FITZGERALD LIGHTING LIMITED

FINANCIAL STATEMENTS
31 December 2006

Company Registration Number 1102881

STEVENS & WILLEY
Chartered Certified Accountants & Registered Auditors
Grenville House
9 Boutport Street
Barnstaple
Devon

COMPANIES HOUSE

FITZGERALD LIGHTING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2006

Company registration number	1102881
Registered Office	Normandy Way Bodmin Cornwall PL31 1HH
Directors	P G FitzGerald OBE FCA (Managing) E T FitzGerald M G FitzGerald MBA FCA T A FitzGerald
Secretary	P G FitzGerald OBE FCA
Bankers	Lloyds TSB Bank plc 11 Treyew Road Truro Cornwall
Auditors:	Stevens & Willey Registered Auditors Chartered Certified Accountants Barnstaple

FITZGERALD LIGHTING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2006

CONTENTS

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2006

The directors' present herewith their report together with the financial statements of the group for the year ended 31 December 2006 A statement of their responsibilities in connection with these financial statements is given on page 2

Principal Activities and Business Review
The principal activity of the Group during the year was the design, manufacture and distribution of lighting fixtures and control products There have not been any significant changes in the Company's principal activities.

During the year turnover decreased to £27,300,636 (2005· £28,289,774), resulting in a loss before tax of £1,929,402 (2005 loss of £711,501)

The Company continues to operate in a competitive market. The competitive nature of the business has driven down those profit margins by almost 5% during the year, resulting in the loss experienced To move the margins back towards previous levels the company has implemented manufacturing overhead efficiencies and management changes

Lightform Ltd, a subsidiary, had a profitable year and its responsiveness has been improved by the completion of the transfer to Bodmin of production facilities Further improvements in performance are underway in 2007

Principal Risks and Uncertainties
The key business risks affecting the Company relate to the increasing competition in the lighting market and the continuing need to satisfy customer expectations on the deliver of quality products at value for money prices

Financial Risk Management
In common with all businesses, the Company's operations expose it to a variety of financial risks, but include the effects of changes in liquidity risk, credit risk and interest rate risk. The Company has in place a Risk Management Programme that seeks to limit the adverse affects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs

Liquidity Risk
The Company monitors its future cash flow requirements and looks to arrange the appropriate cash flow facilities in consultation with the bank.

Credit Risk
Credit risk due to financial exposure to which the Company is exposed if it is unable to recover sums due from customers The Company mitigates this risk by the enforcement of rigorous credit control, including review of credit limits and the implementation of policies requiring the appropriate credit checks on potential customers before sales are made.

Interest Rate Risk
The Company maintains an interest rate policy that has the objective of minimising net interest expenses

Future Developments
The Directors continue to pursue the growth of sales in an increasingly competitive market, whilst seeking to improve the Company's profitability, and ensure the Company remains viable in the long term.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 December 2006

Research and Development
The Company continues to invest in the development of new products and in the improvement of the performance of its manufacturing capability.

Political and Charitable Gifts
During the year, the Company made charitable gifts of £1,645 (2005 £4,077)

Dividends
The directors do not recommend the payment of a dividend for the year

Directors and their interests
The directors of the company during the year and their beneficial interests in the share capital of the company were as follows -

	As at 31.12.06	As at 31.12.05
P G FitzGerald	49,680	49,680
M G FitzGerald	21,500	21,500
E T FitzGerald	12,000	12,000
T A FitzGerald	11,720	11,720

No director has an interest in the share capital of any subsidiary company.

Fixed Assets
Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

Employees
The company has a works committee, elected by the employees to further the interests of all employees and their current and future prospects This gives employees an opportunity to influence company plans, prior to implementation, particularly those concerning capital projects.

