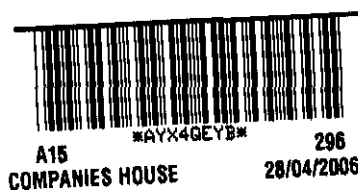


C^o House

Registration Number 1161150

CHARLES BIRCH LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005



CHARLES BIRCH LIMITED

DIRECTORS, OFFICERS AND ADVISORS

Directors	C H Wilson B Brian M Jackson
Secretary	B Brian
Company Number	1161150
Registered Office	4 Brown Lane West Gelderd Road Leeds West Yorkshire LS12 6BH
Auditors	B M Howarth West House King Cross Road Halifax West Yorkshire HX1 1EB
Bankers	Barclays Bank plc Barclays Business Centre PO Box 100 Leeds West Yorkshire LS1 1PA

CHARLES BIRCH LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

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CHARLES BIRCH LIMITED

DIRECTORS' REPORT **for the year ended 30 June 2005**

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 30 June 2005.

Principal Activity and Review of the Business

The principal activity of the company and its subsidiary undertakings was that of leather and grindery factoring and retailing.

Results and Dividends

The results for the year are set out on page 4.

The directors have paid an interim dividend amounting to £137,920 and they do not recommend payment of a final dividend. If this recommendation is approved, £219,749 will be added to group reserves.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	30 June 2005	1 July 2004
C H Wilson	101,087	101,087
B Brian	2,000	2,000
M Jackson	2,000	2,000

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that B M Howarth be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 24 November 2005 and signed on its behalf by



B Brian
Secretary

CHARLES BIRCH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

On behalf of the board



C H Wilson
Director

24 November 2005

CHARLES BIRCH LIMITED

Independent auditors' report to the shareholders of Charles Birch Limited

We have audited the financial statements of Charles Birch Limited for the year ended 30 June 2005 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes, numbered 1 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

Our report is made solely to the company's members, as a body, in accordance with Section 235 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors responsibilities.

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 the 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 any apparent misstatements within it.

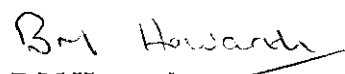
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

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



B M Howarth
Chartered Accountants and Registered Auditors

West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

24 November 2005

CHARLES BIRCH LIMITED

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2005

		2005	2004
	Notes	£	£
Turnover	2	9,084,462	9,024,389
Cost of sales		(4,192,905)	(4,445,834)
Gross profit		4,891,557	4,578,555
Administrative expenses		(4,309,365)	(3,910,753)
Other operating income		34,530	37,152
Group operating profit	3	616,722	704,954
Interest receivable and similar income	4	-	475
Interest payable and similar charges	5	(65,160)	(75,536)
Profit on ordinary activities before taxation		551,562	629,893
Tax on profit on ordinary activities	8	(193,893)	(183,259)
Profit on ordinary activities after taxation		357,669	446,634
Dividends	10	(137,920)	(51,111)
Retained profit for the group	20	219,749	395,523
Retained profit brought forward		3,468,387	3,072,864
Retained profit carried forward		3,688,136	3,468,387

There are no recognised gains or losses other than the profit or loss for the above two financial years.

None of the group's activities was acquired or discontinued during the above two financial years.

CHARLES BIRCH LIMITED

GROUP BALANCE SHEET

as at 30 June 2005

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	11		590,781		374,718
Tangible assets	12		1,574,664		1,227,843
			2,165,445		1,602,561
Current Assets					
Stocks	14	2,239,938		2,168,817	
Debtors	15	1,922,449		1,871,842	
Cash at bank and in hand		575,152		239,496	
		4,737,539		4,280,155	
Creditors: amounts falling due within one year	16	(2,453,018)		(1,570,817)	
Net Current Assets			2,284,521		2,709,338
Total Assets Less Current Liabilities			4,449,966		4,311,899
Creditors: amounts falling due after more than one year	17		(452,969)		(569,181)
Provision for Liabilities and Charges	18		(165,828)		(131,298)
Net Assets			3,831,169		3,611,420
Capital and Reserves					
Called up share capital	19		122,963		122,963
Other reserves	20		20,070		20,070
Profit and loss account	20		3,688,136		3,468,387
Equity Shareholders' Funds	21		3,831,169		3,611,420

