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COMPANIES HOUSE

**PAUL MURRAY PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**Company Registration Number 01172728**

**PAUL MURRAY PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**PAUL MURRAY PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2011**

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<b>The board of directors</b>	P T Murray K J Murray N B Hayton T H Pickford S C Coatham M Cox C Murray G L Robertson
<b>Company secretary</b>	S C Coatham
<b>Business address</b>	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
<b>Registered office</b>	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
<b>Auditor</b>	RSM Tenon Audit Limited Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
<b>Accountants</b>	RSM Tenon Limited Accountants and Business Advisers Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY

**PAUL MURRAY PLC**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements of the company for the year ended 31 December 2011

**Principal activities and business review**

The principal activity of the company during the year continued to be the wholesaling and packing of non-pharmaceutical products and surgical goods, and the distribution of cosmetics, fragrances and toiletries

The key financial highlights of the company's activities are

	2011	2010	2009	2008	2007
Turnover	11,769,421	9,778,661	7,907,327	7,967,515	7,628,932
Gross profit margin	34.7%	36.7%	42.1%	45.8%	44.2%
Profit before tax	559,736	301,064	125,092	835	215,933

The company's ongoing strategies are to improve turnover, to protect and increase its share of the market together with protecting margins. In 2011 the company achieved all of these aims. It reaped the benefits of the investments made in recent years in property and systems and in its relationships with key customers and suppliers. As a result the company saw an increase in turnover of 20.4% and an increase in profits before tax of 86% despite the general economic conditions affecting the UK retail market. The directors expect this upward trend to continue in 2012.

**Future developments**

With the on-going success of its contract with Philips Electronics UK Limited with regard to the distribution of AVENT baby products and Sonicare toothbrushes to pharmacy and other sectors, the company is exploring the distribution of other branded goods. In particular, the company is working closely with Reckitt Benckiser and has commenced distribution of Scholl footcare products to its customers. This has, and should continue to, result in increases in sales and profitability.

**Principal risks and uncertainties**

The company continues to source a significant amount of its stock from the Far East and is active in maintaining margins by managing the cost of stock and stock levels. The movement of sterling against major world currencies continues to be a significant concern for the company although the underlying trend in 2011 was generally to the company's advantage. The company does enter into forward currency contracts where the directors deem it to be advisable to protect the company from currency movement.

There remains concern that the continuing global recession, and the volatility of the Euro sector, may affect the company and its customers during 2012 but the company's proven track record in coping with the pressures of the recent economic downturn indicates that it should be in a strong position to withstand any extension of the difficulties in the retail marketplace. The directors will continue to seek to expand its product range and customer base to ensure the company remains in a strong position to capitalise on its investment in the business operational framework, to take advantage of market improvements and to withstand any external economic pressures.

**Results and dividends**

The profit for the year, after taxation, amounted to £420,639. Particulars of dividends paid are detailed in note 11 to the financial statements.

**PAUL MURRAY PLC**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2011**

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**Financial risk management objectives and policies**

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. The main purpose of these instruments is to raise funds for, and finance, the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks, applicable to the financial instruments concerned, is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

The interest rate on the loans from financial institutions is variable but monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed, in respect of credit and cash flow, by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**Directors**

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

P T Murray  
K J Murray  
N B Hayton  
T H Pickford  
S C Coatham  
M Cox  
C Murray  
G L Robertson

G L Robertson was appointed as a director on 1 January 2011.

T Eastwood was appointed as a director on 1 January 2012.

**Trust Investment**

10,000 of the company's shares are held by a trust, the Paul Travis Murray Settlement, the trustees of which are M J Murray, P T Murray and J A Poulter. J A Poulter is a partner in Rothman Pantall & Co, the company's previous auditors.

**PAUL MURRAY PLC**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2011**

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**Policy on the payment of creditors**

Payment is generally made by the company to its creditors in accordance with agreed terms of business. It is the policy of the company that all invoices issued by suppliers are paid within 30 days following the end of the month in which the invoices are received. In the case of certain overseas suppliers, the terms of business with the company are such that payments may be made at an earlier time. The total amount of trade creditors as at 31 December 2011 represents 35 days (2010 - 25 days) as a proportion of the amount invoiced by suppliers during the year ended on that date. It is not the company's policy to follow any code or standard on payment practice.

**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 those financial statements, the directors are required to

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

The directors are responsible for 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.

