



Financial statements Roger Skinner Limited

For the Year Ended 31 March 2011



Company No 01272854

Company information

Company registration number	01272854
Registered office	The Mill Stradbroke Eye Suffolk IP21 5HL
Directors	R A S Skinner M J Marjoram G J Panter L R Phillips M E Skinner W L Skinner W Delamore
Secretary	W L Skinner
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Crown House Crown Street Ipswich Suffolk IP1 3HS

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Report of the directors

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

Principal activities and business review

The principal activity of the company during the year was that of pet food manufacturers and suppliers

The directors are pleased to report another successful year. Despite the continued difficulties in the wider economy sales grew by 6%, with export again the largest growth area with a 13% year on year increase

Operating profit for the year was slightly behind last year at approximately £754,000, but the directors consider that this reduction is solely as a result of turbulent commodity and energy prices during the year and additional costs in packaging origination as the company strives to meet the new European standard for the packaging of animal feedstuffs which comes into force in September 2011

As reported last year the company has purchased an industrial site at Horham Airfield on which it intends to build a new production facility. The planning process has started and the directors are hopeful that planning permission will be granted within the next 12 months

Looking forward, the area of most concern to the board is the cost of raw materials. The commodity market has become extremely attractive to investors and traders over the past couple of years, as a result prices have fluctuated wildly over short periods of time, but with a general upwards trend. The directors do not feel that this situation is likely to change whilst other investment opportunities remain unattractive

Finally, at the end of what has been a demanding year, we must recognise the contribution all our employees have made to the success of the company, without their commitment and dedication the company would struggle to thrive in such a competitive environment

Results and dividends

The profit for the year, after taxation, amounted to £557,101. Particulars of dividends paid are detailed in note 10 to the financial statements

Financial risk management objectives and policies

In common with every other business, the company aims to minimise financial risk. The measures used by the directors to manage this risk include preparation of profit forecasts and regular monitoring of actual performance against these forecasts. Debtors are closely monitored to keep the risk of bad debts to a minimum. The company seeks to limit its exposure to price risk by agreeing forward contracts on some grain purchases up to four months in advance

Directors

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

R A S Skinner
M J Marjoram
G J Panter
L R Phillips
M E Skinner
W L Skinner

W Delamore was appointed as a director on 1 September 2011

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 laws). 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,
- 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 each of the directors is 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

	2011 £	2010 £
Charitable	<u>15,570</u>	<u>12,818</u>

Auditor

Grant Thornton UK LLP were appointed to fill a casual vacancy in accordance with Section 485(3) of the Companies Act 2006. Having expressed willingness to continue in office, they will be deemed reappointed in the next financial year in accordance with Section 484(2) of the Companies Act 2006 unless the company receive notice under Section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R A S Skinner', with a large, stylized initial 'R'.

R A S Skinner
Director

22 December 2011



Independent auditor's report to the members of Roger Skinner Limited

We have audited the financial statements of Roger Skinner Limited for the year ended 31 March 2011 which comprise the accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 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.

Independent auditor's report to the members of Roger Skinner Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors 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

Grant Thornton UK LLP

Richard Chaplin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Ipswich

22 December 2011

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 UK accounting standards

Turnover

The turnover in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Revenue is recognised at point of delivery to the customer apart from international exports which are recognised at point of despatch

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	2% straight line (land is not depreciated)
Plant & Machinery	-	over a period between 1 - 10 years

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	7,700,935	7,275,537
Cost of sales		3,775,928	3,343,985
Gross profit		3,925,007	3,931,552
Other operating charges	2	3,173,501	3,095,563
Other operating income	3	(2,500)	(2,500)
Operating profit	4	754,006	838,489
Income from participating interests	7	–	(200)
Interest payable and similar charges	8	42,742	47,771
Profit on ordinary activities before taxation		711,264	790,918
Tax on profit on ordinary activities	9	154,163	241,416
Profit for the financial year	24	557,101	549,502

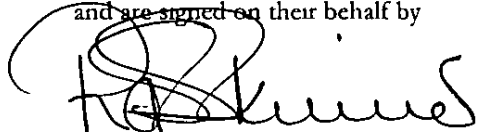
All of the activities of the company are classed as continuing

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	11	<u>2,754,721</u>	<u>2,613,778</u>
Current assets			
Stocks	12	426,732	373,662
Debtors	13	1,686,127	1,451,184
Cash at bank		295,270	453,931
		<u>2,408,129</u>	<u>2,278,777</u>
Creditors: amounts falling due within one year	14	<u>1,391,046</u>	<u>1,575,739</u>
Net current assets		<u>1,017,083</u>	<u>703,038</u>
Total assets less current liabilities		<u>3,771,804</u>	<u>3,316,816</u>
Creditors: amounts falling due after more than one year	15	311,375	375,315
Provisions for liabilities			
Deferred taxation	18	96,376	124,694
Government grants	20	10,000	12,500
		<u>3,354,053</u>	<u>2,804,307</u>
Capital and reserves			
Called-up equity share capital	23	970	970
Revaluation reserve	24	791,750	659,105
Other reserves	24	141	141
Profit and loss account	24	2,561,192	2,144,091
Shareholders' funds	25	<u>3,354,053</u>	<u>2,804,307</u>