The financial statements were approved by the Board on 24 November 2005 and signed on its behalf by




C H Wilson
Director

CHARLES BIRCH LIMITED

COMPANY BALANCE SHEET
as at 30 June 2005

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	12		264,396		219,011
Investments	13		412,442		412,442
			<u>676,838</u>		<u>631,453</u>
Current Assets					
Stocks	14	802,673		818,059	
Debtors	15	2,221,513		2,088,386	
Cash at bank and in hand		2,612		1,772	
		<u>3,026,798</u>		<u>2,908,217</u>	
Creditors: amounts falling due within one year	16	(1,569,423)		(1,187,327)	
Net Current Assets			<u>1,457,375</u>		<u>1,720,890</u>
Total Assets Less Current Liabilities			2,134,213		2,352,343
Creditors: amounts falling due after more than one year	17		(452,969)		(569,181)
Provision for Liabilities and Charges	18		(25,456)		(25,046)
Net Assets			<u>1,655,788</u>		<u>1,758,116</u>
Capital and Reserves					
Called up share capital	19		122,963		122,963
Other reserves	20		13,541		13,541
Profit and loss account	20		1,519,284		1,621,612
Equity Shareholders' Funds	21		<u>1,655,788</u>		<u>1,758,116</u>

The financial statements were approved by the Board on 24 November 2005 and signed on its behalf by



C H Wilson
Director

CHARLES BIRCH LIMITED

GROUP CASH FLOW STATEMENT for the year ended 30 June 2005

	Notes	2005 £	2004 £
Operating profit		616,722	704,954
Depreciation of tangible fixed assets		177,620	147,176
Amortisation of intangible fixed assets		67,479	53,500
Loss on sale of fixed assets		-	4,231
(Increase) in stocks		(71,121)	(25,415)
(Increase)/decrease in debtors		(50,607)	13,796
Increase/(decrease) in creditors		260,524	(110,596)
Net cash inflow from operating activities		<u>1,000,617</u>	<u>787,646</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		1,000,617	787,646
Returns on investments and servicing of finance	25	(65,160)	(75,061)
Taxation	25	(153,397)	(40,749)
Capital expenditure	25	(807,983)	(317,116)
		<u>(25,923)</u>	<u>354,720</u>
Equity dividends paid		(137,920)	(51,111)
		<u>(163,843)</u>	<u>303,609</u>
Financing	25	(116,212)	(116,682)
(Decrease)/(increase) in cash in the year		<u>(280,055)</u>	<u>186,927</u>
Reconciliation of net cash flow to movement in net funds (Note 26)			
Decrease/(increase) in cash in the year		(280,055)	186,927
Cash inflow from decrease in debts and lease financing		116,212	116,682
Change in net funds resulting from cash flows		<u>(163,843)</u>	<u>303,609</u>
Movement in net debt in the year		<u>(163,843)</u>	<u>303,609</u>
Net debt at beginning of year		<u>(1,053,115)</u>	<u>(1,356,724)</u>
Net debt at end of year		<u>(1,216,958)</u>	<u>(1,053,115)</u>

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

1. Accounting Policies

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

Basis of Consolidation

The group financial statements consolidate the accounts of Charles Birch Limited and its subsidiary undertakings made up to 30 June each year.

The Group financial statements also include on a consolidated basis the results and financial position of the group's 50% interest in the Charles Birch Limited / TRS Associates Limited and Charles Birch (Scotland) Limited / Scantec Consulting Services Limited partnerships. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Amortisation

Amortisation of intangible fixed assets is made on a 10% straight line basis which is calculated to write off cost over the estimated remaining life.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	10% and 4% on cost
Plant and machinery	-	10% and 25% reducing balance
Fixtures and fittings	-	10% and 25% reducing balance

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2005

Deferred taxation

Deferred taxation is recognised on a full provision basis on all timing differences which have originated, but not reversed, at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation.

2. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Amortisation of intangible assets	67,479	53,500
Depreciation of tangible assets		
- Owned assets	177,620	147,176
Loss on disposal of tangible fixed assets	-	4,231
Operating lease rentals		
- Other than plant and machinery	162,220	169,058
Auditors' remuneration	22,000	21,500
	<u>67,479</u>	<u>53,500</u>

4. Interest receivable and similar income

	2005 £	2004 £
Bank interest	-	475
	<u>-</u>	<u>475</u>

5. Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	65,160	75,450
Hire purchase interest	-	86
	<u>65,160</u>	<u>75,536</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

6. Employees	2005 Number	2004 Number
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
Administration	15	16
Distribution	35	37
Sales	68	58
	<u>118</u>	<u>111</u>
Employment costs	2005	2004
	£	£
Wages, salaries and profit share	2,330,060	2,067,841
Other pension costs	52,130	46,601
	<u>2,382,190</u>	<u>2,114,442</u>
Directors' emoluments	2005	2004
	£	£
Remuneration	179,849	170,400
Pension contributions	18,901	14,545
	<u>198,750</u>	<u>184,945</u>
	2005	2004
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	3	3

7. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £52,130 (2004 - £46,601). There were no amounts outstanding at the balance sheet date.

CHARLES BIRCH LIMITED

**NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005**

8. Taxation	2005 £	2004 £
UK current year taxation		
UK Corporation Tax	153,489	147,522
Transfer to deferred taxation	34,530	35,737
	<u>188,019</u>	<u>183,259</u>
Prior years		
UK Corporation Tax	5,874	-
	<u>193,893</u>	<u>183,259</u>
 Profit on ordinary activities before tax		
	2005 £	2004 £
Profit on ordinary activities at the standard UK rate of corporation tax of 30%	165,469	188,968
Effects of:		
Small company/marginal rate	(24,898)	(25,399)
Capital allowances	(36,022)	(21,949)
Items permanently disallowed	48,940	5,902
	<u>153,489</u>	<u>147,522</u>

9. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Charles Birch Limited has not been presented with the financial statements.

The results after taxation of the company for the year ended 30 June 2005 showed a profit of £35,592 (2004 - profit of £116,879).

10. Dividends	2005 £	2004 £
Dividends on equity shares:		
Ordinary shares - Interim paid	<u>137,920</u>	<u>51,111</u>

CHARLES BIRCH LIMITED**NOTES TO FINANCIAL STATEMENTS**
for the year ended 30 June 2005

11. Intangible fixed assets	Goodwill £
Group	
Cost	
At 1 July 2004	552,496
Additions	283,542
At 30 June 2005	<u>836,038</u>
Amortisation	
At 1 July 2004	177,778
Charge for year	67,479
At 30 June 2005	<u>245,257</u>
Net book values	
At 30 June 2005	<u><u>590,781</u></u>
At 30 June 2004	<u><u>374,718</u></u>

Goodwill of £283,542 arose on the acquisition of four additional retail shops. Goodwill represents the difference between the purchase consideration and the fair value of assets acquired.

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

12. Tangible fixed assets	Short leasehold Improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Group					
Cost					
At 1 July 2004	142,852	709,100	1,260,647	-	2,112,599
Additions	35,359	224,317	214,861	49,904	524,441
At 30 June 2005	178,211	933,417	1,475,508	49,904	2,637,040
Depreciation					
At 1 July 2004	68,626	305,701	510,429	-	884,756
Charge for the year	16,226	61,215	93,941	6,238	177,620
At 30 June 2005	84,852	366,916	604,370	6,238	1,062,376
Net book values					
At 30 June 2005	93,359	566,501	871,138	43,666	1,574,664
At 30 June 2004	74,226	403,399	750,218	-	1,227,843
Company					
Cost					
At 1 July 2004	-	284,805	371,528	-	656,333
Additions	-	13,321	21,834	49,904	85,059
At 30 June 2005	-	298,126	393,362	49,904	741,392
Depreciation					
At 1 July 2004	-	210,485	226,837	-	437,322
Charge for the year	-	17,330	16,106	6,238	39,674
At 30 June 2005	-	227,815	242,943	6,238	476,996
Net book values					
At 30 June 2005	-	70,311	150,419	43,666	264,396
At 30 June 2004	-	74,320	144,691	-	219,011

