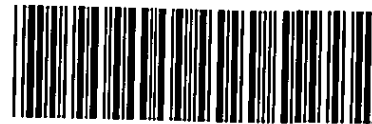


INTERROUTE TRANSPORT SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

WEDNESDAY



A41 *A26YI54B* #238
24/04/2013
COMPANIES HOUSE

INTERROUTE TRANSPORT SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 19

INTERROUTE TRANSPORT SERVICES LIMITED

COMPANY INFORMATION

Directors	B L Rogers N R Daniells
Secretary	B L Rogers
Company number	00817849
Registered office	Rycote Lane, Thame, Oxon OX9 2JB
Auditors	Whitley Stimpson LLP Penrose House, 67 Hightown Road, Banbury, Oxon OX16 9BE
Bankers	Lloyds TSB plc 13-14 Cornmarket, Town Centre, Thame, Oxon OX9 2BN
Solicitors	Bower and Bailey 39 South Bar, Banbury, Oxon OX16 9AE

INTERROUTE TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be that of warehousing and distribution of palletised and packaged goods

The company's business and activities have progressed in line with expectation. The results for the 12 month period to 31 December 2012 show a 20% increase in turnover to £6.4m with an operating profit of £183k compared to turnover of £5.3m for the equivalent 12 month period to 31 December 2011 in which the company produced an operating profit of £200k.

The reduction in operating profit reflects the fact that significant costs were expended in 2012 in order to acquire volume, together with the incidence of unavoidable costs of removing underperforming parts of the business.

Significant investment has been made in IT systems, vehicle telematics' and staff training. The investment in our operations during 2012 will ensure we are well placed for further growth in 2013 and will allow us to gain competitive advantage in the company's field of expertise.

The maintenance of a highly skilled workforce is key to the future of the business. Health and safety matters are given special attention by the directors and regular training is given to the company's employees.

The company recognises the benefits of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year consultations took place with employee groups, so that the views of employees could be taken into account in making decisions which are likely to affect their interests.

Overall, the directors are pleased with the outcome and results for the year to 31 December 2012.

Results and dividends

The results for the year are set out on page 6.

Dividends payable amounted to £92,150 (2011: £103,100).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of key risks. Key business risks relate to market competition and the retention of suitably qualified employees.

The directors have monitored the progress of the group and individual strategic elements by reference to certain financial key performance indicators.

	2012	2011
Turnover	£6,437,265	£5,364,138
Gross profit margin	£1,932,903	£1,782,330
Operating profit	£183,310	£200,308
R O S	2.8%	3.7%
Gross profit percentage	30.0%	33.2%

INTERROUTE TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

Future developments

The outlook for the coming year is for steady volume growth, whilst maintaining margins and cost control, the company expects to report continuing improvements in performance

The company is already amongst the leaders in its sectors within the Thames Valley, and the range of services is ever expanding

Directors

The following directors have held office since 1 January 2012

B L Rogers
N R Daniells

Financial instruments

General

The company has financial assets and liabilities, such as a confidential invoice discounting facility and loans which are used to provide working capital. The company has other financial assets and liabilities such as trade receivables and trade payables that arise directly from its operations. No derivative financial instruments are used by the company.

Liquidity risk

The company manages its liquidity risk through an invoice discounting facility with IGF Invoice Finance limited which ensures that it has sufficient liquid assets to meet its liabilities as they fall due. This facility is secured by the directors indemnifying IGF Invoice Finance Limited against any losses incurred (up to a maximum of the funds in use outstanding on the date called upon to make payment under the indemnity, less any collections received from the customers after that date). The directors believe that the risk presented by borrowing against receivables is lower than the corresponding reduction of liquidity risk provided by the facility.

Interest rate risk

The company has full exposure to interest rate fluctuations but borrowing is managed on a daily basis in order to optimise overall costs.

Credit risk

The company employs a credit policy to manage its credit risk. Credit terms provided to customers are consistent with industry standards and are granted if internal credit procedures justify the terms. Receivable balances are monitored on an ongoing basis and bad and doubtful debts are provided against where necessary. The company also has in place a credit insurance policy with Atradius to further limit its exposure.