These financial statements were approved by the directors and authorised for issue on 22 December 2011
and are signed on their behalf by



R A S Skinner
Director

Company Registration Number 01272854

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2011 £	2010 £
Net cash inflow from operating activities	26	551,385	1,022,246
Returns on investments and servicing of finance			
Income from participating interests		–	200
Interest paid		(19,151)	(18,583)
Interest element of finance leases		(23,591)	(29,188)
Net cash outflow from returns on investments and servicing of finance		(42,742)	(47,571)
Taxation		(213,505)	(67,987)
Capital expenditure			
Payments to acquire tangible fixed assets		(184,467)	(617,738)
Receipts from sale of fixed assets		55,751	28,526
Net cash outflow from capital expenditure		(128,716)	(589,212)
Equity dividends paid		(140,000)	(75,913)
Cash inflow before financing		26,422	241,563
Financing			
(Repayment of)/increase in bank loans		(38,321)	280,892
Capital element of finance leases		(146,762)	(144,509)
Net cash (outflow)/inflow from financing		(185,083)	136,383
(Decrease)/increase in cash	27	(158,661)	377,946

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

	2011 £	2010 £
Profit for the financial year	557,101	549,502
Unrealised profit on revaluation of certain fixed assets	132,645	—
Total gains and losses recognised for the year	<u>689,746</u>	<u>549,502</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 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	7,305,640	6,924,547
European Union	284,903	258,319
Other	110,392	92,671
	<u>7,700,935</u>	<u>7,275,537</u>

2 Other operating charges

	2011 £	2010 £
Distribution costs	1,148,875	1,066,273
Administrative expenses	2,024,626	2,029,290
	<u>3,173,501</u>	<u>3,095,563</u>

3 Other operating income

	2011 £	2010 £
Other operating income	<u>2,500</u>	<u>2,500</u>

4 Operating profit

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of government grants	(2,500)	(2,500)
Depreciation of owned fixed assets	171,254	118,810
Depreciation of assets held under finance leases	63,094	99,127
Profit on disposal of fixed assets	(53,562)	(26,340)
Auditor's remuneration		
Audit fees	11,000	8,200
Net loss on foreign currency translation	<u>2,960</u>	<u>470</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 production staff	20	21
Number of sales staff	7	8
Number of administrative staff	17	18
	<u>44</u>	<u>47</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,061,389	1,086,504
Social security costs	111,142	83,485
Other pension costs	100,800	69,865
	<u>1,273,331</u>	<u>1,239,854</u>

6 Directors

Remuneration in respect of directors was as follows

	2011 £	2010 £
Remuneration receivable	334,723	343,738
Value of company pension contributions to money purchase schemes	99,620	69,865
	<u>434,343</u>	<u>413,603</u>

Remuneration of highest paid director

	2011 £	2010 £
Total remuneration (excluding pension contributions)	47,380	77,622
Value of company pension contributions to money purchase schemes	92,000	61,000
	<u>139,380</u>	<u>138,622</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011 No	2010 No
Money purchase schemes	<u>3</u>	<u>3</u>

7 Income from participating interests

	2011	2010
	£	£
Income from participating interests	<u>-</u>	<u>200</u>

8 Interest payable and similar charges

	2011	2010
	£	£
Interest payable on bank borrowing	3,033	10,218
Finance charges payable under finance leases	23,591	29,188
Other similar charges payable	16,118	8,365
	<u>42,742</u>	<u>47,771</u>

9 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	182,481	213,505
Total current tax	<u>182,481</u>	<u>213,505</u>
Deferred tax		
Origination and reversal of timing differences	(28,318)	27,911
Tax on profit on ordinary activities	<u>154,163</u>	<u>241,416</u>

(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 28% (2010 - 28%)

	2011	2010
	£	£
Profit on ordinary activities before taxation	<u>711,264</u>	<u>790,918</u>
Profit on ordinary activities by rate of tax	199,154	221,457
Expenses not deductible for tax purposes	1,079	2,228
Differences between depreciation and capital allowances	(3,781)	1,967
Marginal relief	(13,971)	(12,147)
Total current tax (note 9(a))	<u>182,481</u>	<u>213,505</u>

10 Dividends

Dividends on shares classed as equity

	2011 £	2010 £
Paid during the year		
Dividends on equity shares	<u>140,000</u>	<u>75,913</u>

