Contents

The Company *(Registered Number 565383)*

DIRECTORS
P.M. Cassidy (Chairman and Managing Director)
T.D. Cassidy MBE (President) (deceased 3rd May 2007)
P.C. Cassidy
S. Wilkinson FCA *

(* Non-executive)

SECRETARY
S. Wilkinson FCA

REGISTERED OFFICE
Cornford Road,
Off Clifton Road, Marton
Blackpool FY4 4QQ

STOCKBROKERS AND NOMINATED ADVISORS
Charles Stanley Securities
25 Luke Street
London
EC2A 4AR

AUDITORS
Tenon Audit Limited,
Registered Auditor,
88–96 Market Street West,
Preston PR1 2EU

SOLICITORS
Cuddy, Woods & Cochrane,
41 Springfield Road,
Blackpool FY1 1QE

BANKERS
Royal Bank of Scotland plc,
Talbot Square,
Blackpool FY1 1LE

REGISTRARS
Stanley Wilkinson & Co,
134 Red Bank Road,
Bispham,
Blackpool FY2 9HZ

Chairman's Statement

I am pleased to report that this years results see a welcome return to six figure profits before tax of £143,412 (2006 – £50,143) having completed three years of costly restructuring. However, some significant expenditure, had an impact on the above figure. The £30,000 cost of concrete resurfacing our goods inward forecourt was an expense that had been deferred for over five years, but was now deemed essential to ensure the forklift trucks can operate properly. The profits were also affected by the decision to renew our London exhibition stand at a cost of £33,000. Finally, the cost of compliance with the new fire safety regulations and a further long-term staff redundancy brought the expenditure to a total of £75,000.

Current Trading

The last twelve months has seen a further decline in the number of independent toy retailers in this industry. There are now forty retail customers less than this time last year. This has affected our UK turnover, but extra profits have come from our FOB sales in the USA, Russia, Japan and Australia, and a further reduction in overheads. FOB stands for "Free on Board" which means that the seller pays for transportation of the goods to the port of shipment plus loading costs. The buyer pays freight, insurance, unloading costs and transportation from the port of destination to the factory. The income from these FOB sales has had little expense and can comfortably be taken to the bottom line, but a watchful eye has to be exercised in the pursuit of such sales with regard to travel and exhibition costs. Our customers are attracted to our quality on FOB terms by the potential cost saving in spite of them having to finance the cost of the products and the shipping. Our prices to them have to reflect an incentive for them to buy in bulk. An additional advantage of Cassidy Brothers plc is that we now have the opportunity to supply the world markets out of China and Hong Kong; something previously denied us by the cost of UK manufacture in the ten years up to the turn of the century.

Future Prospects

At Cassidy Brothers we focus on the improved design of the generic item, the objective being overseas sales as well as the UK, and it is this endeavour which is bringing rewards, particularly in the USA and Russia, and will have a very positive effect on the 2007–08 figures.

Our 2007–08 plans on the TV promotion of a fresh dolls accessory range did not get the support of our major customers, and as such this expense was not contracted into. The research and development and tooling cost were not significant, and we still have the products in the range without the premium cost of a TV campaign.

Our patented PegSculpture range is now attracting sales from France and Italy and continues in the UK and USA, exemplifying the importance of design protected products, principle, which also enables us to sell the Dyson and Henry toy vacuum cleaners to Japan, a notoriously difficult market to penetrate.

We have recently returned from a Middle East toy exhibition in Dubai with some very positive useful contacts. To establish Cassidy Brothers in this market will need more than one exhibition and we know from past experience that an annual presence for three to four years would be required to achieve significant sales. It is interesting to note that Cassidy Brothers were one of only two UK toy companies exhibiting, the largest EU presence being from Germany.

Final Dividend

The Directors' are of the opinion that notwithstanding the difficult trading conditions in the UK the Company recommends a final dividend of 1.30 pence per share (2006 – 0.50 pence) payable on 18th September 2007 to shareholders on the register on 17th August 2007.

