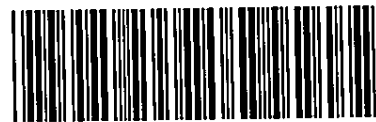


Report of the Directors and
Unaudited Financial Statements
for the Year Ended
30 September 2007
for
AHG Group Limited

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AHG Group Limited

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for the Year Ended 30 September 2007

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AHG Group Limited

Company Information
for the Year Ended 30 September 2007

DIRECTORS:

M M Halmkin
R J Goldstone
M A Ashmole

SECRETARY:

M M Halmkin

REGISTERED OFFICE:

Brockley Combe
Backwell
Somerset
BS19 3DF

REGISTERED NUMBER:

3068660

ACCOUNTANTS:

Stanley Joseph Limited
Chartered Accountants
The Clock Tower
Farleigh Court
Old Weston Road, Flax Bourton
Bristol
BS48 1UR

AHG Group Limited

Report of the Directors
for the Year Ended 30 September 2007

The directors present their report with the financial statements of the company for the year ended 30 September 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and retail of timber products, general contractors, property investment and the provision of consultancy services

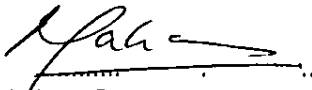
DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2006 to the date of this report

M M Halmkin
R J Goldstone
M A Ashmole

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:



M M Halmkin - Secretary

Date 1. May 2008

AHG Group Limited

Profit and Loss Account
for the Year Ended 30 September 2007

	Notes	30 9 07 £	30 9 06 £
TURNOVER		-	-
Administrative expenses		<u>304,390</u>	<u>311,004</u>
		(304,390)	(311,004)
Other operating income		<u>31,145</u>	<u>102,425</u>
OPERATING LOSS	2	(273,245)	(208,579)
Interest payable and similar charges		<u>413,736</u>	<u>13,200</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(686,981)	(221,779)
Tax on loss on ordinary activities	3	<u>152</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(687,133)</u>	<u>(221,779)</u>

The notes form part of these financial statements

AHG Group Limited

Balance Sheet
30 September 2007

		30 9 07		30 9 06	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	4		35,261		37,414
Investments	5		937,825		931,991
Investment property	6		<u>91,170</u>		<u>91,170</u>
			1,064,256		1,060,575
CURRENT ASSETS					
Debtors	7	35,805		450,997	
CREDITORS					
Amounts falling due within one year	8	<u>2,918,396</u>		<u>2,642,443</u>	
NET CURRENT LIABILITIES			<u>(2,882,591)</u>		<u>(2,191,446)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,818,335)		(1,130,871)
PROVISIONS FOR LIABILITIES	10		<u>-</u>		<u>331</u>
NET LIABILITIES			<u>(1,818,335)</u>		<u>(1,131,202)</u>
CAPITAL AND RESERVES					
Called up share capital	11		30,000		30,000
Investment properties revaluation reserve	12		12,580		12,580
Profit and loss account	12		<u>(1,860,915)</u>		<u>(1,173,782)</u>
SHAREHOLDERS' FUNDS			<u>(1,818,335)</u>		<u>(1,131,202)</u>

The notes form part of these financial statements

AHG Group Limited

Balance Sheet - continued

30 September 2007

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 September 2007

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2007 in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the Board of Directors on *1. May 2008* and were signed on its behalf by



M A Ashmole - Director



M M Halmkin - Director

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis. This basis may not be appropriate because at the balance sheet date the company's liabilities exceeded its assets. The company is dependent upon the continuing support of its creditors and subsidiaries.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 2% on cost and not provided
Plant and machinery etc	- at varying rates on cost

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment. It is not felt that market value is an appropriate basis for valuation because the group is not listed on any stock exchange.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