Health and Safety conditions within the factory continued to improve during the year, through the diligent activities of the Safety Manager, Safety Committee and Managers

The company has a policy of considering application for employment from disabled persons, including their qualifications, aptitudes and requirements for the job. Disabled employees have equal opportunities alongside other staff for training and career development Should an employee become disabled every practical effort is made to allow them to continue in their jobs or to provide suitable retraining for alternative work

Ecological statement
The directors and employees are very conscious of their responsibilities to reduce CO_2 emissions in furtherance of national policies. The company has concentrated on reduction in waste materials, utilising a committee to improve efficiencies and decrease waste, the use of transportation by rail wherever possible and the production of energy efficient high frequency fluorescent fittings.

From 1st July 2007 the Waste Electrical and Electronic Equipment ("WEEE") legislation became effective in the UK The company has registered with an approved body in accordance with that legislation which requires producers of electrical and electronic products to be responsible for financing its waste recycling if the company participates in the market where those recycling costs are incurred A provision has been recognised for those products that are most likely to become waste after this date which were in the market from 1st July 2006.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 December 2006

Directors' responsibilities for the financial statements
We, as directors, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires us to prepare financial statements for each financial year Under that law we 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 these financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements (large company only),

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

We are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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 of information to auditors
We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and

- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
Stevens & Willey offer themselves for appointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

P G FitzGerald
Director

Dated 25/10/2007

REPORT OF THE AUDITORS TO THE MEMBERS OF

FITZGERALD LIGHTING LIMITED

FOR THE YEAR ENDED 31 December 2006

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies as set out on pages 5 and 6.

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 matter 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

It is our responsibility 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 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 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 group's circumstances, consistently applied and adequately disclosed

REPORT OF THE AUDITORS TO THE MEMBERS OF

FITZGERALD LIGHTING LIMITED

FOR THE YEAR ENDED 31 December 2006

Basis of opinion - continued
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 affairs of the company and the group as at 31 December 2006, and of the loss of the group for the year then ended;

- the financial statements 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.

Going concern
In forming our opinion we have considered the adequacy of disclosure in the accounting policies, described under basis of preparation, of the continuing financial support provided by the company's bank and its subsequent effect on going concern. Our opinion is not qualified in respect of this matter.

Stevens & Willey

STEVENS & WILLEY
REGISTERED AUDITORS
CHARTERED CERTIFIED ACCOUNTANTS
BARNSTAPLE

Dated 26/10/07

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 December 2006

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards The principal accounting policies of the group have remained unchanged from the previous year

Despite continuing trading difficulties and recent management accounts which show increasing losses, the directors have received assurance from its bank that the company will continue to be supported financially in the immediate future and therefore the going concern basis is appropriate This support is assessed on a regular basis in discussions between the bank and the company's directors

CHANGES IN ACCOUNTING POLICY

The company has adopted FRS 21 – Events after the balance sheet date and FRS 25 – Financial Instruments disclosure and presentation No matters arise which have an effect in the current or previous period which require adjustment in the accounts.

TURNOVER

Turnover represents net invoiced sales of goods, excluding Value Added Tax, less discounts, rebates and returns

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

TANGIBLE FIXED ASSETS

All assets except motor vehicles are depreciated in the first full year following the year of acquisition. Motor vehicles are depreciated in the year of acquisition. Depreciation is provided, before taking account of any grants receivable at the following annual rates, in order to write off each asset over its estimated useful life:

Transport	-	25% on cost
Machine tools	-	33% on cost

Properties including the investment property are not depreciated. The directors had an independent valuation conducted of the freehold properties to ensure that the carrying values shown are reasonable As a result, the directors consider that their depreciation is immaterial To ensure that the carrying amount of these properties can be supported, the carrying amounts are subject to annual impairment reviews in accordance with Financial Reporting Standard 11, Impairment of Fixed Assets The non-provision of depreciation of freehold property, combined with annual impairment reviews, is in accordance with Financial Reporting Standard 15, Tangible Fixed Assets

Plant and machinery with a cost in excess of £100,000 is depreciated at 10% on cost, all other plant and machinery is depreciated at 25% on cost.

STOCK

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 December 2006

DEFERRED TAXATION
Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future. In the year there were no material timing differences from those provided at 31 December 2005

RESEARCH AND DEVELOPMENT
Expenditure on research and development is written off in the year in which it is incurred.