PAUL CASSIDY
Chairman

2007 Cassidy Report & Accounts.qxd 09/08/2007 10:09 Page 5

Notice of Meeting

Notice is given that the Annual General Meeting of the Company will be held, on 7 September 2007 at 3 p.m. for the following purposes:-

1 To consider and adopt the Directors' report and the financial statements for the year ended 30 April 2007.
2 To declare a final dividend for the year ended 30 April 2007, which the directors recommend should be 1.30p per ordinary share.
3 To re-appoint Tenon Audit Ltd, as Auditor of the Company and to authorise the Directors to determine their remuneration.

As special business to consider and, if thought fit, pass the following resolutions:

4 Ordinary resolution:
That the authority contained in Article 6 of the Company's Articles of Association be renewed save that the authority be limited to the maximum nominal amount of shares equal to the amount of unissued share capital of the Company immediately before the passing of this resolution and that in sub-paragraph (b) of Article 6 the date of the passing of this resolution shall be substituted for the date of the resolution adopting those Articles.

5 Special resolution:
That in accordance with Section 95 (3) of the Companies Act 1985 the authority to allot equity securities contained in Article 6(c) of the Company's Articles of Association be renewed for a period expiring at the next Annual General Meeting of the Company (or any adjournment thereof) or, if earlier, 15 months from the date of this resolution.

6 To transact any other ordinary business of the Company.

By order of the board
Stanley Wilkinson
Secretary
1 August 2007

The register of Directors' interests in shares will, together with Directors' service agreements, be available for inspection during usual business hours on any weekday (Saturday and public holidays excluded) at the registered office from this date until the date of the Annual General Meeting and at the place of the meeting for fifteen minutes prior to and until the termination of the meeting.

A holder of ordinary shares is entitled to attend and vote at the meeting and may appoint one or more proxies to attend and, on a poll, to vote instead of the shareholder. The proxy need not be a shareholder of the Company and the appointment of such proxy does not preclude the appointer from subsequently attending. A form of proxy for the use of shareholders is enclosed, and, to be effective, must be completed, signed and lodged with the Registrars, not less than 48 hours before the time appointed for the meeting.

Directors' Report

The Board announces with regret that Mr T.D. Cassidy, President and founder of the Company passed away on 3rd May 2007.

Accounts

The Directors present their report and financial statements for the year ended 30 April 2007.

Results and Dividend

The profit before taxation amounted to £143,412 (2006 – £56,242). The profit for the year, after deduction of dividends, amounts to £77,122 and has been transferred to reserves.

Principal Activities and Business Review

The principal activities of the Company remained that of toy and nursery goods manufacturers.
A review of the business and an indication of future prospects is given in the Chairman's statement on page 4.

Future Developments

The Board seeks to maximize profitability from existing activities and to acquire businesses whenever suitable occasions present themselves.

Research and Development

The Company pursues a research and development programme in support of its activities.

Special Business at the Annual General Meeting

Resolution 4 in the Notice of Annual General Meeting, which will be proposed as an ordinary resolution, renews the authority contained in the Articles of Association given to the Directors to issue shares limited to the existing authorised but unissued share capital. No issue will be made which will effectively alter control of the Company without the consent of shareholders in general meeting.

Resolution 5 extends for a maximum period of 15 months the Directors' authority to issue shares for cash but limited in accordance with the Articles of Association of the Company. The Board also confirms that it is their intention to comply with the guidelines issued from time to time by the Investors Protection Committee.

Tangible Fixed Assets

Movements in the fixed assets are detailed in note 11 to the financial statements.

Following a revaluation of the company's land and buildings at the year end the directors believe there may be a substantial difference between the market value and book value of land.

Directors

The names of the present Directors, are listed on page 3.
All the Directors have service contracts with the Company which are terminable by either party giving to the other not less than 12 months written notice.

Non-executive Directors

S. Wilkinson is the non-executive Group Financial Director and Company Secretary and the principal of Stanley Wilkinson & Co., Chartered Accountants.