CHARLES BIRCH LIMITED

**NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005**

13. Fixed Asset Investments	2005	2004
	£	£
Company		
Subsidiary undertakings	412,442	412,442

The company's investments at the balance sheet date in the share capital of unlisted company's comprise the following:

Company	Country of incorporation or operation	Nature of business	% holding of ordinary shares
Subsidiary undertaking			
Charles Birch (Essex) Limited	Great Britain	Leather and grindery factoring	100
Lancashire Leather Factors Limited	Great Britain	Dormant	78
Collinson's Cut Soles Limited	Great Britain	Dormant	90
Charles Birch (South West) Limited	Great Britain	Dormant	100
Charles Birch (Scotland) Limited	Great Britain	Retailers of shoecare products	100
McNaught Key & Co. Limited	Great Britain	Dormant	82
T W Bailey (Merchants) Limited	Great Britain	Dormant	100

14. Stocks	2005	2004
	£	£
Group		
Finished goods and goods for resale	2,239,938	2,168,817
Company		
Finished goods and goods for resale	802,673	818,059

15. Debtors	2005	2004
	£	£
Group		
Trade debtors	1,380,000	1,433,264
Other debtors	79,942	45,949
Prepayments and accrued income	462,507	392,629
	1,922,449	1,871,842
Company		
Trade debtors	640,009	647,191
Amounts owed by group undertakings	1,393,110	1,280,060
Other debtors	61,774	32,043
Prepayments and accrued income	126,620	129,092
	2,221,513	2,088,386

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

16. Creditors: amounts falling due within one year	2005 £	2004 £
Group		
Bank overdraft	1,222,929	607,218
Bank loan	116,212	116,212
Trade creditors	736,022	485,345
Corporation tax	153,488	147,522
Other taxes and social security costs	182,083	169,082
Accruals and deferred income	42,284	45,438
	<u>2,453,018</u>	<u>1,570,817</u>
Company		
Bank overdraft	912,205	577,154
Bank loan	116,212	116,212
Trade creditors	251,364	226,309
Amounts owed to group undertakings	148,206	148,206
Corporation tax	41,987	28,195
Other taxes and social security costs	82,861	75,631
Accruals and deferred income	16,588	15,620
	<u>1,569,423</u>	<u>1,187,327</u>

The bank loan and overdrafts in both the company and group are secured by cross guarantees and charges over the group's assets.

17. Creditors: amounts falling due after more than one year	2005 £	2004 £
Group and company		
Bank loan	<u>452,969</u>	<u>569,181</u>
Repayable by instalments in five years or more	<u>-</u>	<u>104,333</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

18. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	2005	2004
	£	£
Group		
Accelerated capital allowances	165,828	131,298
	<u>165,828</u>	<u>131,298</u>
Company		
Accelerated capital allowances	25,456	25,046
	<u>25,456</u>	<u>25,046</u>

Movements on the provision for deferred taxation are:

	£
Group	
At 1 July 2004	131,298
Transferred from profit and loss account	34,530
	<u>165,828</u>
At 30 June 2005	<u>165,828</u>
Company	
At 1 July 2004	25,046
Transferred from profit and loss account	410
	<u>25,456</u>
At 30 June 2005	<u>25,456</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2005

19. Share capital	2005 £	2004 £
Authorised equity		
493,800 Ordinary shares of £1 each	493,800	493,800
2,200 Ordinary 'B' shares of £1 each	2,200	2,200
2,000 Ordinary 'C' shares of £1 each	2,000	2,000
2,000 Ordinary 'D' shares of £1 each	2,000	2,000
	<u>500,000</u>	<u>500,000</u>
 Allotted, called up and fully paid equity		
116,963 Ordinary 'A' shares of £1 each	116,963	116,963
2,000 Ordinary 'B' shares of £1 each	2,000	2,000
2,000 Ordinary 'C' shares of £1 each	2,000	2,000
2,000 Ordinary 'D' shares of £1 each	2,000	2,000
	<u>122,963</u>	<u>122,963</u>

All classes of shares carry equal voting rights and all rank equally with regard to distribution in the event of the winding up of the company.