In so far as the directors are, individually, aware

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

**PAUL MURRAY PLC**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2011**

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**Donations**

During the year the company made the following contributions

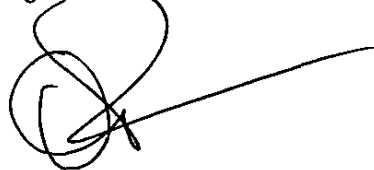
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Charitable	<u>12,438</u>	<u>8,021</u>

Paul Murray PLC are co-funding a project on Isabela, one of the Galapagos Islands in the Pacific Ocean off Ecuador. There was no waste management nor recycling facility, and this has impacted negatively on the human and animal side of the unique ecosystem of these islands. European funds became available to finance the project but an interface between the funders and the local government on the island is of paramount importance in ensuring the long term success of this vital project. Working with the Galapagos Conservation Trust and WWF, Paul Murray PLC are committed to helping provide the additional funding necessary over the period 2010 to 2012. £12,438 (2010 - £8,021) was the second of three annual payments.

**Auditor**

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



P T Murray  
Director

Approved by the directors on

22nd May 2012

**PAUL MURRAY PLC**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAUL**  
**MURRAY PLC**  
**YEAR ENDED 31 DECEMBER 2011**

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We have audited the financial statements of Paul Murray PLC for the year ended 31 December 2011 on pages 8 to 24. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 2011 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 matters 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.

**PAUL MURRAY PLC**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAUL**  
**MURRAY PLC** *(continued)*

**YEAR ENDED 31 DECEMBER 2011**

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**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

Michaela Johns, Senior Statutory Auditor  
For and on behalf of

*RSM Tenon Audit Limited*

RSM Tenon Audit Limited  
Statutory Auditor  
Highfield Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3TY

Date - 8 June 2012

**PAUL MURRAY PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>Turnover</b>	2	11,769,421	9,778,661
Cost of sales		(7,689,693)	(6,188,930)
<b>Gross profit</b>		<u>4,079,728</u>	<u>3,589,731</u>
Distribution costs		(2,279,546)	(2,084,460)
Administrative expenses		(1,170,779)	(1,129,063)
Other operating income	3	2,000	1,000
<b>Operating profit</b>	4	<u>631,403</u>	<u>377,208</u>
Income from shares in group undertakings	7	—	10,999
Amounts written off investments	8	—	(10,999)
Interest payable and similar charges	9	(71,667)	(76,144)
<b>Profit on ordinary activities before taxation</b>		<u>559,736</u>	<u>301,064</u>
Tax on profit on ordinary activities	10	(139,097)	(80,710)
<b>Profit for the financial year</b>		<u>420,639</u>	<u>220,354</u>

All of the activities of the company are classed as continuing

The notes on pages 12 to 25 form part of these financial statements

**PAUL MURRAY PLC**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2011**

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	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Profit for the financial year Attributable to the shareholders	420,639	220,354
Unrealised loss on revaluation of property	(456,509)	—
Total gains and losses recognised since the last annual report	<u>(35,870)</u>	<u>220,354</u>

The notes on pages 12 to 25 form part of these financial statements

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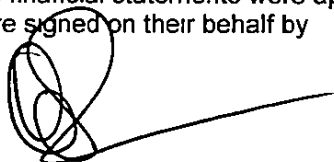
**PAUL MURRAY PLC**  
Registered Number 01172728

**BALANCE SHEET**

**31 DECEMBER 2011**

	Note	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Intangible assets	12		147,725		163,276
Tangible assets	13		1,460,650		1,995,803
Investments	14		1		1
			<u>1,608,376</u>		<u>2,159,080</u>
<b>Current assets</b>					
Stocks	15	2,730,300		2,265,906	
Debtors	16	2,482,285		1,716,761	
Cash in hand		297		394	
			<u>5,212,882</u>		<u>3,983,061</u>
<b>Creditors: Amounts falling due within one year</b>	18	(3,467,178)		(2,441,959)	
<b>Net current assets</b>			1,745,704		1,541,102
<b>Total assets less current liabilities</b>			<u>3,354,080</u>		<u>3,700,182</u>
<b>Creditors: Amounts falling due after more than one year</b>	19		(815,811)		(913,069)
			<u>2,538,269</u>		<u>2,787,113</u>
<b>Capital and reserves</b>					
Called-up share capital	25		100,000		100,000
Revaluation reserve	26		388,466		845,145
Profit and loss account	27		2,049,803		1,841,968
<b>Shareholders' funds</b>	28		<u>2,538,269</u>		<u>2,787,113</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by



