<u>Other non- cash changes</u> £	<u>At 30 April 2005</u> £
Cash at bank and in hand	121,798	(83,679)		38,119
Bank overdraft	(1,290,056)	(66,451)		(1,356,507)
Bank loan	-	(285,267)	-	(285,267)
Finance leases	(25,943)	4,689	(23,800)	(45,054)
	<u>(1,194,201)</u>	<u>(430,708)</u>	<u>(23,800)</u>	<u>(1,648,709)</u>

**Note 3 - Non cash transactions**

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £ 23,800.

**TRP SEALING SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

**1. Principal accounting policies**

***Basis of accounting***

*The financial statements have been prepared under the historical cost accounting rules.*

***Depreciation***

*Depreciation on tangible fixed assets is charged so as to write off their full cost or valuation, less estimated residual values, over their expected useful lives at the following rates:*

<i>Leashold property improvements</i>	<i>-</i>	<i>10% of cost per annum</i>
<i>Motor vehicles</i>	<i>-</i>	<i>25% of written down value per annum</i>
<i>Plant and machinery</i>	<i>-</i>	<i>15% of cost per annum</i>
<i>Fixtures and fittings</i>	<i>-</i>	<i>20% of cost per annum</i>
<i>Computer equipment</i>	<i>-</i>	<i>33% of cost per annum</i>

***Stocks***

*Stocks are stated at the lower of cost and net realisable value, as follows:*

*Cost incurred in bringing each product to its present location and condition:-*

<i>Materials</i>	<i>- Purchase cost on a first in first out basis.</i>
<i>Work in progress</i>	<i>- Cost of direct materials, labour plus a proportion to cover attributable overheads.</i>

*Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.*

***Deferred taxation***

*Deferred taxation is accounted for in accordance with the requirements of FRS19.*

***Foreign currency transactions***

*Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation at the date of the transaction. Non monetary assets have been translated into sterling at the rate prevailing at the time of acquisition. Monetary assets and liabilities have been translated into sterling at the exchange rate ruling at the balance sheet date.*

***Consolidated financial statements***

*The financial statements are for the company only and the company has not presented consolidated financial statements for the group as the group qualifies as a medium sized group under section 248 of the Companies Act 1985.*

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

*(continued)*

**1. Principal accounting policies (continued)**

***Operating leases***

*Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lender are charged against profits as incurred.*

***Hire purchase and finance lease transactions***

*Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements, less interest not yet due, are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.*

***Defined contribution scheme***

*The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable.*

**2. Turnover**

*All turnover was derived from the provision of services that fall within the company's ordinary continuing activities stated net of value added tax.*

*Turnover has been supplied to customers on the geographical basis shown below;*

	<b><u>2005</u></b>	<b><u>Period from 1 January 2003 to 30 April 2004</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<i>United Kingdom</i>	<i>131,554</i>	<i>177,241</i>
<i>Europe</i>	<i>7,011,097</i>	<i>9,479,500</i>
<i>Rest of the World</i>	<i>1,380,201</i>	<i>1,866,000</i>
	<b><u>8,522,852</u></b>	<b><u>11,522,741</u></b>

**3. Interest payable and similar charges**

	<b><u>£</u></b>	<b><u>£</u></b>
<i>On bank loan and overdraft</i>	<i>26,665</i>	<i>7,102</i>
<i>Hire purchase interest</i>	<i>3,525</i>	<i>3,615</i>
<i>Loss on foreign currency transactions</i>	<i>46,463</i>	<i>13,608</i>
	<b><u>76,653</u></b>	<b><u>24,325</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

(continued)

		<b><i>Period from 1 January 2003 to 30 April 2004</i></b>
<b>4. Operating profit/(loss)</b>	<b><u>2005</u></b>	<b><u>£</u></b>
	<b>£</b>	<b>£</b>
<i>This is stated after charging:-</i>		
Depreciation	267,052	266,425
Amortisation	10,645	15,142
Operating lease rentals	101,540	101,540
Land and buildings	26,160	27,597
Plant and machinery	187,724	89,313
Directors' emoluments	46,463	13,608
Exchange losses written off in year	12,875	4,000
Auditors remuneration	2,495	4,195
In respect of audit services		
Other services		
<i>This is stated after crediting:-</i>		
Profit on sale of fixed assets	-	(18,888)
<b>5. Tax on profit on ordinary activities</b>	<b>£</b>	<b>£</b>
Corporation Tax:		
United Kingdom corporation tax	-	-
Movement on deferred tax provision - note 13		
Accelerated capital allowances	(2,292)	102,000
	<u>(2,292)</u>	<u>102,000</u>
<i>There are taxable losses to carry forward against future profits.</i>		
<b>6. Exceptional items</b>		
Transfer (to)/from reserves to TRP Polymer Solutions Limited re de-merger of company	(30,678)	1,329,101
Amounts owed by Technical Rubber Products Inc.	273,680	-
	<u>243,002</u>	<u>1,329,101</u>

