



CONFIDENTIAL

GLASS INSERTS LIMITED

BUSINESS PLAN

Updated for the introduction of a second shift in month nine



BUSINESS DETAILS

Registered company name:
Glass Inserts Limited

Registered address:
157 Redland Road
Bristol
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Company registration number: 0370 8708

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Mr James Power
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Chartered Accountants
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Planned project start date:
August 2005

Disclaimer: While considering the contents of this business plan to be accurate and reliable no responsibility is taken by Glass Inserts Limited for the information contained herein.

Date compiled: August 2005

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SECTION ONE

EXECUTIVE SUMMARY

1.1 COMPANY ORIGINS/BACKGROUND

Approximately ten years ago, Mr Paul Richards, spotted the potential for a process that could manufacture high quality decorative glass quickly, consistently and at a reasonable cost. Mr Richards owned his own conservatory design and installation business and was finding that the industry was becoming increasingly competitive and homogeneous. One of the few means of differentiating the product was the inclusion of coloured and patterned fan lights, but these were time consuming to manufacture and relatively expensive.

Being an innovative and entrepreneurial character, Mr Richards set himself the task of developing an alternative method of manufacturing decorative glass. This took him eight years and approximately £340k of his own money to achieve, but he has now succeeded and patented his new product. The next stage is to start full-scale manufacturing and for this purpose Glass Inserts Limited was set up.

1.2 THE PRODUCT

The product is technically referred to as a “thermoformed laminar element that replicates cut, stained or bevelled glass”. It is basically a sheet of formed and coloured, if required, polymer laminate that is fixed to a sheet of glass using a specially formulated resin. Some of the technical hurdles that had to be overcome are as follows:

- ❖ A polymer laminate material had to be sourced that met a number of conditions including the strength to be thermoformed, the transparency and texture to replicate decorative glass, the ability to absorb colours, resistance to light damage and adherence to resin.
- ❖ A new printing method had to be developed that allowed colour to be applied to raised surfaces (“bump printing”).
- ❖ A resin had to be developed that permanently bonded the polymer laminate to glass but did not affect the transparency of the unit and was resistance to light damage.

The patented technical aspects of the product give a high level of protection against competitors trying to emulate the product. Another important competitive advantage are the suppliers of the raw materials that have been sourced by Glass Inserts.

Prototypes of the product have already been shown to a number of experienced players in the industry who have all shown a great deal of enthusiasm. Some of the correspondence with these people is shown in appendix VII.

1.3 THE MARKET

The main market that will be targeted by Glass Inserts will be conservatories, windows and doors manufacturers. This is a huge market with 330,000 conservatories installed in the UK in 2004, worth £2.2 billion, and 1 million door units manufactured in the UK annually. Glass Inserts' maximum phase one (two shifts and year one capital expenditure) capacity will represent only a small fraction of this market, possibly 4%.

A market that perhaps wasn't initially foreseen is that of point of sale advertising. An example of this would be a brewery's design in a glass fridge door or a table top in an up-market bar. Another potentially lucrative market is that of interior design using decorative and coloured glass in wall sections, stairs or floors. This could be used in corporate headquarters, restaurants or expensive homes.

Access to these markets will be achieved through the contacts of the directors (see below) and of high profile marketing and PR agencies Michael Rigby Associates and Plus Point.



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1.4 PERSONNEL

The three directors will be Paul Richards (Managing Director), James Power (Business Director) and Dick Dabner (Sales Director).

Mr Paul Richards has been involved in the glass industry for over twenty years through his successful conservatory business, which he recently sold in an MBO so that he could dedicate himself full-time to Glass Inserts.

Mr Dick Dabner has over 25 years experience in the decorative glass industry and is credited with the invention of the lead adhesive strip in the 1980s. Both Mr Richards and Mr Dabner have a large number of important contacts in the industry.

Mr James Power has previously worked for various global investment banks and is currently co-ordinating the fund raising activities. He will also assist with the development of the market.

Including the directors, the business will create 25 new jobs in its first year of production. The first two years payroll expense, including employers NIC, is forecast to be £1.06m.

1.5 FINANCIAL FORECASTS

A summary of the financial forecasts is shown in figure 1.1. Any grants potentially available under Regional Selective Assistance have not been included in the forecasts. Also, no account has been taken of any additional recruitment or capital expenditure that may take place in years two and three. As sales prices are expected to be put under pressure by the response of competitors in years two and three, inflation reduces profitability and cash generation. Profits, however, remain well above the breakeven levels.

Figure 1.1: Financial forecasts summary

	Year 1 2005/06	Year 2 2006/07	Year 3 2007/08
Profit and loss account			
Turnover	1,893,074	3,001,152	2,941,129
Percentage increase on previous year		58.5%	-2.0%
Gross profit	1,027,178	1,579,180	1,510,611
Margin	54.3%	52.6%	51.4%
Operating profit	392,903	743,501	663,293
Margin	20.8%	24.8%	22.6%
Net profit after tax and interest	319,759	531,195	477,287
Margin	16.9%	17.7%	16.2%
Balance sheet			
Year end cash balances	(185,033)	592,504	1,121,864
Minimum cash balances in year	(275,117)	(109,492)	689,805
Cash surplus/(deficit) for the year	(275,033)	777,537	529,360
Net current assets	84,888	658,681	1,175,324
Total net assets	790,697	1,321,892	1,799,180
Breakeven analysis			
Breakeven turnover per annum	1,327,237	1,726,249	1,756,179
Breakeven turnover per month	110,603	143,854	146,348
Turnover as a percentage of breakeven	143%	174%	167%



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EXECUTIVE SUMMARY

1.5 FUNDING PACKAGE

A suggested funding package is as follows:

	£
2005 equity investments paid and pledged	150,000
Less pre-trading expenditure (capital expenditure, R&D and marketing)	(60,000)
<hr/>	
Opening cash balance	90,000
Bank loan (SFLGS)	50,000
Bank loan (secured on the premises of Paul Richards)	50,000
Overdraft facility	25,000
Invoice factoring advances up to month 8	369,008
UK Steel Enterprise/Finance Wales (loan)	190,000
UK Steel Enterprise/Finance Wales (equity)	100,000
Neath Port Talbot Loan & Grant Fund (loan)	5,000
Neath Port Talbot Loan & Grant Fund (grant)	5,000
Cash profits between months two and eight	172,082
RSA grant	236,692
<hr/>	
Total funding requirement	1,292,782
Bridging finance for RSA grant	236,692
Bridging finance for VAT on capital expenditure (see above)	13,425
<hr/>	
Total financial package	£ 1,542,899

As the RSA grant is paid in arrears and will probably be in instalments, bridging finance is needed. A small amount (£13k) of very short term bridging finance will also be needed to cover the VAT on the capital expenditure until it is reclaimed. The peak funding requirement is forecast to occur in month eight and the figure for the invoice factoring is the balance forecast for this month.

Of the total funding requirement, £708k is needed for capital expenditure.

1.6 AIMS AND OBJECTIVES

The primary mission for Glass Inserts is to establish the company as the industry's lowest life-time cost producer of decorative glass panels for use in doors and windows for houses and conservatories.

The secondary mission is to commercialise innovative products for a variety of markets that are either new or in relative stages of infancy, including point-of-sale advertising, corporate signage, suspended ceilings, office dividers, and mirrors.

The main objectives are to:

- ❖ Build a quick route to market in order to exploit the competitive advantage of the product in the current market conditions.
- ❖ Maintain tight control of cost and operation during expansion.
- ❖ Obtain maximum market penetration as soon as possible.
- ❖ Maximise profits and dividend payouts for shareholders.

The directors strongly believe that the market positioning of Glass Inserts is conducive to a trade buyout by a larger player in the glass industry within 3-5 years.

1.7 SCOPE OF THIS BUSINESS PLAN

This business plan covers the initial phase in the development of Glass Inserts' manufacturing facility in Resolven, South Wales. The capital expenditure and job creation described in this document is just that expected to take place in year one and the financial forecasts only include the profits that are expected to be generated by this year one capital expenditure and job creation.

As indicated by the aims and objectives set out above, further capital expenditure and recruitment is planned for future years and cash flow forecasts certainly indicate that there will be cash surpluses available for this. However, this will be dealt with as separate projects as and when they occur.

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OPERATIONAL DETAILS

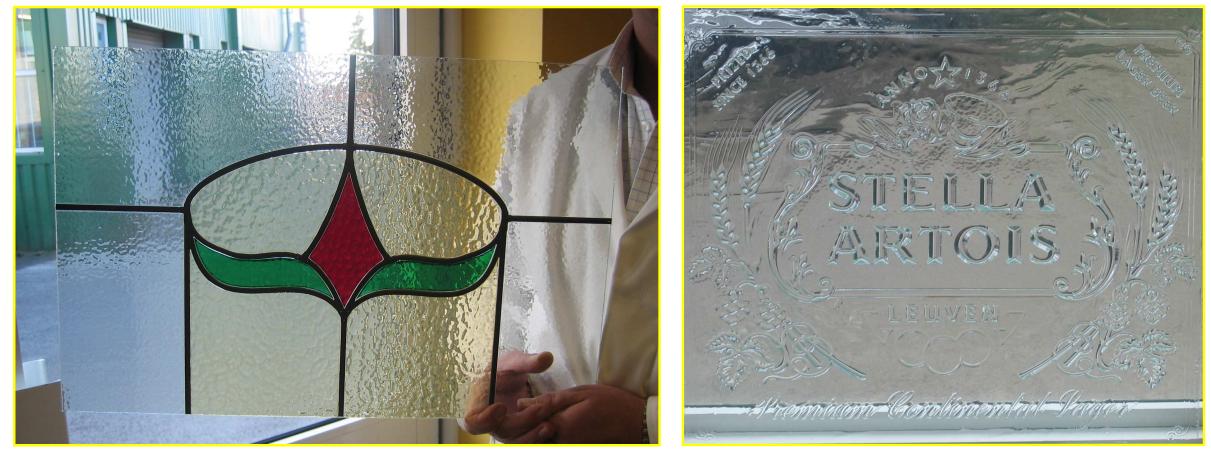
2.1 THE PRODUCT

Glass Inserts have developed a manufacturing process that can produce high quality patterned and coloured glass that has a number of unique selling points. These include:

- ❖ Rapid and consistent production.
- ❖ Much lower manufacturing costs than current market comparables, which allow prices to be set at between 30% and 70% below those of competitors.
- ❖ High quality that matches hand-crafted glass, both in terms of appearance and durability.
- ❖ Highly intricate and appealing patterns and colouring which are either very expensive to produce with existing technology or, in for the more complex designs, cannot currently be produced.
- ❖ High level safety features due to the lamination process
- ❖ High thermal insulating properties (U-values) and a degree of noise reduction compared to current market comparables.
- ❖ UV light resistant, which prevents fading of curtains and carpets.
- ❖ Applications in a number of different markets.

Shown in figure 2.1 are two examples of prototype products. The panel on the left is a fan light that would be used in a conservatory. The colour and leading effect is indistinguishable from comparable products. The product on the right illustrates the intricate patterns that can be incorporated into the product and is an example of how the product can be used for point of sale advertising (see section three for further details of this and other markets).

Figure 2.1: Examples of prototype products



Note that these examples are prototype products. Final products, using the latest manufacturing technology, will be of far higher quality and offer much more complex patterns that will match and exceed products currently available. Examples of current decorative glass used in windows and doors and end user pricing are shown in appendix XI. Shown in figure 2.2 on the following page are some examples of work taken from the website of Canadian company, Nathan Allan Glass Studios Inc (www.nathanallan.com). This illustrates the quality of work that Glass Inserts is aiming to exceed and some of the applications that its technology can be used for.

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Figure 2.2: Examples of applications for Glass Inserts' products



STUDIO SOUTHWEST PHOTOGRAPHY, NV
CHICAGO'S OWN RESTAURANT, LAS VEGAS



SPA RESORT CASINO (Palm Springs)
Designer: Dougall Design Architect: WATG



THIS CORPORATE FLOORING APPLICATION UTILIZES OUR 'PARCHMENT' TEXTURE
EBONY/GOLD FAUX FINISH AND EXCLUSIVE NON-SKID GRIT TO PREVENT SLIPPAGE

Product prototypes have been presented to a number of industry professionals (all with at least 20 years experience of decorative glass) who have provided extremely positive feedback. Comments made include "we feel your product has great potential in the glass industry" (Magden Limited), "In our view the prospects are very good" (Michael Rigby Associates), "Both Iain and myself were very impressed with what we saw" (K2 Glass Ltd), "Paul's idea is absolutely great and we are sure that it will find its ways in the market soon" (Siglam GmbH), and "I was very impressed with your ideas, product and design skills" (Welch Glazing Co. Ltd). Further comments from these sources can be seen in their correspondence shown in appendix VII.

2.2 MANUFACTURING PROCESS

A schematic diagram of the manufacturing process is shown in figure 2.3 on the following page.

2.2.1 Thermoforming mould

The process starts in the bottom left of the schematic with the computer design of the required pattern of the glass. This pattern is then etched onto a specially developed highly porous aluminium mould blank. The texture of this mould material is important in forming the polymer laminate used in the next stage of the process. Both the CAD design and etching of the moulds will be sub-contracted to a company that Mr Richards has worked with for many years and whose directors are personal friends of Mr Richards as well as trade investors in the project.

2.2.2 Polymer laminate

A great deal of research and development was needed to source a polymer laminate that has the correct thickness, texture, ink absorbency, transparency, resistance to light damage and adherence to the resin used later in the process. Furthermore, the laminate (which is fed into the thermoformer from a large roll) is also required to possess the physical properties that allow permanent reforming under high temperatures. The thermoformer works by applying heat to the top side of the laminate film to make it deformable and then suctioning it onto the mould using a vacuum, thereby producing the definition and surface contours to the laminate that deliver the decorative element of the product. As they are formed, the laminates are sliced with a guillotine and then stacked in the final part of this fully-automated process.

2.2.3 Printing

A screen printing system, known as "bump printing" is used to apply colour to the polymer film. This process is thought to be unique to Glass Inserts. Mr Richards has approached a number of printing companies asking them if they could print his formed polymer sheets and none of them has been able to do so.

The process works by applying ink to the raised surfaces of the formed polymer laminate, which may require printing on both sides of the film. The ink used is the same as that used in standard glass colouring processes and is therefore already proven to be resistant to the effects of sunlight.

2.2.4 Resin injection

A specially developed resin is used to fix the polymer laminate to sheets of glass, which can be standard, toughened or treated. The resin has been developed from a similar solution used to manufacture bullet proof glass in the US, although the final development of Glass Insert's resin was carried out by UK chemists.

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Figure 2.3: Schematic diagram of the manufacturing process

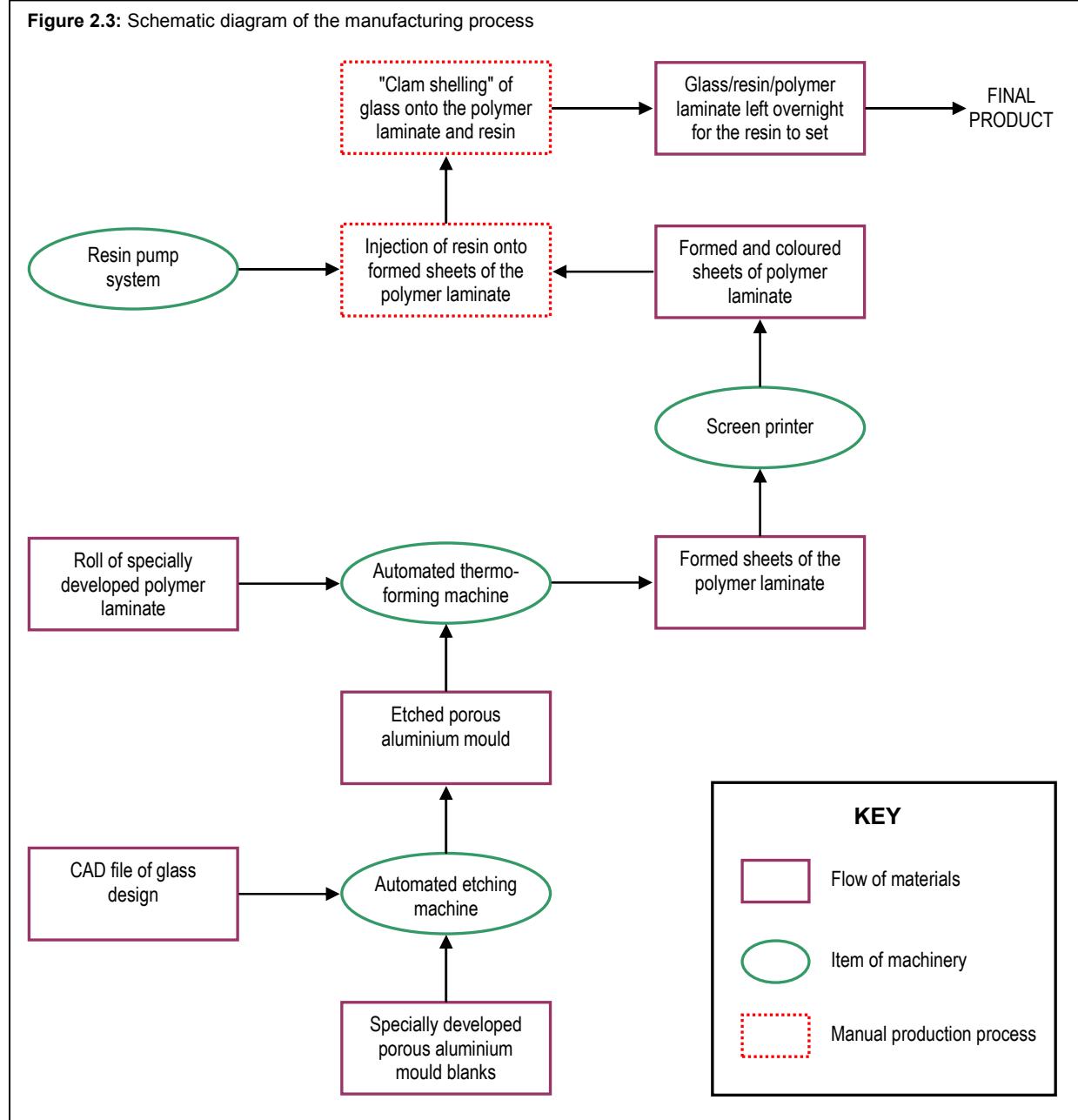
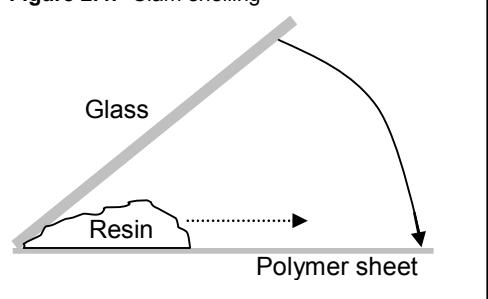


Figure 2.4: "Clam shelling"



Fixing glass to the polymer sheets is a manual process known as "clam shelling". This involves the injection of a precise volume of resin onto the surface of the polymer sheet and then, as illustrated in figure 2.4, a pane of glass, held by a suction cup, is pivoted down onto the polymer sheet, spreading the resin between the two surfaces. Care has to be taken in this process to ensure that the resin is completely distributed between the two surfaces and that no air bubbles are trapped. Automation of this process is not thought to be practically viable, but faster and more efficient techniques that lend themselves to volume production are currently in development.

The resin is made up of two chemicals that set when mixed together. It is critical to the manufacturing process that the chemicals are used in the correct quantities and thoroughly mixed. If this is not achieved air bubbles will be



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generated in the resin and product will be ruined. Getting this mix of chemicals correct was another important part of the development process.

2.3 STANDARDS

Although no documentation is available due to the high costs (up to \$30k), the product has been tested to 17CFR in the US, which is a high-impact resistance test used to certify hurricane-proof glass and is far more demanding than the tests required by European standards.

Another important factor in testing for standards is that the laminated design of the Glass Inserts' product makes it exceptionally difficult to break up into pieces and unlike standard glass, impossible to shatter. In fact, Glass Inserts' product has to be hit with a considerable amount of force to break it at all and even then it will not shatter, but will instead crack whilst still remaining bonded to the laminate film due to the immensely strong adhesive qualities of the resin.

The standard required before Glass Inserts' product can be sold in the UK, is the recently introduced European standard, EN1279. Based on the above facts, achieving EN1279 certification is thought to be a formality. This is supported by the fact that Magden Limited, a future distributor of Glass Insert products, have stated that they are prepared to carry out the tests at their own expense (see appendix VII).

2.4 INTELLECTUAL PROPERTY RIGHTS AND LICENSING

The manufacturing process has been developed over a period of ten years by Mr Richards at a cost to him personally of approximately £340k. A patent has been obtained for Great Britain and the USA on any "thermoformed laminar element replicating cut, stained or bevelled glass". Details of these patents are given in a letter from K.R. Bryer & Co, European Patent Attorneys, in appendix IX and can be checked on the European Patent Office web site (<http://gb.espacenet.com/>). Mr Richards also owns exclusive rights and IPRs to UK and European manufacture of the uniquely formulated resin used in the manufacturing process.

The patents are held by Mr Richards personally and will not be transferred to Glass Inserts Limited. The reason for this is that Mr Richards believes that these patents are very valuable and the funding required for Glass Inserts to purchase these patents, possibly several millions of pounds, could not be raised. Instead, the technology will be licensed to Glass Inserts and in return Mr Richards will be given 50.1% of the equity shares of the company.

An indication of the potential worth of the patents held by Mr Richards is given by the value placed on the licences, which will be sold for £250k each. Adding royalties to this would give a value in the UK alone, well in excess of £1m.

Protection for the shareholders and other investors is set out in a draft shareholders agreement prepared by Metcalfes Solicitors (www.metcalfes.co.uk). This states that a maximum of four manufacturing licences (including the licence granted to Glass Inserts) can be issued to "selected industry players in the United Kingdom with the approval of the directors of the Company acting in the Company's best interests". The draft shareholders agreement also states that Mr Richards must "agree not to charge any royalties or management fee for the rights granted under this licence".

2.5 SUPPLIERS

Details of the suppliers of the materials used in the manufacturing process is commercial sensitive information and has not therefore be disclosed in this document. However, it can be disclosed that all suppliers are based in the UK.

There is no dependency on any single supplier. Mr Richards owns the intellectual property rights on the resin, and therefore the formulation used by Glass Inserts can be given to another resin manufacturer who will be able to source and mix the ingredients under a standard 'toll-blending' agreement. This is normal practice for the industry and there are many manufacturers in the UK and Europe who would operate under such a toll-blending agreement. As regards tooling and moulds for thermoforming, there are also many manufacturers of tooling equipment in the UK who would be able to produce tools for Glass Inserts as long as they operated under specific guidance from Paul Richards with regards to the techniques developed by him. The laminate film is now an "off-the-shelf-product", widely available in the UK.



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Figure 2.5: Capital expenditure (excluding VAT)

	£
Thermoformers x 2	169,500
Glass assembly line	128,145
Resin pump systems x 2	236,000
Screen printing setup & driers	70,000
Assembly tables & racking	20,000
Tooling	20,000
Installation, wiring, airlines, ducting & filtration	40,000
Factory preparation costs - warm rooms x 2, painting & layout	7,000
Forklift truck (2-ton, electric, 2 nd hand)	5,000
Office equipment (computers & IT infrastructure)	12,000
TOTAL	£ 707,645

(www.ridat.co.uk), who have themselves recently relocated to Resolven from London. Two different models of thermoformer will be acquired, one of which will have a forming area of between 12ft² and 32ft² and the other between 2.2ft² and 8.3ft².

Unlike the thermoformer currently used by Glass Inserts in Bristol, which is now 9 years old and is very outdated technologically, the new machines will be larger, faster and more accurate (allowing better definition of designs). The major requirement for the new machines is a larger gate size, which dictates the maximum size of the panels that can be manufactured. One of the greatest and most pressing opportunities lies in the market for door panels, which Magden Limited refers to in their correspondence (appendix VII) and estimates to be around 20,000 panels a week. This market cannot be attacked at present because the thermoformer in Bristol can only produce panel sizes much smaller than the standard door panel sizes that the industry currently works with. As some of the thermoformer components have to come from India, the delivery time is relatively lengthy at up to 28 weeks for the larger machine. The supplier of the machines, Ridat, whose premises in Resolven is next to the unit that Glass Inserts intend to move into, have said that whilst waiting for the new machines, Glass Inserts can use machines that Ridat already has on its premises when they are not be used for other contracts. Whilst this is not an ideal situation and certainly not viable as a long term arrangement, it will allow Glass Inserts to start production without having to wait for the delivery of the new machines.

