PAUL MURRAY PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

Company Registration Number 1172728

PAUL MURRAY PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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PAUL MURRAY PLC

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 DECEMBER 2010

The board of directors	P T Murray K J Murray N B Hayton T H Pickford S C Coatham M Cox C Murray
Company secretary	S C Coatham
Business address	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
Registered office	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
Auditor	RSM Tenon Audit Limited Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Accountants	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 2010

The directors present their report and the financial statements of the company for the year ended 31 December 2010

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

	2010	2009	2008	2007	2006
Turnover	9,778,661	7,907,327	7,967,515	7,628,932	7,562,848
Gross profit margin	36 7%	42 1%	45 8%	44 2%	44 3%
Profit before tax	301,064	125,092	835	215,933	514,563

The company's ongoing strategies are to improve turnover, to protect and increase its share of the market together with protecting margins In 2010, 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 23 7% and an increase in profits before tax of 141% despite the general economic conditions affecting the UK retail market The directors expect this upward trend to continue in 2011

Future developments

The company's contract with Philips Electronics UK Limited with regard to the distribution of AVENT baby products to pharmacy has been expanded to include additional market areas and other Philips' brands This has, and should continue to, result in increases in sales and profitability

Principal risks and uncertainties

The company continues to source most 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 2010 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 upturn following the global recession may not be strong during 2011 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 future 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 £220,354 Particulars of dividends paid are detailed in note 11 to the financial statements

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 Robertson was appointed as a non executive director on 1 January 2011

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

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 2010 represents 25 days (2009 - 39 days) as a 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

Donations

During the year the company made the following contributions

	2010	*2009*
	£	£
Charitable donations	8,021	20

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 £8,021 was the first 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 26th May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAUL MURRAY PLC

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Paul Murray PLC for the year ended 31 December 2010 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

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 2010 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

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 - 1 June 2011

PAUL MURRAY PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	*2009* *£*
Turnover	2	9,778,661	*7,907,327*
Cost of sales		(6,188,930)	*(4,579,724)*
Gross profit		3,589,731	*3,327,603*
Distribution costs		(2,084,460)	*(1,962,441)*
Administrative expenses		(1,129,063)	*(1,177,342)*
Other operating income	3	1,000	–
Operating profit	4	377,208	*187,820*
Income from shares in group undertakings	7	10,999	–
Amounts written off investments	8	(10,999)	–
Interest payable and similar charges	9	(76,144)	*(62,728)*
Profit on ordinary activities before taxation		301,064	*125,092*
Tax on profit on ordinary activities	10	(80,710)	*(36,623)*
Profit for the financial year		220,354	*88,469*

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 11 to 24 form part of these financial statements

PAUL MURRAY PLC
Registered Number 1172728

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	12		163,276		*178,827*
Tangible assets	13		1,995,803		*2,108,740*
Investments	14		1		*11,000*
			2,159,080		*2,298,567*
Current assets					
Stocks	15	2,265,906		*2,392,551*	
Debtors	16	1,716,761		*1,144,219*	
Cash in hand		394		*535*	
		3,983,061		*3,537,305*	
Creditors: Amounts falling due within one year	18	(2,441,959)		*(2,058,628)*	
Net current assets			1,541,102		*1,478,677*
Total assets less current liabilities			3,700,182		*3,777,244*
Creditors: Amounts falling due after more than one year	19		(913,069)		*(1,007,897)*
			2,787,113		*2,769,347*
Capital and reserves					
Called-up share capital	25		100,000		*100,000*
Revaluation reserve	26		845,145		*848,721*
Profit and loss account	27		1,841,968		*1,820,626*
Shareholders' funds	28		2,787,113		*2,769,347*

These financial statements were approved by the directors and authorised for issue on 26th May 2011 and are signed on their behalf by

