

COMPANY REGISTRATION No 784842

AFM HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2007



WARD WILLIAMS
REGISTERED AUDITOR
PARK HOUSE, 25 - 27 MONUMENT HILL
WEYBRIDGE, SURREY KT13 8RT

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

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FOR THE YEAR ENDED 30th SEPTEMBER 2007

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AFM HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30th SEPTEMBER 2007**

COMPANY NUMBER	784842
DIRECTORS	P Merritt Esq
COMPANY SECRETARY	Mrs D E Merritt
REGISTERED OFFICE	38 Weyside Road Guildford Surrey
BANKERS	HSBC Bank PLC 168 High Street Guildford Surrey
AUDITORS	Ward Williams Registered Auditors Park House 25 - 27 Monument Hill Weybridge Surrey KT13 8RT

AFM HOLDINGS LIMITED

**DIRECTOR S REPORT
FOR THE YEAR ENDED 30th SEPTEMBER 2007**

The director presents herewith his annual report together with the audited financial statements of the group for the year ended 30th September 2007

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The group s principal activities during the year were the installation and maintenance of central heating systems and the maintenance of swimming pools. There have not been any significant changes in the group s principal activities in the year under review. The directors are not aware at the date of this report of any major changes in the group s principal activities in the next year.

As shown in the group s profit and loss account the group s sales have increased by 8.26% over the prior year with profit after tax falling by 8.97%.

The balance sheet of the financial statements shows that the group s financial position at the year end is in both net assets and cash terms broadly consistent with the prior year with net current assets and shareholders funds remaining constant.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The group recognises its environmental and social responsibilities and understands the importance of the contribution that the group can make.

EMPLOYEES

The group aims to ensure that its workforce are safe, healthy and fulfilled. To such end the group has in place a comprehensive health and safety and training policy and a policy of regular employee appraisal and consultation.

Details of the number of employees and related costs can be found in note 4 to the financial statements.

FUTURE DEVELOPMENTS

The directors consider that 2008 will be a similar trading year and anticipate trading results in line with the year under review with turnover and profitability remaining constant.

POST BALANCE SHEET EVENTS

Mr A F Merritt, the ultimate controlling party during the year, sadly passed away on 27th April 2008.

FINANCIAL INSTRUMENTS

The group s principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the group s operations and to finance the group s operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group s approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed centrally to maximise interest income whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its businesses. The group is exposed to fair value interest rate risk on its deposits and loans.

Investment of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers wishing to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

RESULTS OF THE OPERATIONS AND DIVIDENDS

The results of the operations are set out in the profit and loss account on page 5. The director recommends the payment of a final dividend of £10 per share. The P D Merritt Discretionary Trust which owns 20,000 shares has elected to waive its right to receive a dividend on 15,000 of these shares. Mr A F Merritt waived his right to dividends totalling £409,235 in relation to the year ended 30.9.07.

It is proposed that the Group retained profit of £436,632 is transferred to reserves.

FIXED ASSETS

Details of changes in fixed assets are given in notes 10 and 11 to the accounts.

DIRECTOR AND HIS INTERESTS

The director of the company during the year and his beneficial interests including family interests in the share capital of the company at the beginning and end of the year were as follows:

	Number of Shares	
	2007	2006
P. Merritt Esq		
£1 Ordinary shares	2,980	2,980
£1 A' Ordinary shares	24,122	24,122

Charitable Donations

	2007	2006
	£	£

During the year the group made the following payments:

Charitable Donations	3,955	3,750
No political donations were made		

AFM HOLDINGS LIMITED

**DIRECTOR'S REPORT (Continued)
FOR THE YEAR ENDED 30th SEPTEMBER 2007**

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors' are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing those financial statements the director is required to

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping accurate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the group 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 not aware and
- (b) they have taken reasonable 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

AUDITORS

It is proposed that the present auditors Ward Williams be re appointed as auditors to the company to hold office for the ensuing year

Approved by the director
and signed on his behalf by

Mrs D E Merritt
Secretary

Date

28.8.08



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AFM HOLDINGS LIMITED
FOR THE YEAR ENDED 30th SEPTEMBER 2007**

We have audited the financial statements of AFM Holdings Ltd for the year ended 30th September 2007 set out on pages 5 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 Director's 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 accounts 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 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 the examination on a test basis of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's and the group'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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's and the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.