2.6.2 Glass assembly line

The glass assembly line is an off-the-shelf application, allowing cutting of awkward (curved) shapes used, for example, in the door industry. It includes a glass washer and drier of sufficient capacity and speed to meet the requirements of time and motion studies already carried out by Paul Richards for full-scale production.

2.6.3 Resin pump systems

The function of the resin pump systems may at first appear to be relatively simple, being to inject a set volume of resin onto a polymer laminate sheet. However, the process is complicated by chemistry behind resin formulations which is generally extremely complex, but is additionally so for the Glass Inserts system, due to the absolute clarity required for glass lamination. Mixing ratios for the resin need to be accurate to 0.2% and the two chemicals that combine to form the resin need to be 'degassed' and heated to a certain temperature (and maintained there) prior to mixing. Consequently, the resin pump systems are the most expensive items of machinery required.

They will be acquired from a Swiss based company called Dopag, who describe themselves as: "one of the leading global suppliers of metering and mixing systems" (www.dopag.com). Delivery time will be ten weeks. While waiting for the delivery of the full scale machines, Dopag have agreed to lend a smaller scale resin pump system to Glass Inserts. This will need work costing approximately £10,000 carried out on it to enable it to meet Glass Inserts' requirements.

2.6.4 Screen printer

This takes standard screen-printing technology used in the industry today and makes major adaptations which are specific to the overall fabrication process. Much of this is sensitive information which cannot be disclosed as it covers new techniques not known by the industry at present. What can be revealed is that the major adaptations cover new techniques for printing on contoured surfaces (the industry currently can only print on flat surfaces) and also improvements surrounding automation of the process to allow 2,500 units to be printed per shift as opposed to the 500 that can currently be printed in Bristol.

2.6 CAPITAL EXPENDITURE

Quotes for the thermoformers, glass assembly line, screen printing equipment and resin pump systems are shown in appendix X and a schedule of the capital expenditure is shown in figure 2.5. Glass Inserts has already acquired equipment, which had a net book value as at 30th June 2005 of £31,437. This is the prototype and small scale manufacturing equipment held at the Bristol research and development facility.

2.6.1 Thermoformers

The thermoformers will be supplied by Ridat

(www.ridat.co.uk), who have themselves recently relocated to Resolven from London. Two different models of thermoformer will be acquired, one of which will have a forming area of between 12ft² and 32ft² and the other between 2.2ft² and 8.3ft².

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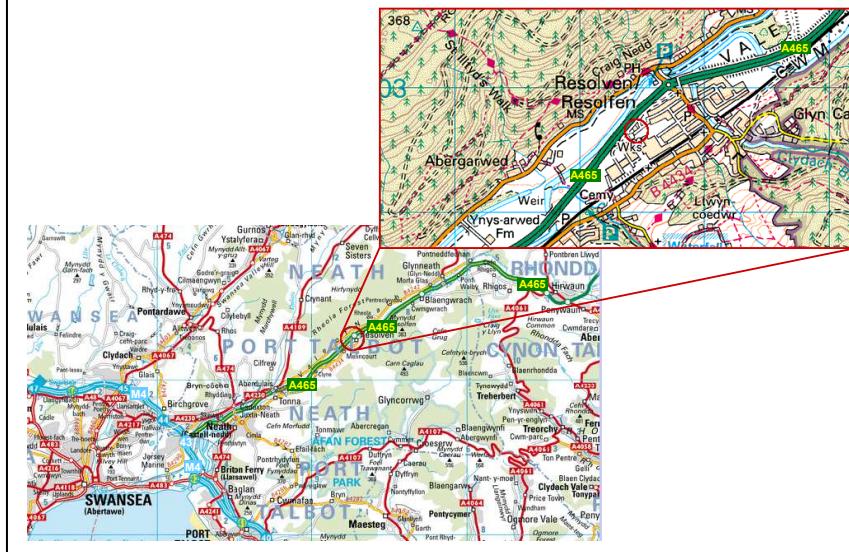
OPERATIONAL DETAILS

2.7 PREMISES

Glass Inserts is currently operating from a 1,500 ft² unit in Kingswood, Bristol. Approximately one-third of the floor space is taken up with office space and the remainder is used to house prototype manufacturing equipment.

Operating the full-scale production facility from this location is not possible due to a lack of space and difficulty with access. However, small scale production is possible using the prototype equipment and this will be used to produce marketing samples whilst the main factory is being set up. The Bristol location may be kept on initially as a sales and demonstration office, as it is approximately 1½ hours closer to London than the proposed manufacturing site, but this is not a long-term strategic intention.

Figure 2.6: Location of main premises



The main manufacturing site will be in the Neath Vale Supplier Park just south of Resolven. Glass Inserts was introduced to this site by Richard Hopkins, who is to act as consultant to the company and whose company, Ridat, will supply the thermoforming equipment.

The Resolven site has a number of advantages over Bristol, including, low cost premises and labour, easy access, the proximity of Ridat and the availability of grants and other finance.

The Resolven premises will be leased at a cost of £35,500 per annum. The floor space is 941.79m² (10,137 ft²) and comes with high quality staff accommodation including a reception area, two offices and a kitchen. Car parking for 22 spaces is provided with the unit. Full details of the premises are given in appendix VIII.

2.8 TIMETABLE

The project will start as soon as all the required funding is in place. It is hoped that this will be achieved some time in August 2005. To avoid the risk of losing the Resolven premises, they will be acquired as soon as the funding is in place.

There may be a small delay in starting production in Resolven as the lease on the premises will have to be negotiated, staff will have to be recruited and trained and machinery delivered and commissioned. Consequently, the initial batch of 2,000 sample units may be manufactured from the R&D facility in Bristol. However, **full-scale manufacturing from Bristol is NOT an option** and there is no risk of manufacturing continuing from Bristol for much longer than one month.



SECTION THREE

SALES AND MARKETING

3.1 THE MARKET PLACE

3.1.1 Background

Mr Richards' background is in technical design, which, when he first started his conservatory business, gave him a competitive advantage and acted as a barrier against large numbers of other companies to entering the market. However, this changed with the development of computer aided design (CAD) software, which made it much easier to design conservatories, and resulted in the market becoming intensely competitive.

One of the few methods of differentiating conservatories was the addition of decorative fan lights that were often supplied as a free of charge extra just to get a sale. However, the problem with high quality decorative fan lights is that their production is a labour intensive process that is not only relatively expensive, but takes a long time, thereby restricting supply. There are less expensive alternatives but these are very low quality. Furthermore, current production technologies severely limit the complexity of the designs available.

Hence, ten years ago, Mr Richards, began developing a manufacturing process that would get around these issues and provide installers with high quality, low cost and mass produced decorative glass that could give true, meaningful differentiation enabling them to compete effectively and visibly with other companies selling similar-looking products without having to cut prices.

3.1.2 Potential markets

The product has been shown to Michael Rigby Associates (www.521621.com/), who are brand and reputation consultants, specialising in marketing research and PR for the home improvement, window and building materials markets in the UK and Europe. They conclude (see appendix VII) that demand will come from manufacturers of the following products:

- ❖ Conservatories
- ❖ Panel doors
- ❖ Domestic retail composite doors
- ❖ New and replacement windows (mainly fan lights)
- ❖ Extensions

Another potentially lucrative market is point of sale advertising, with a great deal of interest having already been shown from advertising agencies. An example of how the product can be used in this market is the Stella Artois panel shown in figure 2.1, which could be used as table tops and refrigerator doors in bars and pubs.

Other potential markets are kitchen cabinets, floor panels, suspended ceilings, corporate signage and office dividers.

3.1.3 Market drivers, trends and size

The key drivers for all the target markets are price and product innovation, especially for the windows and doors fabrication industry, which is a mature market characterised by a high number of competitors and manufacturing overcapacity.

(i) Conservatories

Sales of conservatories, which represent a huge potential for fanlights and doors, have increased substantially over the last decade and represent the best performing sector of any major consumer durable. Consumer awareness and interest in the product remains high, with most householder surveys indicating conservatories high up on the list of preferred home improvements¹.

¹ Source: AMA Research: The Domestic Conservatory Market UK Report 2004



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SALES AND MARKETING

According to Michael Rigby Associates, around 330,000 conservatories were installed in 2004 worth over £2.2 billion at installed prices excluding bases, dwarf walls and VAT. Of these, 93% were sold to the domestic retail market and the remaining 7% were new build and commercial.

Whilst growth rates are expected to slow down from the levels of the past few years, there is still a great deal of potential for further growth, with penetration of 15% of UK housing stock in 2004 representing only half of the housing stock suitable for conservatories. The market is expected to grow by 12% in 2005¹.

The market is extremely fragmented, with over 2,000 installation companies in the UK, each typically installing small volumes of conservatories¹.

(ii) Door Panel and Domestic Retail Composite Doors

This is a high volume market, estimated by Magden Limited (see appendix VII) to be around 20,000 doors per week or one million units annually.

(iii) New and Replacement Windows (Mainly Fanlights)

This could potentially be a huge market as installers promote the replacement of older PVC and aluminium windows with newer generation windows. These need to be high security, good looking windows at competitive prices. These are windows to look at, not just through.

Of the remaining housing stock still to be replaced (12-15% of total housing) the bulk is original timber vertical-sliding (sash) windows. These are in older properties that lend themselves to decorative glass. Many still have the original glass, but both windows and glass are often in poor condition. A new generation of vertical sliders in different materials (timber, composites and PVC) is available, which planning officers now accept in heritage areas and listed buildings.

(iv) Extensions

A new sector of low-cost extensions will be developing in 2006/7 based on the adoption of solid roof products, fast-build half-brick pillars, PVC windows and doors, and modular bases. The products have been developed and are either available now (e.g. the fast clad brick system) or will be launched in 2005. The new sector (solid roof conservatories are popular in Ireland) cuts the costs of traditional brick-built extensions. It is based on a development of new and existing conservatory components that will be sold and installed by conservatory companies looking to add value and differentiation with decorative glass.

(v) Point of sale advertising

Strong interest in the product is being shown by advertising agencies, particularly in relation to premium lager retailers such as Peroni. Like the markets described above, there is very little differentiation in the premium lager market and increasing competition from wines and spirits. Consequently, breweries are constantly looking for innovative ways in which to add value to their brands and thereby justify their higher prices.

3.1.3 Entry barriers

It is thought that competitors attempting to copy the technology will be discouraged from doing so due to the high entry barriers, in particular the broad and strong UK and US patents owned by Paul Richards. Furthermore, the exclusive rights to UK and European manufacture of the uniquely formulated resin that is used to bond the decorative laminate element to the glass are owned by Paul Richards, thus giving further protection against the risk of new entrants.

In contrast, the barriers to entry to the markets targeted by Glass Inserts are low, due to the profile of the windows and doors fabrication Industry, as described above.

3.2 MARKETING STRATEGY

3.2.1 Industry contacts

Many of the envisaged distribution channels for the product are already open due to the experience, knowledge, and industry contacts of sales & marketing director Dick Dabner. The companies that have already been approached are significant players in their markets and all have well-established, extensive distribution channels. These companies are currently awaiting finished samples in order to begin marketing operations to their customer base. They include:

¹ Source: Conservatory Industries: Media Details 2005/06 (www.turretgroup.com/content/category/4/77/67/)



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Magden, K2 Glass, Rocal, Siglam AG, Pultec, and Munster Joineries. Correspondence with Magden, K2 and Siglam is shown in Appendix VII.

3.2.2 External agencies

In addition to the industry contacts of Dick Dabner, as part of ongoing marketing exercises Glass Inserts have already engaged Plus Point, Welch Glazing, and Michael Rigby Associates, in order to carefully select and target fabricators, installers and distributors who are significant market players and have the capability to move large volumes of product. Correspondence with these companies is shown in appendix VII.

Plus Point (www.epluspoint.com/) is a specialist sales and marketing / business development organisation working with highly innovative (usually smaller) companies supplying into the building / building design marketplace. Originally developed in Belgian, Plus Point has proven success both in Europe for over 20 years and also in the UK where it has been established for 10 years. They will be used to initially develop the UK markets, followed by European markets where there are likely to be considerable opportunities for export. Details of the relationship between Plus Point and Glass Inserts are shown in Plus Point's letter of 31st May 2005 in appendix VII.

Welch Glazing is an established specifier for the new-build market, which they estimate to be running at about 225,000 units per year in the UK. Michael Rigby Associates are considered to be the UK's premier consultancy, research, and PR company, and can boast board entry-level to all the established companies in the UK construction industry.

3.2.3 Pricing strategy

Glass Inserts will position its products at all levels across the marketplace, combining high quality, intricate and appealing designs with a low pricing structure as indicated below. New customers and large orders will be given discounts, which are expected to average out at 5% of sales.

Inserts - High Value	£30.00 – e.g. door panels
Inserts - Medium Value	£20.00 – e.g. conservatory fanlights
Inserts - Low Value	£12.50 – e.g. smaller sized panels with intricate designs

It has been verified that these trade prices undercut products of considerably inferior quality currently being marketed by between 30% and 70%. For example, small hand-made panels imported from China are selling in the UK at a trade price of £25 each and larger panels for £42. However, despite the reduced pricing approach, Glass Inserts can still boast gross margins around of 60% and operating margins in excess of 40% due primarily to the low cost of manufacture and speed and simplicity of the manufacturing process.

3.2.4 Order book development

Samples for marketing will be produced from the company's R&D facility in Kingswood, Bristol. These will be used to build an order book from the already-targeted potential customers afore-mentioned whilst the funding applications are being processed.

3.3 COMPETITION

3.3.1 Alternative products

In short, Glass Inserts is the only product that combines top quality and low prices. Current industry techniques all involve manual processes, requiring skilled workmanship. It currently consists of the following three methods:

1. Very highly skilled craftsmen cutting individual pieces of glass with varying textures and colours and fitting them together in a leaded "H-section", which then requires further soldering of the lead. This is traditional stained glass (i.e. that used in churches) and is very expensive due to the high level of skill and time required to produce a single panel. Mass-production is not possible and no additional safety benefits are delivered in glass panels fabricated using this technique.
2. Skilled craftsmen sticking bevels and coloured film onto a flat panel with adhesive, and then creating a border around the pattern with lead-adhesive strip. This is still very labour intensive, the average rate of production per skilled worker being only 8-10 conservatory fanlights per shift. Furthermore, consistency cannot be guaranteed. Many of these panels have two-dimensional decorative effect and have little aesthetic appeal. Glass Inserts' product can be produced at a rate of 35-50 per skilled operator per shift, all of which will combine infinitely more appealing decorative effects with prices at least 20-30% below current mid-market ranges.
3. CAD-automated drawing arms using acrylic-based resins which can only produce 2-dimension effects with little appeal. In the decorative glass industry, the effect produced by this technique is often referred to as 'icing sugar on glass' and can only command low-range prices; hence it is often seen in social housing. Furthermore, no



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additional safety aspects are delivered and this technique is generally only used for interior glazing panels due to the low level of durability of the decorative resin-based inks.

The Glass Inserts product should not be confused with the patterned glass often used in bathroom windows. This is two-dimensional and inexpensive looking, due to the fact that it is mass produced as float glass and cut to size. This sometimes attempts to use imitation sandblasted effects but never quite carries it off, and cannot combine different textures and patterns in a single piece of glass. Neither does it combine leaded, bevelled or brilliant-cut techniques that Glass Inserts can easily achieve with no additional cost of manufacture.

Another type of decorative glass used for interiors is fused glass. This can only create limited effects and relies on bright colours to deliver attractive designs. Fused glass is expensive to produce due to the high energy costs required to melt (fuse) different pieces of coloured glass together in a kiln and also the high failure rate in manufacture (due to cracking during the cooling process).

3.3.2 Overseas manufacturing

In an effort to offer attractively-priced decorative glass panels without cutting margins to the bone, some door panel and door companies are now sourcing from China. Although the like-for-like quality is good, companies have to carry six months stock to protect them from a long distribution pipeline. Glass Inserts' product should enable these companies to compete with a very high quality product at better prices without sacrificing margins or service flexibility.

3.4 SALES FORECASTS

Sales forecasts have been divided into three categories as described in section 3.2.3 and the forecasts for years one to three are shown in figure 3.1. A more detailed analysis of sales forecasts is shown in appendix V.

Figure 3.1: Sales forecasts

	Year 1	Year 2	Year 3
Units of sales			
High value	13,056	21,120	21,120
Medium value	26,111	42,240	42,240
Low value	26,111	42,240	42,240
Total sales units	65,278	105,600	105,600
Revenue (£'000)			
High value	391,670	620,928	608,509
Medium value	522,227	827,904	811,346
Low value	979,176	1,552,320	1,521,274
Total revenue	1,893,074	3,001,152	2,941,129

NOTE: Units of sales exclude 2,000 units to be produced in month one for marketing samples. Each of the low value units will be converted into three panes of glass will sell for £12.50 each, generating revenue per low value unit of £37.50.

Examples of letters of interest are shown appendix VII, but many more are available if required. Based on these and the size of the market detailed in section 3.1.3, it seems reasonable to assume that all the units manufactured in the Resolven unit can be sold. It is the intention of Glass Inserts to back up this assumption by generating a full order book over the coming weeks, before the move to Resolven.

The limiting factor on sales, therefore, will be the production capacity of the Resolven factory. This has been calculated in appendix V as 63,360 units per annum. This assumes a single eight hour shift and no additional capital expenditure to that forecast for the first year of the business.



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PERSONNEL

4.1 LEGAL STRUCTURE AND OWNERSHIP

Glass Inserts Limited is a private limited company and is structured as an EIS qualifying company. It currently has an authorised share capital of 25,000 £1.00 'A' ordinary shares and 75,000 £1.00 'B' ordinary shares. In the near future, the 'B' ordinary shares will be converted to 'A' ordinary shares resulting in a total authorised share capital of 100,000 'A' ordinary shares.

To date only two shares have been issued, both 'A' ordinary shares to Paul Richards. However, a significant amount of time, expenditure and cash has already been invested in the company and it is proposed that this will be converted to share capital as shown in figure 4.1. This also shows that the investment to date only represents 84% of the authorised 'A' ordinary shares, leaving 16% available for further investment. Based on recent cash investments, this would cost £100k.

Figure 4.1: Proposed share ownership

Shareholder	Investment	Equity shares to be issued	% of total authorised equity shares
Paul Richards	Time, licence agreement and waived royalties	50,100	50.100%
James Power	Time and personal expenditure	2,475	2.475%
1999 investments			
Thomas Smith	£10,000	2,475	2.475%
Martin & Lee Oldfield	£10,000	2,475	2.475%
Malcolm Green	£10,000	2,475	2.475%
2005 investments			
Geoff Spicer	£25,000	4,000	4.000%
Tony Mapstone	£25,000	4,000	4.000%
Kerry Edwards	£10,000	1,600	1.600%
Corazon Stone	£10,000	1,600	1.600%
Louise Power	£15,000	2,400	2.400%
Lee Oldfield	£25,000	4,000	4.000%
Investments pledged			
Richard Hopkin	£25,000	4,000	4.000%
Stephen Power	£10,000	1,600	1.600%
Others	£5,000	800	0.800%
Totals	£180,000	84,000	84.000%



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MANAGEMENT

4.2 THE DIRECTORS

The directors will be as listed below. Brief biographies of the directors follow and curricula vitae are shown in appendix VI.

Managing director:	Paul Richards
Business development director:	James Power
Sales & marketing director:	Dick Dabner

4.2.1 Paul Richards (Managing Director)

The business founder and inventor of the patented Glass Inserts product. Paul, aged 39, has for the past 18 years been working in the home improvement market, specializing in manufacturing and installation of conservatories and windows. He has always been an innovator, and became well known for his ability to successfully install difficult configurations of conservatories in a variety of materials. He established a profitable business for manufacturing and installing his products which he sold in February 2005 for a small profit so that he could concentrate on Glass Inserts.

As well as the overall management of the company, Paul will be responsible for R&D, product development and production.

4.2.2 James Power (Business Development Director)

Up until 2001, James, aged 32, gained five years experience as an equity sales trader based in Madrid for investment banking organisations such as BBVA, Credit Suisse First Boston, and Lehman Brothers Europe. He has a wealth of experience in financial markets, and has dealt extensively with fund managers and corporate finance advisors in the UK and abroad. Since 2001 he has worked freelance advising start-ups and writing business plans. It was through this work that he met Paul Richards in 2004 and he is now committed to securing capitalisation for Glass Inserts and developing new markets globally. James will also be responsible for the company's finances (assisted by his brother Stephen — see below), business planning and human resource planning.

4.2.4 Dick Dabner (Sales & Marketing Director)

In the 1980's Dick established and later sold a very successful international business (Character Films Ltd) which produced decorative products for replica stained glass. He has contributed to the stained glass industry with innovations such as the "self-adhesive lead strip" and the "coloured film adhesive" products for replica stained glass, which are the standard products and techniques still being used in the industry for producing decorative glass panels.

4.3 EMPLOYEES

Shown in figure 4.2 on the following page is an organisation chart, which shows all of the directors and employees of Glass Inserts and their reporting channels. The total number of employees, including the directors, that will be created in phase one of Glass Inserts is 25. Six of these jobs will not be created until month nine on the introduction of a second shift. Details of the employees follow.

4.3.1 John Winnik (Overseas Sales Development Manager)

John will be responsible for building Glass Inserts markets for export. He is ideally suited to this role having many years experience of working all over the world, including Europe and the US. He worked seven years for East European Exports, representing manufacturing companies in Eastern Europe, before moving to Austrian based Siglam Resins, who have expressed an interest in Glass Inserts' product (see appendix VII). Here John worked as sales and development manager for five years before being promoted to sales director and being given responsibility for developing markets in the US and Canada.

4.3.2 Stephen Power (Financial Controller)

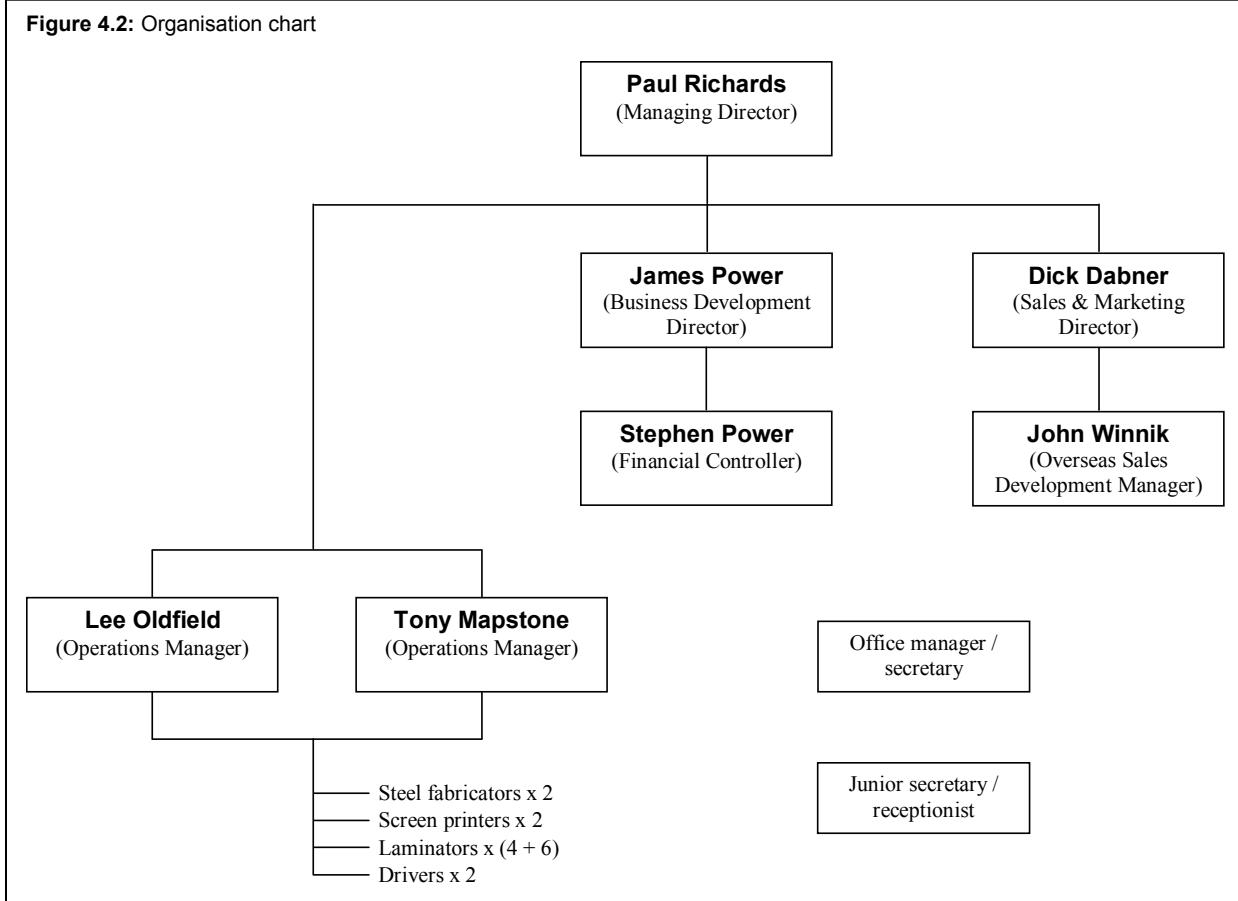
Stephen, aged 34, is a Chartered Management Accountant. At Threadneedle Asset Management he headed the European institutional finance team responsible for over £50bn of assets with responsibility for statutory, management and regulatory reporting. He also has over four years combined experience in business strategy and planning at RAC Motoring Services and Threadneedle Asset Management and was part of the executive team when those companies were sold to Lex Motoring Services and American Express respectively. Stephen will become a full time employee of the business once it becomes profitable, probably six months after start-up.