2 OPERATING LOSS

The operating loss is stated after charging

	30 9 07	30 9 06
	£	£
Depreciation - owned assets	2,739	2,739
Auditors' remuneration	5,000	3,675
Pension costs	<u>72,000</u>	<u>60,000</u>
Directors' emoluments and other benefits etc	<u>179,088</u>	<u>171,880</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
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3 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	30 9 07	30 9 06
	£	£
Deferred tax	<u>152</u>	<u>-</u>
Tax on loss on ordinary activities	<u>152</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

4 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 October 2006	79,177	20,855	100,032
Additions	-	586	586
	<u>79,177</u>	<u>21,441</u>	<u>100,618</u>
At 30 September 2007			
DEPRECIATION			
At 1 October 2006	42,466	20,152	62,618
Charge for year	1,583	1,156	2,739
	<u>44,049</u>	<u>21,308</u>	<u>65,357</u>
At 30 September 2007			
NET BOOK VALUE			
At 30 September 2007	<u>35,128</u>	<u>133</u>	<u>35,261</u>
At 30 September 2006	<u>36,711</u>	<u>703</u>	<u>37,414</u>

5 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 October 2006	949,001
Additions	1
	<u>949,002</u>
At 30 September 2007	
PROVISIONS	
At 1 October 2006	17,010
Provision for year	(5,833)
	<u>11,177</u>
At 30 September 2007	
NET BOOK VALUE	
At 30 September 2007	<u>937,825</u>
At 30 September 2006	<u>931,991</u>

5 **FIXED ASSET INVESTMENTS - continued**

The company's investments at the balance sheet date in the share capital of companies include the following

FRR Limited

Nature of business Renewable resource consultancy

	%		
Class of shares	holding		
Ordinary £1	90 00	30 9 07	30 9 06
		£	£
Aggregate capital and reserves		825,938	672,537
Profit/(Loss) for the year		<u>153,401</u>	<u>(48,149)</u>

The IDL Group Limited

Nature of business Renewable resource consultancy

	%		
Class of shares	holding		
Ordinary £1	100 00	30 9 07	30 9 06
		£	£
Aggregate capital and reserves		(11,473)	21,798
(Loss)/Profit for the year		<u>(33,271)</u>	<u>24,880</u>

Fountain Timber Products Limited

Nature of business Manufacture and retail of timber products

	%		
Class of shares	holding		
Ordinary 10p shares	100 00	30 9 07	30 9 06
		£	£
Aggregate capital and reserves		2,196,445	1,720,991
Profit for the year		<u>475,454</u>	<u>271,451</u>

AHG Group Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

5 **FIXED ASSET INVESTMENTS - continued**

Once A Tree Limited

Nature of business Manufacture and retail of timber products

	% holding	30 9 07	30 9 06
Class of shares		£	£
Ordinary £1 shares	100.00		
		(45,740)	70,231
Aggregate capital and reserves		<u>(115,971)</u>	<u>(30,972)</u>
Loss for the year			

Fountain International Limited

Nature of business Property investment

	% holding	30 9 07	30 9 06
Class of shares		£	£
Ordinary £1	100 00		
		538,653	472,028
Aggregate capital and reserves		<u>66,625</u>	<u>47</u>
Profit for the year			

Fountain International Group Limited

Nature of business Intermediate holding company

	% holding	30 9 07	30 9 06
Class of shares		£	£
Ordinary £1	100 00		
		300,459	300,459
Aggregate capital and reserves		<u>300,459</u>	<u>300,459</u>

Friends of the Forest Limited

Nature of business The company is dormant

	% holding	30 9 07	30 9 06
Class of shares		£	£
Ordinary £1	100 00		
		(18,593)	(18,593)
Aggregate capital and reserves		<u>(18,593)</u>	<u>(18,593)</u>

AHG Group Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

5 **FIXED ASSET INVESTMENTS - continued**

Gardner Wilson (Timber) Limited

Nature of business The company is dormant

	% holding		
Class of shares			
Ordinary £1	100 00	30 9 07	30 9.06
		£	£
Aggregate capital and reserves		<u>(9,035)</u>	<u>(9,035)</u>

