

**STONEBRIDGE UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

TUESDAY



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## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 30 NOVEMBER 2007**

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The directors present their report and financial statements for the period ended 30 November 2007

#### **Principal activities and review of the business**

The principal activity of the company is to be that of preformed plywood manufacture and allied furniture products, specialising in the design & development of seating components

The company saw a small increase in gross profit as a result of cost down's and Greenform S R O increasing productivity

The company uses various financial instruments which include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years

#### **Current Risk**

The company is exposed to low level foreign exchange risk on purchases and sales

About 1% of the company's sales are to overseas customers in export markets and about 40% of purchases are imported. Sales are priced and invoiced in sterling. For the purchase of overseas goods the company policy is to obtain the best rate at time of settlement and to accept the low level of associated risk

#### **Liquidity Risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Short-term flexibility is achieved by overdraft facilities

#### **Results and dividends**

The results for the period are set out on page 5

An intercompany ordinary dividend was paid amounting to £3,400,000. The directors do not recommend payment of a final dividend

#### **Market value of land and buildings**

In the opinion of the directors the market value of land and buildings is not less than the current net book value

#### **Directors**

The following directors have held office since 1 December 2006

Leslie Green

John Green

Anthony Green

Peter Green

#### **Directors' interests**

None of the directors held any shares in the company. Their interest in the shares of the holding company are disclosed in the accounts of that company

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

Charitable donations	2007 £	2006 £
During the period the company made the following payments		
Charitable donations	275	431

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put to the Annual General Meeting

**Directors' responsibilities**

The directors are responsible for preparing 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 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 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

**Statement of disclosure to auditor**

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

  
 John Green  
 Director 25/11/07

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF STONEBRIDGE UK LIMITED**

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We have audited the financial statements of Stonebridge UK Limited for the period ended 30 November 2007 set out on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This 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 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 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 18 to the financial statements.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF STONEBRIDGE UK LIMITED**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its profit for the period then ended,
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

  
**Simmons Gainsford LLP**

**Chartered Accountants**  
**Registered Auditor**

27/6/08

7/10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 NOVEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	4,636,129	4,526,874
Cost of sales		(2,540,290)	(2,623,297)
<b>Gross profit</b>		<b>2,095,839</b>	<b>1,903,577</b>
Administrative expenses		(2,042,934)	(1,855,852)
<b>Operating profit</b>	3	<b>52,905</b>	<b>47,725</b>
Relocation costs		-	(60,877)
<b>Profit/(loss) on ordinary activities before interest</b>		<b>52,905</b>	<b>(13,152)</b>
Other interest receivable and similar income	4	311	19,598
Interest payable and similar charges	5	(2,966)	(2,070)
<b>Profit on ordinary activities before taxation</b>		<b>50,250</b>	<b>4,376</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the period</b>	13	<b>50,250</b>	<b>4,376</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


# BALANCE SHEET

AS AT 30 NOVEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Current assets</b>					
Stocks	8	701,724		513,226	
Debtors	9	906,672		4,338,965	
Cash at bank and in hand		15,247		15,772	
		<u>1,623,643</u>		<u>4,867,963</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,462,483)</u>		<u>(1,357,053)</u>	
<b>Total assets less current liabilities</b>			<u>161,160</u>		<u>3,510,910</u>
<b>Capital and reserves</b>					
Called up share capital	12		1,000		1,000
Profit and loss account	13		160,160		3,509,910
<b>Shareholders' funds</b>	14		<u>161,160</u>		<u>3,510,910</u>

Approved by the Board and authorised for issue on

25/6/08

  
John Green  
Director



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 30 NOVEMBER 2007

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.3 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value

#### 1.4 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable

#### 1.5 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### 1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

### 2 Turnover

#### Geographical market

	Turnover	
	2007	2006
	£	£
UK	4,600,622	4,489,171
Europe	35,507	37,703
	<u>4,636,129</u>	<u>4,526,874</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