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Figure 4.2: Organisation chart



4.3.3 Production staff

Overall responsibility and strategy formulation for production will be taken care of by managing director, Paul Richards. However, day-to-day management will be carried out by operations managers, Tony Mapstone and Lee Oldfield, both of whom are 4% equity shareholders in the company.

Many of the direct manufacturing and production positions will initially require multi-tasking capabilities, requiring employees to learn and get up to speed quickly on all aspects of the fabrication process, thus providing competence and cover for holidays, sickness, overtime, etc. This will be mainly true as regards thermoforming, printing and laminating but not for steel fabrication. That said, the steel fabricators would be expected to be the most versatile and multi-skilled in order to fit in where necessary.

Steel Fabricators: These positions are for experienced steel fabricators, accustomed to welding and forming steel and other metallic forms that will form part of the Glass Inserts product range. Glass is heavy and requires strong but well-designed supporting materials (i.e. stainless steel) in order to produce functional products incorporating our glass work (e.g. tables, suspended ceilings, urinals, etc.). These are skilled positions requiring creative ability for the production of stylish designs to accompany Glass Inserts innovative current and future product range. It is envisaged that substantial training will be required in order for new skills to be taught in order to permit standard industry techniques to be adapted and upgraded for Glass Inserts' requirements.

Screen Printers: These positions are for operatives with some experience of the printing industry. They will be taught new techniques and innovations that Glass Inserts has brought to the printing industry, mainly printing of curved surfaces and printing on non-stick polymer material.

Laminators: These positions are for skilled glass / glazing products production manufacturers and consequently, people who have experience of the glass industry will be required. They must be accustomed to handling and working with glass and familiar with the different types of commercial glass used for interior and exterior installations. They will be taught new skills



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regarding the handling and complicated processing of the resins that will be used to laminate the decorative polymer skins to glass panels. The extra six employees to be taken on for the second shift, which is planned to commence in month nine, will be laminators.

Drivers: Two drivers are required to transport finished products to delivery destinations. Some experience of handling glass and heavy but fragile finished products will be required.

4.3.4 Administration support staff

An office manager / secretary and a junior secretary / receptionist are required. These will be standard administrator positions requiring some previous experience of working in a dynamic fast-moving environment.

4.5 EMPLOYEE INCENTIVES

Pension scheme: Employees will be given a contribution to their pension scheme of 7.5% of salaries

Bonuses: A bonus of 10% of net profit before tax will be shared out between the employees. An additional bonus of 40% of net profit before tax will be paid out on any profits in excess of those shown in the financial forecasts.

Commission: Sales staff will be paid sales commissions capped at 5% of sales.

4.6 FINANCIAL MANAGEMENT

Overall financial management will be the responsibility of James Power, but the operation of the accounting systems will be carried out by Stephen Power, who is a chartered management accountant. Glass Inserts' external accountants are Wormald & Partners, a Bristol based chartered accountancy practice.

Certain requirements for financial management are specified in the shareholders agreement. These include:

- ❖ Accurate and complete accounting and other financial records in accordance with all applicable laws and generally accepted accounting practices applicable in the UK are to be maintained.
- ❖ Each party and their respective authorised representatives shall be allowed access at all reasonable times to examine the books and records of the company.
- ❖ A business plan for the company will be prepared for each financial year and will include financial forecasts, a review of projected business, a summary of business objectives and an analysis of the results of the company. This is to be submitted to the board no later than 30 days before the commencement of the financial year to which they relate.

4.7 SALARIES

It is thought that the year one salary structure will be as set out in figure 4.3. Based on this salary structure and adding employers national insurance contributions, the salary expense for the first two years of the business will be £1.06m.

Assuming that the business develops as set out in this business plan, salaries of the managing director and business development director will be increased to £80k and £70k respectively in year two. All other salaries will increase annually by 2%.



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Figure 4.3: Salaries

Job description	Employee name	Annual salary £
Managing director	Paul Richards	40,000
Business development director	James Power	30,000
Sales & marketing director	Dick Dabner	30,000
Financial controller	Stephen Power	30,000
Overseas sales development manager	John Winnik	30,000
Operations managers x 2	Tony Mapstone / Lee Oldfield	29,500
Steel fabricators x 2	To be decided	18,000
Other production staff x 14	To be decided	14,250
Office manager/secretary	To be decided	16,000
Junior secretary/receptionist	To be decided	10,000

NOTE: The salaries do not include employers NIC



SECTION FIVE

FINANCE

5.1 FINANCIAL REQUIREMENTS

The peak funding requirement occurs in month eight of the financial forecasts and is made up as follows:

	£
Capital expenditure	707,645
Working capital	505,979
Loan capital repayments	30,465
Month one cash losses	48,693
Total funding requirement	£ 1,292,782

The financial forecasts show that additional short term bridging finance is needed in month three. The funding requirement up to this month is actually only £1,008k, which is £285k less than that in month eight. However, because in month three there will be less funding available from cash profits and factor advances, there is a funding shortfall. This month three shortfall will be very short term because within one or two months, the business will receive a rebate for the VAT charged on the fixed assets, which amounts to £94k.

The instigation of the second shift will require additional funding up to month 12 of £202k for working capital, but this will be covered by the profits generated by the business, which between month nine and 12 will amount to £296k.

5.2 SOURCES OF FINANCE

A suggested funding package is set out below.

	£
2005 equity investments paid and pledged	150,000
Less pre-trading expenditure (capital expenditure, R&D and marketing)	(60,000)
Opening cash balance	90,000
Bank loan (SFLGS)	50,000
Bank loan (secured on the premises of Paul Richards)	50,000
Overdraft facility	25,000
Invoice factoring advances up to month 8	369,008
UK Steel Enterprise/Finance Wales (loan)	190,000
UK Steel Enterprise/Finance Wales (equity)	100,000
Neath Port Talbot Loan & Grant Fund (loan)	5,000
Neath Port Talbot Loan & Grant Fund (grant)	5,000
Cash profits between months two and eight	172,082
RSA grant	236,692
Total funding requirement	1,292,782
Bridging finance for RSA grant	236,692
Bridging finance for VAT on capital expenditure (see above)	13,425
Total financial package	£ 1,542,899



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Details of the terms of the loans are given in the notes to the financial forecasts in Appendix IV. Bridging finance is needed because the RSA grant will not be paid until a certain amount of money has been defrayed on the fixed assets (e.g. 75% of the total forecast) and the jobs have been created. Furthermore, the grant will be split into two (or possibly three) instalments, possibly, but not necessarily, 50:50, with the second instalment payable at least 12 months after the first instalment.

This year, Glass Inserts Ltd. (structured as an EIS qualifying company) has raised £110,000 of private investments and a further £40,000 has also been pledged over the next month or so. This investment will be converted to equity share capital as detailed in table 4.1.

HSBC Bank has offered two £50,000 loans, one of which will be secured on Paul Richards' house and the other will be under the Small Firms Loan Guarantee Scheme. HSBC will also provide a £25,000 overdraft facility, £250,117 of bridging finance and £369,008 of factor finance, bringing their total contribution to the funding package to £744,125. This represents 48.2% of the total financial package.

It is hoped that £290,000 can be raised from UK Steel Enterprise/Finance Wales, of which a suggested breakdown is £190k loan and £100k equity. This investment in equity would represent a 16% stake in the company based on other recent cash investments.

Cash profits are the net profits with the depreciation and deferred income write offs taken out. This will be the primary source of funding for the introduction of the second production shift. The factor finance will be maintained at approximately the levels reached at the end of month eight, i.e. £369k.

5.3 NEED FOR GRANT

Although Paul Richards recently sold his conservatory business this did not realise a hugely significant amount of cash (approximately £50k). Mr Richards has also spent considerable sums of his own cash in developing the product, which means that he does not have a great deal of cash to invest in Glass Inserts. Mr Richards' financial commitment to the project is illustrated by the fact that he has secured a £50k bank loan and a £25k overdraft facility on his family home (see appendix XIV).

The bank is fully exposed with its £744k commitment to the funding package and Finance Wales is also making a substantial investment in the project.

Attempts have been made to obtain business angel funding but this has not worked out as explained in the correspondence shown in appendix XV from Beer & Partners Limited, who have introduced several potential investors to Glass Inserts. The main problem was that the investors wanted too much of the company, i.e. controlling stakes. Another problem was that it was not felt that the potential investors understood the product or the business and their ideas would have conflicted with those of Paul Richards and eventually led to a falling out.

A possible way around the problem of the funding gap would be to scale down the project and start the business at a slower pace. However, this would not work because to meet the demand of the markets being targeted, the business has to be able to manufacture in the volumes set out in this plan. A lower capacity would lead to problems in meeting demand and the possibility of losing credibility within the industry.

5.3 OPENING POSITION

The latest available balance sheet is shown at the end of appendix XI and the latest bank statement is shown in appendix XIII. The balance sheet shows the investment to date as a loan of £140k¹. This will be converted to equity, together with the remaining £40k already pledged as set out in figure 4.1.

The latest balance sheet and bank statement show a cash balance of approximately £85k. The further investments pledged would bring this up to £125k. However, expenditure on the resin pump and other marketing and R&D expenditure over the next few weeks is expected to reduce the cash balance to £90k and this has been shown as the opening position in the cash flow forecasts.

5.4 FINANCIAL FORECASTS

Financial forecasts together with notes for the first three years of trading are shown in Appendices I to V and are summarised in figure 5.1. **The forecasts do NOT include the RSA grant.**

¹ Although the bank statements show total receipts of £120k in investments this year, £10k of this was repaid on 16/06/05. The original £10k investment was made by James Power's mother but it was later found that she did not qualify for an EIS investment in Glass Inserts due to her relationship to James. Hence the net investment this year is £110k. Adding the £30k invested in earlier years gives the £140k.



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FINANCE

Figure 5.1: Financial forecasts summary

	Year 1 2005/06	Year 2 2006/07	Year 3 2007/08
Profit and loss account			
Turnover	1,893,074	3,001,152	2,941,129
Percentage increase on previous year		58.5%	-2.0%
Gross profit	1,027,178	1,579,180	1,510,611
Margin	54.3%	52.6%	51.4%
Operating profit	392,903	743,501	663,293
Margin	20.8%	24.8%	22.6%
Net profit after tax and interest	319,759	531,195	477,287
Margin	16.9%	17.7%	16.2%
Balance sheet			
Year end cash balances	(185,033)	592,504	1,121,864
Minimum cash balances in year	(275,117)	(109,492)	689,805
Cash surplus/(deficit) for the year	(275,033)	777,537	529,360
Net current assets	84,888	658,681	1,175,324
Total net assets	790,697	1,321,892	1,799,180
Breakeven analysis			
Breakeven turnover per annum	1,327,237	1,726,249	1,756,179
Breakeven turnover per month	110,603	143,854	146,348
Turnover as a percentage of breakeven	143%	174%	167%

As mentioned earlier, this business plan only covers the first phase of the project. Consequently, the forecasts do not take into account any capital expenditure or recruitment that is expected to take place in years two and three and beyond. These developments will be treated as separate projects as they happen. There is therefore a tailing off of profitability and surplus cash generation in year three due to the effect of inflation and cuts in selling prices.

5.4.1 Turnover

It has been assumed that competition will put pressure on selling prices and therefore the unit prices have been reduced by 2% in years two and three. The increase in year two production overrides this effect, but no further production increase is forecast for year three (in reality the capacity will probably be increased in years two and three with additional capital expenditure and recruitment, but these developments are not covered in this business plan) and hence the 2% drop in turnover. This will also affect the gross profit margin as inflation increases costs but sales prices are reduced.

5.4.2 Net current assets

Net current assets are negative between months 3 and 10. This is caused by the factoring finance, which is all included in current liabilities. Much of this could be considered as long term finance and the balance remains over £300k for most of this period. The receipt of the grant would also have an effect on the negative balance.

5.4.3 Breakeven analysis

The breakeven turnover has been calculated as the turnover needed to cover all of the profit and loss account expenses plus the capital element of the monthly loan instalments. The figures show that the breakeven turnover will be exceeded by more than 40% and that there is therefore a significant safety margin built in to the forecasts.



APPENDIX I

CASH FLOW FORECASTS

CASH FLOW FORECASTS — YEAR 1													Glass Inserts Ltd		
Year ending 31 July 2006		NOTE	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
			AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	£
RECEIPTS															
Share capital			100,000												100,000
Bank loans	16		100,000												100,000
Other loans			195,000												195,000
Purchase leases/HP															0
Grants			5,000												5,000
Cash from customers	1		0	88,159	100,753	114,606	158,953	163,277	168,761	177,217	165,236	193,603	176,188	249,355	1,756,108
Other income															0
TOTAL CASH IN			400,000	88,159	100,753	114,606	158,953	163,277	168,761	177,217	165,236	193,603	176,188	249,355	2,156,108
PAYMENTS															
All salaries & PAYE	3	11,462	29,138	33,401	33,401	33,401	35,230	36,188	36,139	41,846	43,864	43,864	43,864	421,798	
Rent & rates	4	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	5,683	68,198
Insurance		750	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Heat, light & power		1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,925
Direct materials & services	1	0	49,164	49,789	54,351	57,288	56,978	55,720	56,792	77,625	86,035	90,241	94,963	728,944	
Property maintenance		539	539	539	539	539	539	539	539	539	539	539	539	539	6,463
Plant & machinery repairs		118	118	118	118	118	118	118	118	118	118	118	118	118	1,410
Communication	5	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	14,100
Office costs	6	881	881	881	881	881	881	881	881	881	881	881	881	881	10,575
Travel & vehicle expenses	20	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	6,463	77,550
Audit & accountancy		588	588	588	588	588	588	588	588	588	588	588	588	588	7,050
Advertising & marketing	7	16,333	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	29,258
Overdraft interest	15	0	(107)	628	2,194	1,874	1,626	1,364	1,791	2,087	2,043	2,056	2,035	17,593	
Bank loans	16	188	1,841	2,482	2,019	1,841	2,761	2,010	1,841	2,713	2,001	1,841	2,665	24,203	
Other loans		0	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	44,086
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital exp — project	18	371,752	120,456	178,770	27,730	0	0	49,115	83,660	0	0	0	0	0	831,483
Capital exp — other		0	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT payment/(rebate)			(78,037)					43,947				25,390			(8,700)
Professional fees	8	588	588	588	588	588	588	588	588	588	588	588	588	588	7,050
Bank charges	10	5,000	100	100	100	100	100	100	100	100	100	100	100	100	6,100
Sundries		881	881	881	881	881	881	881	881	881	881	881	881	881	10,575
Corporation tax	17														0
Dividends		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring admin fees	1	0	1,411	1,612	1,814	1,914	1,914	1,975	2,015	1,850	2,169	1,945	1,929	20,547	
Interest on factor advances	1	0	285	895	1,577	2,023	2,171	2,286	2,363	2,383	2,383	2,383	2,383	2,383	21,129
Staff pensions	11	1,181	2,281	2,281	2,281	2,281	2,469	2,469	2,469	3,003	3,003	3,003	3,003	3,003	29,725
Holiday/sickness provision	12	0	2,618	2,618	2,618	2,618	2,618	2,615	2,615	3,677	3,677	3,677	3,677	33,030	
R&D		588	588	588	588	588	588	588	588	588	588	588	588	588	7,050
Employee bonus	13														0
TOTAL CASH OUT		425,243	231,698	297,087	74,559	127,853	130,380	222,300	214,297	159,795	195,177	173,621	179,130	2,431,141	
Net cash flow		(25,243)	(143,539)	(196,335)	40,047	31,100	32,897	(53,539)	(37,080)	5,441	(1,574)	2,567	70,225	(275,033)	
Opening balance		90,000	64,757	(78,783)	(275,117)	(235,070)	(203,970)	(171,073)	(224,612)	(261,692)	(256,251)	(257,825)	(255,258)	90,000	
Closing balance		64,757	(78,783)	(275,117)	(235,070)	(203,970)	(171,073)	(224,612)	(261,692)	(256,251)	(257,825)	(255,258)	(185,033)	(185,033)	

**APPENDIX I****CASH FLOW FORECASTS**

CASH FLOW FORECASTS — YEAR 2													Glass Inserts Ltd		
Year ending 31 July 2007		NOTE	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
			AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	£
RECEIPTS															
Share capital															0
Bank loans		16													0
Other loans															0
Purchase leases/HP															0
Grants															0
Cash from customers		1	271,409	285,139	299,635	284,617	302,963	294,416	273,956	293,863	284,585	322,535	284,805	302,872	3,500,795
Other income															0
TOTAL CASH IN			271,409	285,139	299,635	284,617	302,963	294,416	273,956	293,863	284,585	322,535	284,805	302,872	3,500,795
PAYMENTS															
All salaries & PAYE		3	48,281	52,155	52,155	52,155	52,155	52,155	52,155	52,155	52,155	52,155	52,155	52,155	621,989
Rent & rates		4	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	69,561
Insurance			765	765	765	765	765	765	765	765	765	765	765	765	9,180
Heat, light & power			1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	13,184
Direct materials & services		1	107,247	104,971	104,971	104,971	104,971	104,971	104,971	104,971	104,971	104,971	104,971	104,971	1,261,929
Property maintenance			549	549	549	549	549	549	549	549	549	549	549	549	6,592
Plant & machinery repairs			120	120	120	120	120	120	120	120	120	120	120	120	1,438
Communication		5	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	14,382
Office costs		6	899	899	899	899	899	899	899	899	899	899	899	899	10,787
Travel & vehicle expenses		20	6,592	6,592	6,592	6,592	6,592	6,592	6,592	6,592	6,592	6,592	6,592	6,592	79,101
Audit & accountancy			599	599	599	599	599	599	599	599	599	599	599	599	7,191
Advertising & marketing		7	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	1,199	14,382
Overdraft interest		15	1,475	873	166	(136)	(13)	(190)	(291)	(288)	(450)	(576)	(653)	(801)	(883)
Bank loans		16	1,991	1,841	2,616	1,982	1,841	2,568	1,972	1,841	2,519	1,963	1,841	2,471	25,447
Other loans			4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	4,008	48,094
Purchase leases/HP			0	0	0	0	0	0	0	0	0	0	0	0	0
Capital exp — project		18	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital exp — other			0	0	0	0	0	0	0	0	0	0	0	0	0
VAT payment/(rebate)									163,338						324,565
Professional fees		8	599	599	599	599	599	599	599	599	599	599	599	599	7,191
Bank charges		10	102	102	102	102	102	102	102	102	102	102	102	102	1,224
Sundries			899	899	899	899	899	899	899	899	899	899	899	899	10,787
Corporation tax		17													12,750
Dividends			0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring admin fees		1	2,158	1,938	1,946	2,082	1,998	1,958	1,938	1,998	1,898	2,134	1,934	1,970	23,955
Interest on factor advances		1	2,383	2,382	2,382	2,383	2,382	2,382	2,380	2,379	2,380	2,382	2,383	2,382	28,580
Staff pensions		11	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	42,653
Holiday/sickness provision		12	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	45,042
R&D			599	599	599	599	599	599	599	599	599	599	599	599	7,191
Employee bonus		13							36,945						36,945
TOTAL CASH OUT			195,867	196,493	196,569	359,106	195,667	233,121	276,057	195,389	208,555	275,990	194,963	195,480	2,723,258
Net flow			75,541	88,647	103,066	(74,489)	107,296	61,295	(2,101)	98,474	76,029	46,545	89,842	107,392	777,537
Opening balance			(185,033)	(109,492)	(20,845)	82,220	7,731	115,028	176,323	174,222	272,696	348,725	395,270	485,112	(185,033)
Closing balance			(109,492)	(20,845)	82,220	7,731	115,028	176,323	174,222	272,696	348,725	395,270	485,112	592,504	592,504



APPENDIX I

CASH FLOW FORECASTS

CASH FLOW FORECASTS — YEAR 3													Glass Inserts Ltd	
Year ending 31 July 2008	25	26	27	28	29	30	31	32	33	34	35	36	TOTAL	
NOTE	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
RECEIPTS														
Share capital														0
Bank loans	16													0
Other loans														0
Purchase leases/HP														0
Grants														0
Cash from customers	1	293,842	293,621	293,375	278,599	297,925	288,094	278,579	287,820	278,032	307,260	278,506	297,544	3,473,196
Other income														0
TOTAL CASH IN		293,842	293,621	293,375	278,599	297,925	288,094	278,579	287,820	278,032	307,260	278,506	297,544	3,473,196
PAYMENTS														
All salaries & PAYE	3	52,770	53,224	53,224	53,224	53,224	53,224	53,224	53,224	53,224	53,224	53,224	53,224	638,239
Rent & rates	4	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	70,953
Insurance		780	780	780	780	780	780	780	780	780	780	780	780	9,364
Heat, light & power		1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	13,447
Direct materials & services	1	105,399	105,188	105,188	105,188	105,188	105,188	105,188	105,188	105,188	105,188	105,188	105,188	1,262,468
Property maintenance		560	560	560	560	560	560	560	560	560	560	560	560	6,724
Plant & machinery repairs		122	122	122	122	122	122	122	122	122	122	122	122	1,467
Communication	5	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	14,670
Office costs	6	917	917	917	917	917	917	917	917	917	917	917	917	11,002
Travel & vehicle expenses	20	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	6,724	80,683
Audit & accountancy		611	611	611	611	611	611	611	611	611	611	611	611	7,335
Advertising & marketing	7	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	14,670
Overdraft interest	15	(979)	(1,139)	(1,300)	(1,459)	(1,334)	(1,502)	(1,478)	(1,486)	(1,638)	(1,493)	(1,549)	(1,685)	(17,042)
Bank loans	16	1,954	1,841	2,422	1,944	1,841	2,374	1,935	1,841	2,326	1,926	1,841	2,277	24,522
Other loans		4,008	4,008	4,008	4,008	4,008	4,008	4,008	3,830	3,830	3,830	3,830	3,830	47,203
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0
Capital exp — project	18	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital exp — other		0	0	0	0	0	0	0	0	0	0	0	0	0
VAT payment/(rebate)					158,162			77,595			77,616			313,374
Professional fees	8	611	611	611	611	611	611	611	611	611	611	611	611	7,335
Bank charges	10	104	104	104	104	104	104	104	104	104	104	104	104	1,248
Sundries		917	917	917	917	917	917	917	917	917	917	917	917	11,002
Corporation tax	17								169,471					169,471
Dividends		0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring admin fees	1	2,115	1,939	1,978	2,037	2,017	1,978	1,974	2,013	1,903	2,115	1,939	1,986	23,993
Interest on factor advances	1	2,380	2,379	2,380	2,378	2,380	2,381	2,381	2,383	2,380	2,380	2,381	2,381	28,564
Staff pensions	11	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	43,506
Holiday/sickness provision	12	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	45,974
R&D		611	611	611	611	611	611	611	611	611	611	611	611	7,335
Employee bonus	13						106,331							106,331
TOTAL CASH OUT		196,540	196,333	196,793	354,375	196,217	302,876	273,721	195,886	365,577	273,679	195,747	196,093	2,943,836
Net flow		97,302	97,288	96,581	(75,777)	101,708	(14,781)	4,858	91,934	(87,545)	33,582	82,759	101,450	529,360
Opening balance		592,504	689,805	787,093	883,675	807,898	909,606	894,825	899,683	991,617	904,072	937,654	1,020,413	592,504
Closing balance		689,805	787,093	883,675	807,898	909,606	894,825	899,683	991,617	904,072	937,654	1,020,413	1,121,864	1,121,864