11 Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Total £
Cost or valuation			
At 1 April 2010	1,894,959	2,195,239	4,090,198
Additions	—	244,835	244,835
Disposals	—	(218,193)	(218,193)
Revaluation	100,041	—	100,041
At 31 March 2011	<u>1,995,000</u>	<u>2,221,881</u>	<u>4,216,881</u>
Depreciation			
At 1 April 2010	12,012	1,464,408	1,476,420
Charge for the year	20,592	213,756	234,348
On disposals	—	(216,004)	(216,004)
Revaluation adjustment	(32,604)	—	(32,604)
At 31 March 2011	<u>—</u>	<u>1,462,160</u>	<u>1,462,160</u>
Net book value			
At 31 March 2011	<u>1,995,000</u>	<u>759,721</u>	<u>2,754,721</u>
At 31 March 2010	<u>1,882,947</u>	<u>730,831</u>	<u>2,613,778</u>

Included within the net book value of £2,754,721 is £351,868 (2010 - £609,748) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £63,094 (2010 - £99,127).

11 Tangible fixed assets (continued)

The freehold land and buildings at Stradbroke, Suffolk were valued by James Aldridge Chartered Surveyors on 18 August 2009, at £1,380,000 on the assumption that planning permission for residential use would be granted in the future. This valuation was incorporated in the financial statements for the year ended 31 March 2009, as the directors were confident planning permission would be obtained. The directors are of the opinion that the valuation at 31 March 2011 would not be materially different, therefore no adjustment to the carrying value has been made.

The freehold land and buildings at Horham, Suffolk were revalued on an open market basis at 31 March 2011 by R A S Skinner, a company director.

No provision has been made for deferred taxation in respect of the surplus on revaluation of freehold properties. It is not anticipated that the properties will be sold in the foreseeable future.

All other assets are included at historical cost.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	NBV of revalued freehold property £
Cost	1,458,967
Accumulated depreciation	185,853
Net book amount at 31 March 2011	<u>1,273,114</u>
Net book amount at 31 March 2010	<u>803,639</u>

12 Stocks

	2011 £	2010 £
Raw materials	324,456	282,422
Finished goods	102,276	91,240
	<u>426,732</u>	<u>373,662</u>

13 Debtors

	2011 £	2010 £
Trade debtors	1,129,395	1,076,613
Director's loan account	440,334	289,275
Other debtors	27,691	41,473
Prepayments and accrued income	88,707	43,823
	<u>1,686,127</u>	<u>1,451,184</u>

14 Creditors: amounts falling due within one year

	2011	2010
	£	£
Bank loans	39,767	38,780
Trade creditors	618,629	771,711
Corporation tax	182,481	213,505
Other taxation and social security	33,187	61,868
Amounts due under finance leases	108,906	170,668
Other creditors	155,224	159,326
Accruals and deferred income	252,852	159,881
	<u>1,391,046</u>	<u>1,575,739</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Bank loans	39,767	38,780
Other creditors	150,000	150,000
Finance leases	108,906	170,668
	<u>298,673</u>	<u>359,448</u>

Other creditors are secured by a second charge over one of the company's freehold properties

15 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Bank loans and overdrafts	260,143	299,451
Amounts due under finance leases	51,232	75,864
	<u>311,375</u>	<u>375,315</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011	2010
	£	£
Bank loans and overdrafts	260,143	299,451
Finance leases	51,252	75,864
	<u>311,395</u>	<u>375,315</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2011	2010
	£	£
Bank loans and overdrafts	<u>112,571</u>	<u>141,730</u>

16 Borrowings

Creditors include finance capital which is due for repayment as follows

	2011	2010
	£	£
Amounts repayable		
In one year or less or on demand	39,767	38,780
In more than one year but not more than two years	41,037	39,767
In more than two years but not more than five years	106,535	117,954
In more than five years	112,571	141,730
	<u>299,910</u>	<u>338,231</u>

The bank loans are secured by fixed charges over the freehold property of the company and a debenture granted over all of the company's assets

R A S Skinner has provided a personal guarantee limited to £50,000

17 Commitments under finance leases

Future commitments under finance leases net of future finance lease charges are as follows

	2011	2010
	£	£
Amounts payable within 1 year	108,906	170,668
Amounts payable between 2 to 5 years	51,232	75,864
	<u>160,138</u>	<u>246,532</u>

Amounts due under finance leases are secured over the related assets

18 Deferred taxation

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	124,694	96,783
Profit and loss account movement arising during the year	(28,318)	27,911
Provision carried forward	<u>96,376</u>	<u>124,694</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	96,376	124,694
	<u>96,376</u>	<u>124,694</u>

19 Derivatives

The company buys large amounts of grain and other commodities whose price can fluctuate. As a result, the company is subject to price risk. The company seeks to reduce this risk by entering into forward contracts.