20. Equity Reserves	Profit and loss account £	Other reserve £	Total £
Group			
At 1 July 2004	3,468,387	20,070	3,488,457
Retained profit for the year	219,749	-	219,749
At 30 June 2005	<u>3,688,136</u>	<u>20,070</u>	<u>3,708,206</u>
 Company			
At 1 July 2004	1,621,612	13,541	1,635,153
Retained loss for the year	(102,328)	-	(102,328)
At 30 June 2005	<u>1,519,284</u>	<u>13,541</u>	<u>1,532,825</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 30 June 2005

21. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Group		
Profit for the year	357,669	446,634
Dividends	(137,920)	(51,111)
	<u>219,749</u>	<u>395,523</u>
Opening shareholders' funds	3,611,420	3,215,897
	<u>3,831,169</u>	<u>3,611,420</u>
Company		
Profit for the year	35,592	116,879
Dividends	(137,920)	(51,111)
	<u>(102,328)</u>	<u>65,768</u>
Opening shareholders' funds	1,758,116	1,692,348
	<u>1,655,788</u>	<u>1,758,116</u>

22. Financial commitments

At 30 June 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within one year	-	-	27,232	14,575
Between two and five years	144,950	144,950	30,125	23,219
In over five years	316,250	203,250	-	-
	<u>461,200</u>	<u>348,200</u>	<u>57,357</u>	<u>37,794</u>

The company is party to a cross guarantee securing the loans and overdrafts of other group companies. The amount so secured at 30 June 2005 was £182,916 (2004 - £nil).

23. Related party transactions

The group operates from certain properties owned by E H Wilson and his family, for which open market rents are paid. E H Wilson is the father of C H Wilson, a director of the company.

During the year, the group paid £527,396 (2004: £102,634) to Scantec Consulting Services Limited and TRS Associates Limited under a profit sharing agreement. Scantec Consulting Services Limited and TRS Associates are companies owned by participating employees and directors of Charles Birch Limited and Charles Birch (Scotland) Limited. The amount owing from these companies at 30 June 2005 amounted to £14,550 (2004: £17,768).

CHARLES BIRCH LIMITED

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24. Controlling interest

The company was controlled throughout this period and the previous year by C H Wilson, a director, and his family, who own the majority of the issued share capital.

25. Gross Cash Flows	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	-	475
Bank interest paid	(65,160)	(75,536)
	<u>(65,160)</u>	<u>(75,061)</u>
Taxation		
Corporation tax paid	(153,397)	(40,749)
	<u>(153,397)</u>	<u>(40,749)</u>
Capital expenditure		
Payments to acquire tangible assets	(524,441)	(288,117)
Receipts from sales of tangible assets	-	6,000
Purchase of intangible fixed assets	(283,542)	(34,999)
	<u>(807,983)</u>	<u>(317,116)</u>
Financing		
Bank loan advances net of repayments	(116,212)	(116,212)
Capital element of new hire purchase agreements net of repayments	-	(470)
	<u>(116,212)</u>	<u>(116,682)</u>

26. Analysis of changes in net debt	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	239,496	335,656	575,152
Overdrafts	(607,218)	(615,711)	(1,222,929)
	<u>(367,722)</u>	<u>(280,055)</u>	<u>(647,777)</u>
Debt due within one year	(116,212)	-	(116,212)
Debt due after one year	(569,181)	116,212	(452,969)
	<u>(685,393)</u>	<u>116,212</u>	<u>(569,181)</u>
Net debt	<u>(1,053,115)</u>	<u>(163,843)</u>	<u>(1,216,958)</u>