APPENDIX II

PROFIT & LOSS ACCOUNT FORECASTS

PROFIT & LOSS ACCOUNT FORECASTS — YEAR 1												Glass Inserts Ltd		
Year ending 31 July 2006	N O T E	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
		AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	£
TURNOVER	1	0	107,184	122,496	137,808	145,464	145,464	150,058	153,120	204,160	229,680	242,440	255,200	1,893,074
COST OF SALES														
Direct materials & services	1	0	38,574	42,916	46,966	49,575	49,575	48,381	49,368	65,824	74,052	78,166	82,280	625,676
Direct labour	1	0	19,040	19,040	19,040	19,040	19,040	19,020	19,020	26,745	26,745	26,745	26,745	240,220
Total cost of sales	0	57,614	61,956	66,006	68,615	68,615	67,401	68,388	92,569	100,797	104,911	109,025	865,896	
GROSS PROFIT	0	49,570	60,540	71,802	76,849	76,849	82,657	84,732	111,591	128,883	137,529	146,175	1,027,178	
GP Margin		N/A	46.2%	49.4%	52.1%	52.8%	52.8%	55.1%	55.3%	54.7%	56.1%	56.7%	57.3%	54.3%
OVERHEADS														
Indirect salaries + NIC	2	8,215	5,113	5,113	5,113	5,113	7,882	7,875	7,875	7,875	7,875	7,875	7,875	83,800
Directors' salaries + NIC	3	9,249	9,249	9,249	9,249	9,249	9,249	9,244	9,244	9,244	9,244	9,244	9,244	110,953
Rent & rates	4	5,005	5,005	5,005	5,005	5,005	5,005	5,005	5,005	5,005	5,005	5,005	5,005	60,060
Insurance	750	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Heat, light & power	917	917	917	917	917	917	917	917	917	917	917	917	917	11,000
Property maintenance	458	458	458	458	458	458	458	458	458	458	458	458	458	5,500
Plant & machinery repairs	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Communication	5	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Office costs	6	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Travel & vehicle expenses	20	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000
Audit & accountancy	500	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Advertising & marketing	7	13,900	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	24,900
Professional fees	8	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Depreciation	9	4,085	5,153	7,119	7,119	7,119	7,119	7,642	8,532	8,532	8,532	8,532	8,532	88,014
Bank charges	10	5,000	100	100	100	100	100	100	100	100	100	100	100	6,100
Sundries	750	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Factoring admin fees	1	0	1,411	1,612	1,814	1,914	1,914	1,975	2,015	1,850	2,169	1,945	1,929	20,547
Staff pensions	11	1,181	2,281	2,281	2,281	2,281	2,469	2,469	2,469	3,003	3,003	3,003	3,003	29,725
Holiday/sickness provision	12	0	2,618	2,618	2,618	2,618	2,618	2,615	2,615	3,677	3,677	3,677	3,677	33,030
R&D	500	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Employee bonus	13	(5,860)	310	976	2,048	2,526	2,244	2,717	2,797	5,345	7,044	7,936	8,861	36,945
Write off of deferred income	14	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(500)
Total overheads	52,458	43,922	46,756	48,030	48,608	51,284	52,325	53,335	57,314	59,333	60,000	60,909	634,275	
OPERATING PROFIT	(52,458)	5,648	13,784	23,772	28,241	25,565	30,332	31,396	54,277	69,551	77,529	85,266	392,903	
INTEREST CHARGES														
Overdraft	15	(107)	628	2,194	1,874	1,626	1,364	1,791	2,087	2,043	2,056	2,035	1,475	19,068
Bank loans	16	385	703	693	680	670	660	647	637	627	614	604	594	7,518
Other loans	0	1,238	1,221	1,205	1,188	1,170	1,153	1,136	1,118	1,101	1,083	1,065	1,065	12,679
Purchase leases/HP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring advances	1	0	285	895	1,577	2,023	2,171	2,286	2,363	2,383	2,383	2,383	2,383	21,129
Total interest charges	278	2,854	5,003	5,336	5,508	5,366	5,877	6,223	6,172	6,154	6,106	5,518	60,394	
Net profit before tax	(52,736)	2,793	8,781	18,436	22,733	20,199	24,454	25,174	48,105	63,397	71,424	79,749	332,509	
Corporation tax	17	0	0	0	0	0	0	0	0	0	0	1,573	11,177	12,750
Net profit after tax	(52,736)	2,793	8,781	18,436	22,733	20,199	24,454	25,174	48,105	63,397	69,851	68,571	319,759	
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained profit	(52,736)	2,793	8,781	18,436	22,733	20,199	24,454	25,174	48,105	63,397	69,851	68,571	319,759	
Net profit margin	N/A	2.6%	7.2%	13.4%	15.6%	13.9%	16.3%	16.4%	23.6%	27.6%	28.8%	26.9%	16.9%	
Cumulative net profit after tax	(52,736)	(49,943)	(41,162)	(22,725)	8	20,207	44,661	69,835	117,940	181,337	251,188	319,759	OK	

**APPENDIX II****PROFIT & LOSS ACCOUNT FORECASTS**

PROFIT & LOSS ACCOUNT FORECASTS — YEAR 2													Glass Inserts Ltd		
Year ending 31 July 2007		NO	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
		TE	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	
			£	£	£	£	£	£	£	£	£	£	£	£	
TURNOVER		1	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	3,001,152
COST OF SALES															
Direct materials & services	1	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	91,200	1,094,394
Direct labour	1	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	327,578
Total cost of sales		118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	118,498	1,421,972
GROSS PROFIT		131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	131,598	1,579,180
GP Margin		52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%	52.6%
OVERHEADS															
Indirect salaries + NIC	2	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	8,037	96,446
Directors' salaries + NIC	3	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	16,820	201,840
Rent & rates	4	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	5,105	61,261
Insurance		765	765	765	765	765	765	765	765	765	765	765	765	765	9,180
Heat, light & power		935	935	935	935	935	935	935	935	935	935	935	935	935	11,220
Property maintenance		468	468	468	468	468	468	468	468	468	468	468	468	468	5,610
Plant & machinery repairs		102	102	102	102	102	102	102	102	102	102	102	102	102	1,224
Communication	5	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	12,240
Office costs	6	765	765	765	765	765	765	765	765	765	765	765	765	765	9,180
Travel & vehicle expenses	20	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	67,320
Audit & accountancy		510	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Advertising & marketing	7	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	12,240
Professional fees	8	510	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Depreciation	9	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	8,473	101,673
Bank charges	10	102	102	102	102	102	102	102	102	102	102	102	102	102	1,224
Sundries		765	765	765	765	765	765	765	765	765	765	765	765	765	9,180
Factoring admin fees	1	2,158	1,938	1,946	2,082	1,998	1,958	1,938	1,998	1,898	2,134	1,934	1,970	23,955	
Staff pensions	11	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	3,554	42,653
Holiday/sickness provision	12	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	45,042
R&D		510	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Employee bonus	13	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	106,331
Write off of deferred income	14	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(500)
Total overheads		69,802	69,582	69,590	69,726	69,642	69,602	69,582	69,642	69,542	69,778	69,578	69,614	835,679	
OPERATING PROFIT		61,797	62,016	62,008	61,872	61,956	61,996	62,016	61,956	62,056	61,821	62,020	61,984	743,501	
INTEREST CHARGES															
Overdraft	15	873	166	(136)	(13)	(190)	(291)	(288)	(450)	(576)	(653)	(801)	(979)	(3,337)	
Bank loans	16	581	571	561	547	537	527	513	503	493	479	469	458	458	6,240
Other loans		1,047	1,029	1,011	993	974	956	937	919	900	881	862	842	842	11,351
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring advances	1	2,383	2,382	2,382	2,383	2,382	2,382	2,380	2,379	2,380	2,382	2,383	2,382	2,382	28,580
Total interest charges		4,884	4,149	3,818	3,910	3,704	3,573	3,544	3,351	3,197	3,089	2,912	2,705	42,835	
Net profit before tax		56,913	57,868	58,190	57,962	58,253	58,423	58,473	58,606	58,860	58,732	59,108	59,280	700,666	
Corporation tax	17	13,734	13,985	14,070	14,010	14,087	14,132	14,145	14,180	14,247	14,213	14,312	14,357	169,471	
Net profit after tax		43,179	43,882	44,120	43,952	44,166	44,291	44,328	44,426	44,613	44,519	44,796	44,922	44,922	531,195
Dividends		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained profit		43,179	43,882	44,120	43,952	44,166	44,291	44,328	44,426	44,613	44,519	44,796	44,922	44,922	531,195
Net profit margin		17.3%	17.5%	17.6%	17.6%	17.7%	17.7%	17.7%	17.7%	17.8%	17.8%	17.8%	17.8%	17.8%	17.7%
Cumulative net profit after tax		43,179	87,061	131,181	175,133	219,299	263,590	307,919	352,344	396,958	441,476	486,273	531,195	OK	

**APPENDIX II****PROFIT & LOSS ACCOUNT FORECASTS**

PROFIT & LOSS ACCOUNT FORECASTS — YEAR 3													Glass Inserts Ltd		
Year ending 31 July 2008		N O T E	25	26	27	28	29	30	31	32	33	34	35	36	TOTAL
			AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	
			£	£	£	£	£	£	£	£	£	£	£	£	£
TURNOVER	1		245,094	245,094	245,094	245,094	245,094	245,094	245,094	245,094	245,094	245,094	245,094	245,094	2,941,129
COST OF SALES															
Direct materials & services	1	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	91,347	1,096,163
Direct labour	1	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	334,355
Total cost of sales		119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	119,210	1,430,518
GROSS PROFIT		125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	125,884	1,510,611
GP Margin		51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%	51.4%
OVERHEADS															
Indirect salaries + NIC	2	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202	98,424
Directors' salaries + NIC	3	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	17,160	205,914
Rent & rates	4	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	62,486
Insurance		780	780	780	780	780	780	780	780	780	780	780	780	780	9,364
Heat, light & power		954	954	954	954	954	954	954	954	954	954	954	954	954	11,444
Property maintenance		477	477	477	477	477	477	477	477	477	477	477	477	477	5,722
Plant & machinery repairs		104	104	104	104	104	104	104	104	104	104	104	104	104	1,248
Communication	5	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,485
Office costs	6	780	780	780	780	780	780	780	780	780	780	780	780	780	9,364
Travel & vehicle expenses	20	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	5,722	68,666
Audit & accountancy		520	520	520	520	520	520	520	520	520	520	520	520	520	6,242
Advertising & marketing	7	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,485
Professional fees	8	520	520	520	520	520	520	520	520	520	520	520	520	520	6,242
Depreciation	9	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	8,423	101,071
Bank charges	10	104	104	104	104	104	104	104	104	104	104	104	104	104	1,248
Sundries		780	780	780	780	780	780	780	780	780	780	780	780	780	9,364
Factoring admin fees	1	2,115	1,939	1,978	2,037	2,017	1,978	1,974	2,013	1,903	2,115	1,939	1,986	23,993	
Staff pensions	11	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	3,626	43,506
Holiday/sickness provision	12	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	3,831	45,974
R&D		520	520	520	520	520	520	520	520	520	520	520	520	520	6,242
Employee bonus	13	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	8,861	106,331
Write off of deferred income	14	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(500)
Total overheads		70,725	70,549	70,588	70,647	70,628	70,588	70,584	70,624	70,514	70,725	70,549	70,596	847,319	
OPERATING PROFIT		55,159	55,335	55,296	55,237	55,257	55,296	55,300	55,261	55,370	55,159	55,335	55,288	663,293	
INTEREST CHARGES															
Overdraft	15	(1,139)	(1,300)	(1,459)	(1,334)	(1,502)	(1,478)	(1,486)	(1,638)	(1,493)	(1,549)	(1,685)	(1,853)	(17,917)	
Bank loans	16	445	434	424	410	399	389	375	364	354	340	329	318	318	4,581
Other loans		823	804	784	764	744	724	704	672	652	632	611	590	590	8,504
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Factoring advances	1	2,380	2,379	2,380	2,378	2,380	2,381	2,381	2,383	2,380	2,380	2,381	2,381	2,381	28,564
Total interest charges		2,508	2,317	2,128	2,218	2,022	2,017	1,975	1,782	1,892	1,803	1,635	1,436	23,732	
Net profit before tax		52,650	53,018	53,168	53,019	53,235	53,279	53,325	53,479	53,478	53,356	53,700	53,852	639,560	
Corporation tax	17	13,354	13,450	13,489	13,450	13,507	13,518	13,530	13,570	13,570	13,538	13,628	13,668	162,273	
Net profit after tax		39,296	39,568	39,679	39,569	39,729	39,761	39,795	39,909	39,908	39,818	40,072	40,184	477,287	
Dividends		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained profit		39,296	39,568	39,679	39,569	39,729	39,761	39,795	39,909	39,908	39,818	40,072	40,184	477,287	
Net profit margin		16.0%	16.1%	16.2%	16.1%	16.2%	16.2%	16.2%	16.3%	16.3%	16.2%	16.3%	16.4%	16.2%	
Cumulative net profit after tax		39,296	78,865	118,543	158,112	197,841	237,602	277,396	317,305	357,213	397,031	437,103	477,287	OK	



APPENDIX III

BALANCE SHEET FORECASTS

BALANCE SHEET FORECASTS — YEAR 1													Glass Inserts Ltd			
Year ending 31 July 2006	OPEN'G	1	2	3	4	5	6	7	8	9	10	11	12			
	N O T E	BAL'S	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL		
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
FIXED ASSETS																
Existing assets (non-project)																
Plant and machinery	9	31,437	31,044	30,651	30,258	29,865	29,472	29,079	28,686	28,293	27,900	27,507	27,114	26,721		
Licence	9	250,000	247,917	245,833	243,750	241,667	239,583	237,500	235,417	233,333	231,250	229,167	227,083	225,000		
New assets																
Plant and machinery	18/9	0	153,708	279,494	511,168	506,841	502,515	498,189	556,040	657,102	651,363	645,624	639,885	634,147		
Factory preparation	18/9	0	6,883	6,767	6,650	6,533	6,417	6,300	6,183	6,067	5,950	5,833	5,717	5,600		
Office equipment	18/9	0	11,800	11,600	11,400	11,200	11,000	10,800	10,600	10,400	10,200	10,000	9,800	9,600		
Total fixed assets		281,437	451,352	574,345	803,226	796,107	788,987	781,868	836,927	935,195	926,663	918,132	909,600	901,068		
CURRENT ASSETS																
Stock	2	0	0	4,066	4,435	4,752	5,016	5,016	5,174	5,280	7,040	7,920	8,360	8,800		
Trade debtors	1	0	0	125,941	269,874	427,600	467,491	492,970	518,158	527,154	601,635	678,071	786,633	837,190		
Other debtors	18	0	167,302	137,188	66,388	66,388	66,388	66,388	41,830	0	0	0	0	0	0	0
Prepayments		1,008	1,133	1,071	1,008	1,127	1,067	1,008	1,121	1,064	1,008	1,114	1,061	1,008		
Cash at bank		90,000	64,757	0	0	0	0	0	0	0	0	0	0	0	0	0
Total current assets		91,008	233,191	268,265	341,705	499,867	539,962	565,381	566,283	533,498	609,683	687,105	796,054	846,998		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR																
Overdraft	15	0	0	78,783	275,117	235,070	203,970	171,073	224,612	261,692	256,251	257,825	255,258	185,033		
Bank loans	16	0	18,518	18,573	18,628	18,684	18,740	18,796	18,853	18,910	18,968	19,026	19,084	19,143		
Other loans		0	34,368	34,577	34,787	34,999	35,212	35,426	35,642	35,859	36,078	36,298	36,519	36,742		
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade creditors	2	1,507	1,507	1,507	29,237	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507
VAT		0	(35,481)	(48,657)	(78,037)	14,004	28,952	43,947	5,038	2,752	25,390	25,994	53,723	83,079		
Corporation tax	17	0	0	0	0	0	0	0	0	0	0	0	0	1,573	12,750	
PAYE	3	6,001	10,265	10,265	10,265	10,265	11,205	11,157	11,157	13,174	13,174	13,174	13,174	13,174	13,174	13,174
Accruals		0	(5,644)	(4,070)	(1,617)	689	3,553	5,196	8,925	12,603	17,588	25,242	33,716	41,745		
Factor advances		0	0	88,159	188,912	299,320	327,244	345,079	362,711	369,008	368,837	369,001	368,884	368,936		
Total short term liabilities		1,507	19,269	179,135	477,291	614,537	629,443	632,230	668,445	713,488	737,793	748,067	783,439	762,110		
NET CURRENT ASSETS		89,501	213,923	89,130	(135,586)	(114,670)	(89,481)	(66,848)	(102,162)	(179,990)	(128,110)	(60,962)	12,615	84,888		
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR																
Bank loans	16	0	81,482	79,909	78,331	76,748	75,161	73,568	71,971	70,368	68,761	67,148	65,531	63,908		
Other loans		0	160,632	157,654	154,657	151,642	148,609	145,557	142,487	139,397	136,289	133,162	130,016	126,851		
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total long term liabilities		0	242,115	237,563	232,988	228,391	223,770	219,125	214,457	209,766	205,050	200,311	195,547	190,759		
Deferred income	14	4,958	4,917	4,875	4,833	4,792	4,750	4,708	4,667	4,625	4,583	4,542	4,500			
TOTAL NET ASSETS		370,938	418,202	420,995	429,776	448,213	470,946	491,145	515,599	540,773	588,878	652,275	722,126	790,697		
CAPITAL AND RESERVES																
SHARE CAPITAL																
£1.00 ordinary shares	19	84,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000
Share premium account	19	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000
Total share capital		430,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000
PROFIT AND LOSS ACCOUNT																
Retained profit b/fwd		(59,062)	(59,062)	(111,798)	(109,005)	(100,224)	(81,787)	(59,054)	(38,855)	(14,401)	10,773	58,878	122,275	192,126		
Profit after tax for the month		0	(52,736)	2,793	8,781	18,436	22,733	20,199	24,454	25,174	48,105	63,397	69,851	68,571		
Retained profit c/fwd		(59,062)	(111,798)	(109,005)	(100,224)	(81,787)	(59,054)	(38,855)	(14,401)	10,773	58,878	122,275	192,126	260,697		
TOTAL CAPITAL AND RESERVES		370,938	418,202	420,995	429,776	448,213	470,946	491,145	515,599	540,773	588,878	652,275	722,126	790,697		

**APPENDIX III****BALANCE SHEET FORECASTS**

BALANCE SHEET FORECASTS — YEAR 2													Glass Inserts Ltd			
Year ending 31 July 2007		13	14	15	16	17	18	19	20	21	22	23	24			
NOTE		AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL			
		£	£	£	£	£	£	£	£	£	£	£	£			
FIXED ASSETS																
Existing assets (non-project)																
Plant and machinery	9	26,387	26,053	25,719	25,385	25,051	24,717	24,383	24,049	23,715	23,381	23,047	22,713			
Licence	9	222,917	220,833	218,750	216,667	214,583	212,500	210,417	208,333	206,250	204,167	202,083	200,000			
New assets																
Plant and machinery	18/9	628,408	622,669	616,931	611,192	605,453	599,714	593,976	588,237	582,498	576,760	571,021	565,282			
Factory preparation	18/9	5,483	5,367	5,250	5,133	5,017	4,900	4,783	4,667	4,550	4,433	4,317	4,200			
Office equipment	18/9	9,400	9,200	9,000	8,800	8,600	8,400	8,200	8,000	7,800	7,600	7,400	7,200			
Total fixed assets		892,595	884,123	875,650	867,177	858,705	850,232	841,759	833,286	824,814	816,341	807,868	799,395			
CURRENT ASSETS																
Stock	2	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737			
Trade debtors	1	859,599	868,240	862,630	871,793	862,630	861,998	881,588	881,588	891,068	862,630	871,793	862,630			
Other debtors	18	0	0	0	0	0	0	0	0	0	0	0	0			
Prepayments		1,108	1,058	1,008	1,102	1,055	1,008	1,096	1,052	1,008	1,089	1,049	1,008			
Cash at bank		0	0	82,220	7,731	115,028	176,323	174,222	272,696	348,725	395,270	485,112	592,504			
Total current assets		871,444	880,035	956,595	891,363	989,449	1,050,065	1,067,643	1,166,073	1,251,538	1,269,726	1,368,691	1,466,878			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR																
Overdraft	15	109,492	20,845	0	0	0	0	0	0	0	0	0	0			
Bank loans	16	19,202	19,261	19,321	19,381	19,442	19,503	19,564	19,626	19,688	19,750	19,813	19,877			
Other loans		36,967	37,192	37,420	37,648	37,879	38,110	38,343	38,411	38,481	38,552	38,624	38,699			
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0			
Trade creditors	2	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507			
VAT		109,584	136,462	163,338	26,856	53,724	80,599	26,877	53,746	80,629	26,848	53,726	80,599			
Corporation tax	17	26,484	40,469	54,539	68,550	82,636	96,768	110,913	125,092	126,589	140,802	155,114	169,471			
PAYE	3	17,048	17,048	17,048	17,048	17,048	17,048	17,048	17,048	17,048	17,048	17,048	17,048			
Accruals		50,583	59,279	67,600	77,137	86,355	57,966	67,345	76,561	85,117	94,428	103,634	112,180			
Factor advances		368,891	368,809	368,970	368,888	368,825	368,747	368,430	368,430	368,632	368,866	368,972	368,817			
Total short term liabilities		739,758	700,873	729,744	617,015	667,416	680,247	650,028	700,422	737,690	707,801	758,438	808,198			
NET CURRENT ASSETS		131,686	179,162	226,851	274,348	322,033	369,818	417,615	465,651	513,847	561,924	610,253	658,681			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR																
Bank loans	16	62,281	60,648	59,010	57,367	55,719	54,065	52,407	50,742	49,073	47,398	45,718	44,032			
Other loans		123,666	120,462	117,238	113,994	110,730	107,447	104,143	100,986	97,808	94,610	91,392	88,152			
Total long term liabilities		185,947	181,110	176,248	171,361	166,449	161,512	156,550	151,729	146,881	142,008	137,109	132,184			
Deferred income	14	4,458	4,417	4,375	4,333	4,292	4,250	4,208	4,167	4,125	4,083	4,042	4,000			
TOTAL NET ASSETS		833,876	877,759	921,878	965,830	1,009,996	1,054,288	1,098,616	1,143,042	1,187,655	1,232,174	1,276,970	1,321,892			
CAPITAL AND RESERVES																
SHARE CAPITAL																
£1.00 ordinary shares	19	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000			
Share premium account	19	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000			
Total share capital		530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000			
PROFIT AND LOSS ACCOUNT																
Retained profit b/fwd		260,697	303,876	347,759	391,878	435,830	479,996	524,288	568,616	613,042	657,655	702,174	746,970			
Profit after tax for the month		43,179	43,882	44,120	43,952	44,166	44,291	44,328	44,426	44,613	44,519	44,796	44,922			
Retained profit c/fwd		303,876	347,759	391,878	435,830	479,996	524,288	568,616	613,042	657,655	702,174	746,970	791,892			
TOTAL CAPITAL AND RESERVES		833,876	877,759	921,878	965,830	1,009,996	1,054,288	1,098,616	1,143,042	1,187,655	1,232,174	1,276,970	1,321,892			

