



Financial statements Shadowgrade Developments Limited

For the Year Ended 30 June 2008



Company No. 2223106

Company information

Company registration number	2223106
Registered office	Wraysbury Hall Ferry Lane Staines TW19 6HG
Directors	Mr M Winn Mr S Hamilton Mr Colin Higgins
Secretary	Mr Colin Higgins
Bankers	Barclays Bank Plc PO Box 385 The Little Green Richmond BX3 2BB
Solicitors	Manby & Stewart Bowdler LLP George House St Johns Square Wolverhampton WV2 4BZ Davidson Webber LLP Royal House 110 Station Parade Harrogate North Yorkshire HG1 1EP
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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Report of the Directors

The directors present their report and the financial statements of the company for the year ended 30 June 2008.

Principal activity and business review

The principal activity of the company during the year was that of providing fully self-contained apartments for the short-term rental market.

There was a loss for the year after tax amounting to £272,016 (2007: £152,901). The directors do not recommend payment of a dividend.

The directors use many performance indicators, both financial and non-financial, to monitor the company's position. However the average rental rates together with the occupancy percentage, both improving year on year, are fundamental in the analysis of the company's continued growth and future.

Financial risk management objectives and policies

The company uses financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for the company's operations.

The company is exposed to interest rate change as all cash at bank and loans are held at floating rates. All potential areas of financial risk are regularly monitored and reviewed by the directors. Any preventative or corrective measures are taken as necessary.

Directors

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

Mr M Winn	
Mr S Hamilton	
Mr Colin Higgins	(Appointed 1 January 2009)
Mrs L Williams	(Resigned 18 December 2008)
Mr B Leon	(Resigned 26 September 2007)

Directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the financial statements comply with the Companies Act 1985. 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.

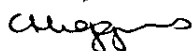
In so far as the directors are aware:

- 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.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

By Order of The Board



Colin Higgins
Secretary

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22 Jan 2009



Report of the independent auditor to the members of Shadowgrade Developments Limited

We have audited the financial statements of Shadowgrade Developments Limited for the year ended 30 June 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement, statement of total recognised gains and losses and notes 1 to 25. 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of Shadowgrade Developments Limited (continued)

Basis of 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 judgements 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss 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 Report of the Directors is consistent with the financial statements.



Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

London Thames Valley Office
Slough

23 January 2009
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Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property.

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

Turnover

Turnover is recorded on an accruals basis. Income is accrued for services provided by the accounting date but not invoiced, and deferred if services are invoiced but not fully provided by the accounting date.

Fixed assets

All tangible fixed assets are valued at cost less depreciation with the exception of freehold property which is revalued on an annual basis.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures & Fittings	- 20% straight line
Motor Vehicles	- 20% straight line
Equipment	- 33% straight line

No depreciation is provided on freehold properties as the useful economic lives of these assets are of such length and the residual values are such that they are not materially different from the carrying amount and any depreciation would not be material. Residual values are reviewed annually and any impairment in value is provided for in the profit and loss account.

As no depreciation is charged on revalued assets, there is no excess over the notional historical cost depreciation charge and hence no amount of the revaluation reserve is transferred to the profit and loss reserve.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 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.

Profit and loss account

	Note	2008 £	2007 restated £
Turnover	1	7,903,244	8,038,216
Cost of sales		(5,463,314)	(5,712,376)
Gross profit		2,439,930	2,325,840
Other operating charges	2	(1,532,399)	(1,371,043)
Operating profit	3	907,531	954,797
Interest receivable	6	73,344	87,535
Interest payable and similar charges	7	(1,247,971)	(1,195,233)
Loss on ordinary activities before taxation		(267,096)	(152,901)
Tax on loss on ordinary activities	8	(4,920)	-
Loss for the financial year	21	(272,016)	(152,901)

All of the activities of the company are classed as continuing.