Auditors

The auditors, Whitley Stimpson LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

INTERROUTE TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board


B L Rogers
Secretary

05-Apr-13

INTERROUTE TRANSPORT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERROUTE TRANSPORT SERVICES LIMITED

We have audited the financial statements of Interroute Transport Services Limited for the year ended 31 December 2012 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INTERROUTE TRANSPORT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF INTERROUTE TRANSPORT SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

5 April 2013



A E. Simmonds (Senior Statutory Auditor)

**for and on behalf of Whitley
Stimpson LLP**

Chartered Accountants

Statutory Auditor

Penrose House,

67 Hightown Road,

Banbury, Oxon

OX16 9BE

INTERROUTE TRANSPORT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	6,437,265	5,364,138
Cost of sales		(4,504,362)	(3,581,808)
Gross profit		1,932,903	1,782,330
Administrative expenses		(1,749,593)	(1,582,022)
Operating profit	3	183,310	200,308
Interest payable and similar charges	4	(84,781)	(53,248)
Profit on ordinary activities before taxation		98,529	147,060
Tax on profit on ordinary activities	5	(6,375)	(43,959)
Profit for the year	15	92,154	103,101

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

INTERROUTE TRANSPORT SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7		490,534		165,268
Current assets					
Stocks	8	450		850	
Debtors amounts falling due within one year	9	1,054,940		1,128,119	
Debtors amounts falling due after more than one year	9	4,585,141		4,381,358	
Cash at bank and in hand		4,019		107,382	
		5,644,550		5,617,709	
Creditors amounts falling due within one year	10	(1,831,680)		(1,744,142)	
Net current assets			3,812,870		3,873,567
Total assets less current liabilities			4,303,404		4,038,835
Creditors amounts falling due after more than one year	11		(297,695)		(37,377)
Provisions for liabilities	12		(30,048)		(25,801)
			3,975,661		3,975,657
Capital and reserves					
Called up share capital	14		3,975,554		3,975,554
Share premium account	15		100		100
Profit and loss account	15		7		3
Shareholders' funds	16		3,975,661		3,975,657

Approved by the Board and authorised for issue on 05-Apr-13


B L Rogers
Director


N R Daniells
Director

Company Registration No. 00817849

INTERROUTE TRANSPORT SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	£	2011 £
Net cash inflow from operating activities	21		131,532		80,844
Returns on investments and servicing of finance					
Interest paid		(66,392)		(34,163)	
Interest element of finance lease rentals		(18,389)		(19,085)	
Net cash outflow for returns on investments and servicing of finance			(84,781)		(53,248)
Taxation			(72,247)		(41,774)
Capital expenditure					
Payments to acquire tangible assets		(51,266)		(12,634)	
Receipts from sales of tangible assets		1,000		58,092	
Net cash (outflow)/inflow for capital expenditure			(50,266)		45,458
Equity dividends paid			(92,150)		(103,100)
Net cash outflow before management of liquid resources and financing			(167,912)		(71,820)
Financing					
Capital element of finance lease contracts		(59,836)		(93,957)	
Net cash outflow from financing			(59,836)		(93,957)
Decrease in cash in the year	22, 23		(227,748)		(165,777)

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when goods are physically delivered to the customer or for the warehousing side of the business on a monthly basis.

1.3 Tangible fixed assets and depreciation

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

Short leasehold properties	Period of lease
Plant and machinery	3-15 years
Computer equipment	2-3 years
Fixtures, fittings and equipment	3-15 years
Motor vehicles	3-8 years

1.4 Leasing

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

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value. Costs include all costs incurred in bringing stock to present state and condition.

1.6 Pensions

For defined benefit schemes, the pension costs are assessed using the projected unit credit method and the cost of providing pensions is charged to the profit and loss account so as to spread the regular costs over the service lives of employees. The pension obligation is measured at the present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability.

When the benefits of a scheme are improved, past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised as an expense immediately.