P T Murray  
Director

The notes on pages 12 to 25 form part of these financial statements

**PAUL MURRAY PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	£	2010 £	£
<b>Net cash inflow from operating activities</b>	29		492,876		248,285
<b>Returns on investments and Servicing of finance</b>					
Income from group undertakings		–		10,999	
Interest paid		<u>(71,667)</u>		<u>(76,144)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(71,667)		(65,145)
<b>Taxation</b>			(88,841)		(50,134)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(116,235)		(135,411)	
Receipts from sale of fixed assets		<u>–</u>		<u>2,766</u>	
<b>Net cash outflow from capital expenditure</b>			(116,235)		(132,645)
<b>Equity dividends paid</b>			(212,974)		(213,302)
<b>Cash inflow/(outflow) before financing</b>			<u>3,159</u>		<u>(212,941)</u>
<b>Financing</b>					
Repayment of bank loans		<u>(94,255)</u>		<u>(161,897)</u>	
<b>Net cash outflow from financing</b>			(94,255)		(161,897)
<b>Decrease in cash</b>	29		<u>(91,096)</u>		<u>(374,838)</u>

The notes on pages 12 to 25 form part of these financial statements

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1. Accounting policies**

**Basis of accounting**

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

**Consolidation**

In the opinion of the directors, the subsidiary undertaking is not material for the purpose of giving a true and fair view. The company has therefore taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts. These accounts present information about the company as an individual undertaking and not about its group.

**Turnover**

The turnover shown in the profit & loss account relates to the amounts receivable for the sale of non-pharmaceutical products, surgical goods, cosmetics, fragrances and toiletries exclusive of Value Added Tax. Revenue is recognised when the risks and rewards related to the product have transferred to the customer, which is at the point the product is dispatched.

**Goodwill**

Goodwill on acquisitions, being the excess of cost, being purchase price, over the fair value of net assets acquired, is capitalised and amortised over its useful economic life on a straight line basis.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill - 20 years straight line

**Tangible fixed assets**

Tangible fixed assets are stated at cost, being purchase price together with any incidental costs of acquisition, less accumulated depreciation, except for freehold land & buildings which are held at valuation.

**Depreciation**

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Fixtures & Fittings	- 25% reducing balance and 33 33% straight line
Motor Vehicles	- 25% reducing balance
Equipment	- 25% straight line

The company has adopted a policy of revaluation in respect of freehold land and buildings. Freehold land is not depreciated.

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1. Accounting policies (continued)**

Revaluation surpluses are taken to the revaluation reserve. Deficits on subsequent revaluations are charged to the profit and loss account if they are considered to arise as a result of the consumption of the economic benefits provided by the asset. Other deficits on revaluation are charged to the revaluation reserve up to the amount of the associated revaluation surplus. Any excess deficits are charged to the profit and loss account.

Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer is made from the revaluation reserve to the profit and loss reserve.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Stocks**

Stocks are valued at the lower of cost, being purchase price, and net realisable value, after making due allowance for obsolete and slow moving items.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year in accordance with the rules of the fund. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

**Foreign currencies**

Monetary transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1 Accounting policies (continued)**

**Financial instruments**

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

**Investments**

Investments are stated at cost, being purchase price, less any provision for permanent diminution in value.

**2. Turnover**

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

An analysis of turnover is given below:

	2011 £	2010 £
United Kingdom	10,974,228	9,120,741
Europe	483,889	536,445
Rest of the World	311,304	121,475
	<u>11,769,421</u>	<u>9,778,661</u>

**3. Other operating income**

	2011 £	2010 £
Rent receivable	<u>2,000</u>	<u>1,000</u>

**4 Operating profit**

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of intangible assets	15,551	15,551
Depreciation of owned fixed assets	194,879	243,945
Loss on disposal of fixed assets	-	1,637
Operating lease costs		
-Other	227,733	231,602
Net profit on foreign currency translation	-	(3,187)
Auditor's remuneration - audit of the financial statements	9,550	9,000
Auditor's remuneration - other fees	<u>9,850</u>	<u>6,000</u>

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	<u>9,550</u>	<u>9,000</u>
Auditor's remuneration - other fees		
- Accountancy services	<u>9,850</u>	<u>6,000</u>

**5. Particulars of employees**

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

	2011 No	2010 No
Number of operations staff	50	49
Number of administrative staff	8	8
Number of directors	<u>8</u>	<u>7</u>
	<u>66</u>	<u>64</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,893,869	1,755,298
Social security costs	216,031	195,426
Other pension costs	49,229	12,370
	<u>2,159,129</u>	<u>1,963,094</u>