**APPENDIX III****BALANCE SHEET FORECASTS**

BALANCE SHEET FORECASTS — YEAR 3												Glass Inserts Ltd				
Year ending 31 July 2008	25	26	27	28	29	30	31	32	33	34	35	36				
	NOTE	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN				
		£	£	£	£	£	£	£	£	£	£	£				
FIXED ASSETS																
Existing assets (non-project)																
Plant and machinery	9	22,429	22,145	21,861	21,578	21,294	21,010	20,726	20,442	20,158	19,874	19,590	19,306			
Licence	9	197,917	195,833	193,750	191,667	189,583	187,500	185,417	183,333	181,250	179,167	177,083	175,000			
New assets																
Plant and machinery	18/9	559,544	553,805	548,066	542,327	536,589	530,850	525,111	519,373	513,634	507,895	502,156	496,418			
Factory preparation	18/9	4,083	3,967	3,850	3,733	3,617	3,500	3,383	3,267	3,150	3,033	2,917	2,800			
Office equipment	18/9	7,000	6,800	6,600	6,400	6,200	6,000	5,800	5,600	5,400	5,200	5,000	4,800			
Total fixed assets		790,973	782,550	774,128	765,705	757,282	748,860	740,437	732,014	723,592	715,169	706,747	698,324			
CURRENT ASSETS																
Stock	2	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917			
Trade debtors	1	856,120	850,875	845,377	854,357	845,377	844,758	854,667	854,667	863,957	845,377	854,357	845,377			
Other debtors	18	0	0	0	0	0	0	0	0	0	0	0	0			
Prepayments		1,083	1,046	1,008	1,077	1,042	1,008	1,071	1,039	1,008	1,064	1,036	1,008			
Cash at bank		689,805	787,093	883,675	807,898	909,606	894,825	899,683	991,617	904,072	937,654	1,020,413	1,121,864			
Total current assets		1,557,925	1,649,930	1,740,976	1,674,249	1,766,942	1,751,507	1,766,337	1,858,240	1,779,954	1,795,012	1,886,723	1,979,165			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR																
Overdraft	15	0	0	0	0	0	0	0	0	0	0	0	0			
Bank loans	16	19,941	20,005	20,069	20,134	20,200	20,266	20,332	20,399	20,466	20,534	20,602	20,670			
Other loans		38,774	38,852	38,930	39,011	39,093	39,176	39,262	39,515	39,770	40,027	40,285	40,546			
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0			
Trade creditors	2	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507			
VAT		106,417	132,292	158,162	25,861	51,725	77,595	25,871	51,735	77,616	25,850	51,725	77,594			
Corporation tax	17	182,825	196,275	209,764	223,214	236,721	250,239	263,769	277,340	121,439	134,977	148,605	162,273			
PAYE	3	17,503	17,503	17,503	17,503	17,503	17,503	17,503	17,503	17,503	17,503	17,503	17,503			
Accruals		121,389	130,566	139,164	148,631	157,797	60,279	69,588	78,753	87,708	96,974	106,127	114,815			
Factor advances		368,164	368,554	368,445	368,038	368,998	368,487	368,990	368,824	368,161	368,856	368,357	368,935			
Total short term liabilities		856,519	905,553	953,545	843,900	893,543	835,053	806,821	855,575	734,170	706,226	754,711	803,842			
NET CURRENT ASSETS		701,406	744,377	787,431	830,349	873,399	916,455	959,516	1,002,664	1,045,784	1,088,785	1,132,013	1,175,324			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR																
Bank loans	16	42,340	40,643	38,941	37,233	35,519	33,800	32,075	30,344	28,607	26,864	25,116	23,362			
Other loans		84,892	81,610	78,307	74,983	71,638	68,271	64,882	61,471	58,038	54,583	51,106	47,606			
Purchase leases/HP		0	0	0	0	0	0	0	0	0	0	0	0			
Total long term liabilities		127,232	122,253	117,248	112,216	107,157	102,070	96,956	91,815	86,645	81,448	76,222	70,968			
Deferred income		3,958	3,917	3,875	3,833	3,792	3,750	3,708	3,667	3,625	3,583	3,542	3,500			
TOTAL NET ASSETS		1,361,189	1,400,757	1,440,436	1,480,004	1,519,733	1,559,494	1,599,289	1,639,198	1,679,105	1,718,923	1,758,995	1,799,180			
CAPITAL AND RESERVES																
SHARE CAPITAL																
£1.00 ordinary shares	19	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000			
Share premium account	19	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000			
Total share capital		530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000			
PROFIT AND LOSS ACCOUNT																
Retained profit b/fwd		791,892	831,189	870,757	910,436	950,004	989,733	1,029,494	1,069,289	1,109,198	1,149,105	1,188,923	1,228,995			
Profit after tax for the month		39,296	39,568	39,679	39,569	39,729	39,761	39,795	39,909	39,908	39,818	40,072	40,184			
Retained profit c/fwd		831,189	870,757	910,436	950,004	989,733	1,029,494	1,069,289	1,109,198	1,149,105	1,188,923	1,228,995	1,269,180			
TOTAL CAPITAL AND RESERVES		1,361,189	1,400,757	1,440,436	1,480,004	1,519,733	1,559,494	1,599,289	1,639,198	1,679,105	1,718,923	1,758,995	1,799,180			



APPENDIX IV

NOTES TO FINANCIAL FORECASTS

1. Sales and costs of sales

Detailed sales and costs of sales forecasts are shown in Appendix V.

2. Indirect salaries & NIC

These are the salaries of all non-production staff excluding the directors, i.e. sales, accountancy and admin staff. Included in month one are the salaries of the operations managers, who will produce the marketing samples in this month. Details of proposed salary levels are shown in figure 4.3. Income tax and NIC percentages have been calculated using standard rates and allowances.

3. Directors salaries & NIC

The salaries of the directors are shown in figure 4.3. Income tax and NIC percentages have been calculated using standard rates and allowances.

4. Rent and rates

The rent will be £35,500 per annum as specified in the premises details in appendix VIII. Also specified in the premises details are the rateable value of the premises (£30,000) and the UBR for Wales of 45.2p in the £. This gives an annual rates expense of £13,560. An additional £11k has been provided for service charges and water rates.

5. Communication

This includes the cost of mobile and land-line telephones (calls and system lease), faxes and internet expenses.

6. Office costs

This includes all costs of running the office including printing, stationery, postage, and photocopying.

7. Advertising/marketing

A general provision of £1,000 per month has been made for this expense. In month one an additional £12,900 has been provided as the cost of producing marketing samples. This is explained in further detail in the costs of sales details in appendix V.

8. Professional fees

This will include legal fees and IPR expenses.

9. Depreciation

Existing plant and machinery has been treated as per the latest accounts, i.e. 15% per annum on a reducing balance basis. The licence fee has been written off at 10% per annum on a straight line basis. The reasoning behind this is that after ten years, developments in manufacturing techniques and competitor activities will gradually erode the value of the

licence. New assets have been depreciated on a straight line basis at a rate of 10% per annum for plant and machinery and 20% per annum for all other assets.

10. Bank charges

A general provision of £100 per month has been made for bank charges to allow for any exchange rate expenses arising from overseas customers. A provision of £3,000 has been made in month one for the cost of arising the required finance. This provision is for all the funding, not just the bank loans.

11. Staff pensions

A provision of 7.5% of salaries has been made for the company's contribution to staff pensions. This is shown as a separate expense to the salaries.

12. Holiday/sickness provision

This is the cost of paying staff overtime pay to cover for their colleagues whilst they are on holiday or off sick. Production capacity is dependent on assumption of 22 days production per month. For single shift production, time will have to be made up as follows:

Bank holidays:	8 days x 12 production staff	=	96
Holidays:	20 days x 12 production staff	=	240
Sick:	5 days x 12 production staff	=	60
Total time to be made up (man-days)			396

Therefore each production employee will have to work 33 extra days per annum to make up for the above lost time. At an overtime premium of 10%, this is equivalent to 36.3 days per person. Each person is forecast to work 22 x 12 days per annum = 264 days in total. The wages premium to cover this cost is therefore $36.3 / 264 = 13.75\%$. This percentage has been applied to the direct salaries expense to get the expense for holiday/sickness provision.

13. Employee bonus

This has been calculated as 10% of the net profit before tax. An accrual for this expense is put through the profit and loss account as it is incurred. The payment cannot, however, be made until the completion of the audited accounts, which is forecast to be six months after the year end.

14. Deferred income

Capital grants have been written off to the profit and loss account at 10% per annum on a straight line basis in line with the depreciation policy of the new plant and machinery.

15. Overdraft interest

The interest rate used to calculate interest on the bank balances is 10.0% per annum for negative balance and 2.0% per annum for positive balances. The monthly equivalent of



APPENDIX IV

NOTES TO FINANCIAL FORECASTS

these rates has been applied to the balance outstanding at the end of each month. The interest is payable/receivable monthly in arrears.

16. Bank loans

There are two bank loans, £50,000 secured on Mr Richards' house and £50,000 under the Small Firms Loan Guarantee Scheme. It has been assumed that both loans will be repaid over five years and interest rates of 3% over base rate, i.e. at current base rates, a total interest rate of 7.75% per annum. The secured loan will be paid in equal instalments over the term of the loan. The capital element of the SFLGS loan will be paid in equal monthly instalments, but the interest will be payable quarterly in arrears. The SFLGS also incurs a premium of 1.5% per annum on the balance outstanding at the beginning of each quarter. The guarantee charge is payable quarterly in advance.

17. Corporation tax

A simple corporation tax calculation has been carried out which adds back the depreciation and deducts capital allowances (40% first year allowance and 25% written down allowance) to arrive at taxable profit. The standard corporation tax rates are applied to this figure. The rates used are 19.0%, 26.5% and 26.2% for years one to three respectively.

18. Capital expenditure

A capital expenditure schedule is shown below. Deposits are required for the thermofomers (one third plus VAT), glass

assembly line (10% plus VAT) and the resin pump systems (30% plus VAT). The deposits are shown on the balance sheet as "Other debtors".

19. Share capital

The equity investment to date is £250,000 for the licence and £180,000 in cash. In return for this investment 84,000 £1.00 ordinary shares will be issued. The share premium is therefore £430,000 - £84,000 = £346,000.

20. Travel and vehicle expenses

This is made up of £1,750 per month for vehicle leasing (three cars and three vans), £1,750 for running expenses costs, and £2,000 per month for travel and subsistence expenses.

21. Inflation

An inflation rate of 2% per annum has been applied to all expenses and salaries.

22. Other loans

These are made up of the loans from Finance Wales and NPTCBC. It has been assumed that the Finance Wales loan will be repaid over five years at an interest rate of 7.75%. The NPTCBC loan will be repaid over 30 months at an interest rate of 2.75% (i.e. 2% below base). This interest rate is applied to the whole of the amount borrowed throughout the term of the loan. The capital is repaid in equal monthly instalments.

Capital expenditure

	1 AUG £	2 SEP £	3 OCT £	4 NOV £	5 DEC £	6 JAN £	7 FEB £	8 MAR £	9 APR £	10 MAY £	11 JUN £	12 JUL £	Totals £
Capital expenditure — final costs													
Thermoformer 1 (3040ATF)										62,700			62,700
Thermoformer 2 (4896ATF)										106,800			106,800
Glass assembly line			128,145										128,145
Resin pump systems						236,000							236,000
Screen printing set-up and driers	70,000												70,000
Assembly tables and racking	20,000												20,000
Tooling	20,000												20,000
Installation, wiring, airlines etc.	40,000												40,000
Fork lift truck	5,000												5,000
Warm rooms and painting	7,000												7,000
Office equipment	12,000												12,000
Total capital expenditure	174,000	128,145	236,000		0	0	0	62,700	106,800	0	0	0	707,645
Capital expenditure — deposits													
Thermoformer 1 (3040ATF)			24,558					(24,558)					Totals 0
Thermoformer 2 (4896ATF)			41,830					(41,830)					0
Glass assembly line			30,114	(30,114)									0
Resin pump systems			70,800		(70,800)								0
Screen printing set-up and driers													0
Assembly tables and racking													0
Tooling													0
Installation, wiring, airlines etc.													0
Fork lift truck													0
Warm rooms and painting													0
Office equipment													0
Total payment/(release) of deposits	167,302	(30,114)	(70,800)		0	0	0	(24,558)	(41,830)	0	0	0	0



APPENDIX V

SALES AND COSTS OF SALES FORECASTS

BASIS FOR SALES VOLUMES AND REVENUES

(i) Production capacity

As explained in section 3.4, the limiting factor on sales will be the production capacity of the Resolven factory. An analysis of the manufacturing process shows that the process that will take the longest, and which will therefore determine the plant capacity, is the fixing of glass to polymer laminate (see section 3.2.4). Trials have determined that a trained individual could manufacture 40 units per eight hour shift. Allowing 20% for inefficiencies, such as unit rejects, results in a daily production rate per laminator of 32 units.

Single shift capacity

It can be seen in figures 4.2 that four laminators will be employed. In addition, the two steel fabricators will be spending most of their time on laminating and the operational managers and screen printers will also be available for this function for approximately one quarter of their working days. There will therefore be manpower equivalent to 7½ production staff. The production capacity will therefore be 32 units x 7½ laminators x 22 working days per month = 5,280 units per month = 63,360 per annum.

Two shift capacity

A second shift is planned to commence from month nine. To man this second shift six new laminators will be taken on. The screen printers will no longer be available to do the laminating and the operations manager will only be able to spend one quarter of their time laminating. The production capacity will therefore be 32 units x 12½ laminators x 22 working days per month = 8,800 units per month = 105,600 per annum.

Whilst the laminating process is not too complex, it will take some time for the new employees to get fully up to speed with the process. Furthermore, there will inevitably be some inefficiency in the early months of the business and the use of the Ridat thermoformers (see section 2.6.1) and the small scale resin pump (see section 2.6.3) will add to this to some extent. With this in mind an efficiency factor has been applied to the maximum production levels calculated above. This is as follows:

	1 AUG	2 SEP	3 OCT	4 NOV	5 DEC	6 JAN	7 FEB	8 MAR	9 APR	10 MAY	11 JUN	12 JUL
Efficiency factors	N/A	70%	80%	90%	95%	95%	98%	100%	80%	90%	95%	100%

Note that the efficiency factor drops in month nine to account for the time taken to train and get up to full speed of the new employees taken on for the introduction of the second shift.

(ii) Sales mix

Sales have been divided into three categories:

High Value:	Selling price = £30.00
Medium Value:	Selling price = £20.00
Low Value:	Selling price = £12.50

Whilst there is no reason why Glass Inserts should not sell as many high value designs as medium value designs, for prudence, a low estimate is preferred. For this reason, the sales forecasts assume a sales mix of 20:40:40 respectively.

(iii) Sales prices

To allow for a response to any reduction in prices of competitors, a 2% cut in prices has been applied in year two and a further 2% cut applied in year three.

(iv) Sales receipts

It has been assumed that customers will take up to 90 days to pay their invoices. However, an invoice factoring arrangement has been agreed with HSBC that will advance up to 85% of sales invoices. For the purposes of the financial forecasts, it has been assumed that the amount advanced will be 70% to allow for any ineligible amounts, either due to debtor concentration (30% maximum) or credit eligibility of customer. The administration fees for the invoice factoring will be 1.6% of invoices processed, inclusive of credit protection, and the interest rate on advanced will be 3% over base rate.



APPENDIX V

SALES AND COSTS OF SALES FORECASTS

SALES FORECASTS — YEAR 1													Glass Inserts Ltd	
Year ending 31 July 2006	1 AUG	2 SEP	3 OCT	4 NOV	5 DEC	6 JAN	7 FEB	8 MAR	9 APR	10 MAY	11 JUN	12 JUL	TOTALS	
UNITS OF SALES														
Inserts — High value	400	739	845	950	1,003	1,003	1,035	1,056	1,408	1,584	1,672	1,760	13,456	
Inserts — Medium value	800	1,478	1,690	1,901	2,006	2,006	2,070	2,112	2,816	3,168	3,344	3,520	26,911	
Inserts — Low value	800	1,478	1,690	1,901	2,006	2,006	2,070	2,112	2,816	3,168	3,344	3,520	26,911	
Total units made per month	2,000	3,696	4,224	4,752	5,016	5,016	5,174	5,280	7,040	7,920	8,360	8,800	67,278	
Introduction of second shift														
No. of laminators		7.5	7.5	7.5	7.5	7.5	7.5	7.5	12.5	12.5	12.5	12.5		
Efficiency		70%	80%	90%	95%	95%	98%	100%	80%	90%	95%	100%		
SELLING PRICE (EXCL VAT)														
Inserts — High value	£ -	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	£ 30.00	
Inserts — Medium value	£ -	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	£ 20.00	
Inserts — Low value	£ -	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	£ 37.50	
TURNOVER (EXCL VAT)														
All sales	0	107,184	122,496	137,808	145,464	145,464	150,058	153,120	204,160	229,680	242,440	255,200	1,893,074	
Total (P&L)	0	107,184	122,496	137,808	145,464	145,464	150,058	153,120	204,160	229,680	242,440	255,200	1,893,074	
TURNOVER (INCL VAT)														
All sales	0	125,941	143,933	161,924	170,920	170,920	176,318	179,916	239,888	269,874	284,867	299,860	2,224,361	
Total	0	125,941	143,933	161,924	170,920	170,920	176,318	179,916	239,888	269,874	284,867	299,860	2,224,361	
CASH RECEIVED (INCL VAT)														
All sales	0	0	0	4,198	131,029	145,442	151,129	170,920	165,407	193,439	176,305	249,303	1,387,172	
Total cash received from customers	0	0	0	4,198	131,029	145,442	151,129	170,920	165,407	193,439	176,305	249,303	1,387,172	
Incremental advances from factor	0	88,159	100,753	110,408	27,924	17,835	17,632	6,297	(171)	164	(117)	52	368,936	
Total (CFF)	0	88,159	100,753	114,606	158,953	163,277	168,761	177,217	165,236	193,603	176,188	249,355	1,756,108	
TRADE DEBTORS														
All sales	0	125,941	269,874	427,600	467,491	492,970	518,158	527,154	601,635	678,071	786,633	837,190		
Trade debtors (BS)	0	125,941	269,874	427,600	467,491	492,970	518,158	527,154	601,635	678,071	786,633	837,190		
FACTORING														
PARAMETERS														
Percentage of sales factored														
All sales	82.4%	82.4%	82.4%	82.4%	82.4%	82.4%	82.4%	82.4%	56.7%	59.1%	50.2%	47.3%		
Percentage advanced	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%		
Admin charge per £ factored	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%		
Interest charge per annum	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%		
AMOUNTS ADVANCED														
All sales	0	88,159	100,753	113,347	119,644	119,644	123,422	125,941	115,614	135,571	121,553	120,559	1,284,207	
Total amounts advanced	0	88,159	100,753	113,347	119,644	119,644	123,422	125,941	115,614	135,571	121,553	120,559	1,284,207	
FACTORED DEBTS														
All sales	0	88,159	188,912	299,320	327,244	345,079	362,711	369,008	368,837	369,001	368,884	368,936		
Total factored debts	0	88,159	188,912	299,320	327,244	345,079	362,711	369,008	368,837	369,001	368,884	368,936		
CASH RECEIVED FROM CUSTOMERS FOR FACTORED ELEMENT OF DEBTORS														
All sales	0	0	0	2,939	91,720	101,809	105,791	119,644	115,785	135,407	121,670	120,507	915,271	
Total cash received	0	0	0	2,939	91,720	101,809	105,791	119,644	115,785	135,407	121,670	120,507	915,271	
AMOUNT OWED TO FACTORING COMPANY														
Opening balance	0	0	88,159	188,912	299,320	327,244	345,079	362,711	369,008	368,837	369,001	368,884		
New advances	0	88,159	100,753	113,347	119,644	119,644	123,422	125,941	115,614	135,571	121,553	120,559		
Receipts from customers	0	0	0	(2,939)	(91,720)	(101,809)	(105,791)	(119,644)	(115,785)	(135,407)	(121,670)	(120,507)		
Closing balance	0	88,159	188,912	299,320	327,244	345,079	362,711	369,008	368,837	369,001	368,884	368,936		
Admin fees	0	1,411	1,612	1,814	1,914	1,914	1,975	2,015	1,850	2,169	1,945	1,929	20,547	
interest	0	285	895	1,577	2,023	2,171	2,286	2,363	2,383	2,383	2,383	2,383	21,129	

SALES FORECASTS — YEAR 2													Glass Inserts Ltd	
Year ending 31 July 2007	13 AUG	14 SEP	15 OCT	16 NOV	17 DEC	18 JAN	19 FEB	20 MAR	21 APR	22 MAY	23 JUN	24 JUL	TOTALS	
UNITS OF SALES														
Inserts — High value	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	21,120	
Inserts — Medium value	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	42,240	
Inserts — Low value	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	42,240	
Total units made per month	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	105,600	
No. of laminators	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5		

**APPENDIX V****SALES AND COSTS OF SALES FORECASTS****SELLING PRICES (EXCL VAT)**

Inserts — High value	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40	£ 29.40
Inserts — Medium value	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60	£ 19.60
Inserts — Low value	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75	£ 36.75

TURNOVER (EXCL VAT)

All sales	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	3,001,152
Total (P&L)	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	250,096	3,001,152

TURNOVER (INCL VAT)

All sales	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	3,526,354
Total	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	293,863	3,526,354

CASH RECEIVED (INCL VAT)

All sales	271,454	285,222	299,473	284,699	303,026	294,495	274,272	293,863	284,383	322,301	284,699	303,026	3,500,914
Total cash received from customers	271,454	285,222	299,473	284,699	303,026	294,495	274,272	293,863	284,383	322,301	284,699	303,026	3,500,914
Incremental advances from factor	(45)	(82)	162	(82)	(63)	(78)	(316)	0	201	234	106	(154)	(119)

Total (CFF)

271,409	285,139	299,635	284,617	302,963	294,416	273,956	293,863	284,585	322,535	284,805	302,872	3,500,795
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TRADE DEBTORS

All sales	859,599	868,240	862,630	871,793	862,630	861,998	881,588	881,588	891,068	862,630	871,793	862,630
Trade debtors (BS)	859,599	868,240	862,630	871,793	862,630	861,998	881,588	881,588	891,068	862,630	871,793	862,630

FACTORING**PARAMETERS**

Percentage of sales factored															
All sales	54.0%	48.5%	48.7%	52.1%	50.0%	49.0%	48.5%	50.0%	47.5%	53.4%	48.4%	49.3%			
Percentage advanced	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%			
Admin charge per £ factored	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%			
Interest charge per annum	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%			

AMOUNTS ADVANCED

All sales	134,883	121,145	121,645	130,137	124,892	122,394	121,145	124,892	118,647	133,384	120,895	123,143	1,497,202
Total amounts advanced	134,883	121,145	121,645	130,137	124,892	122,394	121,145	124,892	118,647	133,384	120,895	123,143	1,497,202

FACTORED DEBTS

All sales	368,891	368,809	368,970	368,888	368,825	368,747	368,430	368,430	368,632	368,866	368,972	368,817
Total factored debts	368,891	368,809	368,970	368,888	368,825	368,747	368,430	368,430	368,632	368,866	368,972	368,817

CASH RECEIVED FROM CUSTOMERS FOR FACTORED ELEMENT OF DEBTORS

All sales	134,928	121,227	121,483	130,219	124,955	122,472	121,461	124,892	118,446	133,151	120,789	123,298	1,497,320
Total cash received	134,928	121,227	121,483	130,219	124,955	122,472	121,461	124,892	118,446	133,151	120,789	123,298	1,497,320

AMOUNT OWED TO FACTORING COMPANY

Opening balance	368,936	368,891	368,809	368,970	368,888	368,825	368,747	368,430	368,430	368,632	368,866	368,972
New advances	134,883	121,145	121,645	130,137	124,892	122,394	121,145	124,892	118,647	133,384	120,895	123,143
Receipts from customers	(134,928)	(121,227)	(121,483)	(130,219)	(124,955)	(122,472)	(121,461)	(124,892)	(118,446)	(133,151)	(120,789)	(123,298)
Closing balance	368,891	368,809	368,970	368,888	368,825	368,747	368,430	368,430	368,632	368,866	368,972	368,817

Admin fees	2,158	1,938	1,946	2,082	1,998	1,958	1,938	1,998	1,898	2,134	1,934	1,970	23,955
interest	2,383	2,382	2,382	2,383	2,382	2,382	2,380	2,379	2,380	2,382	2,383	2,382	28,580

SALES FORECASTS — YEAR 3

Glass Inserts Ltd

Year ending 31 July 2008	25 AUG	26 SEP	27 OCT	28 NOV	29 DEC	30 JAN	31 FEB	32 MAR	33 APR	34 MAY	35 JUN	36 JUL	TOTALS
	£	£	£	£	£	£	£	£	£	£	£	£	£

UNITS OF SALES

Inserts — High value	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	21,120
Inserts — Medium value	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	42,240
Inserts — Low value	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	42,240

Total units made per month	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	105,600
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No. of laminators

No. of laminators	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	
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SELLING PRICES (EXCL VAT)
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**APPENDIX V****SALES AND COSTS OF SALES FORECASTS****CASH RECEIVED (INCL VAT)**

All sales	294,495	293,231	293,484	279,005	296,966	288,605	278,076	287,986	278,696	306,565	279,005	296,966	3,473,079
Total cash received from customers	294,495	293,231	293,484	279,005	296,966	288,605	278,076	287,986	278,696	306,565	279,005	296,966	3,473,079
Incremental advances from factor	(653)	390	(109)	(407)	959	(511)	503	(166)	(663)	695	(499)	578	117
Total (CFF)	293,842	293,621	293,375	278,599	297,925	288,094	278,579	287,820	278,032	307,260	278,506	297,544	3,473,196

TRADE DEBTORS

All sales	856,120	850,875	845,377	854,357	845,377	844,758	854,667	854,667	863,957	845,377	854,357	845,377
Trade debtors (BS)	856,120	850,875	845,377	854,357	845,377	844,758	854,667	854,667	863,957	845,377	854,357	845,377

FACTORING**PARAMETERS**

Percentage of sales factored													
All sales	54.0%	49.5%	50.5%	52.0%	51.5%	50.5%	50.4%	51.4%	48.6%	54.0%	49.5%	50.7%	
Percentage advanced	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	
Admin charge per £ factored	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	
Interest charge per annum	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	

AMOUNTS ADVANCED

All sales	132,185	121,170	123,618	127,290	126,066	123,618	123,373	125,821	118,967	132,185	121,170	124,107	1,499,570
Total amounts advanced	132,185	121,170	123,618	127,290	126,066	123,618	123,373	125,821	118,967	132,185	121,170	124,107	1,499,570

FACTORED DEBTS

All sales	368,164	368,554	368,445	368,038	368,998	368,487	368,990	368,824	368,161	368,856	368,357	368,935
Total factored debts	368,164	368,554	368,445	368,038	368,998	368,487	368,990	368,824	368,161	368,856	368,357	368,935

CASH RECEIVED FROM CUSTOMERS FOR FACTORED ELEMENT OF DEBTORS

All sales	132,839	120,780	123,727	127,696	125,106	124,128	122,870	125,987	119,630	131,490	121,669	123,529	1,499,452
Total cash received	132,839	120,780	123,727	127,696	125,106	124,128	122,870	125,987	119,630	131,490	121,669	123,529	1,499,452

AMOUNT OWED TO FACTORING COMPANY

Opening balance	368,817	368,164	368,554	368,445	368,038	368,998	368,487	368,990	368,824	368,161	368,856	368,357
New advances	132,185	121,170	123,618	127,290	126,066	123,618	123,373	125,821	118,967	132,185	121,170	124,107
Receipts from customers	(132,839)	(120,780)	(123,727)	(127,696)	(125,106)	(124,128)	(122,870)	(125,987)	(119,630)	(131,490)	(121,669)	(123,529)
Closing balance	368,164	368,554	368,445	368,038	368,998	368,487	368,990	368,824	368,161	368,856	368,357	368,935

Admin fees	2,115	1,939	1,978	2,037	2,017	1,978	1,974	2,013	1,903	2,115	1,939	1,986	23,993
interest	2,380	2,379	2,380	2,378	2,380	2,381	2,381	2,383	2,380	2,380	2,381	2,381	28,564

COSTS OF SALES**(i) Direct materials**

The cost of materials per unit is made up as follows:

	£
Glass	2.00
Resin	1.00
Laminate polymer film	0.40
Printing materials	1.10
Packaging materials	0.50
Total	5.00

The initial batch of 2,000 units will be made for marketing samples. These have been costed at the £5.00 per unit for materials plus £1.45 per unit for delivery. This expense has been written off to advertising and marketing.