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (Continued)

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit	2012 £	2011 £
Operating profit is stated after charging		
Depreciation of tangible assets	86,697	81,104
Operating lease rentals	359,722	361,642
Auditors' remuneration (including expenses and benefits in kind)	8,500	8,000
and after crediting		
Profit on disposal of tangible assets	(1,000)	(9,500)

4 Interest payable	2012 £	2011 £
On bank loans and overdrafts	30,973	10,895
Lease finance charges	18,389	19,085
On amounts payable to factors	34,370	21,755
Other interest	1,049	1,513
	84,781	53,248

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	2,128	40,330
	Total current tax	2,128	40,330
	Deferred tax		
	Deferred tax for the current year	4,247	3,629
		6,375	43,959
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	98,529	147,060
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 23.50%)	19,706	34,559
	Effects of		
	Non deductible expenses	1,438	2,301
	Depreciation add back	17,340	19,059
	Capital allowances	(22,750)	(5,990)
	Chargeable disposals	(200)	(2,233)
	Other tax adjustments	(13,406)	(7,366)
		(17,578)	5,771
	Current tax charge for the year	2,128	40,330
6	Dividends	2012	2011
		£	£
	Ordinary interim paid	92,150	103,100

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

7 Tangible fixed assets

	Short leasehold properties £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2012	239,143	473,601	211,142	39,008	962,894
Additions	3,239	48,026	-	360,698	411,963
Disposals	-	-	-	(8,750)	(8,750)
At 31 December 2012	242,382	521,627	211,142	390,956	1,366,107
Depreciation					
At 1 January 2012	176,327	441,171	160,408	19,720	797,626
On disposals	-	-	-	(8,750)	(8,750)
Charge for the year	34,257	19,937	17,965	14,538	86,697
At 31 December 2012	210,584	461,108	178,373	25,508	875,573
Net book value					
At 31 December 2012	31,798	60,519	32,769	365,448	490,534
At 31 December 2011	62,816	32,430	50,734	19,288	165,268

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

	Plant and machinery £
Net book values	
At 31 December 2012	409,427
At 31 December 2011	53,099
Depreciation charge for the year	
At 31 December 2012	35,513
At 31 December 2011	34,479

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8	Stocks	2012 £	2011 £
	Raw materials and consumables	450	850

9	Debtors	2012 £	2011 £
	Trade debtors	900,615	1,036,029
	Amounts owed by parent and fellow subsidiary undertakings	4,585,141	4,381,358
	Other debtors	119,983	80,932
	Accrued Income	34,342	11,158
		5,640,081	5,509,477

Amounts falling due after more than one year and included in the debtors above are

	2012 £	2011 £
Amounts owed by group undertakings	4,585,141	4,381,358

Within the balance of trade debtors at the year end, notified factored debts outstanding totalled £866,088

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

10 Creditors amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	817,017	692,632
Net obligations under finance leases	118,540	77,997
Trade creditors	511,000	536,697
Corporation tax	12,211	82,330
Other taxes and social security costs	171,774	235,371
Other creditors	73,458	8,595
Accruals and deferred income	127,680	110,520
	<u>1,831,680</u>	<u>1,744,142</u>

The company utilises confidential invoice discounting (CID), which is secured by the directors indemnifying IGF Invoice Finance Limited against any losses incurred (up to a maximum of the funds in use outstanding on the date called upon to make payment under the indemnity, less any collections received from the customers after that date) At 31 December 2012, £767,413 was drawn on this facility (2011 £692,632)

Finance lease obligations are secured against the asset which is financed

11 Creditors amounts falling due after more than one year	2012 £	2011 £
Net obligations under finance leases	<u>297,695</u>	<u>37,377</u>
Finance lease obligations are secured against the asset which is financed		
Net obligations under finance leases		
Repayable within one year	118,540	77,997
Repayable between one and five years	297,695	37,377
	<u>416,235</u>	<u>115,374</u>
Included in liabilities falling due within one year	(118,540)	(77,997)
	<u>297,695</u>	<u>37,377</u>

The finance leases detailed above range from 3 - 5 years in length and contain interest rates ranging from 11.5% - 25%

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	25,801
Profit and loss account	4,247
	<hr/>
Balance at 31 December 2012	30,048
	<hr/>

The deferred tax liability is made up as follows.

	2012 £	2011 £
Accelerated capital allowances	30,048	25,801
	<hr/>	<hr/>

13 Pension and other post-retirement benefit commitments

Defined contribution

Stakeholder Fund

The company operates a stakeholder money purchase pension scheme administered by Friends Life and has been advised by an independent actuary in this regard. The pension charge for the year amounted to £8,719 (2011 £14,057). An amount of £7,271 (2011 £1,967) is included in other creditors representing the excess of accumulated pension costs over the payment of contributions to this fund.

