

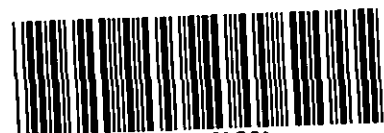
Teacherboards (1985) Limited

Directors' report and financial statements

Registered number 1895417

31 December 2008

THURSDAY



AWR1F9G2

A16

30/04/2009

51

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the independent auditors to the members of Teacherboards (1985) Limited	4
Income Statement and Statement of Recognised Income and Expense	5
Balance sheet	6
Cash Flow Statement	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activity and business review

The principal activity of the company continues to be the manufacturing of teaching and presentation equipment

Revenue was £ 0.5million up (8%) on the previous year. This improvement reflects the continuing growth of Government education spend. Operating profit increased from £0.2 million in the previous year to £0.7 million due to an improvement in margins. Profit before tax increased by £0.4 million to £0.7 million

The principal risks and uncertainties affecting the business include the following:

- In the current economic climate there is less certainty for all businesses about future trading. The Company manages this risk by reviewing trading outlook more frequently including the review of weekly order intake figures.
- Competitive risk: The company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the company.
- Raw material availability and prices: the company monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers.
- The Company's business has a seasonal element with a peak of activity in the middle and second half of the year. This could result in peak output requirements exceeding the available capacity. The Company manages this risk by detailed and regular capacity planning reviews with additional shifts and early production being planned.

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is being won continually; new markets have been developed in line with the group's strategy; key customer relationships are monitored on a regular basis.
- Health and safety: the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.
- Competitive advantage; the company focuses on areas where it has a competitive advantage, which places it well in terms of superior long term income/cash flow growth potential.

The directors monitor a range of financial and non-financial indicators, reported on a periodic basis, to measure the company's performance over time.

Of these, the key financial performance indicators are:

	2008	2007	Measure
Return on capital	25.0%	10.8%	Profit before tax/net assets
Current ratio	4.1	3.2	Current assets: current liabilities
Sales per employee (£000)	118.5	111.9	Turnover/average number of employees
Operating profit per employee (£000)	12.2	4.0	Operating profit/average number of employees

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Financial risk management

The Company's policy is to minimise the use of complex financial instruments. Within this framework, specific consideration is given to managing foreign currency risk through forward contracts where there is significant potential exposure.

Dividends

The directors declared and approved a final dividend of £nil (2007: £nil).

Directors

The directors who held office during the year were as follows:

Hew Balfour
Grant Findlay
Scott Grant

Health and Safety

Strenuous efforts continue to be made throughout the company to improve our good record in this field.

Disabled persons

The company's policy in respect of the employment of disabled persons is:

- a. to give full and fair consideration of all types of vacancies;
- b. to retain newly disabled employees wherever possible for rehabilitation and training; and
- c. to give equal opportunities for training, career development and promotion and, where applicable, to modify equipment and premises to use special equipment aids or to restructure jobs.

Employee involvement

During the year employees have been briefed with information on matters of concern to them regarding the company's activities and progress.


Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,000 (2007: £1,000).

Auditors

A resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


G Findlay
Director

3 Swanwick Court
Alfreton
Derbyshire
DE55 7AS

30 March 2009

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Teacherboards (1985) Limited

We have audited the financial statements of TeacherBoards (1985) Limited for the year ended 31 December 2008 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

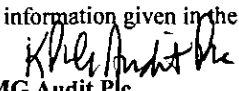
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG Audit Plc
Chartered Accountants
Registered Auditor
191 West George Street
Glasgow G2 2LJ

30 March 2009

Income statement

For the year ended 31 December 2008

		2008	2007
		£000	£000
	Note		
Revenue		6,517	6,045
Cost of sales		(4,494)	(4,470)
Gross profit		2,023	1,575
Administrative expenses		(1,354)	(1,358)
Operating profit		669	217
Financial income – interest receivable	5	58	44
Profit before tax	2	727	261
Income tax expense	6	(236)	(57)
Profit for the year attributable to equity holders of the parent	15	491	204

Statement of recognised income and expense

For the year ended 31 December 2008

The Company has no recognised income or expense other than the profit for the current and previous years.