A provision has been made for higher than normal rejects. This is anticipated to be needed for initial staff training and a learning period of two months. The provision made is 10% of the month two production and 5% of the month three production.

Raw materials stock will be maintained at 20% of the current month's purchases.

(ii) Thermoformer rentals

As explained in section 2.6.1, thermoforming machines will have to be rented from Ridat whilst Glass Inserts' own machines are being manufactured. This is expected to cost £80 per hour and the rate of production will be approximately 300 sheets per hour. This latter figure is calculated by assuming that each production run will last for two hours and that the machine will take two hours to set-up and get up to the full operating temperature. Once running, the machine will produce five sheets per minute. This results in an overall production rate of:

$$5 \text{ sheets per minute} \times 120 \text{ minutes production time} / 4 \text{ hours batch time} = 150 \text{ sheets per hour}$$

(iii) Other expenses



APPENDIX V

SALES AND COSTS OF SALES FORECASTS

The other expenses will be distribution costs, sales discounts and sales commissions. These will all be 5% of sales.

(iv) Trade creditors

As Glass Inserts will be a new start-up, it has been assumed that no trade credit will be offered and the above expenses will be paid for as they are invoiced.

(v) Direct labour

The direct labour expense is made up of the salaries of all of the production staff including the operations managers and the drivers. The first month's production of the marketing samples has been treated as an indirect payroll expense. Payroll costs include employers NIC but exclude pension contributions, which are recorded separately on the profit and loss account.

(vi) Detailed costs of sales forecasts

COSTS OF SALES FORECASTS — YEAR 1													Glass Inserts Ltd		
Year ending 31 July 2006	1 AUG £	2 SEP £	3 OCT £	4 NOV £	5 DEC £	6 JAN £	7 FEB £	8 MAR £	9 APR £	10 MAY £	11 JUN £	12 JUL £	TOTALS		
EXPENSES TO P&L (EXCL VAT)															
Direct materials & services															
Cost per unit of sales	£ 6.45	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
Provision for higher rejects		10%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Units of production	2,000	4,066	4,435	4,752	5,016	5,016	5,174	5,280	7,040	7,920	8,360	8,800	67,859		
Total expense/usage	12,900	20,328	22,176	23,760	25,080	25,080	25,872	26,400	35,200	39,600	41,800	44,000	342,196		
Less units for marketing	12,900														
Total cost of materials	0	20,328	22,176	23,760	25,080	25,080	25,872	26,400	35,200	39,600	41,800	44,000	329,296		
Distribution															
All sales	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Total expense/usage	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Sales discounts															
All sales	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Total expense/usage	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Commission															
All sales	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Total expense/usage	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Thermoformer rentals															
Sheets per hour	150														
Cost per hour															
Hours of usage	27	30	32	33	33								155		
Cost	0 2,168	2,365	2,534	2,675	2,675	0	0	0	0	0	0	0	12,419		
Direct labour															
Total expense/usage	0 19,040	19,040	19,040	19,040	19,040	19,040	19,020	19,020	26,745	26,745	26,745	26,745	240,220		
CASH PAID (INCL VAT)															
Direct materials & services															
Usage (see above)	0 20,328	22,176	23,760	25,080	25,080	25,872	26,400	35,200	39,600	41,800	44,000	329,296			
Opening stock	0 0	4,066	4,435	4,752	5,016	5,016	5,174	5,280	7,040	7,920	8,360	0			
Closing stock (BS)	0 4,066	4,435	4,752	5,016	5,016	5,174	5,280	7,040	7,920	8,360	8,800	8,800			
Total purchases (excl VAT)	0 24,394	22,546	24,077	25,344	25,080	26,030	26,506	36,960	40,480	42,240	44,440	338,096			
Total purchases (incl VAT)	0 28,662	26,491	28,290	29,779	29,469	30,586	31,144	43,428	47,564	49,632	52,217	397,263			
Cash paid for Direct materials	0 28,662	26,491	28,290	29,779	29,469	30,586	31,144	43,428	47,564	49,632	52,217	397,263			
Distribution															
Usage (see above)	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Opening stock	0 0	0	0	0	0	0	0	0	0	0	0	0			
Closing stock (BS)	0 0	0	0	0											
Total purchases (excl VAT)	0 5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654			
Total purchases (incl VAT)	0 6,297	7,197	8,096	8,546	8,546	8,816	8,996	11,994	13,494	14,243	14,993	111,218			
Cash paid for Distribution	0 6,297	7,197	8,096	8,546	8,546	8,816	8,996	11,994	13,494	14,243	14,993	111,218			



APPENDIX V

SALES AND COSTS OF SALES FORECASTS

Sales discounts													
Usage (see above)	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Total purchases (incl VAT)	0	6,297	7,197	8,096	8,546	8,546	8,816	8,996	11,994	13,494	14,243	14,993	111,218
Cash paid for Sales discounts	0	6,297	7,197	8,096	8,546	8,546	8,816	8,996	11,994	13,494	14,243	14,993	111,218
Commission													
Usage (see above)	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Total purchases (incl VAT)	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Cash paid for Commission	0	5,359	6,125	6,890	7,273	7,273	7,503	7,656	10,208	11,484	12,122	12,760	94,654
Thermoformer rentals													
Usage (see above)	0	2,168	2,365	2,534	2,675	2,675	0	0	0	0	0	0	12,419
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	0	2,168	2,365	2,534	2,675	2,675	0	0	0	0	0	0	12,419
Total purchases (incl VAT)	0	2,548	2,779	2,978	3,143	3,143	0	0	0	0	0	0	14,592
Cash paid for Thermoformer re	0	2,548	2,779	2,978	3,143	3,143	0	0	0	0	0	0	14,592

COSTS OF SALES FORECASTS — YEAR 2													Glass Inserts Ltd	
Year ending 31 July 2007	13 AUG £	14 SEP £	15 OCT £	16 NOV £	17 DEC £	18 JAN £	19 FEB £	20 MAR £	21 APR £	22 MAY £	23 JUN £	24 JUL £	TOTALS £	
EXPENSES TO P&L (EXCL VAT)														
Direct materials & services														
Cost per unit of sales	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	£ 5.10	
Units of sales	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	
Total expense/usage	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	
Total expense/usage	53,685	644,160												
Distribution														
All sales	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	
Total expense/usage	12,505	150,058												
Sales discounts														
All sales	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	
Total expense/usage	12,505	150,058												
Commission														
All sales	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	
Total expense/usage	12,505	150,058												
Direct labour														
Total expense/usage	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	27,298	
CASH PAID (INCL VAT)														
Direct materials & services														
Usage (see above)	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	53,685	
Opening stock	8,800	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	
Closing stock (BS)	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	10,737	
Total purchases (excl VAT)	55,622	53,685	646,158											
Total purchases (incl VAT)	65,356	63,080	63,080	63,080	63,080	63,080	63,080	63,080	63,080	63,080	63,080	63,080	63,080	
Cash paid for Direct materials	65,356	63,080	759,236											
Distribution														
Usage (see above)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total purchases (excl VAT)	12,505	150,058												
Total purchases (incl VAT)	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	
Cash paid for Distribution	14,693	176,318												
Cash paid for Direct materials	14,693	176,318												



APPENDIX V

SALES AND COSTS OF SALES FORECASTS

Sales discounts													
Usage (see above)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058
Total purchases (incl VAT)	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	176,318
Cash paid for Sales discounts	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	14,693	176,318
Commission													
Usage (see above)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058
Total purchases (incl VAT)	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058
Cash paid for Commission	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	12,505	150,058

COSTS OF SALES FORECASTS — YEAR 3														Glass Inserts Ltd	
Year ending 31 July 2008	25	26	27	28	29	30	31	32	33	34	35	36	TOTALS		
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	£		
EXPENSES TO P&L (EXCL VAT)															
Direct materials & services															
Cost per unit of sales	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20	£ 5.20
Units of sales	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800
Total expense/usage	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	45,778	549,331
Total expense/usage	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	654,931
Distribution															
All sales	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total expense/usage	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Sales discounts															
All sales	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total expense/usage	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Commission															
All sales	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total expense/usage	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Direct labour															
Total expense/usage	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	27,863	334,355

														CASH PAID (INCL VAT)	
Direct materials & services															
Usage (see above)	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	654,994
Opening stock	10,737	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,737
Closing stock (BS)	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917	10,917
Total purchases (excl VAT)	54,762	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	54,583	655,173
Total purchases (incl VAT)	64,346	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	769,828
Cash paid for Direct materials	64,346	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	64,135	769,828
Distribution															
Usage (see above)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total purchases (incl VAT)	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	172,791
Cash paid for Distribution	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	172,791
Sales discounts															
Usage (see above)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total purchases (incl VAT)	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	172,791
Cash paid for Sales discounts	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	14,399	172,791

**APPENDIX V****SALES AND COSTS OF SALES FORECASTS**

Commission														
Usage (see above)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing stock (BS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total purchases (excl VAT)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Total purchases (incl VAT)	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056
Cash paid for Commission	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	12,255	147,056



APPENDIX VI

CURRICULA VITAE OF THE DIRECTORS

BIOGRAPHY

Mr. Paul Richards

Dalmeny
Gloucester Road
Alveston
Bristol
BS35 3RG

Paul Richards, aged 40, has over 20 years worth of experience of working in the Home Improvement Market, extensively in the manufacturing and installation of conservatories, windows and doors for both the domestic and commercial markets.

In 1987, as a sole trader, he founded and built up his own specialist conservatory design and manufacturing company, Paul Richards of Bristol, which became an important player locally in the premium market niche for customised, high-quality installations.

Paul has always been an innovator, finding ways of solving problems that to most others in the trade appear unable to solve, and he rapidly became well-known in these industries for his ability to successfully install difficult configurations of conservatories in a variety of materials, thus establishing a firm business for manufacturing and installing his products.

During his time in the industry, over 3,000 conservatories have been designed and installed by Paul personally. He has survived and prospered despite the difficult and cyclical nature of market forces specific to the conservatory, windows and doors markets. He was been a successful 'first-mover' in many new markets created by product innovation, successfully capitalising on lucrative opportunities in the home improvement sector such as glazing bars for conservatory roof installation and sandblasting and etching on glass, while also riding-out the difficult periods and troughs of a 'cut-throat' industry and maintaining high profits.

It was from his conservatory business that Paul realized the value and potential of decorative glass for differentiating his installations from mass-market installations, the majority of which have either no decorative glass features or boast very basic designs of limited aesthetic appeal. This is primarily due to the high cost for attractive and appealing designs, which furthermore cannot be produced quickly and at volume due to the manual processes required in their fabrication.

Therefore, he set about solving the problem of how to produce decorative glass for insertion into his own installations (and those of others) at volume, without having to rely on a skilled workforce and, above all, at a price that was acceptable to the industry.

He started to work on an invention to meet the needs and demands of the growing glass industry which would allow it to produce decorative glass efficiently and at the right price. He came up with an innovative idea in 1995, which he patented in 1996 in the United States and in the UK in 1998. He has been working on this ever since to improve the process and prepare to launch the product. This is known as a Glass Insert, which is a thermoformed laminar element which has been pre-formed and coloured to reproduce any design and pattern of glass. When bonded to a glass panel with a hi-tech laminating resin (developed specifically for this application), a dynamic effect is produced that replicates any type of cut, bevelled or stained glass, and furthermore allows combinations of various styles hitherto impossible to create using existing methods and processes.

It is only now that the product is ready for launch to a mass-market, but the developmental work required to bring it to this stage has been considerable, both financially and in terms of time. Most of 2004 required Paul to travel extensively for research and investigative purposes for Glass Inserts, which understandably led to drastically decreased turnover (and loss-making) for his conservatory business, despite a buoyant market and demand for his services.

This conservatory design and installation business (Paul Richards of Bristol) has now been sold (April 2005) in order to allow Paul to dedicate himself full-time to Glass Inserts. As a gesture of goodwill to his former employees, the company was sold in a management buyout operation for a nominal sum that has allowed him to clear his tax obligations and credit facilities relating to the business.

**CURRICULUM VITAE****John Boguslaw Winnik**

18 Newlay Wood Rise
Horsforth, Leeds LS18 4LY
Tel: 01132 655137
International Mobile
+43 699 10700089

Personal Profile

A confident and highly motivated, target driven individual able to communicate and negotiate at senior management and importantly at all levels. Has an excellent proven record of accomplishment in sales internationally and domestically, an organised approach and a cool head under pressure.

Personal Details

Date of Birth: 29.05.1952
Status: Divorced
Nationality: British
Driving Licence: Full UK and US Licenses
Health: Excellent
Languages: Polish, English

Education and Training

1962- 1969	St Michaels Grammar, School John's Road, Leeds 6 O' Levels English Language, English Literature, Geography, Maths, History, Polish Language.
1971- 1973	Business Studies

Training

I have attended various sales and marketing seminars.

Key Skills

- Recognising and closing sales opportunities
- Identifying customers needs
- Ability to lead and work individually or within a team
- Can remain self-motivated and work well under pressure



APPENDIX VI

CURRICULA VITAE OF THE DIRECTORS

Career History

Established leads via trade shows and magazines within the Glass Industry developing a workable client base to begin operations for an Austrian company within the United States and Canada. Once accomplished, I travelled to the US and opened an operational sales and distribution branch. Regularly exceeded targets and maintained a high profile for the company within this time. This was achieved by personally organising and attending trade shows and seminars throughout the US and media coverage.

I was recruited by this company to help grow the market for a new product within the glass Industry. I travelled world wide attending trade shows and visiting numerous companies and individuals to establish a market and distributors to promote and sell the product. Training companies and offering them new techniques the company grew 400% within this period and is now a world leader in its field and is represented in over 60 countries.

I represented four or five major manufacturers in Eastern Europe and opened new markets for them to sell their products acting both as a sales director and distributor.

I successfully maintained growth until the collapse of Russia which had a knock-on effect on all the surrounding areas.

1975 – 1986

I worked in the Oil Industry where I started as a roustabout consequently achieving promotion to a rig manager. These years took me all over the world and I gained what I think is invaluable knowledge working with different cultures and personalities.

Interests

Golf, 9 handicap. I am also a member of the Village Leisure Centre, Leeds.

Spending time with my son going to watch various sports.

References

Available on request



APPENDIX VII

LETTERS OF INTEREST

3-FEB-2005 12:32 FROM: MAGDEN LTD 01617962035

TO: 08451274099

P:1

MAGDEN LTD.

Unit 30, Stanley Road,

Whitefield,

Manchester

M45 8QX.

Tel. 0161 796 2030.

Fax. 0161 272 1046.

To James Power

From Brenda Gillespie.

Fax. Message.

Date.

Further to your visit last week and follow report.

The major players in the distribution of insulating glass components are as follows:-

UKAE

Out of these UKAE, Thermoseal and Magden probably have the largest sales of decorative products.

Thermoseal

DQS/PBM

Ulmka Metal

Magden.

The following are lead manufacturers.

Rega lead Ltd

Most of these manufacturers, also import bevels from China. Rega is probably the largest but as we are Rega's largest customer this distorts the true position.

North Western Lead Ltd.

Magden Ltd

UKAE

Thermoseal

Duralead

For 12 months of 2004 Magden sales were

Bevels	750K
Films	230K
Glues	190K

As you can see, Magden have over 1 million sales of products which could be directly affected by your new Glass Inserts. This during a year which has probably been flat at best and for many companies the worst they have experienced for many years.

The industry is driven by low prices and every company is looking to save costs to give them the edge over their competitors.

Your product offers very high cost saving, particularly to the larger companies. I can see that Door Panel manufacturers and large unit manufacturers, could take your product on board with designated designs. These designs could be more intricate than those currently available and possibly exclusive to each company.

Page 1



APPENDIX VII

LETTERS OF INTEREST

1-FEB-2005 12:32 FROM: MAGDEN LTD 01617962035

TO: 08451274099

P:2

PAGE TWO.

The savings on these products in terms of material and more significantly in labour would be tremendous, and I feel sure you have the potential take a large share of the market.

At the moment Thermoseal is bringing in fanlights with bevels already fixed. These are simple 3 or 4 cluster bevels without any colour. We have one very large Thermoseal customer who get these for £5.00 each, but this is a special case. Neither does this product compare with the designs you will be able to generate. We also have feedback that many of the glass panels are scratched or broken.

Rege are starting to bring in very decorative door panel units from China. These have been available for some time through door outlets such as Magnet.

Usually a supplier will approach us at the point where a product is available with all the necessary brochures and technical leaflets which allow us to simply take into stock and re-sell.

To get the business moving, it is necessary to go into reverse where we come to you with a design which you manufacture for us. As discussed at the meeting, this needs to happen with Door Panel companies and Builders putting forward the designs they need.

I do not see this as a problem, however, it is essential we generate enthusiasm amongst our sales force to see the potential. This will also apply to anyone you have approached.

I have discussed this with Alan and he certainly feels there is a great opportunity for Magden to work with you to promote your products. We are the only distributor which would agree and keep to the agreement, of a specific area. We have some panel manufacturers and some large customers, but obviously accept you would deal direct with some of the major players in the industry.

It is very difficult to say what quantity we would take from you, even without a commitment on our part. I think the sales of over 1 million from Magden alone should indicate the scale of the market which can be attacked. We would look to creating perhaps a dozen designs which would be exclusive to Magden for distribution to our customers. We are already working on these designs. We would want these as quickly as possible.

Can you please advise the position on this in terms of:-

- 1 Cost of mould.
- 2 Minimum quantity to order
- 3 Delivery date of product if order given by end of February.

However, it is essential that we have some glass samples of the coloured fanlight to show the potential of the product. Can you please let me know how quickly we could have these. Ideally we need 6 but at the moment any quantity you can spare.

8-FEB-2005 12:33 FROM: MAGDEN LTD 01617962035

TO: 08451274099

P:

PAGE THREE

We would like to get these products into the market place in the next couple of months. Glassex is in March and it would be good to have a small stand just to launch the glass inserts. We could possibly share a stand as your only distributor?

I hope this is of help to you and look forward to receiving the samples at the earliest opportunity.

Regards
Brenda.



APPENDIX VII

LETTERS OF INTEREST

14-FEB-2005 12:11 FROM: MAGDEN LTD 01617962035

TO: 08451274099

P: 1

Magden Ltd.

Stockists of uPVC Trims, Double Glazing Components & Hand Tools

HEAD OFFICE : Unit 30 • Stanley Road
Whitefield
Manchester M45 8QX

Telephone : 0161-796 2030
Facsimile : 0161-796 2035
e.mail : Manchester@Magdenltd.com

Glass Inserts Ltd.
15, Westbury Road,
Bristol,
BS9 3BU

24th. February, 2005.

Attention of Mr. James Power.

Dear James,

Further to the visit of myself and our National Sales Manager Eric Duckworth, last Friday.

As discussed at the meeting, we feel your product has great potential in the glass industry. Whilst it will not replace the simple bevel and film designs currently used, it should be a winner with the more complicated designs which involve large amounts of labour and materials. Many of these designs are the most popular and are used in great quantities.

We feel it also has great potential with large companies who would be interested in having exclusive designs. When they realize they can have very complicated and expensive type designs bought "off the shelf" and on glass which complies with safety regulations they have been very excited at the prospect.

I am aware you are also looking into the "new build" market with someone else. This again is an area where I feel you will have great success. You are offering the major house builders to have their own designs, again very intricate expensive looking designs which will be very attractive to the buyers.

Some 8 or 9 years ago I worked for the Laird Group, and was Managing Director of a company which marketed door panels. At that time, it was very roughly estimated that the market was 10,000 panels per week. In speaking to various companies which now manufacture door panels, they say the market has now doubled to 20,000 per week.

This is very general as the industry has fragmented over the years and there are now so many manufacturers of door panels it is difficult to get information. There has also been a move to using steel, GRP and other types of materials rather than the traditional PVCU.

contd.

Also at :
Birtley, County Durham, Telephone 0191 492 0042 Facsimile 0191 492 0043
Stockton on Tees, Telephone 01642 616065 Facsimile 01642 614177
Cleckheaton, Telephone 01274 861222 Facsimile 01274 861555
Rotherham, Telephone 01709 525215 Facsimile 01709 525217
Company Reg No. 3742191 Vat No. 738 5089 02



APPENDIX VII

LETTERS OF INTEREST

-FEB-2005 12:11 FROM: MAGDEN LTD 01617962035

TO: 08451274099

Glass Inserts Page 2.

If you only managed to get 5% of the designs used in the market, this would generate sales of between 25K and 30K per week on door panels alone. This should be easily achieved and there is still the potential for fanlights for the conservatory market which should be another area for growth. I cannot see any reason why you could not get more than 5% but I feel this just indicates the potential for the product.

I understand you have had various tests done on the product. However, it will be necessary to have it tested to EN1279, before this can be put into the UK market. With the tests you have already done, this is just a formality and we are prepared to carry out these tests at our own expense. We will issue a Certificate of Compliance which you will be able to use when approaching other potential outlets. This will take approx. 8 weeks from submitting the units and the sooner you can get samples to us, the sooner we can start the tests.

We do not foresee any problems in this product passing the EN1279 tests. During the period of testing, we will be gathering information on the designs we would want for Magden and further designs which will be exclusive to particular customers. We have been lucky to have one particular customer who is just about to re-issue his brochure and will be looking to put up to 6 designs in. He is pleased to feel he will be able to hit the market with something new. It is our intention to have everything in place to give you orders for various moulds immediately we have the EN1279 documents.

We appreciate the investment you have put into this product is considerable and agree to fund the initial cost of the moulds. Therefore we will pay the £500 for each mould at the time of placing an order. This money to be refunded as we start to purchase product.

We look forward to receiving the samples for testing at the earliest opportunity.

Yours faithfully,
MAGDEN LTD.

