

CARRON BATHROOMS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2007

WEDNESDAY



SZ6JBZ18

SCT

07/05/2008

353

COMPANIES HOUSE

C
T

CARRON BATHROOMS LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

Contents	Pages
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the company	4
Abbreviated profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Abbreviated balance sheet	7
Cash flow statement	8
Notes to the abbreviated accounts	9 to 18

CARRON BATHROOMS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

D McMorrine
J Hewitt
M Clarke
A Lawson

Company Secretary

D McMorrine

Registered Office

North Carron Works
Stenhouse Road
Carron
Falkirk
Stirlingshire
FK2 8UW

Auditor

Chiene + Tait
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
Unit 15
Howgate Centre
Falkirk
FK1 1HG

CARRON BATHROOMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors have pleasure in presenting their report and the abbreviated accounts of the company for the year ended 31 December 2007

Principal activities and business review

The principal activity of the company during the year was that of the manufacture of baths and bathroom products

During the year, the company withdrew from a number of markets where margins had become unsatisfactory and where the company concluded there was no prospect of the business becoming satisfactorily profitable, even in the medium term. In addition, the company rationalised its' distributor base in the UK. As a result of these policies, gross profit decreased by 13.6% to £3.1m. All costs associated with this restructuring were expensed in the year, so profit before tax decreased to £0.9m. In the circumstances, the directors consider the result for the year to be satisfactory.

Net assets of the company at 31 December 2007 have increased slightly to £4.9m from 31 December 2006. The directors consider the balance sheet to be strong and well placed to see the company through current trading conditions and to support future growth.

The company uses various key performance indicators. These include customer retention, success of new products in the market, conformance to specification, order fulfilment, labour productivity and debtor days. On these measures, the company has made progress in the year.

It is expected that results for the current year will be broadly similar to 2007, subject to there being no significant deterioration in market conditions.

The Directors see risk management as an integral part of good corporate governance and assess perceived risks on a regular basis. As well as strategic, financial and operational matters, these also include issues concerning health and safety and compliance with applicable legal and regulatory requirements.

Results and dividends

The profit for the year, after taxation, amounted to £631,865. Particulars of dividends paid are detailed in note 8 to the abbreviated accounts.

Directors

The directors who served the company during the year were as follows:

D McMorris
J Hewitt
M Clarke
A Lawson

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

CARRON BATHROOMS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2007

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

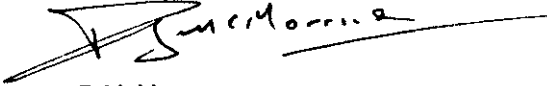
In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re appoint Chiene + Tait as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



D McMorrine
Company Secretary

Approved by the directors on 24 April 2008

**INDEPENDENT AUDITOR'S REPORT TO CARRON BATHROOMS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 18 together with the financial statements of Carron Bathrooms Limited for the year ended 31 December 2007 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 work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

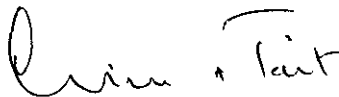
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of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

Basis of opinion

We conducted our audit 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 have been properly prepared in accordance with those provisions.



CHIENE + TAIT
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL

1 May 2008

CARRON BATHROOMS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Gross profit		3,066,117	3,548,557
Distribution costs		1,215,039	1,263,451
Administrative expenses		918,113	910,309
Operating profit	3	932,965	1,374,797
Interest receivable		12,692	10,701
Interest payable and similar charges	6	(12,565)	(15,886)
Profit on ordinary activities before taxation		933,092	1,369,612
Tax on profit on ordinary activities	7	301,227	415,874
Profit for the financial year	21	631,865	953,738

All of the activities of the company are classed as continuing

The notes on pages 9 to 18 form part of these abbreviated accounts

CARRON BATHROOMS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
Profit for the financial year attributable to the shareholder	631,865	953,738
Total recognised gains and losses relating to the year	<u>631,865</u>	<u>953,738</u>
2006 Prior year adjustment	—	613,798
Total gains and losses recognised since the last annual report	<u>631,865</u>	<u>1,567,536</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
Reported profit on ordinary activities before taxation	933,092	1,369,612
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>16,322</u>	
Historical cost profit on ordinary activities before taxation	<u>949,414</u>	<u>1,369,612</u>
Historical cost profit for the year retained after taxation	<u>648,187</u>	<u>953,738</u>

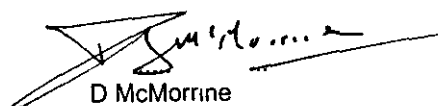
The notes on pages 9 to 18 form part of these abbreviated accounts