P T Murray
Director

The notes on pages 11 to 24 form part of these financial statements

PAUL MURRAY PLC

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2010

		2010		2009	
	Note	£	£	£	£
Net cash inflow from operating activities	29		248,285		*488,944*
Returns on investments and Servicing of finance					
Income from group undertakings		10,999		*–*	
Interest paid		(76,144)		*(62,728)*	
Net cash outflow from returns on investments and servicing of finance			(65,145)		*(62,728)*
Taxation			(50,134)		*(8,437)*
Capital expenditure					
Payments to acquire tangible fixed assets		(135,411)		*(85,804)*	
Receipts from sale of fixed assets		2,766		*–*	
Net cash outflow from capital expenditure			(132,645)		*(85,804)*
Equity dividends paid			(213,302)		*(127,857)*
Cash (outflow)/inflow before financing			(212,941)		*204,118*
Financing					
Repayment of bank loans		(161,897)		*(30,889)*	
Net cash outflow from financing			(161,897)		*(30,889)*
(Decrease)/increase in cash	29		(374,838)		*173,229*

The notes on pages 11 to 24 form part of these financial statements

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 it's 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 it 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 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

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 is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based upon post-tax yields to maturity that could be obtained at the balances sheet date on government bonds with similar maturity dates

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

1. Accounting policies *(continued)*

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

Financial instruments

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

	2010	*2009*
	£	*£*
United Kingdom	9,120,741	*7,477,464*
Europe	536,445	*388,997*
Rest of the World	121,475	*40,866*
	9,778,661	*7,907,327*

3. Other operating income

	2010	*2009*
	£	*£*
Rent receivable	1,000	–

4. Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Amortisation of intangible assets	15,551	15,551
Depreciation of owned fixed assets	243,945	273,956
Loss on disposal of fixed assets	1,637	–
Operating lease costs		
-Other	231,602	232,074
Net profit on foreign currency translation	(3,187)	–
Auditor's remuneration - audit of the financial statements	9,000	9,000
Auditor's remuneration - other fees	6,000	6,000

	2010	2009
	£	£
Auditor's remuneration - audit of the financial statements	9,000	9,000
Auditor's remuneration - other fees		
- Taxation services	850	–
- Accountancy services	5,150	6,000
	6,000	6,000

5. Particulars of employees

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

	2010	2009
	No	No
Number of operations staff	49	52
Number of administrative staff	8	10
Number of directors	7	7
	64	69

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	1,755,298	1,743,508
Social security costs	195,426	196,309
Other pension costs	12,370	23,564
	1,963,094	1,963,381

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Aggregate remuneration	480,268	490,708
Value of company pension contributions to money purchase schemes	10,749	20,203
	491,017	510,911

Remuneration of highest paid director:

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	123,231	126,310

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

	2010	2009
	No	No
Money purchase schemes	5	5

7 Income from shares in group undertakings

	2010	2009
	£	£
Income from group undertakings	10,999	–

8. Amounts written off investments

	2010	2009
	£	£
Amount written off investments	10,999	–

9 Interest payable and similar charges

	2010	2009
	£	£
Interest payable on bank borrowing	76,144	62,728

10. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2010 £	*2009* £	*2009* £
In respect of the year				
UK Corporation tax		87,587		*50,134*
Over/under provision in prior year		1,299		-
		88,886		*50,134*
Deferred tax				
Origination and reversal of timing differences	(8,176)		*(13,511)*	
Total deferred tax (note 17)		(8,176)		*(13,511)*
Tax on profit on ordinary activities		80,710		*36,623*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 21%)

	2010 £	*2009* £
Profit on ordinary activities before taxation	301,064	*125,092*
Profit on ordinary activities by rate of tax	84,298	*26,269*
Effects of		
Expenses not deductible for tax purposes	6,908	*970*
Capital allowances for period in excess of depreciation	16,186	*22,895*
Tax chargeable at lower rates	(19,554)	-
Adjustments to tax charge in respect of previous periods	1,299	-
Sundry tax adjusting items	(251)	-
Total current tax (note 10(a))	88,886	*50,134*

11. Dividends

Equity dividends

	2010 £	*2009* £
Paid during the year		
Equity dividends on ordinary shares	202,588	*117,857*
Proposed at the year-end (recognised as a liability)		
Equity dividends on ordinary shares	-	*10,714*

12. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2010 and 31 December 2010	311,009
Amortisation	
At 1 January 2010	132,182
Charge for the year	15,551
At 31 December 2010	147,733
Net book value	
At 31 December 2010	163,276
At 31 December 2009	*178,827*

13. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost or valuation					
At 1 January 2010	1,749,829	962,407	153,572	370,967	3,236,775
Additions	4,677	115,841	–	14,893	135,411
Disposals	–	(106,821)	–	(22,635)	(129,456)
At 31 December 2010	1,754,506	971,427	153,572	363,225	3,242,730
Depreciation					
At 1 January 2010	75,632	719,404	86,672	246,327	1,128,035
Charge for the year	23,666	133,736	16,725	69,818	243,945
On disposals	–	(105,522)	–	(19,531)	(125,053)
At 31 December 2010	99,298	747,618	103,397	296,614	1,246,927
Net book value					
At 31 December 2010	1,655,208	223,809	50,175	66,611	1,995,803
At 31 December 2009	*1,674,197*	*243,003*	*66,900*	*124,640*	*2,108,740*

Freehold land and buildings were revalued at £1,200,000 in 2006, based on market value The valuation was undertaken by Attis Real, a firm of chartered surveyors, external to the company The directors are not aware of any material change in value and therefore the valuation has not been updated since that date

13. Tangible fixed assets *(continued)*

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

	2010 £	*2009* £
Historical cost	626,210	626,210
Depreciation:		
At 1 January 2010	305,625	293,101
Charge for year	12,524	12,524
At 31 December 2010	318,149	305,625
Net historical cost value:		
At 31 December 2010	308,061	320,585
At 1 January 2010	320,585	333,109

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2010 and 31 December 2010	11,000
Amounts written off	
Written off in year	10,999
At 31 December 2010	10,999
Net book value	
At 31 December 2010	1
At 31 December 2009	*11,000*

14. Investments *(continued)*

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

Subsidiary undertakings	Country of registration or incorporation	Class	Shares held
Miner's International Limited	England and Wales	Ordinary £1	100%

	2010 £	*2009 £*
Aggregate capital and reserves		
Miner's International Limited	1	*11,000*
Profit for the year		
Miner's International Limited	–	*–*

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

	2010 £	*2009 £*
Finished goods	2,265,906	*2,392,551*

16. Debtors

	2010 £	*2009 £*
Trade debtors	1,407,710	*958,177*
Other debtors	158,883	*48,284*
Prepayments and accrued income	121,955	*117,721*
Deferred taxation (note 17)	28,213	*20,037*
	1,716,761	*1,144,219*

17. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2010	*2009*
	£	*£*
Included in debtors (note 16)	28,213	*20,037*

The movement in the deferred taxation account during the year was

	2010	*2009*
	£	*£*
At 1 January 2010	20,037	*6,526*
Profit and loss account movement arising during the year	8,176	*13,511*
At 31 December 2010	28,213	*20,037*

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

	2010	*2009*
	£	*£*
Excess of depreciation over taxation allowances	25,738	*20,037*
Other timing differences	2,475	-
	28,213	*20,037*

18. Creditors: Amounts falling due within one year

	2010	*2009*
	£	*£*
Bank loans and overdrafts	1,224,156	*916,528*
Trade creditors	622,484	*657,757*
Amounts owed to group undertakings	1	*11,000*
Corporation tax	88,886	*50,134*
PAYE and social security	56,965	*51,870*
VAT	155,535	*39,954*
Dividends payable	–	*10,714*
Directors current accounts	53,000	*155,196*
Accruals and deferred income	240,932	*165,475*
	2,441,959	*2,058,628*

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 2010 (2009 - £nil)

The balance of £1,093,950 (2009 - £668,488) 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

	2010	*2009*
	£	*£*
Bank loans	913,069	*1,007,897*

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

Bank and other borrowings

	2010	*2009*
	£	*£*
Between one year or on demand	93,943	161,012
Between one and two years	96,935	93,914
Between two and five year	309,743	300,085
Greater than five years	506,391	613,898
	1,007,012	1,168,909

20. Pensions

Contributions in respect of employees are charged to the profit and loss account as incurred The charge for the period was £12,370 (2009 - £23,564) Contributions of £6,414 (2009 - £7,307) were outstanding at the balance sheet date and are included within other creditors