**6. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	497,508	480,268
Value of company pension contributions to money purchase schemes	<u>42,351</u>	<u>10,749</u>
	<u>539,859</u>	<u>491,017</u>

**Remuneration of highest paid director:**

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>131,251</u>	<u>123,231</u>

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**6. Directors' remuneration (continued)**

The number of directors on whose behalf the company made pension contributions was as follows

	2011 No	2010 No
Money purchase schemes	<u>6</u>	<u>5</u>

**7. Income from shares in group undertakings**

	2011 £	2010 £
Income from group undertakings	<u>—</u>	<u>10,999</u>

**8. Amounts written off investments**

	2011 £	2010 £
Amount written off investments	<u>—</u>	<u>10,999</u>

**9. Interest payable and similar charges**

	2011 £	2010 £
Interest payable on bank borrowing	<u>71,667</u>	<u>76,144</u>

**10. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

	2011 £	£	2010 £	£
In respect of the year				
UK Corporation tax		130,467		87,587
(Over)/under provision in prior year		<u>(45)</u>		<u>1,299</u>
		130,422		88,886
Deferred tax				
Origination and reversal of timing differences	<u>8,675</u>		<u>(8,176)</u>	
Total deferred tax (note 17)		<u>8,675</u>		<u>(8,176)</u>
Tax on profit on ordinary activities		<u>139,097</u>		<u>80,710</u>

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**10. Taxation on ordinary activities (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.49% (2010 - 28%)

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>559,736</u>	<u>301,064</u>
Profit on ordinary activities by rate of tax	148,292	84,298
Effects of		
Expenses not deductible for tax purposes	7,287	6,908
Capital allowances for period in excess of depreciation	(18,627)	16,186
Tax chargeable at lower rates	(14,858)	(19,554)
Adjustments to tax charge in respect of previous periods	(45)	1,299
Other short term timing differences	<u>8,373</u>	<u>(251)</u>
Total current tax (note 10(a))	<u>130,422</u>	<u>88,886</u>

**11. Dividends**

**Equity dividends**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Paid during the year		
Equity dividends on ordinary shares	<u>212,974</u>	<u>202,588</u>

**12. Intangible fixed assets**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	<u>311,009</u>
<b>Amortisation</b>	
At 1 January 2011	147,733
Charge for the year	<u>15,551</u>
At 31 December 2011	<u>163,284</u>
<b>Net book value</b>	
At 31 December 2011	<u>147,725</u>
At 31 December 2010	<u>163,276</u>

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**13. Tangible fixed assets**

	<b>Freehold Property £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2011	1,754,506	971,427	153,572	363,225	3,242,730
Additions	5,085	58,981	19,436	32,733	116,235
Disposals	—	(316,121)	—	—	(316,121)
Revaluation	(579,591)	—	—	—	(579,591)
At 31 December 2011	<u>1,180,000</u>	<u>714,287</u>	<u>173,008</u>	<u>395,958</u>	<u>2,463,253</u>
<b>Depreciation</b>					
At 1 January 2011	99,298	747,618	103,397	296,614	1,246,927
Charge for the year	23,784	101,431	17,402	52,262	194,879
On disposals	—	(316,121)	—	—	(316,121)
Revaluation adjustment	(123,082)	—	—	—	(123,082)
At 31 December 2011	<u>—</u>	<u>532,928</u>	<u>120,799</u>	<u>348,876</u>	<u>1,002,603</u>
<b>Net book value</b>					
At 31 December 2011	<u>1,180,000</u>	<u>181,359</u>	<u>52,209</u>	<u>47,082</u>	<u>1,460,650</u>
At 31 December 2010	<u>1,655,208</u>	<u>223,809</u>	<u>50,175</u>	<u>66,611</u>	<u>1,995,803</u>

Freehold and leasehold properties were revalued to £1,180,000 during the year by Holloway Iliffe and Mitchell, Chartered Surveyors, on the basis of open market value for existing use. As a result of the revaluation, an impairment of £456,509, has been debited to the revaluation reserves.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	<b>2011 £</b>	<b>2010 £</b>
<b>Historical cost.</b>		
At 1 January 2011	1,180,716	1,176,039
Cost of additions to revalued assets brought forward	5,085	4,677
At 31 December 2011	<u>1,185,801</u>	<u>1,180,716</u>
<b>Depreciation:</b>		
At 1 January 2011	333,660	310,046
Charge for year	23,716	23,614
At 31 December 2011	<u>357,376</u>	<u>333,660</u>
<b>Net historical cost value:</b>		
At 31 December 2011	<u>828,425</u>	<u>847,056</u>
At 1 January 2011	<u>847,056</u>	<u>865,993</u>