Directors' Report *continued*

Directors Interests

Stanley Wilkinson & Co. act as Registrars and as Taxation Consultants to the Company.

At 30 April 2007 a loan by T.D. Cassidy to the Company of £46,612 (2006: £81,937) was outstanding. This loan is repayable on demand and attracts interest at 1.25% above bank base rate.
Apart from these interests no Director had a material interest in any contract of significance to which the Company was party.

Substantial Shareholdings

Mr P.M. Cassidy holds 2,658,000 shares (48.11%), Mr T.D. Cassidy holds 462,500 shares (8.37%), Mrs E.G. Cassidy who holds 241,150 shares (4.37%), Mr D. Cassidy who holds 176,291 (3.19%), Mr B.M. Cassidy who holds 176,291 (3.19%) and Mr and Mrs S. Bailey holds 185,000 shares (3.35%), the Directors are not aware of any person, company or group of companies who directly or indirectly, are interested in 3% or more of the ordinary share capital of the Company.

Personnel

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies where particular job requirements are within their ability. Wherever possible, arrangements are made for continuing employment of employees who have become disabled.

Details of the number of employees and related costs can be found in note 6 to the financial statements.

Payment terms

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and to abide by the terms of payment. The number of days' purchases represented by creditors at the end of the year was as follows:-

	2007	2006
Number of days' purchases	28	28

Employee Consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

Political and Charitable Contributions

During the year, the Company made charitable contributions of £70 (2006: £60). There were no political contributions.

Directors' Report continued

Statement of Directors' Responsibilities in Relation to the Financial Statements

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

Financial Instruments

The Company's trading operations are primarily financed by bank overdraft and profit retention. Additionally, the Company's liquidity continues to be further supported by a director's loan of £46,632 which the director intends to make available to the Company for the forseeable future.

At the year end, the Company had on demand bank borrowing facilities of £1.0 million which the board monitors and considers are appropriate to the business. The Company has no long term bank borrowing requirement.

Due to the seasonal nature of the business the Company's liquidity is supported by the use of these funds.

The majority of the Company's purchases are now made in foreign currencies. Where transactions are undertaken in foreign currency, the directors will mitigate currency risk by the use of foreign currency bank accounts.

The directors anticipate the level of currency required in the future and purchase currency at the spot rate when the exchange rates are favourable to enable the Company to pay in foreign currency liabilities when they fall due.

Key Performance Indicators

For the year ended 30 April 2007

	2007	2006
	£	£
1) TURNOVER	2,943,527	3,245,965
The decline in sales turnover is largely due to expected sales to the USA not yet impacting on turnover in the volumes expected.		
2) GROSS PROFIT	1,313,804	1,324,398
The increased sales mix from our Role Play range of products has meant our Gross Profit is stable despite a reduction in turnover.		

	2007	2006
	£	£
3) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	143,412	50,143

The turnaround in our Profit before taxation is due to a stable gross profit and a continued reduction in overheads together with increased rental income.

4) OTHER KPI'S

CASH AT BANK	1,074,071	1,031,266
BANK OVERDRAFT	20,861	–
EARNINGS PER SHARE	2.60p	1.02p
DIVIDENDS PER SHARE	1.30p	0.50p
NET ASSETS PER SHARE	59.41p	58.02p

Environment
The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include the safe disposal of waste and reducing energy consumption.

Principal risks and uncertainties
Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying goods but in handling customer queries, and by maintaining strong relationships with customers.

The auditors, Bowmans, who were appointed during the period have transferred their audit business to Tenon Audit Limited. In accordance with Section 26 of the Companys Act 1989, Tenon Audit Limited has been appointed as auditor to succeed Bowmans, and will be proposed for reappointment at the Annual General Meeting in accordance with Section 385 of the Companys Act 1985.

This report was approved by the Board on 1 August 2007.