BRENDA GILLESPIE
SPECIAL PROJECTS MANAGER



APPENDIX VII

LETTERS OF INTEREST

**MICHAEL RIGBY
ASSOCIATES**
BRAND & REPUTATION CONSULTANTS
PRO-ACTIVE PR, MARKETING & RESEARCH

Mr James Power
Glass Inserts Ltd
15 Westbury Road
Bristol
BS9 3BU

7th March 2005

Dear James

Thanks for showing us your new product.

In our view the prospects are very good. The key points are:

- It is a high quality product that can be supplied at attractive and competitive prices, quickly and consistently. It looks like high quality, hand crafted glass but it does not suffer the high material and manufacturing costs, and the shortage of skilled labour that have hampered the full market potential of bevelled, coloured and decorative glass. Existing products appear to be mostly top quality, top end, low volume and expensive; or big volume, cheap looking standard products at a lower price. There is not much, as this does, that combines top quality and low prices.
- The process allows for the effects of different patterned glasses to be combined in one piece. This is a real USP which offers what only true hand crafted glass has been able to do.
- The process allows currently costly but desirable effects such as bevels and sandblasted glass to be supplied at low mass market prices.
- Installers are searching for true, meaningful differentiation that enables them to compete effectively and visibly with other companies selling similar looking products without having to cut prices. Exploiting the need for visible and meaningful differentiation, I see demand coming from:-
 - Conservatories (a big and still growing sector with big potential - fan lights and doors);
 - Panel doors – big volume, although growth will be eroded by composite doors;
 - Domestic retail composite doors – a relatively new key growth sector;
 - New and replacement windows (fan lights mainly). Replacement windows could be a big sector, as installers promote the replacement of older PVC and aluminium replacement windows with newer generation windows. These need to be high security, good looking windows at competitive prices. These are windows to look at, not just through.
 - Of the remaining housing stock still to be replaced (12-15% of total housing) the bulk is original timber vertical sliding windows. These are in older properties that lend themselves to decorative glass. Many still have the original glass, but both windows and glass are often in poor condition. A new generation of vertical sliders in different materials -

15 MARKET STREET • WOTTON-UNDER-EDGE • GLOUCESTERSHIRE GL12 7AE
TELEPHONE 01 453 521 621 E Mail results@521621.com
FAX 01 453 521 681 Website www.521621.com

MICHAEL RIGBY ASSOCIATES IS THE TRADING NAME OF MICHAEL RIGBY LTD.
REGISTERED OFFICE: AS ABOVE REGISTERED IN ENGLAND No. 4690666



timber, composites and PVC – is available which planning officers now accept in heritage areas and listed buildings.

- Extensions. A new sector of low cost extensions will be developing in 2006/7 based on the adoption of solid roof products, fast build half-brick pillars, PVC windows and doors and modular bases. The products are developed and will be launched in 2005 or, eg the Fast Clad brick system, are available now. This new sector – solid roof conservatories are quite popular in Ireland – will cut the costs of traditional brick built extensions. It is based on a development of new and existing conservatory components that will be sold and installed by conservatory companies who will look to add value and differentiation with decorative glass.
- Conservatory systems companies, window and door systems companies, door manufacturers, trade fabricators and sealed unit manufacturers can all offer their customers their own, cost effective, added value decorative glass ranges using this new product. The attraction will be enhanced differentiation and the opportunity to add value for their customers.
- In an effort to offer attractively priced decorative glass panels without cutting margins to the bone some door panel and door companies are now sourcing from China. Although the like-for-like quality is good, companies have to carry six months stock to protect them from a long distribution pipeline. This product should enable them to compete with a good quality product at good prices without sacrificing margins or service flexibility.
- To put some numbers on the conservatory market, around 330,000 conservatories were installed in 2004 worth over £2.2 billion at installed prices excluding bases, dwarf walls and VAT. The market has plenty of growth potential with a 15% penetration of the UK housing stock, half the housing stock suitable for a conservatory, and conservatories are now a home improvement 'must have'. 93% of all conservatories were sold to the domestic retail market. The remaining 7% were new build and commercial.

Your timing couldn't be better.

Yours sincerely

M G Rigby
Managing Director



APPENDIX VII

LETTERS OF INTEREST



Mr James Power
Glass Inserts
15 Westbury Court Road
Bristol
BS9 3BU

Dear James,

Further to your visit with your colleagues on 10/02/05 my initial reaction to your product is most favourable, as in my opinion it has great potential within our current conservatory market.

I am most attracted to looking further into the possibility of using your product, but I need to discuss in more depth with senior colleagues as to the best way forward. At K2 Glass we are great believers in getting the job right first time.

As an interim measure I would like to see more samples of the interpretation using your product, in relation to the bevels we are currently using.
I will also need a more structured layout of production methods in order to prepare for production of your product here at Blackburn.

Perhaps on receipt of this letter you would you give me a call to discuss matters further.

Best Regards

Iain Whittaker
General Manager

CELSIUS

PERFORMANCE GLASS

K2 GLASS LTD
Unit K, Sett End Road, Shadsworth Industrial Estate,
Blackburn, Lancashire, BB1 2PT
Telephone: +44 (0) 1254 693 111 Fax: +44 (0) 1254 692 389
enquiry@k2glassltd.com www.k2glassltd.com



Fax

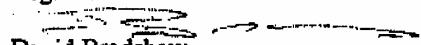
To:	James Power	From:	David Bradshaw
Fax:		Pages:	
Phone:		Date:	
Re:	Bevel System	CC:	

Dear James \ Paul

Just a quick note to thank you for your time last week demonstrating the resin bevel system. Both Iain and myself were very impressed with what we saw and are currently doing our own research into possible markets.

We look forward to meeting you again at the Glassex show next week.
Could you let us know when our samples will be ready in order for us to test the market initially with a few of our existing larger customers.

Regards


David Bradshaw
Managing Director

CELSIUS
PERFORMANCE GLASS

K2 GLASS LTD
Unit K, Sett End Road, Shadsworth Industrial Estate,
Blackburn, Lancashire, BB1 2PT
Telephone: +44 (0) 1254 693 111 Fax: +44 (0) 1254 692 389
enquiry@k2glasstld.com www.k2glasstld.com



APPENDIX VII

LETTERS OF INTEREST

Traunuferstr. 110
A-4052 Ansfelden
Tel: +43/7229/785150; Fax: +43/7229/7851520
email: office1@siglam.com



To
James R. Power

15 Westbury Court Road
Westbury-on-Trym
Bristol
BS9 3BU
United Kingdom

Ansfelden, 14th of Dec, 2004

PROJECT „GLASSINSERTS“

Dear Sirs,

we herewith confirm our interest and astonishment with the product introduced from Mr. Paul Richards to us in November 2004.

Our companies are in the glass industry since 1968, working with glass machinery and glass laminating resins since the early 90's. Our experience in this field is not small as you can imagine, also through to our clients in more than 60 countries.

Paul's idea is absolutely great and we are sure that it will find its ways in the market soon. Depending on the way of marketing it might be fast and successful to cover the markets we are dealing in.

Meanwhile we have shown samples done with Paul to a number of SME as well as to industrial giants such as Besglass, PMK and Avatar. They all have signalized their interest.

We also would be interested to do up samples for companies such as Red Bull and Swarovski, we or our partners are having good relations with owners and/or marketing managers of those companies. In case the samples work out to our satisfaction we will choose the right way to contact those companies.

We would like to talk with you and Paul about our idea to introduce this nice product to the European/ Middle East/ Asian markets we are dealing in at our next eye-to-eye meeting.

With best regards

Heinz
Alle Lieferungen und Leistungen erfolgen ausschließlich aufgrund Verkaufs- und Lieferbedingungen.
Bankverbindung: VKB-Bank Linz BLZ 18600, Ktr: 10.601.904; SWIFT: VKBLAT2L, IBAN: AT14 1860000010601904
LG Linz FN 240234 K, UID/VAT ATU57413828 DVR 0596810

001

SIGLAM SECUGLASS

14/12 2004 11:27 FAX +4372297851520



APPENDIX VII

LETTERS OF INTEREST



AS/AC

18 April 2005

Mr James Power
15 Westbury Court Road
Bristol
BS9 3BU

Dear Sir

I have worked in the window industry for the past 37 years, starting life as a glass cutter at the age of 15 and going on to work in the manufacturing side of timber, aluminium, UPVC and double glazed units (all this mainly in the New Build sector with some Local Authority and Trade) and moving into a more sales related environment and becoming Sales Director of Welch Glazing, a New Build specialist company with growth from under £1M to a near market leading position in 5 years. One of my roles is identifying new products or trends and bringing these to market. This market, ie New Build, is running at approximately 225,000 units per year which equals on average:

Windows x 10 per unit	=	2,250,000
Doors x 2.5 per unit	=	562,500

The bulk of this business is in the hands of major building companies, ie Barratt, Bellway, Taylor Woodrow, Wimpey and so on, all of which have an open view on using coloured or bevelled products as a feature for front doors, eg (225,000 front doors) and all this business goes through a small range of suppliers.

After visiting your premises on 25 February 2005 I have to say I was very impressed with your ideas, product and design skills. I can see a very good opportunity to take this product through to the New Build market and the good quality customer base that exists there.

Yours faithfully

A. Sutton
y. Alan Sutton
Sales Director

Hindley Green Business Park, Leigh Road, Hindley Green, Nr Wigan WN2 4TN
Tel: 01942 255000 Fax: 01942 257500
Company Reg. No. 3387721



APPENDIX VII

LETTERS OF INTEREST

Ref: PP5MY31F



Mr. J. Power
Glass Inserts Ltd.
15 Westbury Court Road
Bristol
BS9 3BU

Plus Point (UK) Limited
163 Victoria Road,
Swindon, Wiltshire, SN1 3BU
Tel 01793 613200
Fax 01793 487211

info@epluspoint.com
www.epluspoint.com

Tuesday 31 May 2005

Dear James

Further to our meeting last Friday I am very pleased to confirm what we have discussed and agreed.

We will undertake sales prospecting work for Glass Inserts – by telephone, personal meetings etc. – to make suitable introductions and business opportunities for you to follow through on.

We will then work closely with you, and the customer contacts, to bring these opportunities through to successful sales results.

As discussed, we will do some preparatory and trial work with you in June – at no fee charge – and thereafter we will charge you £500 (+VAT) per month, for the prospecting work. (I did not say it on Friday, but during 'Month 1 proper' i.e. July – you can cancel this £500 per month prospecting arrangement at one month's notice. After that time, and you have had a chance to assess our capabilities, I would ask that you give us three month's notice so we have a reasonable level of continuity with our sales prospecting activity).

In addition to the prospecting work and fee, we have agreed a sales commission of 7% of net sales value for all sales resulting from our introductions (or other figure to be agreed in writing between us as per the attached draft agreement).

Finally, if we are to undertake the Sales Agency role as well as the upfront prospecting role, we ask that this agreement remains in force for a minimum of three years – and/or that we be entitled to commission on all sales resulting from our introductions for a minimum period of three years.

This principle is embodied in the attached draft Agency Agreement – the logic of the three years being that Year 1 is always the "pioneering" period when we have to build the contacts

PLUS POINT®
United Kingdom

PLUS POINT®
Belgium

PLUS POINT®
Deutschland

PLUS POINT®
France

PLUS POINT®
Nederland

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APPENDIX VII**LETTERS OF INTEREST**

1

base and business opportunities pipeline, and Years 2 and 3 are when we enjoy the benefit of our early (and ongoing) efforts. What happens after that is up to you, but hopefully we will establish a long term, continuing commercial relationship with Glass Inserts given all is going well.

I have enclosed a draft agreement for you to peruse – just one other point to note is that I have two companies operating side by side. The first, Plus Point (UK) Limited, does just architectural/specifier promotional presentations and other prospecting work, and does not get involved in any sales agency/follow-up work. The logic for this is that Plus Point is allowed through thousands of specifier doors to make presentations of innovative products, very easily, and gets a good reception from most people when you first contact them to explain the Plus Point “delivering innovations” story. However the minute Plus Point becomes perceived as a ‘Sales Rep’ or ‘Sales Agent’ then it loses its independent neutrality and reputation for unearthing exceptional innovations, that has been built up for years.

So, for situations where we are going to be involved with much more than just promotional presentations and other prospecting (as is the case with you) I decided to set up a parallel company called Ward Building Design Limited to effectively be the Sales/Marketing Agent, as we are going to be for Glass Inserts.

We will of course still use the power of Plus Point’s door opening capability as and when this will be useful (e.g. architects handling major ‘Corporate Brands’ and major Corporates we already are in direct contact with), but the actual contract will be with Ward Building Design Ltd. and Ward will be the Sales Agent.

By all means ask me for further explanation of any of this and I’ll aim to get the details settled with you over the next week or two.

In the meantime we need to brief John Ainslie and Alan Hartley in particular, so that they can begin to test the ‘message’ with potential customers – and we can hone up what are going to be the most suitable targets in the early months of this exercise.

I will be in touch with you again shortly.

Kind Regards

Terry McGivern
Managing Director



APPENDIX VIII

PREMISES DETAILS

INDUSTRIAL

TO LET
SUBJECT TO CONTRACT & LEASE

UNIT B
VALE OF NEATH BUSINESS PARK RESOLVEN
NEATH



941.79 m² (10,137 ft²)

FLEXIBLE LEASE TERMS

RENTAL: £35,500 PAX.

UNIT B VALE OF NEATH BUSINESS PARK, RESOLVEN, NR NEATH

LOCATION

The property is located on the Neath Vale Business Park, which is situated south of Resolven.

The property is accessed via a roundabout off the A465 Heads of the Valleys link road, approximately 9 miles north of Junction 43 of the M4 motorway.

Other major occupiers within the vicinity include Toyodakoki Automotive, Nidom Automotive tool makers, Mollat Automotive and Progas.

DESCRIPTION

A high quality detached steel portal frame industrial premises with walls of alloy cladding and lower part being of breeze block with facing brick external elevations.

The property is provided with high quality staff accommodation. Minimum internal clear height is approximately 5.97m.

Car parking and loading area exist to the front of the premises.

ACCOMMODATION

Interested parties must note that all areas provided below are approximate only and verification is recommended.

Gross Internal Area 941.79 m² (10,137 ft²)

Incorporating reception, 2 inner offices, kitchen, ladies, gents and disabled w.c. facilities together with disabled facilities and main warehouse area.

SERVICES

We have been informed that all mains water, electricity and drainage are connected to the property.

Interested parties must note that the services provided have not been tested and must make their own investigations as to whether the services are adequate for their intended use.

OUTGOINGS

We have been informed by the Local Rating Authority that the premises has been assessed as follows:

Rateable Value £30,000
UBR for Wales (2004/05) 45.2p in the £

Interested parties are advised to verify this information and make direct contact with the Local Rating Authority.

LEASE TERMS

The property is available on a new Full Repairing and Insuring Lease, terms of which are open to negotiation.

RENTAL

Initial rental of £35,500 pax is requested.

SERVICE CHARGE

A service charge will be levied in relation to the joint shared maintenance of the external common areas of the park.

VAT

Our client reserves the right to levy VAT on the rental and service charge payments.

CAR PARKING

We have been informed that 22 spaces are provided with this unit.

UNIT B VALE OF NEATH BUSINESS PARK, RESOLVEN, NR NEATH

AVAILABILITY

Immediate

VIEWING AND FURTHER INFORMATION

Strictly by appointment with sole letting agents:

POOLMAN HARLOW

**CONTACT: JASON THORNE
OWEN GRIFFITHS**

**TEL: 01792 702800
FAX: 01792 702882
EMAIL: jw@poolmanharlow.co.uk
owen@poolmanharlow.co.uk**





APPENDIX IX

CONFIRMATION OF PATENTS

K.R. BRYER & CO.

EUROPEAN PATENT ATTORNEYS
CHARTERED PATENT AGENTS
TRADE MARK ATTORNEYS

15 Westbury Court Road
Westbury on Trym
Bristol
BS9 3BU

5 November 2004

Dear Sir

RE: PATENT PORTFOLIO IN THE NAME OF PAUL RICHARDS
Our File: DL1280US90

I am writing on behalf of my client Mr Paul Richards in respect of his Patent Portfolio.

Mr Richards currently has two granted patents:

1. United Kingdom Patent No. 2 314 113, filed on 24 July 1996 (claiming priority from GB 9615507.2, filed on 30 May 1996); and
2. United States Patent No. 6,250,027, filed on 8 May 1998 (no priority claimed).

Both Patents relate to Glazing Elements and are currently in force. Both patents were granted with claims of broad scope and neither patent is, or has been, subject to legal challenge by any third party.

Please do not hesitate to contact me if you require any additional information.

Yours faithfully,

Dr Gillian Whitfield EPA CPA
K R Bryer & Co.

K. R. BRYER & CO., 7 GAY STREET, BATH, BA1 2PH, UNITED KINGDOM
TEL: +44 (0)1225 428877 FAX: +44 (0)1225 428899 E-MAIL: post@krbryer.com WEB SITE: www.krbryer.com
BANKERS: BARCLAYS BANK PLC, KING STREET, TRURO, ACCOUNT NO. 10216348 SORT CODE: 20 87 94 VAT REG. NO. 609 6359 17



APPENDIX X

QUOTATIONS FOR FIXED ASSETS

(ii) Glass assembly line (cont'd)

27 May 05 14:20 Business Users +44 1455 880842 p. 4

Atlantic Machinery Ltd.
Burfield
Hinckley Fields Industrial Estate
Hinckley
Leicestershire LE10 1YE
Tel: 01455 251151
Fax: 01455 880842

ATLANTIC Machinery

Quotation/Acknowledgement of Order

Customer Glass Inserts Limited	Date 27/05/2005			
Address 15 Westbury Court Road Bristol BS9 3BU	Ref: 823			
Signatory James Powers				
Quantity 2.00 5.00 3.00 1.00	Stock Number GLAS03 GLAS11 MISC GLAS39	Description GLASS ROLLER TABLE 1.5m X 2.0m GLASS TROLLEY 'A' FRAME for sealed unit & ct glass storage Harp trolleys for pairing optimised cut glass Mixed bed demineraliser & water condition meter	Unit Price 355.00 275.00 450.00 630.00	Amount 710.00 1375.00 1350.00 630.00
Anticipated Delivery 10 weeks on receipt of order		Delivery 0.00		
Terms of Payment 20% deposit with order Completion on installation		Total 128145.00	Plus VAT	
Comment Includes the cost of delivery & installation				
On behalf of Atlantic Machinery Ltd.				

This is not an Invoice

(iii) Resin injection systems

1-Jul-2005 9:43 No.0039 P. 1 1-Jul-2005 9:44 No.0039 P. 3

DOPAG Metering and Mixing Systems
Doser- und Mischanlagen

DOPAG (UK) Limited
299 Oak Drive, Hartlebury Trading Estate, WORCS DY10 4JB

1st July 2005 MJO/50424gla.DOC

Glassinerts Ltd
Unit 3-5 Wood Road
Kingswood
Bristol
BS15 8NN

For the attention of Mr Paul Richards

Dear Paul

Further to our discussion at your recent visit to Dopag UK Ltd. I am pleased to enclose our quotation to supply 2 new metering, mixing and dispensing machine for processing the clear plural component polyurethane resin systems to be used in your production.

The quotation is for 2 off Eldomix 703 fed from 90lt holding reservoirs that are semi-automatically re-filled from the bulk supply vessels. The individual materials are de-gassed in their respective reservoirs which will include agitators on the polyol, harder injection, level control and vacuum attachments to all. There will be 4 reservoirs in total, 2 for each material system to enable a duty standby situation to allow continuous production.

The reservoir outlets will be fitted with electrically operated gear pumps that feed the metering pumps, these are also electric gear pumps which will have in-line volume counters to give a constant closed loop system. This enables the control to monitor and adjust the ratio to keep it within 0.5% accuracy, this is required with some polyurethane resin systems.

The materials are metered through to a pneumatically operated Dynastat mixing head fitted disposable static mixers, via two Electrically operated high precision gear pumps.

The system is similar to the unit you saw at McNeil McManus in Northern Ireland.

If we can be of further assistance or additional information is required, please do not hesitate to contact us.

Yours sincerely
DOPAG (UK) LIMITED
Martyn J Owen
Sales Manager
Plural Component Systems

26 Years Experience
26 Jahre Erfahrung

Tel: 01299 250740 - Fax: 01299 252860 - sales@dopag.com - www.dopag.com

Registered in England No. 4269594

QUOTATION 50424gla

1st July 2005

Glassinerts LTD
Unit 3-5 Wood Road
Kingswood
Bristol
BS15 8NN

Two off Dopag Eldomix 703 meter mix and dispensing machine exactly as described in our specification

FOR THE SUM OF £236,000.00

Price includes delivery and commissioning at your factory in Bristol, prices exclude VAT.

DELIVERY: 10 Weeks from receipt of order

TERMS: 30% with order
60% Prior to Delivery
10% Net 30 Days

WARRANTY: 12 months warranty against manufacturer defects.

VALIDITY: This quotation is valid for a period of 60 days, after which we reserve the right to amend our price if necessary.

EXCLUSIONS: Please note our quotation is subject to satisfactory material tests and our Standard Terms and Conditions of Sale, a copy of which is attached.

Please note the machine will be tested with your materials in our workshops prior to dispatch. You are invited to witness the tests. Please ensure that your products arrive at least two weeks prior to dispatch date.

We do not include for the supply of the material for testing materials or for any items not specifically included for within our specification.



APPENDIX X

QUOTATIONS FOR FIXED ASSETS

1.Jul. 2005 9:43

No.0039 P. 2



DOPAG ELDOMIX 703 METER MIX AND DISPENSE MACHINE FOR DISPENSING TWO COMPONENT POLYURETHANE ADHESIVE SYSTEM

We would provide 2 sets of equipment to meter mix and dispense plural component polyurethane adhesive used in the laminating industry.

For this application we are proposing the use of Dopag Eldomix 703 metering mixing and dispensing machine fitted with high pressure rated flexible hoses feeding a dynastat valve fitted with disposable mixers.

The Eldomix has a maximum fluid output of 2ltrs per minute depending upon the material viscosity and an available ratio band between, 1:1 to 5:1 by volume. The Eldomix will be fitted with 2 off 10cc per revolution high precision gear pumps for metering and 2 off 10cc per revolution high precision gear pumps for mixing. The machine is compact in design and is mounted on a base 1100mm x 1600mm with panel heating which contains pumping unit feed reservoirs and control.

The polyol and isocyanate components will be transferred directly from their supply containers into the individual 90ltr holding reservoirs. These are fitted with individual heating jackets and low-level sensors, the polyol reservoirs will be fitted with agitators. The material reservoirs are fed with dry nitrogen that ensures they will not crystallize.

All gear metering pumps are individually driven by electric motors and give a continuous output initiated by the operator. The pump inlets will include filters and the pump outlets will be fitted with manual bleed valves and volume counters that will constantly monitor ratios. Both flow monitors will include a heater to ensure the temperature from the reservoirs is maintained and continued into the outlet hose assembly.

The pump outlets will be fitted with high pressure rated trace-heated hoses to supply the materials on-ratio and at the specified processing temperature to the mixer gun that is designed to accept disposable static mixers. The control will be via a Siemens S7-224 PLC, which is mounted in the main panel and will include a 4-line display, a log printer is also included.

The supply also includes a vacuum pump with necessary controls.

(iv) Screen printing equipment

OFFICE: TRUMAX, TOWER ROAD NORTH, WARMLEY, BRISTOL BS30 8XP
TEL: 0117 955 2201 FAX: 0117 955 3320
EMAIL: sales@trumax.co.uk
INTERNET: www.trumax.co.uk

QUOTATION

To: Glass Inserts
Date: 4 Jul 2005
Ref: 0506040089

ATMACE FOUR-POST SEMI-AUTOMATIC MACHINE
A 3/4 automatic, high precision, 4-post screen printing machine, capable of handling a wide range of materials to a maximum thickness of 20mm (6mm when using automatic gripper take off). The Atmace has a number of high specification features which are detailed in the relevant sales literature. The machine is capable of operating speeds of approximately 700 iph.

Model	710/G	
PRICE	Ex works Bristol	<u>£34,035.00</u>

TRUMAX HOT AIR DRYER
An electrically heated high velocity air dryer in modular form, supplied with a continuous heavy duty PTFE coated fibre glass conveyor belt with Kevlar edge reinforcement. Conveyor belt speed is infinitely variable throughout the range to a maximum of 60m/min. Accurate control of the conveyor belt speed is maintained with AC inverter control. Lapping of the hot modules is standard which, in addition to maintaining minimum noise levels, enables the enclosed heating elements to operate at maximum efficiency, together with the benefit of thermostatic control accurate to ± 2 degrees. All modules have a built in fume exhaust, which automatically scavenges the air system of solvent-laden air to maintain a solvent free environment. Performance of air movement within the dry module is exceptional and produces air jet velocities of approximately 50 metres per second. Sheet control throughout the dryer is guaranteed via negative underbelト pressure thus ensuring sheet flutter remains insignificant. Each module is mounted on heavy duty castors for ease of mobility and construction is such that additional modules can be added if required.