FOREIGN CURRENCIES
Trade debtors or creditors denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions. Exchange differences are taken into account in arriving at the operating profit in the parent company accounts.

GRANTS
Grants received in earlier years have been credited to a deferred income account and are written back to profit in a manner consistent with the depreciation of the respective plant on which the grants were received

The balance of unamortised development grant is shown as deferred income in creditors at notes 13 and 14.

CONTRIBUTIONS TO PENSION FUND
The company operates a defined contribution scheme. The pension costs charged against profit represent the amount of the contributions payable to the scheme in respect of the accounting year

LEASED ASSETS
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

BASIS OF CONSOLIDATION
The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 10). Profits or losses on inter-group transactions are eliminated in full

FITZGERALD LIGHTING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 £	2005 £
Turnover	1		27,300,636		28,289,774
Cost of sales			17,004,351		16,590,444
Gross profit			10,296,285		11,699,330
Distribution and administration expenses			11,733,792		11,965,506
Operating loss	2		(1,437,507)		(266,176)
Interest payable	5		491,895		445,325
Loss on ordinary activities before taxation			(1,929,402)		(711,501)
Taxation	6		(43,843)		-
Loss on ordinary activities after taxation			(1,885,559)		(711,501)
Extraordinary item					
Reorganisation costs	7		469,053		1,006,655
			(2,354,612)		(1,718,156)
Dividends					
Final proposed (cancelled in 2005)		-	-	(50,721)	(50,721)
Retained loss for the year transferred to reserves	19		(2,354,612)		(1,667,435)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £	2005 £
Loss for the year attributable to shareholders of the company	(2,354,612)	(1.718,156)
Unrealised gain on revaluation of properties	1,140,059	366,970
Total recognised gains and losses for the year	(1,214,553)	(1,351,186)

There were no acquisitions and no discontinued operations in the period

The accompanying accounting policies and notes form an integral part of these financial statements

FITZGERALD LIGHTING LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		8,650,489		8,667,792
Current assets					
Stocks	11	4,828,108		4,340,583	
Debtors	12	5,383,765		5,052,553	
		10,211,873		9,393,136	
Creditors: amounts falling due within one year	13	(10,843,488)		(9,636,019)	
Net current assets			(631,615)		(242,883)
Total assets less current liabilities			8,018,874		8,424,909
Creditors: amounts falling due after more than one year	14		(2,719,271)		(1,823,067)
Provision for liabilities and charges	16		-		(43,843)
Total net assets			5,299,603		6,557,999
Financed by:					
Capital and reserves					
Called up share capital	17		95,700		95,700
Capital redemption reserve	19		70,300		70,300
Revaluation reserve	19		1,305,194		366,970
Profit and loss account	19		3,828,409		6,025,029
Equity shareholders' funds	19		5,299,603		6,557,999

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25/12/2007

P G FitzGerald
Director

T A FitzGerald
Director

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		8,096,741		7,389,881
Investment property	10		551,250		1,225,000
Investment in subsidiaries	10		193		193
			8,648,184		8,615,074
Current assets					
Stocks	11	4,816,387		4,050,856	
Debtors	12	5,462,307		5,701,746	
		10,278,694		9,752,602	
Creditors: amounts falling due within one year	13	(10,635,244)		(9,594,060)	
Net current assets			(356,550)		158,542
Total assets less current liabilities			8,291,634		8,773,616
Creditors: amounts falling due after more than one year	14		(2,719,271)		(1,819,773)
Provisions for liabilities and charges	16		-		(43,843)
Total net assets			5,572,363		6,910,000
Financed by:					
Capital and reserves					
Called up share capital	17		95,700		95,700
Capital redemption reserve	19		70,300		70,300
Revaluation reserve	19		1,305,194		366,970
Profit and loss account	19		4,101,169		6,377,030
Equity shareholders' funds	19		5,572,363		6,910,000