Fountain Renewable Resources Limited

Nature of business The company is dormant

	% holding		
Class of shares			
Ordinary £1	100 00	30 9 07	30 9 06
		£	£
Aggregate capital and reserves		<u>300,459</u>	<u>300,459</u>

Peat Charcoal Industries Limited

Nature of business The company is dormant

	% holding		
Class of shares			
Ordinary £1 shares	60 00		

The company owns indirectly 60% of the share capital of Peat Charcoal Industries Limited, a company which is dormant and registered in Scotland The results have not been given on the grounds of materiality

6 **INVESTMENT PROPERTY**

	Total £
COST	
At 1 October 2006 and 30 September 2007	<u>91,170</u>
NET BOOK VALUE	
At 30 September 2007	<u>91,170</u>
At 30 September 2006	<u>91,170</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

6 INVESTMENT PROPERTY - continued

The investment properties were valued by the directors at current open market value as at 30 September 1998 and this valuation is incorporated into the financial statements. The directors do not consider this valuation to be materially different from the market valuation in 2007.

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 9 07	30 9 06
	£	£
Other debtors	3,173	4,208
Amounts owed by subsidiary	29,951	68,121
Group relief available	-	378,337
Deferred tax	-	331
VAT	<u>2,681</u>	<u>-</u>
	<u>35,805</u>	<u>450,997</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 9 07	30 9 06
	£	£
Bank loans and overdrafts	331,640	350,065
Tax	3,358	-
Social security and other taxes	3,889	5,889
Amounts owed to subsidiaries	2,469,509	2,176,489
Unsecured subordinated loan notes	<u>110,000</u>	<u>110,000</u>
	<u>2,918,396</u>	<u>2,642,443</u>

£60,000 and £50,000 respectively of the unsecured subordinated loan notes are held by the wives of the directors M A Ashmole and R J Goldstone and interest is payable quarterly at a rate of 9% per annum.

9 SECURED DEBTS

The following secured debts are included within creditors

	30 9 07	30 9 06
	£	£
Bank overdrafts	<u>331,640</u>	<u>350,065</u>

The bank overdraft is secured by fixed and floating charges over all properties and assets present and future. The company is party to a joint and several letter of offset with its subsidiaries and an intercompany guarantee in favour of its bankers.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2007

10 PROVISIONS FOR LIABILITIES

	30 9 07	30 9 06
	£	£
Deferred tax	<u>-</u>	<u>331</u>
		Deferred tax
		£
Balance at 1 October 2006		331
Reduction in provision		<u>(331)</u>
Balance at 30 September 2007		<u>-</u>

11 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid

Number	Class	Nominal value	30 9 07	30 9 06
			£	£
30,000	Ordinary	£1	<u>30,000</u>	<u>30,000</u>

12 RESERVES

	Profit and loss account	Investment properties revaluation reserve	Totals
	£	£	£
At 1 October 2006	(1,173,782)	12,580	(1,161,202)
Deficit for the year	<u>(687,133)</u>	<u> </u>	<u>(687,133)</u>
At 30 September 2007	<u>(1,860,915)</u>	<u>12,580</u>	<u>(1,848,335)</u>

13 PENSION COMMITMENTS

The company operates a defined contribution scheme. The payments during the year amounted to £72,000 (2006 - £60,000). There were no prepaid or outstanding contributions at the balance sheet date.

14 CONTINGENT LIABILITIES

The company, along with certain of its subsidiaries, is party to a joint and several letter of set off and an inter company guarantee in favour of its bankers. The potential contingent liability in respect of this guarantee as at 30 September 2007 is £44,500 (2006 - £294,533)

15 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is M A Ashmole, a director of the company

16 NON PREPARATION OF GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not about its group. The company is claiming exemption from the requirement to prepare group accounts under the FRSSE