Note of historical cost profits and losses for the year ended 30 June 2008


	2008 £	2007 restated £
Reported loss on ordinary activities before taxation	(267,096)	(152,901)
Realisation of property revaluation gains of previous years	356,568	375,958
Historical cost profit on ordinary activities before taxation	89,472	223,057
Historical cost profit for the year retained after taxation	84,552	223,057


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

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	9	<u>28,224,838</u>	<u>33,560,353</u>
Current assets			
Debtors	10	3,086,333	3,742,310
Cash in hand		<u>28,401</u>	<u>57,429</u>
		3,114,734	3,799,739
Creditors: amounts falling due within one year	11	<u>(2,340,861)</u>	<u>(3,049,759)</u>
Net current assets		<u>773,873</u>	<u>749,980</u>
Total assets less current liabilities		<u>28,998,711</u>	<u>34,310,333</u>
Creditors: amounts falling due after more than one year	12	<u>(16,400,951)</u>	<u>(17,265,557)</u>
		<u>12,597,760</u>	<u>17,044,776</u>
Capital and reserves			
Called-up equity share capital	19	1,000	1,000
Revaluation reserve	20	12,478,051	17,009,619
Profit and loss account	21	<u>118,709</u>	<u>34,157</u>
Shareholders' funds	22	<u>12,597,760</u>	<u>17,044,776</u>

These financial statements were approved by the directors and authorised for issue on 22/01/09, and are signed on their behalf by:


Scott Hamilton
Director


Colin Higgins
Director

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	25	1,830,180	1,113,699
Returns on investments and servicing of finance	25	(1,174,627)	(1,107,698)
Capital expenditure and financial investment	25	947,771	1,004,653
Cash inflow before financing		<u>1,603,324</u>	<u>1,010,654</u>
Financing	25	(1,189,970)	(1,214,553)
Increase/(decrease) in cash	25	<u>413,354</u>	<u>(203,899)</u>

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

Other primary statements

Statement of total recognised gains and losses

	2008 £	2007 restated £
Loss for the financial year	(272,016)	(152,901)
Unrealised (loss)/profit on revaluation of freehold property	(4,175,000)	92,386
Total gains and losses recognised for the year	<u>(4,447,016)</u>	<u>(60,515)</u>

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

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	<u>7,903,244</u>	<u>8,038,216</u>

2 Other operating charges

	2008 £	2007 restated £
Administrative expenses	<u>1,532,399</u>	<u>1,371,043</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £	2007 restated £
Depreciation of owned fixed assets	51,741	53,223
Depreciation of assets held under hire purchase agreements	125,183	114,010
Loss on disposal of fixed assets	35,820	21,046
Operating lease costs:		
Property	2,862,852	2,084,410
Plant and equipment	10,937	5,712
Auditor's remuneration:		
Audit fees	12,600	12,075
Tax fees	3,600	12,950
Net loss/(profit) on foreign currency translation	<u>744</u>	<u>(12)</u>

4 Directors and employees

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

	2008 No	2007 No
Number of employees	<u>45</u>	<u>38</u>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	1,187,326	1,042,257
Social security costs	<u>105,545</u>	<u>97,479</u>
	<u>1,292,871</u>	<u>1,139,736</u>

5 Directors

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Emoluments receivable	<u>154,147</u>	<u>173,574</u>

6 Interest receivable

	2008 £	2007 £
Interest from group undertakings	<u>73,344</u>	<u>87,535</u>

7 Interest payable and similar charges

	2008 £	2007 £
Interest payable on bank borrowing	70,473	55,659
Finance charges payable under hire purchase agreements	21,904	20,329
Other similar charges payable	<u>1,155,594</u>	<u>1,119,245</u>
	<u>1,247,971</u>	<u>1,195,233</u>

8 Taxation on loss on ordinary activities

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 20.25% (2007-30%)	4,920	-
Total current tax	<u>4,920</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2007 - 30%).