*The transfer to TRP Polymer Solutions Limited relates to the transfer of net assets to that company on the demerger on 30 April 2004 that were withheld, as they were under dispute. The final demerger has now been settled and the disputed items are now released.*

*The debt due from Technical Rubber Products Inc. relates to the amount provided in the year against the full write off of the investment in the associated undertaking due to the holding having no future economic value. All amounts recovered were in the previous financial period.*

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

(continued)

**7. Tangible fixed assets**

	<u>Leashold property improvements</u>	<u>Motor vehicles</u>	<u>Plant and machinery</u>	<u>Fixtures and computer equipment</u>	<u>Total</u>
<b>Cost</b>					
At 1 May 2004	113,563	144,392	3,237,916	306,568	3,802,439
Additions	-	31,800	115,236	27,942	174,978
Disposals	-	(64,230)	(431,383)	-	(495,613)
At 30 April 2005	<u>113,563</u>	<u>111,962</u>	<u>2,921,769</u>	<u>334,510</u>	<u>3,481,804</u>
<b>Depreciation</b>					
At 1 May 2004	75,639	100,239	2,213,424	252,868	2,642,170
Charge for the year	10,645	16,744	224,667	25,641	277,697
Disposals	-	(55,253)	(431,383)	-	(486,636)
At 30 April 2005	<u>86,284</u>	<u>61,730</u>	<u>2,006,708</u>	<u>278,509</u>	<u>2,433,231</u>
<b>Net book amount</b>					
At 30 April 2005	<u>£ 27,279</u>	<u>£ 50,232</u>	<u>£ 915,061</u>	<u>£ 56,001</u>	<u>£ 1,048,573</u>
At 1 May 2004	<u>£ 37,924</u>	<u>£ 44,153</u>	<u>£ 1,024,492</u>	<u>£ 53,700</u>	<u>£ 1,160,269</u>

Included within fixed assets are assets held under finance leases as follows:

	<u>Motor vehicles</u>
Net book value	41,553
Depreciation provided during the year	<u>13,851</u>

**8. Investments**

	<u>Subsidiary undertakings</u> £	<u>Total</u> £
<b>Cost</b>		
At 1 May 2004	-	-
Additions	20	20
At 30 April 2005	<u>20</u>	<u>20</u>
<b>Amortisation</b>		
At 1 May 2004 and 30 April 2005	-	-
<b>Net book amount</b>		
At 30 April 2005	<u>£ 20</u>	<u>£ 20</u>

**TRP SEALING SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

(continued)

**8. Investments (continued)**

<i>Details of subsidiary undertakings:</i>	<i><u>Class of share</u></i>	<i><u>% held</u></i>	<i><u>Location</u></i>	<i><u>Nature of business</u></i>
TRP Sealing Systems Service SRL	Ordinary	60	Romania	Production of rubber seals and mouldings

<i>Profit and Capital and Reserves:</i>	<i><u>Capital and Reserves</u></i> <i><u>31/12/04</u></i> <i>£</i>	<i><u>Loss for year</u></i> <i><u>31/12/04</u></i> <i>£</i>
TRP Sealing Systems Service SRL	47	(36)
	<u>47</u>	<u>(36)</u>

**9. Debtors**

	<i><u>2005</u></i> <i>£</i>	<i><u>2004</u></i> <i>£</i>
Trade debtors	2,001,806	1,175,040
Amounts owed by subsidiary undertakings	55,896	-
Other debtors	88,048	458,213
Prepayments	25,980	28,948
	<u>2,171,730</u>	<u>1,662,201</u>

**10. Directors and employees**

The monthly average number of persons (including directors) employed by the company during the year was as follows;

	<i><u>Number</u></i>	<i><u>Number</u></i>
Manufacturing and production	141	152
Support and technical	3	3
Directors	2	2
Management and Administrative staff	17	18
	<u>163</u>	<u>175</u>
Staff costs (including directors)	<i>£</i>	<i>£</i>
Wages and salaries	2,798,652	3,893,027
Social security costs	239,668	498,307
Other pension costs	43,454	155,836
	<u>3,081,774</u>	<u>4,547,170</u>