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on ..25/12/2007

P G FitzGerald
Director

T A FitzGerald
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Net cash inflow from operating activities	28	(616,278)	1,417,962
Returns on investments and servicing of finance			
Interest paid		(458,673)	(384,333)
Other interest paid		(2,729)	(11,792)
Finance lease interest paid		(30,493)	(49,200)
Net cash outflow from returns on investments and servicing of finance		(491,895)	(445,325)
Taxation paid		-	31,500
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(319,868)	(373,771)
Proceeds on sale of tangible fixed assets		15,865	-
Net cash outflow from capital expenditure and financial investment		(304,003)	(373,771)
Equity dividends paid		-	-
Net cash inflow/outflow before use of liquid resources and financing		(1,412,176)	630,366
Financing			
Capital element of finance lease rental payments		234,178	(488,024)
New finance entered into in year		95,024	200,303
Repayment of debt due over one year		(1,047,708)	(109,206)
Net cash outflow from financing		(718,506)	(396,927)
Increase/(Decrease) in cash	29	(2,130,682)	233,439

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1 TURNOVER AND PROFIT BEFORE TAXATION

The turnover and profit before taxation is attributable to the group's main activity

An analysis of turnover by geographical market is given below

		2006		2005
	£	£	£	£
United Kingdom		23,927,247		25,367,897
Exports - EU	582,122		768,833	
Exports - Non EU	2,791,267	3,373,389	2,153,044	2,921,877
		27,300,636		28,289,774

2 OPERATING PROFIT

The operating loss/profit is stated after charging/(crediting):

		2006 £	2005 £
Depreciation of tangible fixed assets - owned		536,910	489,492
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts		205,823	217,540
Other operating lease rentals		450,042	433,687
Development grants credited		-	(641)
Directors' remuneration		141,295	111,142
Pension to former director		4,356	4,311
Staff costs		8,482,130	8,614,775
Auditors' remuneration	- Audit services	18,000	18,000
	- Non-audit services	3,500	3,500
(Gains)/Losses on foreign currency translation		(46,636)	140,030
Research and development		212,481	426,888

3 STAFF COSTS (EXCLUDING DIRECTORS)

	2006 £	2005 £
Wages and salaries	7,570,447	7,838,656
Social security costs	694,511	585,152
Other pension costs	217,172	190,967
	8,482,130	8,614,775

The average weekly number of employees during the year was as follows.

	2006	2005
Office, mangagement and sales	126	140
Production	362	425
	488	565

On average 71 of the above employees were employed for less than 16 hours per week (2005 65) and have been equated to full time equivalent workers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

4 DIRECTORS' REMUNERATION

	2006	2005
	£	£
Fees	16,482	16,644
Other emoluments	124,813	94,498
Pension contributions	13,700	27,400
Pension payments on behalf of former director	4,356	4,311
	159,351	142,853

During the year 2 directors (2005: 2) were accruing benefits under money purchase schemes

5 INTEREST PAYABLE

	2006	2005
	£	£
On bank loans and overdrafts	458,673	384,333
Lease finance charges	30,493	49,200
Other interest	2,729	11,792
	491,895	445,325

6 TAXATION

	2006	2005
	£	£
(a) Analysis of charge in period		
Corporation tax		
Corporation tax at 19% (2005 19%)	-	-
Under/(Over) provision prior year	-	-
	-	-
Deferred Tax		
Origination and reversal of timing differences	(43,843)	-
	(43,843)	-
Tax on profit on ordinary activities	(43,843)	-

(b) Factors affecting tax charge for the period

The tax assessed for the current period is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below.