Ward W. Williams

Date 28 August 2008

WARD WILLIAMS
Registered Auditor
Park House
25 - 27 Monument Hill
Weybridge
Surrey
KT13 8RT

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 2007

		<u>2007</u>	<u>2006</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER	1	13,438,784	12,413,024
COST OF SALES		(9,455,314)	(8,378,129)
GROSS PROFIT		<u>3,983,470</u>	<u>4,034,895</u>
Distribution and Administration Costs	2	(3,374,046)	(3,377,485)
OPERATING PROFIT		<u>609,424</u>	<u>657,410</u>
Other Interest Receivable and similar income	5	18,836	28,728
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>628,260</u>	<u>686,138</u>
Taxation on profit on ordinary activities	6	(191,628)	(206,485)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>436,632</u>	<u>479,653</u>
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES			
Total recognised gains and losses for the period		436,632	479,653
Prior year adjustment		0	0
Total recognised gains and losses since last annual report		<u>436,632</u>	<u>479,653</u>

The Profit and Loss account has been prepared on the basis that all operations are continuing operations

The company has no recognised gains or losses for the year other than the trading profit

The annexed notes form part of these financial statements

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30th SEPTEMBER 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Intangible assets	8	4,848	4,848
Tangible assets	10	320,602	321,626
		<u>325,450</u>	<u>326,474</u>
CURRENT ASSETS			
Stocks	12	577,163	517,700
Debtors	13	3,047,972	3,266,870
Investments	21	9,600	200
Cash at bank and in hand		1,591,773	1,956,626
		<u>5,226,508</u>	<u>5,741,396</u>
CURRENT LIABILITIES - amounts falling due within one year	14	(3,598,840)	(4 111,293)
		<u>1,627,668</u>	<u>1,630,103</u>
NET CURRENT ASSETS			
		1,953,118	1,956,577
TOTAL ASSETS LESS CURRENT LIABILITIES			
Provision for Liabilities and Charges	15	(43,926)	(33,762)
		<u>1,909,192</u>	<u>1,922,815</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	16	75,000	75,000
Share premium account		993	993
Capital reserve - arising on consolidation		14,242	14,242
Profit and Loss Account	17	1,818,957	1,832,580
Shareholders funds - Equity interest		<u>1,909,192</u>	<u>1,922,815</u>

APPROVED AND SIGNED BY THE DIRECTOR



P Merritt Esq
Director

The annexed notes form part of these financial statements

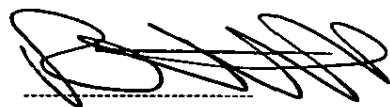
Date 28/8/08

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30th SEPTEMBER 2007

		<u>2007</u>		<u>2006</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Investments	9		290,310		290,310
Tangible assets	11		<u>296,292</u>		<u>297,260</u>
			586,602		587,570
CURRENT ASSETS					
Debtors	13	1,715,888		1,427,195	
Investments	21	9,600		200	
Cash at bank and in hand		<u>1,147,602</u>		<u>1,628,038</u>	
		2,873,090		3,055,433	
CURRENT LIABILITIES- amounts falling					
due within one year	14	<u>(2,599,613)</u>		<u>(2,773,592)</u>	
NET CURRENT ASSETS			273,477		281,841
TOTAL ASSETS LESS					
CURRENT LIABILITIES			<u>860,079</u>		<u>869,411</u>
Provision for Liabilities and charges	15		(43,926)		(33,762)
NET ASSETS			<u>816,153</u>		<u>835,649</u>
Financed by					
CAPITAL AND RESERVES					
Called up share capital	16		75,000		75,000
Share premium			993		993
Profit and loss account	17		<u>740,160</u>		<u>759,656</u>
Shareholders funds - Equity interest			<u>816,153</u>		<u>835,649</u>