Balance sheet
As at 31 December 2008

	Note	2008 £000	2007 £000
Assets			
Non-current assets			
Property, plant and equipment	8	157	83
Intangible assets	9	105	137
Total non-current assets		<u>262</u>	<u>220</u>
Current assets			
Inventories	11	761	1,163
Income tax receivable	7	-	24
Trade and other receivables	12	2,310	1,207
Cash and cash equivalents	13	477	793
Total current assets		<u>3,548</u>	<u>3,187</u>
Total assets		<u>3,810</u>	<u>3,407</u>
Liabilities			
Current liabilities			
Income tax payable	7	(205)	-
Trade and other payables	14	(668)	(987)
Total current liabilities		<u>(873)</u>	<u>(987)</u>
Non-current liabilities			
Deferred tax liabilities		(27)	(1)
Total liabilities		<u>(900)</u>	<u>(988)</u>
Net assets		<u>2,910</u>	<u>2,419</u>
Equity			
Issued share capital	15	30	30
Capital redemption reserve	15	10	10
Revenue reserves	15	2,870	2,379
Total equity attributable to equity holders of the parent		<u>2,910</u>	<u>2,419</u>

These financial statements were approved by the board of directors on 30 March 2009 and were signed on its behalf by:


S Grant
Director

Cash flow statement

For the year ended 31 December 2008

	Note	2008 £000	2007 £000
Cash flows from operating activities			
Profit before tax		727	261
Adjustments for:			
Depreciation of property, plant and equipment	8	15	15
Loss on disposal of property, plant and equipment		1	-
Amortisation of intangibles	9	33	29
Financing income	5	(58)	(44)
		<u>718</u>	<u>261</u>
Operating profit before changes in working capital			
(Increase)/ decrease in trade and other receivables		(1,089)	482
Decrease/(increase) in inventories		402	(57)
(Decrease)/increase in trade and other payables		(319)	160
		<u>(288)</u>	<u>846</u>
Cash (used in)/ from operations			
Income taxes received/(paid)		19	(299)
		<u>(269)</u>	<u>547</u>
Net cash (used in)/from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(90)	(45)
Acquisition of intangible assets	9	(1)	(166)
Interest received		44	50
		<u>(47)</u>	<u>(161)</u>
Net cash used in investing activities			
Net (decrease)/increase in cash and cash equivalents		(316)	386
Cash and cash equivalents at 1 January		793	407
		<u>477</u>	<u>793</u>
Cash and cash equivalents at 31 December	13		

Notes to the financial statements

1. Accounting policies

TeacherBoards (1985) Limited is a company incorporated and domiciled in the United Kingdom.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

Basis of preparation

The financial statements are prepared on the historical cost basis and presented in pounds sterling, rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is contained in note 17 – valuation of financial instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the rates prevailing at the dates when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency (e.g. property, plant and equipment purchased in a foreign currency) are translated using the exchange rate prevailing at the date of the transaction. Exchange differences arising on translation are recognised in the income statement for the period.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and net of any accumulated impairment losses.

For all property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives on the following bases:

- | | |
|-------------------------|-----|
| • Plant and machinery | 25% |
| • Fixtures and fittings | 25% |
| • Motor vehicles | 25% |

Residual values and useful lives are reassessed annually. Assets held under finance leases are capitalised and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and net of any accumulated impairment losses. The cost of intangible assets, including computer software, comprises the purchase cost and any directly attributable costs of preparing the asset for use. Amortisation of intangible assets is charged to the income statement on a straight-line basis when the asset is available for use so as to allocate the carrying amounts of the intangible assets over their estimated useful lives as follows:

- | | |
|---------------------|-------------|
| • Computer software | 3 – 5 years |
|---------------------|-------------|

Impairment of assets

The carrying amounts of the Company's non-current assets, other than deferred tax, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value using standard cost. Cost comprises directly attributable purchase and conversion costs and an allocation of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and selling expenses.

Dividends

Final equity dividends to the shareholders of TeacherBoards (1985) Limited are recognised as a liability in the period that they are declared and approved. Interim equity dividends are recognised as a liability in the period that they are paid.

Financial instruments

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (an allowance for irrecoverable amounts).

Trade and other payables

Trade and other payables are stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, which is available for immediate withdrawal or on short-term deposit, and cash in hand. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Employee benefits

Defined contribution plans

Obligations for contributions to the defined contribution pension plan are recognised as an expense in the income statement as incurred.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, cash discounts and volume rebates and excluding value added tax. Revenue from the sale of goods and services is recognised in the income statement when the Company has transferred the significant risks and rewards of ownership of the goods and services to the customer, the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue from goods shipped subject to installation is recognised when the customer accepts delivery and installation is complete. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods and continuing involvement with the goods such that the risks and rewards of ownership remain with the Group.

Leases

Finance leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the Company. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased

asset and the present value of the minimum lease payments. The corresponding liability to the finance lessor is included in the balance sheet as a lease obligation.