Stanley Wilkinson
Secretary

2007 Cassidy Report & Accounts.qxd 09/08/2007 10:09 Page 10

Independent Auditors' Report to the Members of Cassidy Brothers plc

Independent auditor's report to the shareholders of Cassidy Brothers Plc

We have audited the financial statements of Cassidy Brothers Plc for the year ended 30 April 2007 on pages 11 to 24, which have been prepared under the accounting policies set out on pages 14 and 15.

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 matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibility for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Report.

Our responsibility is 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 disclosure 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' report is consistent with the Financial Statements.

Tenon Audit Limited
Registered Auditor
88–96 Market Street West, Preston PR1 2EU
1 August 2007

Profit and Loss Account

For the year ended 30 April 2007

	Notes	2007 £	2006 £
Turnover	2	**2,943,527**	3,245,965
Cost of Sales		**(1,629,723)**	(1,921,567)
GROSS PROFIT		**1,313,804**	1,324,398
Warehouse & Distribution costs		**(899,102)**	(922,426)
Administrative expenses		**(404,127)**	(443,284)
Other operating income		**122,422**	87,476
OPERATING PROFIT	3	**132,997**	(46,164)
Interest receivable and similar income	4	**16,848**	11,988
Interest payable and similar charges	5	**(6,433)**	(8,009)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**143,412**	50,143
Tax on profit on ordinary activities	9	**0**	6,099
PROFIT FOR THE FINANCIAL YEAR		**143,412**	56,242
EARNINGS PER SHARE – BASIC AND DILUTED	10	**2.60p**	1.02p

All the above results derive from continuing activities.

There are no recognised gains or losses other than the result disclosed for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES	2007 £	2006 £
Reported profit on ordinary activities before taxation	**143,412**	50,143
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**15,873**	15,018
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**159,285**	65,161
HISTORICAL COST PROFIT RETAINED FOR THE YEAR	**159,285**	71,260

The notes on pages 14 to 24 form part of these Financial Statements

Balance Sheet

At 30 April 2007

	Notes	2007 £	2007 £	2006 £	2006 £
FIXED ASSETS					
Tangible assets	11		**2,009,520**		1,873,011
			2,009,520		1,873,011
CURRENT ASSETS					
Stocks	12	**197,394**		291,246	
Debtors	13	**305,467**		422,425	
Cash at bank and in hand		**1,074,071**		1,031,266	
		1,576,932		1,744,937	
CREDITORS (amounts falling due within one year)	14	**(233,050)**		(352,790)	
NET CURRENT ASSETS			**1,343,882**		1,392,147
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,353,402**		3,265,158
CREDITORS					
(amounts falling due after more than one year)	15		**(11,122)**		–
PROVISIONS FOR LIABILITIES AND CHARGES	16		**(60,000)**		(60,000)
NET ASSETS			**3,282,280**		3,205,158
CAPITAL AND RESERVES					
Called up share capital	17		**552,435**		552,435
Share premium account	18		**43,522**		43,522
Revaluation reserve	18		**537,526**		553,399
Profit and loss account	18		**2,148,797**		2,055,802
EQUITY SHAREHOLDERS' FUNDS	20		**3,282,280**		3,205,158

The financial statements on pages 11 to 24 were approved by the Board of Directors on 16 July 2007

Paul Cassidy
Director

The notes on pages 14 to 24 form part of these Financial Statements

Cash Flow Statement

For the year ended 30 April 2007

	Notes	2007 £	2007 £	2006 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		**306,059**		268,364
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		**16,848**		11,988	
Interest paid		**(5,711)**		(8,009)	
Interest element of finance lease rental payments		**(722)**		–	
			10,415		3,979
TAXATION					
Corporation tax			**8,099**		68,649
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		**(200,064)**		(109,074)	
Receipts from sales of tangible fixed assets		**275**		57,500	
			(199,789)		(51,574)
EQUITY DIVIDENDS PAID			**(66,290)**		–
NET CASH INFLOW			**58,494**		289,418
FINANCING					
Unsecured loan repayments	21	**(35,325)**		(18,340)	
Capital element of finance lease rental payments	21	**(1,225)**		(32,958)	
NET CASH OUTFLOW FROM FINANCING			**(36,550)**		(51,298)
INCREASE IN CASH	21		**21,944**		238,120

The notes on pages 14 to 24 form part of these Financial Statements.