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**13. Tangible fixed assets (continued)**

**14. Investments**

	Shares in group undertakings
	£
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	<u>11,000</u>
<b>Amounts written off</b>	
At 1 January 2011 and 31 December 2011	<u>10,999</u>
<b>Net book value</b>	
At 31 December 2011 and 31 December 2010	<u>1</u>

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

	Country of registration or incorporation	Class	Shares held
<b>Subsidiary undertakings</b>			
Miner's International Limited	England and Wales	Ordinary £1	100%
	<b>2011</b>		<b>2010</b>
	£		£
<b>Aggregate capital and reserves</b>			
Miner's International Limited	<u>1</u>		<u>1</u>
<b>Profit for the year</b>			
Miner's International Limited	<u>—</u>		<u>—</u>

Miner's International Limited was dormant during this and the prior year

The subsidiary is not material for the purpose of giving a true and fair view. The company has therefore taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts

**15. Stocks**

	2011	2010
	£	£
Finished goods	<u>2,730,300</u>	<u>2,265,906</u>

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**16. Debtors**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,918,994	1,407,710
Other debtors	391,567	158,883
Prepayments and accrued income	152,186	121,955
Deferred taxation (note 17)	19,538	28,213
	<u>2,482,285</u>	<u>1,716,761</u>

**17. Deferred taxation**

The deferred tax included in the Balance sheet is as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Included in debtors (note 16)	<u>19,538</u>	<u>28,213</u>

The movement in the deferred taxation account during the year was

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
At 1 January 2011	28,213	20,037
Profit and loss account movement arising during the year	<u>(8,675)</u>	<u>8,176</u>
At 31 December 2011	<u>19,538</u>	<u>28,213</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Excess of depreciation over taxation allowances	7,171	25,738
Other timing differences	<u>12,367</u>	<u>2,475</u>
	<u>19,538</u>	<u>28,213</u>

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**18. Creditors: Amounts falling due within one year**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,318,158	1,224,156
Trade creditors	1,273,988	622,484
Amounts owed to group undertakings	1	1
Corporation tax	130,467	88,886
PAYE and social security	59,835	56,965
VAT	183,620	155,535
Directors current accounts	—	53,000
Accruals and deferred income	501,109	240,932
	<u>3,467,178</u>	<u>2,441,959</u>

Bank loans and overdrafts are secured by a debenture, and a first legal charge over the company's freehold land and buildings

Further security is provided by a limited guarantee from P T Murray for £200,000, as at 31 December 2011 (2010 - £200,000)

The balance of £1,163,037 (2010 - £1,093,950) owing to Barclays Bank PLC is secured on the debtors to which it relates. This amount is included within bank loans and overdrafts

**19. Creditors: Amounts falling due after more than one year**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>815,811</u>	<u>913,069</u>

Bank loans are secured by a debenture, and a first legal charge over the company's freehold land and buildings

Bank and other borrowings

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Between one year or on demand	96,945	93,943
Between one and two years	100,035	96,935
Between two and five year	319,649	309,743
Greater than five years	396,127	506,391
	<u>912,756</u>	<u>1,007,012</u>

**20. Pensions**

The company operates a defined contribution pension scheme. The pension cost charge represents the amounts payable by the company to the fund. Contributions payable by the company for the year are £49,229 (2011 - £12,370). Contributions of £1,300 (2010 - creditor of £6,414 included in other creditors) had been paid in advance at the balance sheet date and are included within other debtors.

**21. Derivatives**

The company does not have any financial instruments that fall to be classified as derivatives

**PAUL MURRAY PLC**  
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**22 Commitments under operating leases**

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	27,782	-	19,261
Within 2 to 5 years	-	74,566	-	100,395
After more than 5 years	118,182	-	118,182	-
	<u>118,182</u>	<u>102,348</u>	<u>118,182</u>	<u>119,656</u>

**23. Transactions with the directors**

At the year end K J Murray was owed £nil (2010 - £53,000) by the company This was included within director's loan account K J Murray was paid £nil (2010 - £2,594) interest on the loan account during the year

During the year P T Murray, K J Murray, T Eastwood, G Robertson, M Murray and C Murray received £3,675 (2010 - £73,178), £154,507 (2010 - £64,231), £686 (2010 - £nil), £17,143 (2010 - £nil), £17,143 (2010 - £nil) and £19,820 (2010 - £20,849) respectively in dividends