Lease payments are apportioned between the liability and the finance charge to produce a constant periodic rate of interest on the remaining balance of the finance lease liability.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Taxation

Current and deferred tax is recognised in the income statement, unless the tax relates to items recognised directly in shareholders' equity, in which case the tax is recognised directly in shareholders' equity through the statement of recognised income and expense.

Current tax expense is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of prior years.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from initial recognition of an asset or liability, other than a business combination, that affects neither accounting or taxable profit nor loss, is not recognised. Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

IFRS not yet applied

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008 and have not been applied in preparing these financial statements.

The following standards have been endorsed by the EU and will require to be applied in subsequent periods:

Revised IAS 23: Borrowing costs (effective year ending 31 December 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements but is not expected to have any significant impact.

Amendments to IAS 1 Presentation of Financial Statements: A revised presentation (effective year ending 31 December 2009) – This standard will require the Company to present a statement of comprehensive income and may require additional disclosures around changes in equity.

Amendments to IAS 27 Consolidated and Separate Financial Statements and IFRS 3 (revised) Business combinations (effective year ending 31 December 2010) – These amendments make some changes to accounting for dividends received from subsidiaries (which may be recorded as income rather than as a credit to investment subject to impairment testing) and to business combinations. These amendments will have no impact on the reported results of the Company as the Company has no subsidiaries.

IFRS 8 Operating Segments (effective year ending 21 December 2009) is a disclosure standard which may result in changes to the segmental information currently disclosed but which will have no impact on the reported results of the Company as the Company contains only one segment.

Amendment to IFRS 2 Share based payments – Vesting Conditions and Cancellations (effective year ending 31 December 2009) clarifies the definition of vesting conditions in relation to share based payments, amongst other things. The Company is yet to fully determine the impact of the amendments.

IAS 1, IAS 23, IFRS 2 and IFRS 8 have been endorsed by the EU. The remaining standards and interpretations are yet to be endorsed.

There are a number of standards and interpretations not yet in force which are not relevant to the Company. These include IFRIC 18: Service Concession Agreements, IFRIC 15: Agreements for the Construction of Real Estate, IFRIC 16: Hedges of a Net Investment in a Foreign Operation, IFRIC 17: Distributions of non-cash Assets to Owners and Amendments to IAS 32: Financial Instruments – Puttable Financial Instruments and Obligations arising on Liquidation.

2. Revenue and profit before tax

The company's revenue is derived from a single operational and geographical segment: that of manufacture and supply of teaching and presentational equipment in the UK.

	Note	Cost of sales		Administrative Costs		Total	
		2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
+							
Profit before tax is stated after charging:							
Depreciation of property, plant and equipment	8	11	9	4	6	15	15
Amortisation of intangible assets	9	-	-	33	29	33	29
Operating lease charges:							
Plant and machinery		17	11	-	-	17	11
Other		68	68	68	68	136	136
Fees paid to auditors							
-audit of these financial statements				8	12	8	12

Non audit fees are borne by the ultimate parent

3. Directors' remuneration

	2008 £000	2007 £000
Directors' emoluments	102	93

4. Personnel expenses

The average number of employees (including directors) was:

	Number of employees	
	2008	2007
Direct	28	26
Indirect	27	28
	<u>55</u>	<u>54</u>

Their aggregate remuneration comprised:

	2008 £000	2007 £000
Wages and salaries	1,302	1,283
Social security costs	127	124
Contributions to defined contribution pension plans	10	7
	<u>1,439</u>	<u>1,414</u>

5. Net financing income

	2008 £000	2007 £000
Interest income:		
On loan to group companies	58	44
Financial income	<u>58</u>	<u>44</u>

6. Income tax expense

Recognised in the income statement

	2008 £000	2007 £000
Current tax expense		
Current year	(205)	(68)
Adjustments for prior years	(5)	20
	<u>(210)</u>	<u>(48)</u>
Deferred tax expense		
Origination and reversal of temporary differences	(26)	(9)
	<u>(26)</u>	<u>(9)</u>
Total income tax expense in the income statement	<u>(236)</u>	<u>(57)</u>

Reconciliation of effective tax rate

	2008 %	2008 £000	2007 %	2007 £000
Profit before tax		727		261
Income tax thereon using the UK corporation tax rate	28.5	207	30.0	78
Timing differences in respect of which deferred tax is provided	3.6	26	3.4	9
Prior year adjustment to corporation tax	0.7	5	(7.7)	(20)
Prior year adjustment to deferred tax	(0.7)	(5)	-	-
Other	0.4	3	(3.9)	(10)
Total income tax expense	<u>32.5</u>	<u>236</u>	<u>21.8</u>	<u>57</u>

7. Current tax assets and liabilities

The current tax liability of £ 205,000 (2007: asset of £24,000) represents the amount of income taxes payable in respect of current and prior periods.