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain tangible assets. The financial statements have been prepared in accordance with applicable accounting standards.

Turnover

Turnover is in respect of continuing activities and represents amounts receivable for goods sold in the UK and overseas, net of trade discounts, VAT and other sales retail taxes.

Sales of goods are recognised when the company has delivered goods to the customer; the customer has accepted the goods; and collectability of the related debtor is reasonably assured.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Buildings	over 100 years
Plant and machinery	over 10 years
Moulds and tools	over 3 years
Fixtures and fittings	over 10 years
Computer equipment	over 5 years
Motor vehicles	over 5 years

The company took advantage of the arrangements under FRS15 which allow the retention of the carrying value of revalued assets acquired prior to 30th April 2000. All additions since this date are stated at cost. Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss reserve.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to provide a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on the same basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2007 Cassidy Report & Accounts.qxd 09/08/2007 10:09 Page 15

Notes to the Financial Statements

Stocks and Work in Progress

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:-

Raw materials – purchase cost, on the first in, first out basis.

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred on completion and disposal.

Research and Development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Pension Costs

Pension costs for the Company's defined contribution schemes are charged to the profit and loss account in the year in which they are payable.

Deferred Taxation

Deferred Tax is recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date except for:

- timing differences arising on revalued properties unless the company has entered into a binding sale agreement at the year end and is intending to take advantage of rollover relief; and
- deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences.

Deferred tax balances are not discounted.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating profit or loss.

Impairment of Fixed Assets

The need for any fixed asset impairment writedown is assessed by comparison of the underlying value of the asset against the higher of realisable value and value in use.

Investment properties

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Employee services settled in share options

The fair value of employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding adjustment to equity.

Notes to the Financial Statements

2 SEGMENTAL INFORMATION

The directors regard the Company as conducting a single class of business, being the manufacture of an integrated range of toys and nursery goods. All turnover and operating profit arose in the United Kingdom.

An analysis of turnover by geographical destination is as follows:	**2007**	2006
	£	£
United Kingdom	**2,846,665**	2,997,006
Europe	**83,674**	68,656
U.S.A.	**13,188**	180,303
	2,943,527	3,245,965

3 OPERATING PROFIT

	2007	2006
Is arrived at after charging:	**£**	£
Fees payable to the company auditors for the audit of the company annual accounts	**9,500**	9,500
Research and development	**175,697**	194,288
Redundancy payments	**8,502**	29,380
Depreciation – owned fixed assets	**77,297**	106,798
– fixed assets held under finance leases	**1,237**	–
(Profit)/Loss on sale of fixed assets	**(275)**	32,352

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Bank deposits	**16,848**	11,988

The Company earned an interest rate of 3% on cash balances held.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank loans, overdrafts, and other loans repayable within five years	**5,711**	8,009
Finance leases terminating within five years	**722**	–
	6,433	8,009

Included in other loan interest is an amount of £4,680 (2006: £5,637) relating to interest paid to T.D. Cassidy on his loan to the Company.

Notes to the Financial Statements

6 EMPLOYEES

Number of Employees

The average number of employees employed by the Company (including directors) during the year was as follows:

	2007 Number	2006 Number
Production / Warehousing	**8**	10
Sales	**3**	3
Administration	**4**	4
	15	17

Employment costs	**2007 £**	2006 £
Wages and salaries	**320,278**	376,298
Social security costs	**39,527**	43,379
Other pension costs	**44,346**	47,763
	404,151	467,440

7 DIRECTORS

Emoluments

The remuneration of the directors of the Company were:	**2007 £**	2006 £
Emoluments	**111,525**	105,397
Money purchase pension scheme contributions	**17,897**	23,321
	129,422	128,718

Two directors accrued benefits under the Company's money purchase pension schemes (2006: Two). The emoluments of executive director are determined by the Remuneration Committee, and do not include any performance related elements.