All dividends were paid during the year

P T Murray has provided a personal guarantee of £200,000 (2010 - £200,000) as security for the bank loans and debentures as at 31 December 2011

**24. Related party transactions**

At the year end £1 (2010 - £1) was owed to the subsidiary company, Miner's International Limited This is included within amounts owed to group undertakings

During the year advertising costs of £75 (2010 - £1,322) were paid to Eastleigh Football Club, of which P T Murray, a director and shareholder of the company, is the Chairman

During the year rent of £2,000 (2010 - £1,000) was received from 95 Black and design services of £34,992 (2010 - £23,470) were purchased from 95 Black 95 Black is owned by J Robertson, the spouse of G Robertson who is a director of the company

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**25. Share capital**

**Allotted, called up and fully paid:**

	<b>2011</b>		<b>2010</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
49,538 Ordinary £1 shares - Class A shares (2010 - 45,250) of £1 each	49,538	49,538	45,250	45,250
18,500 Ordinary £1 shares - Class B shares of £1 each	18,500	18,500	18,500	18,500
31,962 Ordinary £1 shares - Class C shares (2010 - 36,250) of £1 each	31,962	31,962	36,250	36,250
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Each share is entitled to one vote in any circumstances. All classes of shares rank equally on a winding up of the company. Dividends on each class of share are voted separately. If any share of the A or B class is sold or ownership transferred, the share becomes a C Ordinary share.

On 29 June 2011 4,288 C shares were reclassified as A shares at par value.

**26. Revaluation reserve**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Balance brought forward	845,145	848,721
Revaluation of fixed assets	(456,509)	—
Transfer to the Profit and Loss Account	(170)	(3,576)
Balance carried forward	<u>388,466</u>	<u>845,145</u>

**27. Profit and loss account**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Balance brought forward	1,841,968	1,820,626
Profit for the financial year	420,639	220,354
Equity dividends	(212,974)	(202,588)
Transfer from revaluation reserve	170	3,576
Balance carried forward	<u>2,049,803</u>	<u>1,841,968</u>

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**28. Reconciliation of movements in shareholders' funds**

	2011 £	2010 £
Profit for the financial year	420,639	220,354
Other net recognised gains and losses	(456,509)	–
Equity dividends	(212,974)	(202,588)
Transfer from revaluation reserve	170	3,576
Transfer to profit and loss account	(170)	(3,576)
Net (reduction)/addition to shareholders' funds	(248,844)	17,766
Opening shareholders' funds	2,787,113	2,769,347
Closing shareholders' funds	<u>2,538,269</u>	<u>2,787,113</u>

**29. Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	2011 £	2010 £
Operating profit	631,403	377,208
Amortisation	15,551	15,551
Depreciation	194,879	243,945
Loss on disposal of fixed assets	–	1,637
(Increase)/decrease in stocks	(464,394)	126,645
Increase in debtors	(774,199)	(564,366)
Increase in creditors	889,636	47,665
Net cash inflow from operating activities	<u>492,876</u>	<u>248,285</u>

**Reconciliation of net cash flow to movement in net debt**

	2011 £	£	2010 £	£
Decrease in cash in the period	(91,096)		(374,838)	
Net cash outflow from bank loans	<u>94,255</u>		<u>161,897</u>	
Change in net debt		<u>3,159</u>		<u>(212,941)</u>
Net debt at 1 January 2011		(2,136,831)		(1,923,890)
Net debt at 31 December 2011		<u>(2,133,672)</u>		<u>(2,136,831)</u>

**PAUL MURRAY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**29. Notes to the cash flow statement (continued)**

**Analysis of changes in net debt**

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Net cash			
Cash in hand and at bank	394	(97)	297
Overdrafts	(1,130,213)	(90,999)	(1,221,212)
	<u>(1,129,819)</u>	<u>(91,096)</u>	<u>(1,220,915)</u>
Debt			
Debt due within 1 year	(93,943)	(3,003)	(96,946)
Debt due after 1 year	(913,069)	97,258	(815,811)
	<u>(1,007,012)</u>	<u>94,255</u>	<u>(912,757)</u>
Net debt	<u>(2,136,831)</u>	<u>3,159</u>	<u>(2,133,672)</u>

**30. Ultimate controlling party**

The company is controlled by P T Murray and K J Murray, directors of the company, by virtue of their majority shareholding