	2006	2005
	£	£
Loss on ordinary activities before tax	(1,929,402)	(711,501)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005: 19%)	(366,586)	(135,185)
Effects of:		
Expenses not deductible for tax purposes	26,572	68,186
Capital allowances for period in excess of depreciation	340,014	66,999
Utilisation of tax losses	-	-
Adjustments to tax charge in respect of previous periods	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

7 LOSS FOR THE FINANCIAL YEAR

The consolidated loss for the year includes a loss after extraordinary item of £2,521,539 (2005 £1,784,984) in respect of the accounts of the parent company The parent company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

The extraordinary item of £469,053 (2005 £1,006,655) relates to business reorganisation costs across the group operations

8 FIXED ASSETS

	Freehold property	Investment property	Leasehold property	Plant and equipment	Machine tools	Transport	Total
	£	£	£	£	£	£	£
The Group							
Cost/ Valuation							
At 1 January 2006	4,947.068	1,225,000	214,000	8,330,554	1,963,320	1,032,960	17,712,902
Additions	-	-	-	126,045	91,977	101,845	319,868
Disposals	-	(673,750)	-	(247,847)	-	(155,622)	(1,077,219)
Revaluation	1,140,059						1,140,059
At 31 December 2006	6,087,127	551,250	214,000	8,208,752	2,055,297	979,183	18,095,610
Depreciation							
At 1 January 2006	122,860	-	12,023	6,563,423	1,669,155	677,650	9,045,111
Provided for the year	-	-	-	409,565	164,104	169,064	742,734
Disposals	-	-	-	(194,940)	-	(147,784)	(342,724)
At 31 December 2006	122,860	-	12,023	6,778,048	1,833 259	698,931	9,445,121
Net book values							
At 31 December 2006	5,964,267	551,250	201,977	1,430,704	222,038	280,253	8,650,489
At 31 December 2005	4,824,208	1,225,000	201,977	1.767,131	294,165	355,310	8,667,791

	Freehold property	Leasehold property	Plant and equipment	Machine tools	Transport	Total
	£	£	£	£	£	£
The Company						
Cost						
At 1 January 2006	4,947,068	214,000	8,080,676	1,963,319	1,027,961	16,233,024
Additions	-	-	122,718	91,977	101,845	316,541
Disposals	-	-	-	-	(155,072)	(155,072)
Revaluation	1,140,059					1,140,059
At 31 December 2006	6,087,127	214,000	8,203,394	2,055,296	974,734	17,534,552
Depreciation						
At 1 January 2006	122,860	12,023	6,377,498	1,654,355	676,407	8,843,143
Provided for the year	-	-	408,733	164,104	169,064	741,902
Disposals	-	-	-	-	(147,234)	(147,234)
At 31 December 2006	122,860	12,023	6,786,231	1,818,459	698,238	9,437,811
Net book values						
At 31 December 2006	5,964,267	201,977	1,417,163	236,837	276,497	8,096,741
At 31 December 2005	4,824,208	201,977	1,703,178	308,964	351,554	7.389,881

The external valuation of the investment property was undertaken by Alder King property consultants in October 2004 and August 2006 at open market values, the carrying value of which is not considered to have changed by a material amount following the part disposal during the year

The external valuations of the freehold properties was undertaken by Alder King property consultants in August 2006 at open market values

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

8 FIXED ASSETS (CONTINUED)

The figures stated above for group and company include assets held under finance leases and similar hire purchase contracts as follows

	Group		Company	
	Plant and equipment	Transport	Plant and equipment	Transport
	£	£	£	£
Cost	845,979	428,781	845,979	428,781
Depreciation provided in the year	113,132	92,691	113,132	92,691
Net book value at 31 December 2006	553,893	278,541	553,893	278,541

9 FIXED ASSET DEVELOPMENT GRANT

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
At 1 January 2006	12,087	12,087	12,728	12,728
Credited to profit and loss account	12,087	12,087	641	641
At 31 December 2006	-	-	12,087	12,087

10 FIXED ASSET INVESTMENTS

	2006	2005
	£	£
Interest in subsidiary undertakings at cost at 1 January 2006	17,159	17,159
Investment in year	-	-
Permanent diminution in value	(16,966)	(16,966)
Interest in subsidiary undertakings at cost at 31 December 2006	193	193
Investment Property at valuation at 1 January 2006	1,225,000	-
Investment in year	-	1,225,000
Disposal in year	(673,750)	-
Investment Property at valuation at 31 December 2006	551,250	1,225,000