APPROVED AND SIGNED BY THE DIRECTOR



P Merritt Esq
Director

Date 28/8/08

The annexed notes form part of these financial statements

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th SEPTEMBER 2007**

	<u>Notes</u>	<u>£</u>	<u>2007</u> <u>£</u>	<u>£</u>	<u>2006</u> <u>£</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	A		355,726		806,316
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest Received		<u>18,836</u>		<u>28,728</u>	
Net Cash inflow from returns on investment and servicing of finance			18,836		28,728
Dividends					
Dividend paid			(450,255)		(600,000)
Taxation					
Corporation tax			(205,509)		(139,712)
Capital Expenditure and Investment					
Purchase of fixed assets		(93,101)		(121,123)	
Sale of fixed assets		18,850		16,783	
Sale of Investments		<u>(9,400)</u>		<u>72,002</u>	
Net cash (outflow) for Capital expenditure			(83,651)		(32,338)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	C		<u>(364,853)</u>		<u>62,994</u>

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th SEPTEMBER 2007

NOTES TO THE CASHFLOW STATEMENT

**A RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW
FROM OPERATING OPERATIONS**

	<u>2007</u>	<u>2006</u>
	£	£
Net cash inflow from operations		
Operating profit	609,424	657,410
Adjustment for non cash items		
Depreciation charges	76,775	82,153
(Profit)/ Loss on disposal of fixed assets	(1,500)	9,617
Changes in working capital		
(Increase)/ Decrease in stocks	(59,463)	35,465
Decrease/ (Increase) in debtors	218,898	(496,456)
(Decrease)/ Increase in creditors	(488,408)	518,127
 Net cash inflow from continuing operating activities	<u>355,726</u>	<u>806,316</u>

**B ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR**

Balance at 1 10 06	1,956,626	1,893,632
Net cash (outflow)/ inflow	(364,853)	62,994
 Balance at 30 9 07	<u>1,591,773</u>	<u>1,956,626</u>
 Represented by		
Cash at bank and in hand	<u>1,591,773</u>	<u>1,956,626</u>

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th SEPTEMBER 2007

NOTES TO THE CASHFLOW STATEMENT CONTD

C ANALYSIS OF NET DEBT

	<u>2007</u>	<u>2006</u>	<u>Change</u> <u>In Year</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Net Cash -			
Cash at bank and in hand	1,591,773	1,956,626	(364,853)
Debt -			
Debts falling due within one year	0	0	0
Debts falling due after one year	0	0	0
Net Fund	1,591,773	1,956,626	(364,853)

**D RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Increase/(Decrease) in Cash in the year	(364,853)	62,994
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	0	0
	(364,853)	62,994
Movement in net funds in year	(364,853)	62,994
Opening net funds	1,956,626	1,893,632
Closing net funds	1,591,773	1,956,626

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2007

1 ACCOUNTING POLICIES

1.1 Accounting conventions

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

1.2 Basis of Consolidation

The consolidated financial statements include the results of the parent company and its subsidiary undertakings made up to the end of the financial year. Inter-group transactions are excluded on consolidation and sales and profit figures relate to external transactions only. In accordance with the provisions of s230(3) of the Companies Act 1985 no separate profit and loss account has been prepared for the parent company

1.3 Turnover

Turnover represents amounts receivable from ordinary activities stated net of VAT, trade discounts and other sales taxes. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit & loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract

1.4 Depreciation of tangible fixed assets

Depreciation is provided using the reducing balance method (except where otherwise indicated) at the following rates