CARRON BATHROOMS LIMITED
ABBREVIATED BALANCE SHEET
31 DECEMBER 2007

	Note	£	2007 £	2006 £
Fixed assets				
Tangible assets	9		<u>2,708,430</u>	<u>2,801,292</u>
Current assets				
Stocks	10	884,632		1,123,455
Debtors due within one year	11	1,388,445		1,685,550
Debtors due after one year	11	2,058,310		2,197,980
Cash at bank and in hand		<u>522,685</u>		<u>894,249</u>
			<u>4,854,072</u>	<u>5,901,234</u>
Creditors amounts falling due within one year	12	<u>2,230,537</u>		<u>3,353,702</u>
Net current assets			<u>2,623,535</u>	<u>2,547,532</u>
Total assets less current liabilities			<u>5,331,965</u>	<u>5,348,824</u>
Creditors amounts falling due after more than one year	13		<u>283,218</u>	<u>306,200</u>
			<u>5,048,747</u>	<u>5,042,624</u>
Provisions for liabilities				
Deferred taxation	15		<u>145,356</u>	<u>171,098</u>
			<u>4,903,391</u>	<u>4,871,526</u>
Capital and reserves				
Called up equity share capital	19		60,500	60,500
Revaluation reserve	20		799,802	816,124
Other reserves			30,000	30,000
Profit and loss account	21		<u>4,013,089</u>	<u>3,964,902</u>
Shareholder's funds	22		<u>4,903,391</u>	<u>4,871,526</u>

These abbreviated accounts have been prepared in accordance with the special provisions for medium sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 24 April 2008, and are signed on their behalf by


D McMorrine

The notes on pages 9 to 18 form part of these abbreviated accounts

CARRON BATHROOMS LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	23	1,154,438	2,049,604
Returns on investments and servicing of finance	23	127	(5,185)
Taxation	23	(379,655)	(272,279)
Capital expenditure and financial investment	23	(152,568)	(276,315)
Equity dividends paid		(600,000)	(1,050,000)
Cash inflow before financing		<u>22,342</u>	<u>445,825</u>
Financing	23	(73,961)	(69,402)
(Decrease)/increase in cash	23	<u>(51,619)</u>	<u>376,423</u>

The notes on pages 9 to 18 form part of these abbreviated accounts

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

Basis of accounting

The abbreviated accounts have been prepared under the historical cost convention, including pre FRS 15 revalued fixed assets which are treated as though they were historical cost subject to the revaluation of certain fixed assets. The principal policies are set out below.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax.

Sales are recognised on the despatch of bathroom products to the customer.

Fixed assets

All fixed assets are recorded at cost, except for freehold property. Freehold property has been revalued in accordance with FRS 15 and the valuation of the property is considered on an annual basis by the directors for indications of a material change in value.

Depreciation tangible fixed assets

Depreciation is calculated so as to write off the cost or revalued amount of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	2% straight line
Plant & Machinery	10% straight line
Equipment	15% 33 1/3% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling prices less all further costs to completion and relevant marketing, selling and distribution costs.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

1. Accounting policies (continued)

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Foreign currencies

Foreign currency transactions are translated at the rate prevailing at the date of the transactions. Gains and losses on translation are taken to the profit and loss account in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

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.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

3 Operating profit

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	205,633	153,333
Depreciation of assets held under hire purchase agreements	39,797	39,797
Auditor's remuneration as auditor	14,600	13,950
Operating lease costs	5,289	5,020
Plant and equipment	53,827	56,468
Other		
Net (profit)/loss on foreign currency translation	<u>(42,314)</u>	<u>14,156</u>

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

4 Particulars of employees

The average number of staff employed by the company during the financial year was

	2007 No	2006 No
Number of production staff	132	159
Number of administration and management	26	29
	<u>158</u>	<u>188</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	3,577,820	3,730,179
Social security costs	355,041	366,275
Other pension costs	143,919	144,359
	<u>4,076,780</u>	<u>4,240,813</u>

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	593,875	495,686
Amounts receivable under long term incentive schemes	25,000	40,000
Value of company pension contributions to money purchase schemes	92,964	87,749
	<u>711,839</u>	<u>623,435</u>

Emoluments of highest paid director

	2007 £	2006 £
Total emoluments (excluding pension contributions)	262,934	218,967
Value of company pension contributions to money purchase schemes	50,000	55,000
	<u>312,934</u>	<u>273,967</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007 No	2006 No
Money purchase schemes	<u>3</u>	<u>3</u>

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

6 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank borrowing	2,963	1,726
Finance charges	9,602	14,160
	<u>12,565</u>	<u>15,886</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax on the profit for the year	313,060	405,745
Adjustments in respect of previous periods	2,219	
Group relief	11,690	37,834
Total current tax	<u>326,969</u>	<u>443,579</u>
Deferred tax		
Origination and reversal of timing differences	(27,200)	(27,492)
Adjustments in respect of previous periods	1,458	(213)
Total deferred tax	<u>(25,742)</u>	<u>(27,705)</u>
Tax on profit on ordinary activities	<u>301,227</u>	<u>415,874</u>