At 31 March 2011 the company had forward contracts with a fair value of £1,222,210 (2010 - £756,571)

20 Government grants

	2011 £	2010 £
Received and receivable		
At 1 April 2010	25,000	25,000
At 31 March 2011	<u>25,000</u>	<u>25,000</u>
Amortisation		
At 1 April 2010	12,500	10,000
Credit to profit and loss account	2,500	2,500
At 31 March 2011	<u>15,000</u>	<u>12,500</u>
Net balance at 31 March 2011	<u>10,000</u>	<u>12,500</u>

21 Related party transactions

During the year the company sold goods to Salters Pet Nutrition, a partnership of which R A S Skinner is a partner, to the value of £222,075 (2010 - £259,173). At the year end £58,033 (2010 - £107,099) was owed by Salters Pet Nutrition.

During the year the company purchased goods from Salters Pet Nutrition amounting to £37,348 (2010 - £57,293).

During the year the company provided services to Supreme Petfoods Limited to the value of £17,010 (2010 - £17,095). At the year end £1,701 (2010 - £4,997) was owed by Supreme Petfoods Limited. R A S Skinner is a non executive director of Supreme Pet Food Holdings Limited, the parent company of Supreme Petfoods Limited.

Included in other debtors is a loan of £440,334 (2010 - £289,275) owed by R A S Skinner and £9,500 (2010 - £nil) owed by M E Skinner. The maximum outstanding during the year was £1,031,622 (2010 - £781,925) and £9,500 (2010 - £nil) respectively.

Included in other creditors falling due within one year is a loan of £150,000 (2010 - £150,000) due to A R Owers Will Trust, of which W L Skinner, a director, is a beneficiary.

During the year dividends were paid to R A S Skinner and M Marjoram, who are both directors of the company, amounting to £132,784 (2010 - £72,000) and £7,217 (2010 - £3,913) respectively.

During the year the company purchased a vehicle from R A S Skinner at market value of £37,000.

22 Controlling party

The company is controlled by R A S Skinner by way of his majority shareholding

23 Share capital

Authorised share capital

	2011	2010
	£	£
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
970 Ordinary shares of £1 each	<u>970</u>	<u>970</u>	<u>970</u>	<u>970</u>

24 Reserves

	Revaluation reserve	Capital redemption reserve	Profit and loss account
	£	£	£
At 1 April 2010	659,105	141	2,144,091
Profit for the year	—	—	557,101
Equity dividends	—	—	(140,000)
Other gains and losses			
- Revaluation of fixed assets	132,645	—	—
At 31 March 2011	<u>791,750</u>	<u>141</u>	<u>2,561,192</u>

25 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	557,101	549,502
Other net recognised gains and losses	132,645	—
Equity dividends	(140,000)	(75,913)
Net addition to shareholders' funds	<u>549,746</u>	<u>473,589</u>
Opening shareholders' funds	<u>2,804,307</u>	<u>2,330,718</u>
Closing shareholders' funds	<u>3,354,053</u>	<u>2,804,307</u>

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

	2011	2010
	£	£
Operating profit	754,006	838,489
Depreciation	234,348	217,937
Profit on disposal of fixed assets	(53,562)	(26,340)
Amortisation of government grants	(2,500)	(2,500)
(Increase)/decrease in stocks	(53,070)	33,410
Increase in debtors	(234,943)	(323,858)
(Decrease)/increase in creditors	(92,894)	285,108
Net cash inflow from operating activities	<u>551,385</u>	<u>1,022,246</u>

27 Reconciliation of net cash flow to movement in net debt

	2011	2010
	£	£
(Decrease)/increase in cash in the period	(158,661)	377,946
Net cash outflow/(inflow) from bank loans	38,321	(280,892)
Cash outflow in respect of finance leases	146,762	144,509
Change in net debt resulting from cash flows	26,422	241,563
New finance leases	(60,368)	-
Movement in net debt in the period	(33,946)	241,563
Net debt at 1 April 2010	(130,832)	(372,395)
Net debt at 31 March 2011	<u>(164,778)</u>	<u>(130,832)</u>

28 Analysis of changes in net debt

	At 1 Apr 2010	Cash flows	Other changes	At 31 Mar 2011
	£	£	£	£
Net cash				
Cash in hand and at bank	<u>453,931</u>	<u>(158,661)</u>	-	<u>295,270</u>
Debt				
Debt due within 1 year	(38,780)	(987)	-	(39,767)
Debt due after 1 year	(299,451)	39,308	-	(260,143)
Finance leases	(246,532)	146,762	(60,368)	(160,138)
	<u>(584,763)</u>	<u>185,083</u>	<u>(60,368)</u>	<u>(460,048)</u>
Net debt	<u>(130,832)</u>	<u>26,422</u>	<u>(60,368)</u>	<u>(164,778)</u>