Motor Vehicles	25%
Fixtures, Fittings and Office Equipment	15%
Leasehold Property Improvements - (Straight Line Method)	10%
Computer Equipment (Straight Line Method)	25%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable

1.5 Goodwill

Goodwill represents the excess of cost at acquisition over the fair value of the separable assets of Heatservice (Maintenance) Ltd, a 100% subsidiary, which was acquired on 1st October 1984. The directors believe that the valuation of goodwill is still valid because it has since been transferred to BTU (Maintenance) Ltd, which continues to trade profitably. It is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

1.6 Leased Assets

Operating lease rentals are charged to the profit and loss account as incurred

1.7 Stocks

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

Amounts recoverable on long-term contracts which are included in debtors are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contract less amounts received as progress payments on account

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2007

1 8 Pensions

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension charge contributions payable by the group to the funds amounted to £3 225 (2006 - £5 446). All contributions due in the year were paid and charged to the profit and loss account as incurred.

1 9 Deferred Taxation

The accounting policy in respect of deferred tax is to reflect the requirements of FRS19. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accountancy purposes.

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

2	DISTRIBUTION AND ADMINISTRATIVE COSTS	<u>2007</u> £	<u>2006</u> £
	Distribution Costs	658,343	618,098
	Administrative Costs	2,715,703	2,759,387
		<u>3,374,046</u>	<u>3,377,485</u>
3	TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2007</u> £	<u>2006</u> £
	Profit on ordinary activities before taxation is stated after charging		
	(Profit)/ Loss on Disposal of Fixed Assets	(1,500)	9,617
	Depreciation	93,101	82,153
	Auditor's Remuneration	34,000	30,000
		<u>345,599</u>	<u>121,770</u>
4	STAFF COSTS	<u>2007</u> £	<u>2006</u> £
4.1	Staff Costs		
	Wages and salaries	3,173,694	2,376,814
	Social security costs	341,283	247,829
	Other pension costs	3,225	5,446
		<u>3,518,202</u>	<u>2,630,089</u>
	The contribution to the pension fund comprises an annual payment of £3,225 (2006 £5,446)		
4.2	Employees	No	No
	The average weekly number of employees was		
	Management	8	8
	Production	49	43
	Administration	48	45
		<u>105</u>	<u>96</u>
4.3	Directors emoluments		
	Emoluments for qualifying services	<u>102,746</u>	<u>153,105</u>
	Directors' emoluments amounting to £126,918 (2006 £154,983) have been paid by Weyside Management Services Limited and recharged throughout the group companies		
	The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to one (2006 - one)		
5	INTEREST PAYABLE & RECEIVABLE	<u>2007</u> £	<u>2006</u> £
	Bank Interest receivable	<u>18,836</u>	<u>28,728</u>

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

6	TAXATION	<u>2007</u>	<u>2006</u>
		£	£
6 1	Analysis of charge in period		
	UK current year taxation		
	UK Corporation Tax	181 464	206 485
	Deferred tax charge current year	10 164	0
		<hr/>	<hr/>
		191 628	206,485
	Factors affecting tax charge for the year		
	Profit on ordinary activities before taxation	628 260	686 138
	Profit on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax of 29% (30% - 2006)	184 006	205 841
	Factors affecting tax charge -		
	Non-deductible expenses	14 178	24 355
	Depreciation add back	23 032	24 646
	Capital Allowances	(23 514)	(28 687)
	Marginal Relief	(16 238)	(21 150)
	Previous Year	0	1,480
	Other tax adjustments	0	0
	CURRENT TAX CHARGE	<hr/>	<hr/>
		181 464	206 485

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

7 PROFIT ATTRIBUTABLE TO AFM HOLDINGS LIMITED

In accordance with the exemption allowed by Section 230(3) of the Companies Act 1985 the company has not presented its own profit and loss account. A profit after tax of £35,759 (2006 £92,987) is attributable to AFM Holdings Limited.