**TRP SEALING SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

(continued)

**11. Creditors: Amounts falling due within one year**

	<b><u>2005</u></b>	<b><u>2004</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Bank overdraft	1,356,507	1,031,499
Bank loan	38,815	258,557
Trade creditors	1,143,940	1,095,688
Accruals	139,561	108,564
Directors current account	5,491	223
Hire purchase	7,442	6,035
Other taxes and social security	106,930	99,710
Amounts owed to TRP Polymer Solutions Limited	41,105	175,487
Other creditors	138,893	146,301
	<b><u>2,978,684</u></b>	<b><u>2,922,064</u></b>

**12. Creditors: Amounts falling due after more than one year**

Bank loan	246,452	-
Hire purchase	37,611	19,908
	<b><u>284,063</u></b>	<b><u>19,908</u></b>

The obligations under hire purchase contracts are all payable within five years. The obligations are secured on the assets to which they relate.

The bank overdraft and loan, which total £ 1,641,773 are secured by a debenture over all the company's assets and undertakings.

**13. Deferred taxation**

	<b><u>2005</u></b>		<b><u>2004</u></b>	
	<b><u>Provided in accounts</u></b>	<b><u>Unprovided in accounts</u></b>	<b><u>Provided in accounts</u></b>	<b><u>Unprovided in accounts</u></b>
Accelerated capital allowances	<b><u>£ 99,708</u></b>	<b><u>£ Nil</u></b>	<b><u>£ 102,000</u></b>	<b><u>£ Nil</u></b>

The provision for deferred taxation has been calculated based on a corporation tax rate of 19%.

**14. Provisions for liabilities and charges**

	<b><u>Deferred taxation</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
At 1 May 2004	102,000	102,000
Profit and loss account credit	(2,292)	(2,292)
At 30 April 2005	<b><u>99,708</u></b>	<b><u>99,708</u></b>

**NOTES TO THE FINANCIAL STATEMENTS****AT 30 APRIL 2005***(continued)***15. Called up share capital**

	<b><u>2005</u></b>		<b><u>2004</u></b>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
<i>Authorised</i>				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
Preference shares of £1 each	440,000	<u>440,000</u>	440,000	<u>440,000</u>
<i>Allotted called up and fully paid</i>				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
Preference shares of £1 each	440,000	<u>440,000</u>	440,000	<u>440,000</u>

Ordinary Shares have full rights, in voting, in distribution of profits, in participation in all proceeds on dissolution or winding-up and all other rights as described in the Articles of Association of the Company.

Preference Shares are not redeemable until the adjusted net profit for the preceding financial year exceeds £250,000. Preference shares carry no other rights and cannot vote at general meetings.

**16. Reserves**

	<b><u>2005</u></b>	<b><u>2004</u></b>
	<i>£</i>	<i>£</i>
<i>Profit and loss account</i>		
At 1 May 2004	878,258	2,351,350
Loss sustained for the year / period	(44,127)	(1,473,092)
At 30 April 2005	<u>834,131</u>	<u>878,258</u>

**17. Reconciliation of movements in shareholders' funds**

	<b><u>2005</u></b>	<b><u>2004</u></b>
Profit retained/(loss sustained) for the year / period	198,875	(143,991)
Exceptional items	(243,002)	(1,329,101)
Net reduction in shareholders' funds	(44,127)	(1,473,092)
Opening shareholders' funds	878,258	2,351,350
Closing shareholders' funds	<u>834,131</u>	<u>878,258</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 APRIL 2005**

(continued)

**18. Pension commitments**

*The company operates a defined contribution scheme on behalf of its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to this fund and amounted to £43,454 (2004 - £142,286).*

*The company contributed to a defined benefit scheme for certain employees which was closed in 1997. There is a potential deficit in this fund but the amount cannot be quantified at this time due to uncertainties concerning both the options available to the Trustees and the amount involved.*

**19. Lease commitments**

*At 30 April 2005, the company had the following annual commitments under non-cancellable operating leases.*

	<b><u>Land and buildings</u></b>	<b><u>Other operating leases</u></b>
	<b>£</b>	<b>£</b>
<i>Leases expiring:</i>		
<i>    Within one year</i>	101,540	26,160
<i>    Between two and five years</i>	390,460	26,323
<i>    Over five years</i>	-	-
	<u>492,000</u>	<u>52,483</u>

**20. Controlling party**

*The company is controlled by P J Children Esq., by virtue of his 65% holding of the company's ordinary shares.*