Company Registration No. 923921 (England and Wales)

BARLEY CHALU LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005



BARLEY CHALU LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 17

BARLEY CHALU LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business
The principal activity of the company continued to be that of powder coating and thermal breaking of aluminium.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

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

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings
In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Directors
The following directors have held office since 1 January 2005:

T Chalu
D Carman
Mrs R Chalu (Resigned 17 May 2005)

Directors' interests
The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	**1 January 2005**
T Chalu	2,500	2,500
D Carman	-	-

T Chalu is also a trustee and a beneficiary of a settlement dated 13th July 1981 which holds 5,000 £1 Ordinary shares in the company, and is a trustee of a further settlement which holds 2,500 £1 Ordinary shares in the company.

Political and charitable donations	**2005**	**2004**
	£	**£**
During the year the company made the following payments:		
Political donations to EU parties and organisations	500	150
Charitable donations	100	650

The recipients and amounts of the political donations are as follows:
South Norfolk Conservatives £500

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Larking Gowen be reappointed as auditors of the company will be put to the Annual General Meeting.

BARLEY CHALU LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which 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 which 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.

On behalf of the board

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T Chalu
Director
30 October 2006

LARKING GOWEN

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO BARLEY CHALU LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with that provision.

Larking Gowen

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Larking Gowen

Chartered Accountants
Registered Auditors
Norwich

30 October 2006

BARLEY CHALU LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Gross profit		2,433,696	2,524,663
Distribution costs		(532,194)	(599,505)
Administrative expenses		(1,965,708)	(1,876,886)
Operating (loss)/profit	**2**	(64,206)	48,272
Other interest receivable and similar income		898	-
Interest payable and similar charges	**4**	(54,377)	(46,786)
(Loss)/profit on ordinary activities before taxation		(117,685)	1,486
Tax on (loss)/profit on ordinary activities	**5**	16,727	(5,650)
Loss for the year	**14**	(100,958)	(4,164)

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.

BARLEY CHALU LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	6		1,559,089		1,788,951
Current assets					
Stocks	7	123,651		147,790	
Debtors	8	1,109,966		1,309,536	
Cash at bank and in hand		5,127		19,339	
		1,238,744		1,476,665	
Creditors: amounts falling due within one year	9	(1,192,027)		(1,388,618)	
Net current assets			46,717		88,047
Total assets less current liabilities			1,605,806		1,876,998
Creditors: amounts falling due after more than one year	10		(186,024)		(339,531)
Provisions for liabilities	11		(112,015)		(128,742)
			1,307,767		1,408,725
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account	14		1,297,767		1,398,725
Shareholders' funds	15		1,307,767		1,408,725

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 30 October 2006

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T Chalu

Director

BARLEY CHALU LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		322,844		392,731
Returns on investments and servicing of finance				
Interest received	898		-	
Interest paid	(44,507)		(41,644)	
Interest element of finance lease rentals	(9,870)		(5,142)	
Net cash outflow for returns on investments and servicing of finance		(53,479)		(46,786)
Taxation		5,575		8
Capital expenditure				
Payments to acquire tangible assets	(200,126)		(322,394)	
Receipts from sales of tangible assets	61,500		8,400	
Net cash outflow for capital expenditure		(138,626)		(313,994)
Net cash inflow/(outflow) before management of liquid resources and financing		136,314		31,959
Financing				
Other new long term loans	1,096		-	
New long term bank loan	134,543		-	
Repayment of long term bank loan	(181,828)		(45,183)	
Repayment of other long term loans	-		(75,000)	
Capital element of hire purchase contracts	(73,958)		(31,799)	
Net cash outflow from financing		(120,147)		(151,982)
Increase/(decrease) in cash in the year		16,167		(120,023)

BARLEY CHALU LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2005	2004
	£	£
Operating (loss)/profit	(64,206)	48,272
Depreciation of tangible assets	240,790	167,057
(Profit)/loss on disposal of tangible assets	(9,247)	2,735
Decrease in stocks	24,139	49,222
Decrease in debtors	193,995	235,537
(Decrease)/Increase in creditors within one year	(62,627)	(110,092)
Net cash inflow from operating activities	322,844	392,731