8 INTANGIBLE ASSETS GROUP

This represents goodwill arising on the consolidation of the 100% subsidiary, Heatservice (Maintenance) Ltd. This company was acquired on 1st October 1984.

9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<u>2007</u>	<u>2006</u>
	£	£
Cost of Investments in Subsidiary Undertakings	290 310	290 310

The following companies are wholly owned subsidiary undertakings of AFM Holdings limited, all of which are incorporated in England and Wales.

	Principal Activities -
BTU (Maintenance) Limited	The maintenance and repair of heating and ventilation equipment
BTU (Heating) Limited	The installation of heating and ventilation equipment
BTU (Poolservices) Limited	The maintenance and renovation of swimming pool installations
CHS Limited	The sale of central heating equipment and spares
Weyside Management Services Limited	The provision of accounting, management, transport and computer services to the AFM Group
Pool Advisory Services (Woking) Limited [100% owned by BTU (Poolservices) Limited]	Dormant
Heatservice (Maintenance) Limited	Dormant
Help (Household Emergency Services) Limited	Dormant

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

10 TANGIBLE FIXED ASSETS GROUP

	<u>Leasehold Property Improv'ts</u> £	<u>Vehicles</u> £	<u>Plant, Fixtures & Fittings</u> £	<u>Computer / Phone</u> £	<u>Total</u> £
Cost					
At 1st October 2006	68,851	454,557	202,795	271,041	997,244
Additions	0	64,240	0	28,861	93,101
Disposals	0	(61,620)	0	0	(61,620)
At 30th September 2007	68,851	457,177	202,795	299,902	1,028,725
Depreciation					
At 1st October 2006	34,422	195,540	174,616	271,040	675,618
Charge for year	6,884	65,513	628	3,750	76,775
Disposals	0	(44,270)	0	0	(44,270)
At 30th September 2007	41,306	216,783	175,244	274,790	708,123
Net book value					
At 30th September 2007	27,545	240,394	27,551	25,112	320,602
At 30th September 2006	34,429	259,017	28,179	1	321,626

11 TANGIBLE FIXED ASSETS COMPANY

	<u>Leasehold Property Improv'ts</u> £	<u>Vehicles</u> £	<u>Fixtures & Fittings</u> £	<u>Computer / Phone/ Equipment</u> £	<u>Total</u> £
Cost					
At 1st October 2006	68,851	454,557	87,045	256,401	866,854
Additions	0	64,240	0	28,861	93,101
Disposals		(61,620)			(61,620)
At 30th September 2007	68,851	457,177	87,045	285,262	898,335
Depreciation					
At 1st October 2006	34,422	195,540	83,231	256,401	569,594
Charge for year	6,884	65,513	572	3,750	76,719
Disposals		(44,270)			(44,270)
At 30th September 2007	41,306	216,783	83,803	260,151	602,043
Net book value					
At 30th September 2007	27,545	240,394	3,242	25,111	296,292
At 30th September 2006	34,429	259,017	3,814	0	297,260

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

12 STOCKS	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Work in progress	281 175	202 719	0	0
Finished goods	295,988	314 981	0	0
	<u>577 163</u>	<u>517 700</u>	<u>0</u>	<u>0</u>

13 DEBTORS amounts falling within one year	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	1,828 351	1,573 021	0	0
Amounts recoverable on contracts	548,665	837,536	0	0
Prepayments	404 560	634,934	54,630	74,019
Other debtors	266 396	221 379	245 289	202 868
Amounts owed by subsidiary undertakings	0	0	1 415 969	1 150,308
	<u>3 047 972</u>	<u>3 266,870</u>	<u>1 715 888</u>	<u>1 427 195</u>