<b>3</b>	<b>Operating profit</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Loss on foreign exchange transactions	519	1,578
	Auditors' remuneration	20,700	20,000
	and after crediting		
	Profit on disposal of tangible assets	-	(50,245)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Bank interest	311	17,408
	Other interest	-	2,190
		<u>          </u>	<u>          </u>
		<u>311</u>	<u>19,598</u>
<b>5</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	2,966	2,070
		<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

<b>6</b>	<b>Taxation</b>	<b>2007</b>	<b>2006</b>
	<b>Current tax charge</b>	-	-
	<b>Factors affecting the tax charge for the period</b>		
	Profit on ordinary activities before taxation	50,250	4,376
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2006 - 19.00%)	9,548	831
	Effects of		
	Non deductible expenses	197	1,023
	Depreciation and gain on disposal add back	-	(9,547)
	Losses available to carry forward	-	7,693
	Other tax adjustments	(9,745)	-
		(9,548)	(831)
	<b>Current tax charge</b>	-	-

The company has estimated losses of £ 256,874 (2006 - £ 307,854) available for carry forward against future trading profits

<b>7</b>	<b>Dividends</b>	<b>2007</b>	<b>2006</b>
		£	£
	Ordinary interim paid	3,400,000	-

<b>8</b>	<b>Stocks and work in progress</b>	<b>2007</b>	<b>2006</b>
		£	£
	Raw materials and consumables	549,258	257,070
	Work in progress	37,998	59,634
	Finished goods and goods for resale	114,468	196,522
		701,724	513,226

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

<b>9 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	631,625	662,768
Amounts owed by parent and fellow subsidiary undertakings	-	3,388,284
Amounts owed by subsidiary undertakings	153,765	8,690
Corporation tax	57,864	57,864
Other debtors	33,939	170,464
Prepayments and accrued income	29,479	50,895
	<u>906,672</u>	<u>4,338,965</u>

<b>10 Creditors' amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	167,824	123,900
Trade creditors	195,334	207,570
Amounts owed to parent and fellow subsidiary undertakings	859,628	-
Taxes and social security costs	164,017	952,033
Wages Control A/C	5	(5)
Other creditors	18,455	24,450
Accruals and deferred income	57,220	49,105
	<u>1,462,483</u>	<u>1,357,053</u>

The bank borrowings are secured by a charge over the company's property and guarantees of the directors

**11 Pension costs**

**Defined contribution**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the period	<u>59,860</u>	<u>43,362</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

<b>12 Share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>

**13 Statement of movements on profit and loss account**

	<b>Profit and loss account £</b>
Balance at 1 December 2006	3,509,910
Profit for the period	50,250
Dividends paid	(3,400,000)
	<u>          </u>
Balance at 30 November 2007	160,160
	<u>          </u>

<b>14 Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	50,250	4,376
Dividends	(3,400,000)	-
	<u>          </u>	<u>          </u>
Net (depletion in)/addition to shareholders' funds	(3,349,750)	4,376
Opening shareholders' funds	3,510,910	3,506,534
	<u>          </u>	<u>          </u>
Closing shareholders' funds	161,160	3,510,910
	<u>          </u>	<u>          </u>

**15 Contingent liabilities**

The company sells its products with a 5 year guarantee. The directors are not aware of any material claims against the company under the terms of this guarantee.

The company has guaranteed the bank borrowings of its parent company, Stonebridge Holdings Limited. At the balance sheet date the amount owed to the bank by Stonebridge Holdings Limited was £2,230,000 (2006: £2,683,008).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

<b>16 Directors' emoluments</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Company pension contributions to money purchase schemes	<u>37,038</u>	<u>21,036</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2006 - 3)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2006 - 3)

The company directors are paid through the holding company

**17 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the period was

	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Production	37	37
Administration & management	15	17
	<u>52</u>	<u>54</u>

**Employment costs**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,057,224	1,058,573
Social security costs	101,067	100,874
Other pension costs	59,860	43,362
	<u>1,218,151</u>	<u>1,202,809</u>

**18 Auditors' Ethical Standards**

In common with many businesses of our size and nature we use our auditors to provide tax returns and prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2007**

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**19 Control**

The company considers its ultimate parent company to be Stonebridge Holdings Limited, a company incorporated in England & Wales

**20 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company