2 Analysis of net debt

	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
	£	£	£	£
Net cash:				
Cash at bank and in hand	19,339	(14,212)	-	5,127
Bank overdrafts	(334,847)	30,379	-	(304,468)
	(315,508)	16,167	-	(299,341)
Debt:				
Hire purchase leases	(121,860)	73,958	-	(47,902)
Debts falling due within one year	(149,039)	(68,242)	-	(217,281)
Debts falling due after one year	(281,828)	114,431	-	(167,397)
	(552,727)	120,147	-	(432,580)
Net debt	(868,235)	136,314	-	(731,921)

3 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£	£
Increase/(decrease) in cash in the year	16,167	(120,023)
Cash outflow from decrease in debt and lease financing	120,147	151,982
Change in net debt resulting from cash flows	136,314	31,959
New finance lease	-	(89,220)
Movement in net debt in the year	136,314	(57,261)
Opening net debt	(868,235)	(810,974)
Closing net debt	(731,921)	(868,235)

4 Major non-cash transactions

During the year hire purchase agreements amounting to £Nil (2004:£89,220) were entered into by the company.

BARLEY CHALU LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the value of goods and services invoiced to customers, less returns, after deducting trade and other discounts and excluding value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost, together with any incidental costs of acquisition less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Assets in the course of construction	Nil
Land and buildings freehold & leasehold	2% straight line basis
Plant and machinery	15%/25% reducing balance basis
Fixtures, fittings & equipment	15%/20% reducing balance basis
Motor vehicles	25 % reducing balance basis

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Net realisable value is the price at which stocks can be sold in the normal course of business. Provision is made where necessary for obsolescent, slow moving and defective stocks.

1.6 Pensions

The company operates a defined contribution scheme for certain qualifying employees.

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the contributions payable by the company.

1.7 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.

1.8 Foreign currency transations

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.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

2 Operating (loss)/profit

	2005	2004
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	240,790	167,057
Operating lease rentals		
- Plant and machinery	40,517	111,467
- Other assets	86,093	105,176
Auditors' remuneration	9,500	9,300
and after crediting:		
Loss/(Profit) on disposal of tangible assets	(9,247)	2,735

3 Investment income

	2005	2004
	£	£
Bank interest	11	-
Other interest	887	-
	898	-

4 Interest payable

	2005	2004
	£	£
On bank loans and overdrafts	29,149	26,861
On other loans wholly repayable within five years	15,358	14,783
Lease finance charges	9,870	5,142
	54,377	46,786

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

5 Taxation	2005 £	2004 £
Domestic current year tax		
Adjustment for prior years	-	(8)
Current tax charge	-	(8)
Deferred tax		
Deferred tax charge current year	(16,727)	5,658
	(16,727)	5,650
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(117,685)	1,486
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004 - 19.00%)	(22,360)	282
Effects of:		
Non deductible expenses	4,609	3,760
Capital allowances for the period in excess of depreciation	2,307	(29,537)
Adjustments to previous periods	-	(8)
Other tax adjustments	15,444	25,495
	22,360	(290)
Current tax charge	-	(8)

The company has estimated losses of £ 214,967 (2004 - £ 133,682) available for carry forward against future trading profits.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

6 Tangible fixed assets

	Land and buildings freehold & leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2005	665,357	2,066,482	217,199	251,165	3,200,203
Additions	-	11,516	2,500	49,165	63,181
Disposals	-	(7,820)	-	(102,050)	(109,870)
At 31 December 2005	665,357	2,070,178	219,699	198,280	3,153,514
Depreciation					
At 1 January 2005	251,926	965,725	124,580	69,021	1,411,252
On disposals	-	(5,296)	-	(52,321)	(57,617)
Charge for the year	13,308	167,338	14,776	45,368	240,790
At 31 December 2005	265,234	1,127,767	139,356	62,068	1,594,425
Net book value					
At 31 December 2005	400,123	942,411	80,343	136,212	1,559,089
At 31 December 2004	413,431	1,100,757	92,619	182,144	1,788,951