Additionally, £12,020 (2006: £12,022) was paid to Stanley Wilkinson & Co. for registrar and taxation consultancy services.

Directors' Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of the options are as follows:

	1 May 2006 Number	Granted Number	Exercised Number	30 April 2007 Number	Exercise Price	Date of Grant
P.M. Cassidy	120,000	–	–	120,000	32p	10 February 2000
S. Wilkinson	10,000	–	–	10,000	32p	10 February 2000

The options, if not exercised by 27 March 2010, will lapse.

Notes to the Financial Statements

8 **PENSION ARRANGEMENTS**

The Company operates one contributory defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Contributions payable by the Company to this scheme amounted to £44,346 (2006: £47,763). Contributions of £3,766 were outstanding at 30 April 2007 (2006: £10,793).

9 **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2007	2006
Current tax:	**£**	£
UK Corporation tax	**–**	(**8,099**)
Adjustments relating to prior years	**–**	–
	–	(**8,099**)
Deferred tax (Note 16)	**–**	2,**000**
	–	(**6,099**)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:-

	2007	2006
	£	£
Profit on ordinary activities before tax	**143,412**	50,143
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2006: 19%)	**27,248**	9,527
Effect of:		
Expenses not deductible for tax purposes	**243**	1,004
Capital allowances for year in excess of depreciation	**(3,551)**	(3,596)
Utilisation of tax losses	**(8,909)**	(6,935)
Research and Development claim	**(15,031)**	(8,099)
Current tax charge for the year	**–**	(8,099)

The standard rate of tax represents the effective rate of corporation tax applicable to the company in the year under review.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total unprovided amount is £122,500 (2006: £122,500). At present, it is not envisaged that any tax will become payable in the foreseeable future.

10 **EARNINGS PER SHARE**

Earnings per share are calculated on profit for the financial year of £143,412 (2006: £(56,242)) and on the weighted average number of shares in issue during the year of 5,524,350 (2006: 5,524,350).

Notes to the Financial Statements

11 TANGIBLE FIXED ASSETS

	Freehold land and Buildings	Plant and Machinery	Motor Vehicles	Total
Cost or valuation	£	£	£	£
At 1 May 2006	1,880,483	2,118,853	47,744	4,047,080
Additions	124,628	75,571	14,844	215,043
Disposals	–	–	(12,000)	(12,000)
At 30 April 2007	2,005,111	2,194,424	50,588	4,250,123
Depreciation	£	£	£	£
At 1 May 2006	110,695	2,015,630	47,744	2,174,069
Charge for the year	15,873	61,424	1,237	78,534
Disposals	–	–	(12,000)	(12,000)
At 30 April 2007	126,568	2,077,054	36,981	2,240,603
Net book value				
At 1 May 2006	1,769,788	103,223	–	1,873,011
At 30 April 2007	1,878,543	117,370	13,607	2,009,520
Leased assets included in the above:-				
At 1 May 2006	–	–	–	–
At 30 April 2007	–	–	13,607	13,607

The revaluation of freehold land and buildings and plant and machinery was carried out on 11 May 1998 by Messrs Henry Butcher, International Asset Consultants at existing use value. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual.

Analysis of cost or valuation:

	2007		2006	
	Land and Buildings	**Plant and Machinery**	Land and Buildings	Plant and Machinery
	£	**£**	£	£
Valuation made in 1998	**1,600,000**	**514,350**	1,600,000	514,350
Cost	**405,111**	**1,680,074**	280,483	1,604,503
	2,005,111	**2,194,424**	1,880,483	2,118,853

Notes to the Financial Statements

If the freehold land and buildings and plant and machinery had not been revalued, they would have been included at the following amounts at 30 April 2007

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Total
	£	£	£	£
Cost	1,703,906	1,931,812	50,588	3,686,306
Depreciation	(222,127)	(1,516,966)	(36,981)	(1,776,074)
Net book value	1,481,779	414,846	13,607	1,910,232

In the directors' opinion, the estimated cost of freehold land included in the cost of freehold land and buildings amounts to £150,000 (2006: £150,000).