21. Derivatives

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

22. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		*2009*	
	Land and buildings	Other Items	*Land and buildings*	*Other Items*
	£	£	*£*	*£*
Operating leases which expire				
Within 1 year	-	19,261	-	*21,039*
Within 2 to 5 years	-	100,395	-	*88,517*
After more than 5 years	118,182	-	*118,182*	-
	118,182	119,656	*118,182*	*109,556*

23. Transactions with the directors

At the year end P T Murray was owed £nil (2009 - £2,151) by the company This is shown within directors current accounts At the year end K J Murray was owed £53,000 (2009 - £153,045) by the company This is split between £53,000 (2009 - £153,000) director's loan account and £nil (2009 - £45) current account K J Murray was paid £2,594 (2009 - £4,432) interest on the loan account

During the year P T Murray received £73,178 (2009 - £88,714) in dividends, of which £nil (2009 - £7,393) were unpaid at the year end K J Murray received £64,231 (2009 - £1,285) in dividends, of which £nil (2009 - £107) were unpaid at the year end C Murray received £20,849 (2009 - £12,587) in dividends, of which £nil (2009 - £1,070) were unpaid at the year end

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

24. Related party transactions

At the year end £1 (2009 - £11,000) 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 £1,322 (2009 - £nil) 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 £1,000 (2009 - £nil) was received from 95 Black and design services of £23,470 (2009 - £nil) were purchased from 95 Black 95 Black is owned by J Robertson, the spouse of G Robertson who is the daughter of P T Murray

25. Share capital

Allotted, called up and fully paid:

	2010		*2009*	
	No	**£**	*No*	*£*
45,250 Ordinary £1 shares - Class A shares (2009 - 100,000) of £1 each	45,250	45,250	*100,000*	*100,000*
18,500 Ordinary £1 shares - Class B shares of £1 each	18,500	18,500	-	-
36,250 Ordinary £1 shares - Class C shares of £1 each	36,250	36,250	-	-
	100,000	100,000	*100,000*	*100,000*

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

26. Revaluation reserve

	2010	*2009*
	£	*£*
Balance brought forward	848,721	*852,297*
Transfer to the Profit and Loss Account on realisation	(3,576)	*(3,576)*
Balance carried forward	845,145	*848,721*

27. Profit and loss account

	2010 £	2009 £
Balance brought forward	1,820,626	1,857,152
Profit for the financial year	220,354	88,469
Equity dividends	(202,588)	(128,571)
Transfer from revaluation reserve	3,576	3,576
Balance carried forward	1,841,968	1,820,626

28. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	220,354	88,469
Equity dividends	(202,588)	(128,571)
Transfer from revaluation reserve	3,576	3,576
Transfer to profit and loss account	(3,576)	(3,576)
Net addition/(reduction) to shareholders' funds	17,766	(40,102)
Opening shareholders' funds	2,769,347	2,809,449
Closing shareholders' funds	2,787,113	2,769,347

29. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	377,208	187,820
Amortisation	15,551	15,551
Depreciation	243,945	273,956
Loss on disposal of fixed assets	1,637	–
Decrease/(increase) in stocks	126,645	(194,080)
(Increase)/decrease in debtors	(564,366)	283,364
Increase/(decrease) in creditors	47,665	(77,667)
Net cash inflow from operating activities	248,285	488,944

Reconciliation of net cash flow to movement in net debt

	2010 £	2010 £	2009 £	2009 £
(Decrease)/increase in cash in the period	(374,838)		173,229	
Net cash outflow from bank loans	161,897		30,889	
Change in net debt		(212,941)		204,118
Net debt at 1 January 2010		(1,923,890)		(2,128,008)
Net debt at 31 December 2010		(2,136,831)		(1,923,890)

29. Notes to the cash flow statement *(continued)*

Analysis of changes in net debt

	At 1 January 2010 £	Cash flows £	At 31 December 2010 £
Net cash			
Cash in hand and at bank	535	(141)	394
Overdrafts	(755,516)	(374,697)	(1,130,213)
	(754,981)	(374,838)	(1,129,819)
Debt			
Debt due within 1 year	(161,012)	67,069	(93,943)
Debt due after 1 year	(1,007,897)	94,828	(913,069)
	(1,168,909)	161,897	(1,007,012)
Net debt	(1,923,890)	(212,941)	(2,136,831)

30. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2009 - £22,753)

31. 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