Name	Incorporation	Class	Proportion	Nature of Business
FitzGerald Licht GMBH	Germany	-	100%	Dormant
Lightform Limited	England and Wales	Ordinary	100%	Trading
Lightform Special Projects Limited	England and Wales	Ordinary	90%	Dormant
Martell Lighting Limited	England and Wales	Ordinary	100%	Dormant
The Louvre Company	England and Wales	Ordinary	100%	Dormant
City Conversions Limited	England and Wales	Ordinary	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

11 STOCKS

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Raw materials and work-in-progress	2,205,811	2,205,811	2,125,450	1,936,442
Finished goods	2,622,297	2,610,576	2,215,133	2,114,414
	4,828,108	4,816,387	4,340,583	4,050,856

12 DEBTORS

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	5,233,486	5,377,839	4,859,449	4,715,391
Amount owed by group undertakings less provision	-	(84,486)	-	706,142
Prepayments and accrued income	150,279	168,954	193,104	280,213
Corporation Tax	-	-	-	-
	5,383,765	5,462,307	5,052,553	5,701,746

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Bank overdraft (see note 15)	841,996	841,312	2,972,678	2,972,060
Bank and other loans (see note 15)	3,003,818	2,742,075	250,000	238,292
Amounts due under finance leases (see note 20)	211,139	211,139	415,284	415,284
Trade creditors	4,843,630	4,951,745	4,235,925	4,267,871
Social security and other taxes	933,456	917,535	691,602	643,241
Other creditors and accruals	1,009,449	971,438	1,069,889	1,056,671
Deferred income (see note 9)	-	-	641	641
	10,843,488	10,635,244	9,636,019	9,594,060

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Bank loans (see note 15)	2,500,000	2,500,000	1,452,292	1,463,999
Amounts due under finance leases (see note 20)	219,271	219,271	344,328	344,328
Deferred income (see note 9)	-	-	11,446	11,446
Other creditors	-	-	15,001	-
	2,719,271	2,719,271	1,823,067	1,819,773

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

15 BANK LOANS AND OVERDRAFTS

The bank loan is repayable by 31 August 2008 and is repayable in full on demand at the bank's discretion.

The bank loan and overdrafts are secured by a first charge over all properties and a mortgage debenture over all other company assets

Borrowings are repayable as follows·

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Within one year				
Bank and other borrowings	3,845,814	3,583,387	3,222,678	3,210,352
Finance leases	211,139	211,139	415,284	415,284
After one and within two years				
Bank and other borrowings	2,500,000	2,500,000	250,000	250,000
Finance leases	142,472	142,472	174,755	174,755
After two and within five years				
Bank and other borrowings	-	-	750,000	750,000
Finance leases	76,799	76,799	169,573	169,573
After five years				
Bank and other borrowings	-	-	463,999	463,999
	6,776,224	6,513,797	5,446,289	5,433,963

16 DEFERRED TAXATION

	2006	2005
	£	£
Group and Company		
At 1 January 2006	43,843	43,843
Charge for the year	(43,843)	-
At 31 December 2006	-	43,843

The provision for deferred tax is made up as follows

Accelerated capital allowances	-	43,843
	-	43,843

17 CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
250,000 ordinary shares of £1 each	250,000	250,000
Allotted, issued and fully paid		
Ordinary share capital brought forward	95,700	95,700
95,700 ordinary shares of £1 each	95,700	95,700

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

18 OTHER FINANCIAL COMMITMENTS

The parent company has guaranteed bank borrowings of subsidiary undertakings which amount to £29,680 (2005 £29,006)