The directors' consider that the book value of the revalued assets does not exceed the net realisable value.

12 STOCKS

	2007	2006
	£	£
Raw materials	**4,525**	21,323
Finished goods and goods for resale	**192,869**	269,923
	197,394	291,246

13 DEBTORS

	2007	2006
	£	£
Trade debtors	**192,093**	267,898
Other debtors	**6,408**	13,299
Prepayments and accrued income	**106,966**	141,228
	305,467	422,425

All amounts shown under Debtors fall due within 1 year.

Notes to the Financial Statements

14 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2007	2006
	£	£
Bank Overdraft	**20,861**	–
Obligations under finance leases and hire purchase contracts	**2,632**	–
Trade creditors	**34,206**	25,406
Other taxes and social security	**15,997**	52,384
Other loan	**46,612**	81,937
Other creditors	**22**	34,176
Accruals and deferred income	**112,720**	158,887
	233,050	352,790

The bank overdraft is secured by fixed charges over the freehold land and buildings and the book debts of the Company, and a floating charge over the plant and machinery.
The other loan included above is a loan made to the Company by T.D. Cassidy. This loan is repayable on demand.
The loan attracts interest at 1.25% above bank base rate.
Assets held on hire purchase are secured on the assets acquired.

15 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2007	2006
	£	£
Obligations under finance leases and hire purchase contracts	**11,122**	–

All obligations under finance leases and hire purchase contracts fall due for payment within five years.

Financial liabilities are due:	Loans		Finance Leases		**Total**	Total
	2007	2006	**2007**	2006	**2007**	2006
	£	£	**£**	£	**£**	£
– in one year or less	**46,612**	81,937	**2,632**	–	**49,244**	81,937
– in more than one year but not more than two years	**–**	–	**2,874**	–	**2,874**	–
– in more than two years but not more than five years	**–**	–	**8,248**	–	**8,248**	–
	46,612	81,937	**13,754**	–	**60,366**	81,937

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation
	£
At 1 May 2006	60,000
Transfer to profit and loss account	–
At 30 April 2007	60,000

Notes to the Financial Statements

Deferred Taxation
The balance at 30 April 2007 is made up as follows:

	Provided 2007 £	2006 £
Timing differences:		
Accelerated capital allowances	**60,000**	60,000
	60,000	60,000

There is no intention to dispose of the property or the moulds and tools in the foreseeable future. Deferred taxation liabilities are stated at an effective tax rate of 30%.

17 **CALLED UP SHARE CAPITAL**

	Number	£
Authorised		
10p ordinary shares:		
At 1 May 2006 and 30 April 2007	7,500,000	750,000
Allotted, called up and fully paid		
10p ordinary shares:		
At 1 May 2006 and 30 April 2007	5,524,350	552,435

Controlling interest
P.M. Cassidy is the Company's controlling party.

Options have been granted under the Approved Share Option Plan 2000 to subscribe for ordinary shares of the company as follows:

Number of share under option	Subscription price per share	Exercise period	Date of Grant
3,300	32p	10 years	10 February 2000

Options have been granted under the Unapproved Share Option Plan 2000 to subscribe for ordinary shares of the company as follows:

Number of share under option	Subscription price per share	Exercise period	Date of Grant
130,000	32p	10 years	10 February 2000

During the year ended 30 April 2007 the company had 133,300 share option agreements, granted before November 2002, with employees which are to be equity-settled. The company has taken advantage of the transitional provisions contained in Financial Reporting Standard 20 'Share-based payment' not to apply the standard to share options granted before 7 November 2002 and had not vested at the relevant effective date of 1 January 2006.