Defined benefit

The Milk Pension Fund

The Milk Pension Fund is a defined benefit scheme. However, the contributions of the scheme are accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the scheme.

The pension charge for the year amounted to £4,491 (2011 £3,772) and is based on 18.2% of pensionable salary. An actuarial valuation of the Milk Pension Fund was undertaken on 31 March 2012 and a deficit of £148,500,000 was identified (31/03/2011 £42,490,000). The total fund deficit has been allocated over the members of the fund, of which the company's share of the deficit is £nil. Any surplus or deficit allocated to the company for funding purposes would be reflected in the contribution rate.

	2012 £	2011 £
Contributions payable by the company for the year	13,210	17,829
	<hr/>	<hr/>

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
3,975,554 Ordinary shares of £1 each	3,975,554	3,975,554

15 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2012	100	3
Profit for the year	-	92,154
Dividends paid	-	(92,150)
Balance at 31 December 2012	100	7

16 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the financial year	92,154	103,101
Dividends	(92,150)	(103,100)
Net addition to shareholders' funds	4	1
Opening shareholders' funds	3,975,657	3,975,656
Closing shareholders' funds	3,975,661	3,975,657

17 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
Within one year	-	-	50,457	92,673
Between two and five years	470,000	470,000	90,835	204,433
In over five years	-	-	90,718	13,147
	470,000	470,000	232,010	310,253

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

18 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	50,227	57,461
Company pension contributions to defined contribution schemes	7,256	12,560
	<u>57,483</u>	<u>70,021</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2011 - 2)

19 Employees

Number of employees

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

	2012 Number	2011 Number
Warehouse and driving	50	40
Office	18	18
	<u>68</u>	<u>58</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,621,138	1,429,474
Social security costs	154,519	142,883
Other pension costs	13,210	17,829
	<u>1,788,867</u>	<u>1,590,186</u>

20 Control

The immediate parent company is Interoute Holdings Limited, a company registered in England and Wales

The ultimate parent company is Interoute Logistics Limited, a company registered in England and Wales

Copies of the financial statements of Interoute Logistics Limited can be obtained from the Registered Office Interoute House, Rycote Lane, Thame, OX9 2JB

There is no ultimate controlling party

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

21	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	183,310	200,308
	Depreciation of tangible assets	86,697	81,104
	Profit on disposal of tangible assets	(1,000)	(9,500)
	Decrease in stocks	400	14,200
	Increase in debtors	(130,604)	(399,766)
	(Decrease)/Increase in creditors within one year	(7,271)	194,498
	Net cash inflow from operating activities	131,532	80,844

22	Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	107,382	(103,363)	-	4,019
	Bank overdrafts	(692,632)	(124,385)	-	(817,017)
		<u>(585,250)</u>	<u>(227,748)</u>	<u>-</u>	<u>(812,998)</u>
	Debt				
	Finance leases	(115,374)	99,836	(400,697)	(416,235)
	Net debt	<u>(700,624)</u>	<u>(127,912)</u>	<u>(400,697)</u>	<u>(1,229,233)</u>

23	Reconciliation of net cash flow to movement in net debt	2012	2011
		£	£
	Decrease in cash in the year	(227,748)	(165,777)
	Cash outflow from decrease in debt and lease financing	99,836	78,011
	Change in net debt resulting from cash flows	(127,912)	(87,766)
	New finance lease	(400,697)	-
	Movement in net debt in the year	(528,609)	(87,766)
	Opening net debt	(700,624)	(612,858)
	Closing net debt	<u>(1,229,233)</u>	<u>(700,624)</u>

INTERROUTE TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

24 Related party relationships and transactions

Other transactions

As at 31 December 2012, £4,585,141 (2011 £4,381,358) was owing from the parent company, Interoute Holdings Limited. A dividend amounting to £92,150 (2011 £103,100) was paid to Interoute Holdings Limited.

During the year a management fee of £14,825 (2011 £11,170) was paid to Newforce Investments Limited, which is a company that N R Daniells, director, has an interest in.