19 RESERVES AND SHAREHOLDERS' FUNDS

	Profit and loss account	Revaluation reserve	Capital redemption reserve	Share capital	Total shareholders' funds
	£	£	£	£	£
Group					
At 1 January 2006	6,025,029	366,970	70,300	95,700	6,557,999
Loss for the Year	(2,398,455)	-	-	-	(2,398,455)
Revaluation in the Year	-	1,140,059	-	-	1,140,059
Revaluation surplus realised on disposal	201,835	(201,835)	-	-	-
At 31 December 2006	3,828,409	1,305,194	70,300	95,700	5,299,603
Company					
At 1 January 2006	6,377,030	366,970	70,300	95,700	6,910,000
Loss for the Year	(2,477,696)	-	-	-	(2,477,696)
Revaluation in the Year	-	1,140,059	-	-	1,140,059
Revaluation surplus realised on disposal	201,835	(201,835)	-	-	-
At 31 December 2006	4,101,169	1,305,194	70,300	95,700	5,572,363

20 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2006	2005
	£	£
Within one year	211,139	415,284
After one and within five years	219,271	344,328
	430,410	759,612

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

21 MAJOR 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 £95,024 (2005. £200,303)

22 LEASING COMMITMENTS

Operating lease payments amounting to £399,950 (2005: £273,849) are within one year
The leases to which these amounts relate expire as follows:-

	2006		2005	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
In one year or less	66,876	333,074	74,876	198,973
Between one and five years	122,372	348,713	170,752	293,527
In five years or more	67,500	3,295	80,000	-
	256,748	685,082	325,628	492,500

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2006 or 31 December 2005

24 PENSIONS

Defined Contribution Scheme

The group operates a defined contribution pension scheme for the benefit of the employees.
The assets of the scheme are administered by trustees in a fund independent from those of the group.

25 CAPITAL COMMITMENTS

	2006		2005	
	Group	Company	Group	Company
	£	£	£	£
Authorised and contracted for	-	-	-	-

26 POST BALANCE SHEET EVENTS

The sale of the remaining part of the investment property is in the process of being completed Due to the completion not having been finalised at the date of signing these accounts, no provisions have been recognised in tangible assets for its disposal It is considered necessary to note its position by way of disclosure only

27 TRANSACTIONS WITH OTHER RELATED PARTIES

Mr P G FitzGerald is a director of and shareholder in Vanguard Lighting Limited and the following transaction was entered into:

Vanguard Lighting Limited leased land and buildings to Fitzgerald Lighting Limited at a rent of £5,492 (2005: £4,901)

The company loaned Vanguard Lighting Ltd £146,500 for 35 days during the year at 6 25% interest. The loan was repaid and the interest charge made was £878

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

27A CONTROLLING RELATED PARTY

Mr P G FitzGerald is the company's controlling related party by virtue of his significant shareholding, which taken with the shareholding of his wife, a non executive director, is a majority shareholding

28 NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating (loss)/profit	(1,437,507)	(266,176)
Depreciation	742,734	707,032
Profit/(loss) on sale of assets	8,027	-
Decrease/(increase) in stock	(487,525)	2,088,113
Decrease/(increase) in debtors	(331,212)	235,275
(Decrease)/increase in creditors	889,205	(1,346,282)
	(616,278)	1,417,962

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
Increase/(Decrease) in cash in the year	2,130,682	233,439
Cash outflow from (incresae)/decrease in debt and lease financing	(3,567,348)	597,230
Change in net debt resulting from cash flows	(1,436,666)	830,669
New debt and finance leases	95,024	(200,303)
Movement in net debt in the year	(1,341,642)	630,366
Net debt at 1 January	(5,434,582)	(6,064,948)
Net debt at 31 December	(6,776,224)	(5,434,582)

30 ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.06 £	Cash flow £	Other non cash movements £	At 31.12.06 £
Cash-in-hand and at bank	-	-	-	-
Overdrafts	(2,972,678)	2,130,682	-	(841,996)
		2,130,682		
Debt due after one year	(1,452,292)	(1,047,708)	-	(2,500,000)
Debt due within one year	(250,000)	(2,753,818)	-	(3,003,818)
Finance leases	(759,612)	234,178	95,024	(430,410)
	(5,434,582)	(1,436,666)	95,024	(6,776,224)