8. Property, plant and equipment

Cost	Plant and machinery £000	Fixtures, and fittings £000	Motor vehicles £000	Total £000
Balance at 1 January 2007	205	243	23	471
Additions	38	7	-	45
Disposals	-	-	(17)	(17)
Balance at 31 December 2007	<u>243</u>	<u>250</u>	<u>6</u>	<u>499</u>
Balance at 1 January 2008	243	250	6	499
Additions	85	5	-	90
Disposals	-	(5)	-	(5)
Balance at 31 December 2008	<u>328</u>	<u>250</u>	<u>6</u>	<u>584</u>
Depreciation and impairment losses				
Balance at 1 January 2007	165	230	23	418
Depreciation for the year	9	6	-	15
Disposals	-	-	(17)	(17)
Balance at 31 December 2007	<u>174</u>	<u>236</u>	<u>6</u>	<u>416</u>
Balance at 1 January 2008	174	236	6	416
Depreciation for the year	11	4	-	15
Disposals	-	(4)	-	(4)
Balance at 31 December 2008	<u>185</u>	<u>236</u>	<u>6</u>	<u>427</u>
Carrying amounts				
At 1 January 2007	40	13	-	53
At 31 December 2007	<u>69</u>	<u>14</u>	<u>-</u>	<u>83</u>
At 1 January 2008	69	14	-	83
At 31 December 2008	<u>143</u>	<u>14</u>	<u>-</u>	<u>157</u>

9. Intangible assets

Cost	Computer software £000
Balance at 1 January 2007	-
Additions	166
Balance at 31 December 2007 and 1 January 2008	166
Additions	1
Balance at 31 December 2008	167
Amortisation and impairment losses	
Balance at 1 January 2007	-
Amortisation for the year	29
Balance at 31 December 2007 and 1 January 2008	29
Amortisation for the year	33
Balance at 31 December 2008	62
Carrying amounts	
At 1 January 2007	-
At 31 December 2007 and 1 January 2008	137
At 31 December 2008	105

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	-	-	(27)	(1)	(27)	(1)

Movement in deferred tax during the year

	Balance 1 Jan 08 £000	Recognised in income £000	Balance 31 Dec 08 £000
Property, plant and equipment	(1)	(26)	(27)

Movement in deferred tax during the prior year

	Balance 1 Jan 07 £000	Recognised in income £000	Balance 31 Dec 07 £000
Property, plant and equipment	8	(9)	(1)

11. Inventories

	2008 £000	2007 £000
Raw materials and consumables	286	440
Work in progress	17	-
Finished goods and goods for resale	458	723
	761	1,163

Inventories are shown net of write-downs amounting to £121,000 (2007: £82,000).

12. Trade and other receivables

	2008	2007
	£000	£000
Trade receivables	620	649
Prepayments	98	70
Amounts owed by group companies	1,592	488
	<u>2,310</u>	<u>1,207</u>

An allowance has been made for estimated irrecoverable amounts from the sale of goods of nil (2007: £11,000).

13. Cash and cash equivalents

	2008	2007
	£000	£000
Cash at bank and in hand	477	793

14. Trade and other payables

	2008	2007
	£000	£000
Trade payables	336	776
Other taxes and social security	175	135
Accruals and deferred income	157	76
	<u>668</u>	<u>987</u>

15. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £000	Capital redemption reserve £000	Revenue reserve £000	Total £000
Balance at 1 January 2007	30	10	2,175	2,215
Total recognised income and expense for the period	-	-	204	204
Balance at 31 December 2007 and 1 January 2008	30	10	2,379	2,419
Total recognised income and expense for the period	-	-	491	491
Balance at 31 December 2008	<u>30</u>	<u>10</u>	<u>2,870</u>	<u>2,910</u>

Share capital

	2008	2007
	£000	£000
Authorised:		
100,000 (2007: 100,000) ordinary shares of £1 each	100	100
Allotted, issued and fully paid:		
30,000 (2007: 30,000) ordinary share of £1 each	30	30

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

The Company's policy is to maintain an equity capital base.

Capital redemption reserve

The capital redemption reserve comprises the amount by which the Company's issued share capital has been diminished on cancellation of the shares.

16. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2008	2007
	£000	£000
Less than one year	183	160
Between one and five years	483	516
	<u>666</u>	<u>676</u>

The Company leases offices, manufacturing facilities and warehouses, plant and machinery and office equipment under operating leases. Typical lease terms are shown below:

Manufacturing facilities and warehouses	10 years
Plant and machinery	5 years
Office equipment	5 years

During the year ended 31 December 2008 £153,000 was recognised as an expense in the income statement in respect of operating leases (2007: £147,000).

17. Financial instruments

The Company is exposed to credit risk in the normal course of its business. It does not have any material interest rate risk or foreign currency exposure.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Customers are expected to make payment within 30, 60 or 90 days of the date of invoice, all invoices being raised in the month of supply of the relevant goods. There is a dedicated credit controller who is responsible for ensuring that debtors are followed up rigorously. Additionally, there is a policy of insuring certain debtors.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The general allowance is determined based on historical experience of the credit control function.

Impairment losses

The ageing of trade and other receivables at the reporting date was:

	2008 Gross £000	2008 Impairment £000	2007 Gross £000	2007 Impairment £000
Not past due	482	-	453	-
Past due 0-60 days	121	-	149	-
More than 60 days	17	-	58	(11)
	<u>620</u>	<u>-</u>	<u>660</u>	<u>(11)</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 £000	2007 £000
Balance at 1 January	11	21
Impairment loss recognised	(11)	(10)
Balance at 31 December	<u>-</u>	<u>11</u>

The impairment loss at 31 December 2007 of £11,000 was a provision against receivables due from external customers.

The allowance account in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

As a member of the Havelock Europa group of companies, Teacherboards participates in the credit facilities negotiated by the parent company. At the year end, the following lines of credit were maintained by the Group and are available to the Company by extension:

- £10 million revolving credit facility
- £10 million overdraft facility

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2008 £000	Fair value 2008 £000	Carrying amount 2007 £000	Fair value 2007 £000
Trade receivables	12	620	620	649	649
Cash and cash equivalents	13	477	477	793	793
Trade payables	14	(336)	(336)	(776)	(776)
		<u>761</u>	<u>761</u>	<u>666</u>	<u>666</u>

The contractual maturity of trade payables is less than six months.

Estimation of fair values

The following summarises the methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Trade receivables/ payables

For receivables/ payables with a remaining life of less than one year or that are receivable or payable on demand, the carrying amount is deemed to reflect the fair value.

Receipts from customers and payments to suppliers on undisputed invoices are within allowable credit terms.

Cash and cash equivalents

The carrying amount of these assets approximates their fair value.

18. Related party transactions

Identity of related parties

The Company has a related party relationship with the following companies within the Havelock Europa PLC group:

Company	Relationship
Havelock Europa PLC	Ultimate parent company
McIntosh 88 Limited	Fellow subsidiary company
ESA McIntosh Limited	Fellow subsidiary company
Stage Systems (Holdings) Limited	Fellow subsidiary company
Stage Systems Limited	Fellow subsidiary company
Clean Air Limited	Fellow subsidiary company

The Company has a related party relationship with its directors.

Transactions with group companies

	2008 £000	2007 £000
Sales to		
ESA McIntosh Limited	1,034	1,195
Havelock Europa PLC	336	60
	<u>1,370</u>	<u>1,255</u>

Purchases from		
Havelock Europa PLC	<u>48</u>	<u>45</u>
Loan to		
Havelock Europa PLC	<u>1,457</u>	<u>557</u>
Amounts owed by/ (to) group companies as at 31 December		
ESA McIntosh Limited	60	58
Havelock Europa PLC	76	(127)
Stage Systems Ltd	(1)	-
	<u>135</u>	<u>(69)</u>

Intra-group transactions are determined on an arm's length basis and settlement of amounts owed and owing is through the inter-company accounts or by payment.

Transactions with directors

Information on directors' emoluments is contained in note 3. Information on the directors' interests in the shares of Havelock Europa PLC is shown below.

The directors, according to the register to be kept under Section 325 of the Companies Act 1985, did not have, at the beginning or end of the year, any interest in the shares of the company.

The interests of H Balfour and Grant Findlay in the share capital of the parent company, Havelock Europa PLC, are disclosed in the accounts of that company. No other director had an interest in the shares of the parent company.

19. Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Havelock Europa PLC, incorporated in England. The largest group in which the results of the Company are consolidated is that headed by Havelock Europa PLC. The consolidated financial statements of this group are available to the public and may be obtained from Havelock Europa PLC, Group Head Office, Mossway, Hillend Industrial Park, Dalgety Bay, Fife KY11 9JS. No other group financial statements include the results of the Company.

20. Intra-group guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.