(b) Factors affecting current tax charge

The tax assessed for the year is higher than expected tax charge as explained below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>933,092</u>	<u>1,369,612</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2006 30%)	279,928	410,884
Expenses not deductible for tax purposes	16,265	4,136
Capital allowances in advance of depreciation	13,949	8,121
Adjustments in respect of previous periods	2,219	
Movement in other timing differences	14,608	20,438
Total current tax (note 7(a))	<u>326,969</u>	<u>443,579</u>

(c) Factors affecting future tax charges

No deferred or current tax has been provided in respect of the freehold property revalued during the prior year. In the event of this asset being disposed of without taking account of any other possible tax reliefs, estimated taxation of £165,000 would be expected to arise

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

8 Dividends

Equity dividends

	2007 £	2006 £
Paid		
Equity dividends on ordinary shares	<u>600,000</u>	<u>1,050,000</u>

9 Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Equipment £	Total £
Cost or valuation				
At 1 January 2007	1,450,000	2,862,223	353,557	4,665,780
Additions	–	102,819	49,749	152,568
Disposals	–	–	(91,467)	(91,467)
At 31 December 2007	<u>1,450,000</u>	<u>2,965,042</u>	<u>311,839</u>	<u>4,726,881</u>
Depreciation				
At 1 January 2007	–	1,608,454	256,034	1,864,488
Charge for the year	29,000	174,260	42,170	245,430
On disposals	–	–	(91,467)	(91,467)
At 31 December 2007	<u>29,000</u>	<u>1,782,714</u>	<u>206,737</u>	<u>2,018,451</u>
Net book value				
At 31 December 2007	<u>1,421,000</u>	<u>1,182,328</u>	<u>105,102</u>	<u>2,708,430</u>
At 31 December 2006	<u>1,450,000</u>	<u>1,253,769</u>	<u>97,523</u>	<u>2,801,292</u>

Freehold property was professionally revalued by Graham & Sibbald, Chartered Surveyors on 22 May 2006. The valuation was based on the existing value in use. Prior to this revaluation the company held the asset at £836,202 which represented the net book value of the building. The plant and machinery was professionally revalued on a going concern basis by Shirlaw Allan & Company Limited, Auctioneers and Valuers on 20 March 1986. The directors have reviewed the carrying value at 31 December 2007 and are not aware of any material change therein.

The property of the company is provided as security for a loan facility taken out by the parent company.

Hire purchase agreements

Included within the net book value of £2,708,430 is £246,176 (2006: £285,973) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £39,797 (2006: £39,797).

10 Stocks

	2007 £	2006 £
Raw materials	540,907	767,317
Work in progress	32,892	24,858
Finished goods	310,833	331,280
	<u>884,632</u>	<u>1,123,455</u>

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

11 Debtors

	2007	2006
	£	£
Trade debtors	1,287,278	1,636,084
Amounts owed by parent undertaking	2,058,310	2,197,980
Other debtors	101,167	49,466
	<u>3,446,755</u>	<u>3,883,530</u>

The debtors above include the following amounts falling due after more than one year

	2007	2006
	£	£
Amounts owed by parent undertaking	<u>2,058,310</u>	<u>2,197,980</u>

12 Creditors amounts falling due within one year

	2007	2006
	£	£
Overdrafts	—	319,945
Trade creditors	1,465,215	2,115,364
Corporation tax	193,059	245,745
Other taxation and social security	351,253	396,474
Hire purchase agreements	64,423	73,946
Other creditors	10,207	3,844
Accruals and deferred income	146,380	198,384
	<u>2,230,537</u>	<u>3,353,702</u>

13 Creditors amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase agreements	56,346	120,784
Other creditors	226,872	185,416
	<u>283,218</u>	<u>306,200</u>

Included within other creditors is an unsecured loan which is repayable as follows

	£
Amounts payable within 1 year	3,844
Amounts payable between 1 and 2 years	3,844
Amounts payable between 2 and 5 years	6,728
	<u>14,416</u>

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2007 £	2006 £
Amounts payable within 1 year	64,423	73,946
Amounts payable between 1 and 2 years	48,072	64,423
Amounts payable between 2 and 5 years	8,274	56,361
	<u>120,769</u>	<u>194,730</u>

15. Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	171,098	198,803
Profit and loss account movement arising during the year	(25,742)	(27,705)
Provision carried forward	<u>145,356</u>	<u>171,098</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Accelerated capital allowances	213,246	224,380
Other timing differences	(67,890)	(53,283)
	<u>145,356</u>	<u>171,098</u>

16. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year		6,908		700
Within 2 to 5 years	60,000	49,411	60,000	64,684
	<u>60,000</u>	<u>56,319</u>	<u>60,000</u>	<u>65,384</u>

17. Contingencies

The company has entered into a guarantee to the group's bank in respect of the borrowings of its parent company. At 31 December 2007, the total contingent liability in respect of group borrowings was £530,000 (2006 £1,019,945)

A financial guarantee for £10,000 in favour of H M Customs & Excise is in place

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

18. Related party transactions

The company has elected to take advantage of the exemption granted in Financial Standard 8 "Related Party Disclosures" available to 90% or more owned subsidiaries and has not disclosed transactions with Carron Holdings Limited

19 Share capital

Authorised share capital

	2007	2006
	£	£
68,807 Ordinary A shares of £1 each	68,807	68,807
11,093 Ordinary B shares of £1 each	11,093	11,093
	<u>79,900</u>	<u>79,900</u>

Allotted, called up and fully paid:

	2007	£	2006	£
	No		No	
Ordinary A shares of £1 each	49,407	49,407	49,407	49,407
Ordinary B shares of £1 each	11,093	11,093	11,093	11,093
	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>

The 'A' and 'B' shares rank equally in all aspects except that the 'A' shares are voting shares and the 'B' shares are non voting

20 Revaluation reserve

	2007	2006
	£	£
Balance brought forward	816,124	816,124
Transfer of amount equivalent to additional depreciation on revalued assets	(16,322)	
Balance carried forward	<u>799,802</u>	<u>816,124</u>

21. Profit and loss account

	2007	2006
	£	£
Balance brought forward	3,964,902	4,061,164
Profit for the financial year	631,865	953,738
Equity dividends paid	(600,000)	(1,050,000)
Transfer of amount equivalent to additional depreciation on revalued assets	16,322	
Balance carried forward	<u>4,013,089</u>	<u>3,964,902</u>

CARRON BATHROOMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

22 Reconciliation of movements in shareholder's funds

	2007 £	2006 £
Profit for the financial year	631,865	953,738
Equity dividends paid	(600,000)	(1,050,000)
Net addition/(reduction) to shareholder's funds	31,865	(96,262)
Opening shareholder's funds	4,871,526	4,967,788
Closing shareholder's funds	4,903,391	4,871,526

23. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	932,965	1,374,797
Depreciation	245,430	193,130
Decrease/(increase) in stocks	238,823	(97,561)
Decrease in debtors	436,775	212,365
(Decrease)/increase in creditors	(699,555)	366,873
Net cash inflow from operating activities	1,154,438	2,049,604

Returns on investments and servicing of finance

	2007 £	2006 £
Interest received	12,692	10,701
Interest paid	(2,963)	(1,726)
Interest element of hire purchase	(9,602)	(14,160)
Net cash inflow/(outflow) from returns on investments and servicing of finance	127	(5,185)

Taxation

	2007 £	2006 £
Taxation	(379,655)	(272,279)

Capital expenditure

	2007 £	2006 £
Payments to acquire tangible fixed assets	(152,568)	(276,315)
Net cash outflow from capital expenditure	(152,568)	(276,315)

Financing

	2007 £	2006 £
Capital element of hire purchase	(73,961)	(69,402)
Net cash outflow from financing	(73,961)	(69,402)

CARRON BATHROOMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

23 Notes to the cash flow statement (*continued*)

Reconciliation of net cash flow to movement in net funds

	£	2007 £	2006 £
(Decrease)/increase in cash in the period	(51,619)		376,423
Cash outflow in respect of hire purchase	73,961		69,402
		22,342	445,825
Change in net funds		22,342	445,825
Net funds at 1 January 2007		379,574	(66,251)
Net funds at 31 December 2007		401,916	379,574

Analysis of changes in net funds

	At 1 Jan 2007 £	Cash flows £	At 31 Dec 2007 £
Net cash			
Cash in hand and at bank	894,249	(371,564)	522,685
Overdrafts	(319,945)	319,945	—
	574,304	(51,619)	522,685
Debt			
Hire purchase agreements	(194,730)	73,961	(120,769)
Net funds	379,574	22,342	401,916

24 Capital commitments

Conditional contractual amounts not provided in the abbreviated accounts amounted to £90,000 (2006 £Nil)

25 Other contractual commitments

The company had contractual commitments in respect of outstanding forward foreign exchange contracts amounting to £444,067 (2006 £nil)

26. Ultimate parent company and ultimate controlling party

The entire issued share capital of the company is owned by Carron Holdings Limited, a company registered in Scotland. Copies of the abbreviated accounts for that company are available from Companies House in Edinburgh