18 **RESERVES**

	Share Premium account £	Revaluation reserve £	Profit and loss account £
At 1 May 2006	43,522	553,399	2,055,802
Profit for the year	–	–	143,412
Equity dividends paid	–	–	(66,290)
Transfer for depreciation	–	(15,873)	15,873
At 30 April 2007	43,522	537,526	2,148,797

Notes to the Financial Statements

19 DIVIDENDS

	2007	2006
	£	£
Equity dividends paid	**66,290**	–
	66,290	–

Since the year end a Final dividend of 1.30p per share is proposed

20 MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	**143,412**	56,242
Dividends	**(66,290)**	–
	77,122	56,242
Opening shareholders' funds	**3,205,158**	3,148,916
Closing shareholders' funds	**3,282,280**	3,205,158

21 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	**132,997**	46,164
Depreciation charges	**78,534**	106,799
(Profit)/Loss on sale of tangible fixed assets	**(275)**	32,352
Decrease in stocks	**93,852**	205,093
Decrease/(Increase) in debtors	**108,859**	(13,142)
(Decrease) in creditors	**(107,908)**	(108,902)
Net cash inflow from operating activities	**306,059**	268,364

Analysis of net debt

	2006	Cash flows	Other non-cash changes	2007
	£	£	£	£
Cash	1,031,266	42,805	–	**1,074,071**
Overdraft	–	(20,861)	–	**(20,861)**
	1,031,266	21,944	–	**1,053,210**
Debt due within 1 year:				
Finance leases	–	–	(2,632)	**(2,632)**
Other loan	(81,937)	35,325	–	**(46,612)**
Debt due after 1 year:				
Finance leases	–	1,225	(12,347)	**(11,122)**
	949,329	58,494	(14,979)	**992,844**

Notes to the Financial Statements

Reconciliation of net cash inflow to movement in net funds	**2007**	2006
	£	£
Increase in cash	**21,944**	238,120
Cash outflow from increase in debt and lease financing	**36,550**	51,298
Change in net debt resulting from cash flows	**58,494**	289,418
New finance leases	**(14,979)**	–
Movement in net funds in the year	**43,515**	289,418
Net funds at beginning of year	**949,329**	659,911
Net funds at end of year	**992,844**	949,329

22 FINANCIAL INSTRUMENTS

An explanation of the objectives and policies for the holding or issuing financial instruments are disclosed on page 8 in the Director's Report.

Except for the purposes of currency disclosure the Company does not treat its short term debtors and creditors as financial instruments.

The Company does not enter into derivative financial instruments.

The book value of financial instruments is not materially different to their fair value.

Currency of cash balances
Included within the Company cash balances is a bank account denominated in Hong Kong Dollars amounting to £50,109 (2006: £144,954) and also a bank account denominated in United States Dollars amounting to £547,928 (2006: £217,696).

Financial Summary

	Year ended 30 April				
	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
RESULTS					
Turnover	2,944	3,246	3,430	3,951	5,343
Profit/(Loss) before taxation	143	50	(467)	(84)	194
BALANCE SHEETS					
Fixed assets	2,009	1,873	1,961	2,119	2,174
Net current assets	1,344	1,392	1,258	1,533	1,583
Deferred liabilities and provisions	(71)	(60)	(70)	(98)	(100)
Net assets employed	3,282	3,205	3,149	3,554	3,657
Share capital	552	552	552	552	552
Reserves	2,730	2,653	2,597	3,002	3,105
Shareholders' funds	3,282	3,205	3,149	3,554	3,657
STATISTICS					
Earnings per share	2.60p	1.02p	(7.07)p	(0.86)p	3.36p
Dividends per ordinary 10p share	1.30p	0.50p	0.25p	1.0p	3.0p
Borrowing ratio	0.7%	0.0%	0.7%	6.6%	6.9%

Financial Calendar

July 2007	Full year results announced
July 2007	Report and Accounts posted to shareholders
7 September 2007	Annual General Meeting
10 September 2007	Final Dividend paid to shareholders registered at 17 August 2007
January 2008	Interim results announced