Model	1250	
Layout	Inlet / Hot / Intercooler / Delivery	
PRICE	Ex Works Bristol	<u>£ 13,680.00</u>

TRUMAX SHEET COLLECTION TRAY
A self contained, fully adjustable, all metal collection tray, suitable for use behind any conventional conveyorised tunnel dryer and able to collect all types of printed stock. The unit is adjustable for height and pitch and is fitted with castors.

Model	1250	
PRICE	Ex Works Bristol	<u>£730.00</u>

TRUMAX SELF CONTAINED UV SCREEN EXPOSURE UNIT
A self contained Exposure Unit with silent running suction unit, flexible rubber blanket, digital read-out, light integrator, air cooling fan, gas assisted lifting arms, touch-up lights and castors.

MODEL 3: Max. Frame Size: 171 x 127cm: 3/5Kw light source; between phase 380/415v

PRICE	Ex Works Bristol	<u>£5,270.00</u>
-------	------------------	------------------

TRUMAX FRAME DRYING CABINET
Accepting 5 or more frames with adjustable frame support bars on each level, re-circulated and filtered warm air, electronic temperature control, double skinned / insulated construction, optional illuminated top.

Model	2HS	
PRICE	Ex Works Bristol	<u>£5,175.00</u>

STENCIL DEVELOPMENT UNIT.
This unit has an air operated switch for the brightly illuminated acrylic rear panels. These panels assist in the washing out of fine detail stencils and are a vital aid to ensure the complete removal of the image area. An adjustable frame support bar is fitted, allowing small frames to be used even in the largest units.

MODEL: 2

PRICE	Ex Works Bristol	<u>£1,520.00</u>
-------	------------------	------------------

TRUMAX WASHOUT BOOTH
Manufactured in rigid galvanised steel, this unit is suitable for either high pressure screen washing or solvent recirculation.

PRICE:	Ex Works Bristol	<u>£ 715.00</u>
--------	------------------	-----------------

TRUMAX SQUEEGEE DRESSER with stand
A compact table top mounted unit, capable of dressing all types of rubber and polypropylene squeegees. The unit is supplied with a medium or a fine sanding belt to customer's requirement and is fitted for single phase electric supply. For squeegees up to 50" in length.

PRICE:	Ex Works Bristol	<u>£ 940.00</u>
--------	------------------	-----------------



APPENDIX X**QUOTATIONS FOR FIXED ASSETS**

GRAPHORACK DRYING RACK

Model 1 1

Maximum Sheet size 30" x 40"

Price Ex works Bristol **£ 600.00 each**
(x 10 = £ 6,000)

HIGH PRESSURE WASHER

PRICE: Ex works Bristol **£ 435.00**

Installation and Training **£ 1,500.00**

All prices are for new equipment excluding VAT.



APPENDIX XI

LATEST ACCOUNTS

Glass Inserts Limited

Report of the Directors and

Unaudited Financial Statements

for the Year Ended 31 March 2005

Glass Inserts Limited

Contents of the Financial Statements
for the Year Ended 31 March 2005

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5
Report of the Accountants	7
Profit and Loss Account	8



APPENDIX XI**LATEST ACCOUNTS**

Glass Inserts Limited**Company Information**
for the Year Ended 31 March 2005

DIRECTORS: P A M Richards
Mrs H L Richards

SECRETARY: Mrs H L Richards

REGISTERED OFFICE: Redland House
157 Redland Road
Redland
Bristol
BS6 6YE

REGISTERED NUMBER: 3708708 (England and Wales)

ACCOUNTANTS: Wormald & Partners
Chartered Accountants
Redland House
157 Redland Road
Redland
Bristol BS6 6YE



APPENDIX XI**LATEST ACCOUNTS**

Glass Inserts Limited**Report of the Directors**
for the Year Ended 31 March 2005

The directors present their report with the financial statements of the company for the year ended 31 March 2005.

PRINCIPAL ACTIVITY

The company did not trade during the year but is looking to raise sufficient finance to develop the manufacturing of decorative glass panels in the future.

DIRECTORS

The directors during the year under review were:

P A M Richards
Mrs H L Richards

The beneficial interests of the directors holding office on 31 March 2005 in the issued share capital of the company were as follows:

	31.3.05	1.4.04
'A' Ordinary £1 shares		
P A M Richards	2	2

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

ON BEHALF OF THE BOARD:

.....
P A M Richards - Director

Date:



APPENDIX XI**LATEST ACCOUNTS**

Glass Inserts Limited**Profit and Loss Account
for the Year Ended 31 March 2005**

	Notes	2005	2004
		£	£
TURNOVER			
Administrative expenses		3,987	169
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			
	2	(3,987)	(169)
Tax on loss on ordinary activities	3	—	—
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION			
		(3,987)	(169)
Deficit brought forward		(11,687)	(11,518)
DEFICIT CARRIED FORWARD			
		£(15,674)	£(11,687)

The notes form part of these financial statements

Page 3

**APPENDIX XI****LATEST ACCOUNTS****Glass Inserts Limited****Balance Sheet
31 March 2005**

	Notes	2005	2004
		£	£
FIXED ASSETS:			
Tangible assets	4	15,555	18,300
CURRENT ASSETS:			
Debtors	5	2	2
Cash at bank		<u>20,278</u>	<u>1,370</u>
		20,280	1,372
CREDITORS: Amounts falling due within one year	6	<u>1,507</u>	<u>1,357</u>
NET CURRENT ASSETS:		<u>18,773</u>	<u>15</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		34,328	18,315
CREDITORS: Amounts falling due after more than one year	7	<u>50,000</u>	<u>30,000</u>
		<u>£(15,672)</u>	<u>£(11,685)</u>
CAPITAL AND RESERVES:			
Called up share capital	8	2	2
Profit and loss account		<u>(15,674)</u>	<u>(11,687)</u>
SHAREHOLDERS' FUNDS:		<u>£(15,672)</u>	<u>£(11,685)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 March 2005.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2005 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

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

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

.....
P A M Richards - Director

Approved by the Board on

The notes form part of these financial statements



APPENDIX XI

LATEST ACCOUNTS

Glass Inserts Limited

Notes to the Financial Statements for the Year Ended 31 March 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Tangible fixed assets

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

Plant and machinery - 15% on reducing balance basis

Deferred tax

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

2. OPERATING LOSS

The operating loss is stated after charging:

	2005 £	2004 £
Depreciation - owned assets	<u>2,745</u>	<u>-</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2005 nor for the year ended 31 March 2004.

4. TANGIBLE FIXED ASSETS

	<u>Plant and machinery</u> £
COST: At 1 April 2004 and 31 March 2005	<u>18,300</u>
DEPRECIATION: Charge for year	<u>2,745</u>
At 31 March 2005	<u>2,745</u>
NET BOOK VALUE: At 31 March 2005	<u>15,555</u>
At 31 March 2004	<u>18,300</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Unpaid share capital	<u>2</u>	<u>2</u>



APPENDIX XI**LATEST ACCOUNTS**

Glass Inserts Limited**Notes to the Financial Statements**
for the Year Ended 31 March 2005**6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2005	2004
	£	£
Directors current accounts	487	487
Accruals	<u>1,020</u>	<u>870</u>
	<u>1,507</u>	<u>1,357</u>

**7. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2005	2004
	£	£
Other loans	<u>50,000</u>	<u>30,000</u>

It is intended that these loans will be converted to equity during the year ended 31st March 2006.

8. CALLED UP SHARE CAPITAL**Authorised:**

Number:	Class:	Nominal value:	2005	2004
		£	£	£
25,000	'A' Ordinary	£1	25,000	25,000
75,000	'B' Ordinary	£1	<u>75,000</u>	<u>75,000</u>
			<u>100,000</u>	<u>100,000</u>

Allotted and issued:

Number:	Class:	Nominal value:	2005	2004
		£	£	£
2	'A' Ordinary	£1	2	2
0	'B' Ordinary	£1	<u>—</u>	<u>—</u>
			<u>2</u>	<u>2</u>



APPENDIX XI

LATEST ACCOUNTS

Glass Inserts Limited**Report of the Accountants to the Directors of**
Glass Inserts Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 March 2005 set out on pages three to six and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Wormald & Partners
Chartered Accountants
Redland House
157 Redland Road
Redland
Bristol BS6 6YE

Date:

This page does not form part of the statutory financial statements

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APPENDIX XI**LATEST ACCOUNTS**

Glass Inserts Limited**Profit and Loss Account**
for the Year Ended 31 March 2005

	2005		2004	
	£	£	£	£
Income				
Expenditure:				
Insurances		(75)		-
Accountancy		225		-
Legal and Professional Fees		1,023		100
Depreciation		2,745		-
		<u>3,918</u>		<u>100</u>
		(3,918)		(100)
Finance costs:				
Bank Charges		69		69
NET LOSS		<u>£(3,987)</u>		<u>£(169)</u>

This page does not form part of the statutory financial statements

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APPENDIX XI**LATEST ACCOUNTS**

GLASS INSERTS LIMITED**BALANCE SHEET AS AT 30 JUNE 2005**

	£	£
<u>FIXED ASSETS</u>		
Thermoformer	8,500	
Moulds and Tooling	2,805	
Small Scale Glass Assembly Line	8,262	
IT Equipment	4,258	
Sundry Plant	7,612	

	31,437	
<u>CURRENT ASSETS</u>		
Unpaid Share Capital	2	
Prepayments	1,008	
Cash at Bank	84,649	

	85,659	
<u>CREDITORS</u>		
Loans	140,000	
Creditors	1,507	

	(55,848)	
<u>NET LIABILITIES</u>		
	(24,411)	

<u>CAPITAL AND RESERVES</u>		
Called Up Share Capital	2	
Profit and Loss Account	(24,413)	

	(24,411)	
<u>SHAREHOLDERS FUNDS</u>		

It is intended that the loans of £140,000 be converted to equity during the year ending 31 March 2006.



APPENDIX XII

PANEL EXAMPLES

The panels shown below illustrate the quality and patterns that Glass Inserts will be aiming to match and improve upon. Also shown are examples of end user pricing.

Monet

Monet 1 Clear/Obscure

Monet 1 Georgian Bar

Monet 1 Diamond Lead

Monet 1 Classical Georgian Bar

Monet 1 Climbing Rose

Monet 1 Floral Cascade

Monet 1 Fantasia Volante

Monet 1 Fantasia Virtuoso

Monet 1 Fantasia Floral

Monet 1 Finesse

Monet 1 Flair

Monet 1 Ultima

Panel Options Available

Letterplate (Std) - Wh, Bl, Chrome & Brass

Letterplate (250mm) - Wh, Bl, Chrome & Brass

Urn Knocker - Wh, Bl, Chrome & Brass

Urn Knocker (< system) - Wh, Bl, Chrome & Brass

Lions Head Knocker - Gold

Numerals (Supply Only) - Gold

Cut To Size

Euro Option Available

(Min Size 563mm x 1656mm)

Type	Glass Type	Price Code	List £	Standard Reinforced	WG on White	WG Both Sides
Monet (MN)	Solid		£49.00	£149.00	£207.00	
Monet 1 (MNI)	Clear / Obscure	3A	£169.00	£266.50	£224.00	£287.00
	Georgian Bar	3B	£181.00	£290.50	£242.00	£301.00
	Diamond Lead	3B	£181.00	£290.50	£242.00	£301.00
	Classical Georgian Bar	3C	£219.00	£256.50	£298.00	£337.00
	Climbing Rose	3C	£219.00	£256.50	£298.00	£357.00
	Floral Cascade	3C	£219.00	£256.50	£298.00	£357.00
	Fantasia Volante	3C	£219.00	£256.50	£298.00	£357.00
	Fantasia Virtuoso	3D	£299.00	£316.50	£358.00	£437.00
	Fantasia Floral	3D	£299.00	£316.50	£358.00	£437.00
	Finesse	3E	£399.00	£436.50	£458.00	£517.00
	Flair	3F	£399.00	£436.50	£458.00	£517.00
	Ultima	3F	£399.00	£436.50	£458.00	£517.00

Sales Hotline - Tel. 01684 594561 Fax. 01684 593431



APPENDIX XII

INDUSTRY PANEL EXAMPLES

Constable

Constable 5 Clear/Obscure

Constable 1 Fantasia Overture (Top only)

Constable 1 Clear/Obscure (Top only)

Constable 1 Georgian Bar (Top only)

Constable 3 Clear/Obscure (Top & Middle)

Constable 3 Georgian Bar (Top & Middle)

Constable 5 Clear/Obscure (Top, Middle and Bottom)

Constable 5 Georgian Bar (Top, Middle and Bottom)

Constable 1 Diamond Lead (Top only)

Constable 1 Climbing Rose (Top only)

Constable 1 Red Diamonds (Top only)

Constable 3 Diamond Lead (Top & Middle)

Constable 3 Climbing Rose (Top & Middle)

Constable 3 Red Diamonds (Top & Middle)

Constable 5 Diamond Lead (Top, Middle and Bottom)

Constable 5 Climbing Rose (Top, Middle and Bottom)

Constable 5 Red Diamonds (Top, Middle and Bottom)

WHITE

ROSEWOOD

LIGHT OAK

MAHOGANY

Type	Glass Type	Price Code	List £	Standard Reinforced	WG on White	WG Both Sides
Constable (CT)	Solid	U	£89.00	£106.50	£148.00	£207.00
Constable 1 (CT1)	Unglazed	U	£102.00	£119.50	£161.00	£220.00
Clear/Obscure	1A	£122.00	£139.50	£181.00	£240.00	
Georgian Bar	1A	£122.00	£139.50	£181.00	£240.00	
Diamond Lead	1B	£131.00	£148.50	£190.00	£249.00	
Climbing Rose	1C	£179.00	£196.50	£236.00	£297.00	
Bevelled Tristar	1C	£179.00	£196.50	£236.00	£297.00	
Red Diamonds	1B	£131.00	£148.50	£190.00	£249.00	
Fantasia Overture	1C	£179.00	£196.50	£236.00	£297.00	
Constable 3 (CT3)	Unglazed	U	£108.00	£125.50	£167.00	£226.00
Clear/Obscure	2A	£136.00	£153.50	£193.00	£254.00	
Georgian Bar	2B	£145.00	£162.50	£204.00	£263.00	
Diamond Lead	2B	£145.00	£162.50	£204.00	£263.00	
Climbing Rose	2C	£189.00	£206.50	£248.00	£307.00	
Bevelled Tristar	2E	£149.00	£166.50	£208.00	£267.00	
Red Diamonds	2B	£145.00	£162.50	£204.00	£263.00	
Constable 5 (CT5)	Unglazed	U	£115.00	£132.00	£174.00	£233.00
Clear/Obscure	3A	£169.00	£186.50	£228.00	£287.00	
Georgian Bar	3B	£181.00	£200.50	£247.00	£301.00	
Diamond Lead	3B	£181.00	£200.50	£247.00	£301.00	
Climbing Rose	3C	£239.00	£256.50	£298.00	£357.00	
Bevelled Tristar	3E	£199.00	£216.50	£258.00	£317.00	
Red Diamonds	3B	£183.00	£200.50	£242.00	£301.00	

Panel Options Available

Letterplate (50mm) - Wht, Blk, Chrome & Brass	<input checked="" type="checkbox"/>
Letterplate (250mm) - Wht, Blk, Chrome & Brass	<input checked="" type="checkbox"/>
Urn Knocker - Wht, Blk, Chrome & Brass	<input checked="" type="checkbox"/>
Urn Knocker (- 190mm) - Wht, Blk, Chrome & Brass	<input checked="" type="checkbox"/>
Iron Head Knocker - Gold	<input checked="" type="checkbox"/>
Hammer (Supply Only) - Gold	<input checked="" type="checkbox"/>
Cut to Size	<input checked="" type="checkbox"/>
Euro Option Available	<input checked="" type="checkbox"/>

Sales Hotline - Tel. 01684 594561 Fax. 01684 593431



APPENDIX XII

INDUSTRY PANEL EXAMPLES

Rembrandt

Rembrandt 1 Clear/Obscure

Rembrandt 1 Clear/Obscure (top only)

Rembrandt 1 Georgian Bar (top only)

Rembrandt 1 Diamond Lead (top only)

Rembrandt 1 Etched Reeds

Rembrandt 1 Classic

Rembrandt 1 Cobalt

Rembrandt 1 Mackintosh Rose

Rembrandt 1 Spring Flowers

Rembrandt 1 Climbing Rose

Rembrandt 1 Fantasia Elegance

Rembrandt 1 Excel

Rembrandt 1 Panache

185
904
1930
148
508
185
151 508 151
810

(Min Size 568mm x 1620mm)

Panel Options Available

Letterplate (Std - Whi, Blk, Chrome & Brass	✓
Letterplate (250mm) - Whi, Blk, Chrome & Brass	✓
Urn Knocker - Whi, Blk, Chrome & Brass	✗
Urn Knocker (+ charges) - Whi, Blk, Chrome & Brass	✗
Lions Head Knocker - Gold	✗
Numeral (Supply Only) - Gold	✓
Cut To Size	✓
Euro Option Available	✗

Type

Glass Type

Price Code

List £

Standard Reinforced

WG on White

WG Both Sides

Sales Hotline - Tel. 01684 594561 Fax. 01684 593431



APPENDIX XIII

LATEST BANK STATEMENT

Account Transaction Details

At 28 June 2005 2:14 pm



Business Current Account No. 41394720

Date	Description	Withdrawn	Paid In	Balance
24-Jun-2005	000068	£199.75		£84,672.44
22-Jun-2005	000067	£2,115.00		£84,872.19
22-Jun-2005	000066	£941.80		£86,987.19
22-Jun-2005			£7,500.00	£87,928.99
22-Jun-2005	602323			
22-Jun-2005	602323		£7,500.00	£80,428.99
21-Jun-2005	000065	£17.08		£72,928.99
21-Jun-2005	CHG		£23.00	£72,946.07
	REFND OF CHAPS FEE			
16-Jun-2005	000064	£10,000.00		£72,923.07
16-Jun-2005	000063	£7,830.00		£82,923.07
16-Jun-2005	000062	£832.29		£90,753.07
13-Jun-2005			£25,000.00	£91,585.36
08-Jun-2005	601222			
08-Jun-2005	STATEMENT PRODUCED			
06-Jun-2005	000061	£357.46		£66,585.36
01-Jun-2005	000060	£2,047.98		£66,942.82
01-Jun-2005	000059	£1,211.29		£68,990.80
31-May-2005	000058	£1,100.70		£70,202.09
31-May-2005	CHG	£7.65		£71,302.79
	29APR A/C 41394720			
26-May-2005	IBP	£3,230.00		£71,310.44
	DIR CHQ 000057			
25-May-2005	000055	£870.00		£74,540.44
19-May-2005	000056	£1,007.79		£75,410.44
19-May-2005	STF	£431.85		£76,418.23
	METAPHOR			
	IBCCCTY002182523			
	PORTEC LTD			
	STANDARD TFR			
18-May-2005	000054	£587.50		£76,850.08
11-May-2005	000053	£1,000.00		£77,437.58
09-May-2005	000052	£1,000.00		£78,437.58
06-May-2005	000051	£832.29		£79,437.58
06-May-2005				
03-May-2005	STATEMENT PRODUCED			
03-May-2005	601222		£25,000.00	£80,269.87
29-Apr-2005	CHG	£7.65		£55,269.87
18-Apr-2005	01APR A/C 41394720			
18-Apr-2005	602323		£10,000.00	£55,277.52
13-Apr-2005	602323		£25,000.00	£45,277.52
08-Apr-2005				
08-Apr-2005	STATEMENT PRODUCED			
31-Mar-2005	CHG	£5.75		£20,277.52
14-Mar-2005			£10,000.00	£20,283.27
09-Mar-2005	CHP	£1,023.00		£10,283.27
09-Mar-2005			£10,000.00	£11,306.27
08-Mar-2005				
28-Feb-2005	CHG	£5.75		£1,306.27
08-Feb-2005				
31-Jan-2005	CHG	£5.75		£1,312.02

Items with today's date have still to be confirmed and are included for information purposes only.

Registered in England No 929027 Registered Office 135 Bishopsgate London EC2M 3UR



APPENDIX XIV

CONFIRMATION OF OTHER FUNDING

(i) Invoice factoring



Mr P Richards
Director
Glass Inserts Ltd
Units 3-5, Wood Road
Kingswood
Bristol
BS15 8NN

12th May 2005

Dear Paul

Re:- Finance/Credit Management/Credit Protection Option

Thank you for the time you spent with me discussing your company's needs and providing information for me.

I am pleased to provide an indication of the services we may be able to provide.

This is an indication only and not an offer to provide these services.

I have based my indications of turnover of £960,000 per annum..

Please be advised that as part of our new business process, company and individual searches are undertaken with a registered credit reference agency.

If you have any further questions I shall be only too happy to answer them.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Linda Brady'.
Linda Brady
Business Development Manager

HSBC Invoice Finance (UK) Limited
45 Milsom Street, Bath, Somerset BA1 1DU
Tel: 07717 690308 Fax: 01225 492498

Registered in England number 759657, Registered Office: 21 Farncombe Road, Worthing, Sussex, England BN11 2BW



APPENDIX XIV

CONFIRMATION OF OTHER FUNDING

PRICE INDICATION**Glass Inserts Ltd****1. Indication of Services we may provide to you**

- Finance
- Credit Management
- Credit Protection (Optional)

2. Finance - Cash available to help you grow your business

We may prepay up to 85% of eligible debts. The balance would be credited to your account when the customer pays.

Our pre-payment facility would be subject to a concentration limit of 30% on the amount of eligible debts due from a single customer, against which prepayments would be made.

3. Credit Management - Time and resources released

We would collect outstanding debts, process remittances and maintain the sales ledger in an efficient, professional and effective way and agree with you the best way to collect outstanding debts and tailor our routines to suit your needs.

4. Credit Protection - Cashflow protected against bad debts

We may provide 100% protection within the limits we set for each of your customers, subject to a first loss of £500.

If your customer has not already paid, we would pay the rest of the credit protected balance of an undisputed debt upon the earlier of:-

- a) The date on which the customer's insolvency is confirmed to us; or
- b) 120 days after the invoice's due date.

PRICE INDICATION**Glass Inserts Ltd****5. Electronic Data Interchange - Cash made available sooner**

We can accept electronic transfer of sales invoice data from you if you use one of a range of popular accounts packages.

6. Our Charges

Finance: 3.0% over HSBC Bank plc Base Rate

We call this our Discounting Charge

Providing Credit Management 1.386%

Providing Credit Management with Credit Protection (Optional) 1.6%.

We call this our service charge (which excludes VAT) and covers all the standard aspects of these services. It applies to all sales notified to us including those in existence at commencement.



APPENDIX XIV**CONFIRMATION OF OTHER FUNDING**

(ii) Bank loans and overdraft facility**James Power**

From: alasdairphilip@hsbc.com
Sent: 27 May 2005 18:39
To: jamespower@glassinserts.co.uk
Subject: Overdraft and loan facilities

James

Further to our telephone conversation this evening I would like to confirm that we have agreed to make the following facilities available to Glass Inserts Limited:

Overdraft	£25,000
Loan a/c	£50,000
LGS Loan	£50,000
Business Cards	£ 7,000

The provision of the LGS Loan is subject to confirmation of acceptance by the DTI.

As security we are to be given a Debenture by the company together with a joint & several guarantee for £75,000 by Paul and Helen Richards. This guarantee to be supported by a second charge over their property at Gloucester Road, Alveston.

We will need to arrange for Paul and Helen to sign a form which will allow us to obtain the details that we require to be able to prepare our 'second charge' form from their existing mortgage provider.

Unfortunately I have not yet had time to prepare the formal offer letters and am away from the office next week. However, on my return to the office on 6th June I shall arrange for them to be prepared and delivered to you.

In the meantime, if you will arrange for the i/d documents and copy statements for Paul and Helen to be forwarded to my office at Hanham, f.a.o. my assistant Alan Beckey, we will be able to make progress with arranging for a bank account to be opened for the company.

Also if you will arrange for the forms in respect of the Invoice Finance facility to be returned to Linda Brady she can make progress with putting in place that facility where I am aware that it can take a few weeks to finalise matters.

I trust that this will help to set your mind at rest.

Alasdair

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