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 31 December 2005	72,792
At 31 December 2004	157,822
Depreciation charge for the year	
At 31 December 2005	24,245
At 31 December 2004	27,079

Included in the net book value of land and buildings at the 31 December 2005 was £400,123 (2004: £413,431) of long leasehold property.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

7 Stocks and work in progress	2005 £	2004 £
Raw materials and consumables	122,208	147,790
Work in progress	1,443	-
	123,651	147,790

8 Debtors	2005 £	2004 £
Trade debtors	1,031,658	1,218,416
Corporation tax	-	5,575
Other debtors	42,667	38,042
Prepayments and accrued income	35,641	47,503
	1,109,966	1,309,536

9 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	488,050	383,886
Net obligations under finance leases	29,275	64,157
Trade creditors	379,168	572,133
Taxes and social security costs	220,021	223,004
Other creditors	34,104	100,094
Accruals and deferred income	41,409	45,344
	1,192,027	1,388,618
Debt due in one year or less	-	149,039

The bank overdraft is secured by a mortgage debenture dated 30th September 1977, incorporating specific charges over all freehold and leasehold property, book debts, stocks and shares and a floating charge over all other assets.

The overdraft is also secured by a legal mortgage dated 24th November 1977 over the company's leasehold property.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

10 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	-	181,828
Other loans	167,397	100,000
Net obligations under finance leases	18,627	57,703
	186,024	339,531
Analysis of loans		
Wholly repayable within five years	384,678	430,867
	384,678	430,867
Included in current liabilities	(217,281)	(149,039)
	167,397	281,828
Loan maturity analysis		
In more than one year but not more than two years	217,281	151,693
In more than two years but not more than five years	167,397	130,135

Other Loans - Barley Chalu Limited Retirement Benefit Scheme loan

£101,095 is repayable by 36 monthly installments and bears interest at 3% above Barclays Bank plc base rate.

£100,000 is repayable on 15 January 2007 and bears interest at 3% above Barclays Bank plc base rate.

This loan is unsecured.

Net obligations under finance leases		
Repayable within one year	29,275	64,157
Repayable between one and five years	18,627	57,703
	47,902	121,860
Included in liabilities falling due within one year	(29,275)	(64,157)
	18,627	57,703

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2005	128,742
Profit and loss account	(16,727)
Balance at 31 December 2005	112,015

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	152,859	154,142
Tax losses available	(40,844)	(25,400)
	112,015	128,742

The deferred tax asset in respect of the tax losses carried forward has been recognised in these financial statements as it is regarded as more likely than not that they will be recovered.

12 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2005 £	2004 £
Contributions payable by the company for the year	3,900	4,350

13 Share capital

	2005 £	2004 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	1,398,725
Loss for the year	(100,958)
Balance at 31 December 2005	1,297,767

15 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Loss for the financial year	(100,958)	(4,164)
Opening shareholders' funds	1,408,725	1,412,889
Closing shareholders' funds	1,307,767	1,408,725

16 Contingent liabilities

Contingent liabilities arise in the normal course of business on the warranties given on work carried out by the company.

17 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiry date:				
Within one year	60,000	61,500	-	20,175
Between two and five years	-	-	48,772	20,138
In over five years	24,655	24,655	42,126	204
	84,655	86,155	90,898	40,517

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

18 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	255,548	322,707
Company pension contributions to money purchase schemes	3,900	3,900
	259,448	326,607

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	180,753	228,651

19 Transactions with directors

During the year T Chalu purchased a car from the company at market value for £3,000.

20 Employees

Number of employees

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

	2005 Number	2004 Number
Production	92	126
Selling and distribution	14	18
Administration	8	8
	114	152

Employment costs	2005 £	2004 £
Wages and salaries	2,683,535	2,800,212
Social security costs	257,234	280,576
Other pension costs	3,900	4,350
	2,944,669	3,085,138

21 Post balance sheet events

On 7 Feburary 2006 the company disposed of an asset for £296,552, this asset had a carrying value at 31 December 2005 of £267,407. The proceeds of this sale were used to repay the outstanding bank loan.