14 CREDITORS - Amounts falling due within one year	GROUP		COMPANY	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	1,235 902	1 385 691	0	0
Amounts owed to subsidiary undertakings	0	0	2,234 223	2,245 354
Other taxes and social security costs	1 096,783	1 008 618	35 500	56 692
Accruals and deferred income	452 898	700,492	19,323	91,346
Other creditors	813 257	1,016 492	310 567	380,200
	<u>3 598 840</u>	<u>4 111 293</u>	<u>2 599 613</u>	<u>2 773 592</u>

15 PROVISION FOR LIABILITIES AND CHARGES GROUP and COMPANY	Deferred Tax Liability	
	2007	2006
	£	£
Balance as at 1st October 2006	33 762	33,762
Profit and Loss account	10 164	0
Balance as at 30th September 2007	<u>43 926</u>	<u>33 762</u>

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

16	SHARE CAPITAL	2007	2006
		£	£
	Authorised		
	50,000 £1 Ordinary shares	50 000	50 000
	50,000 £1 'A' Ordinary shares	50 000	50 000
	Allotted, called up and fully paid		
	50 000 £1 Ordinary shares	50 000	50 000
	25,000 £1 'A' Ordinary shares	25 000	25 000
		<u>75 000</u>	<u>75 000</u>

The ordinary A shares rank pari passu with the ordinary shares in all respects save that the 'A' shares have no voting rights

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	£	£	£	£
Profit for the year	436 632	479 653	35,759	92 987
Dividends paid	(450 255)	(600 000)	(450 255)	(600 000)
Dividends received			395 000	395 000
Net (deduction) to shareholders funds	<u>(13 623)</u>	<u>(120 347)</u>	<u>(19 496)</u>	<u>(112,013)</u>
Opening shareholders funds	1 922 815	2 043 162	835 649	947 662
Closing shareholders funds	<u>1 909 192</u>	<u>1 922 815</u>	<u>816 153</u>	<u>835 649</u>

18 GROUP CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

HSBC hold Performance Bonds to the value of £116,964 (2006 £93 173) at the balance sheet date

19 RELATED PARTY TRANSACTIONS

During the year rent totalling £79,200 was paid to AFM (Holdings) Limited Pension Scheme. The relevant lease has 11 years to run (to August 11th 2018). This rent was charged at arms length and at normal commercial rate. During the year AFM (Holdings) Limited Pension Scheme made a loan to the company amounting to £54,000. The term of the loan is five years maximum with an interest of 3% over the 'Clearing Bank Base Rate'. At the year end the company owed AFM (Holdings) Limited Pension Scheme a total of £310 567 in loans.

Both the Group and the company have taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties. The related parties are disclosed in the individual companies.

Consultancy Fees totalling £73 920 (£85,800 for 2006) were paid by AFM (Holdings) Ltd to Mr A F Merritt during the year.

During the year the company paid £9 400 to A F Merritt, the ultimate controlling party in respect of a horse which was to be held as an investment for the company.

No amount is owed by A F Merritt at the year end.

At the year end Paul Merritt, a director, owed the company £4 755.

The ultimate controlling party was A F Merritt, a shareholder of AFM Holdings Limited holding 94% of the issued voting share capital of that company. Mr Merritt passed away on 27th April 2008 and his shares pass into Trust for the benefit of close family members in accordance with the Will and the Trust.

AFM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30th SEPTEMBER 2007

20 CONTROL

The ultimate controlling party was A F Merritt, a shareholder of AFM Holdings Limited holding 94% of the issued voting share capital of that company. Mr Merritt passed away on 27th April 2008 and his shares pass into Trust for the benefit of close family members in accordance with the Will and the Trust.

21 CURRENT ASSET INVESTMENTS

	<u>2007</u>	<u>2006</u>
	£	£
Other Investments	9 600	200

22 FINANCIAL COMMITMENTS

At 30 September 2007 the group had annual commitments under non-cancellable operating leases as follows

	<u>2007</u>	<u>2006</u>
	£	£
Expiry Date		
Between two and five years	39 409	38 755
In over five years	119 200	119 200