	2008 £	2007 restated £
Loss on ordinary activities before taxation	<u>(267,096)</u>	<u>(152,901)</u>
Loss on ordinary activities by rate of tax	(54,087)	(45,870)
Expenses not deductible for tax purposes	31,585	17,165
Depreciation for the period in excess of capital allowances	(5,205)	11,275
Chargeable gain on disposal of revalued assets	32,627	17,430
Total current tax (note 8(a))	<u>4,920</u>	<u>-</u>

9 Tangible fixed assets

	Land and buildings £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost or valuation					
At 1 July 2007	32,845,000	1,431,320	23,147	322,400	34,621,867
Additions	-	9,733	-	3,974	13,707
Disposals	(995,000)	-	(7,660)	-	(1,002,660)
Revaluation	(4,175,000)	-	-	-	(4,175,000)
At 30 June 2008	<u>27,675,000</u>	<u>1,441,053</u>	<u>15,487</u>	<u>326,374</u>	<u>29,457,914</u>
Depreciation					
At 1 July 2007	-	782,391	11,536	267,587	1,061,514
Charge for the year	-	150,839	3,314	22,771	176,924
On disposals	-	-	(5,362)	-	(5,362)
At 30 June 2008	<u>-</u>	<u>933,230</u>	<u>9,488</u>	<u>290,358</u>	<u>1,233,076</u>
Net book value					
At 30 June 2008	<u>27,675,000</u>	<u>507,823</u>	<u>5,999</u>	<u>36,016</u>	<u>28,224,838</u>
At 30 June 2007	<u>32,845,000</u>	<u>648,929</u>	<u>11,611</u>	<u>54,813</u>	<u>33,560,353</u>

9 Tangible fixed assets (continued)

Included within the net book value of £28,224,838 is £278,819 (2007 - £324,002) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £125,183 (2007 - £114,010).

The properties were revalued on 30 June 2008 by Messrs Smith Melzack Pepper Angliss, external Chartered Surveyors. The basis of the valuation was open market value (excluding notional selling costs) and the deficit has been transferred from the revaluation reserve. The effect of the revaluation has no effect on depreciation as no depreciation is provided on this class of assets. If the properties had not been revalued they would have been included at a net book value on a historical cost basis of £14,525,801 (2007: £15,520,801). The accumulated depreciation of £nil is equal to the accumulated depreciation of £nil that would have been provided on a historical cost basis.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation, because, in the opinion of the directors, the assets are unlikely to be disposed of in the foreseeable future.

10 Debtors

	2008 £	2007 £
Trade debtors	592,320	879,483
Amounts owed by group undertakings	2,152,656	2,536,963
Other debtors	3,340	3,400
Prepayments and accrued income	338,017	322,464
	<u>3,086,333</u>	<u>3,742,310</u>

11 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	703,203	1,445,585
Trade creditors	297,623	648,579
Corporation tax	4,920	-
PAYE and social security	30,767	32,708
VAT	187,420	26,380
Amounts due under hire purchase agreements	144,649	170,013
Accruals and deferred income	972,279	726,494
	<u>2,340,861</u>	<u>3,049,759</u>

12 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans	16,330,554	17,107,142
Amounts due under hire purchase agreements	70,397	158,415
	<u>16,400,951</u>	<u>17,265,557</u>

Loans from Nationwide Building Society are secured by fixed and floating charges over the properties and other assets of the company. Natwest Bank plc have a first legal charge over a property with a net book value of £4.275m as at 30 June 2008 (2007: £4.5m).

13 Borrowings

Creditors include finance capital which is due for repayment as follows:

	2008 £	2007 £
Amounts repayable within 1 year or on demand	703,203	1,445,585
Amounts repayable between 1 and 2 years	16,330,554	17,107,142
	<u>17,033,757</u>	<u>18,552,727</u>

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2008 £	2007 £
Amounts payable within 1 year	144,649	170,013
Amounts payable between 1 and 2 years	68,114	117,702
Amounts payable between 3 and 5 years	2,283	40,713
	<u>215,046</u>	<u>328,428</u>

15 Deferred taxation

No provision has been made for deferred tax on gains recognised on revaluing the freehold property to its market value or the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £2,522,695 (2007: £3,429,009). At present it is not envisaged that any tax will become payable in the foreseeable future.

No deferred tax asset has been recognised for the tax losses available for offset against future taxable profits. The total deferred tax asset not yet recognised is £312,304 (2007: £299,719). In addition tax which would be due because of the effect accelerated capital allowances is also not recognised and totals £29,459 (2007: £52,703).

16 Leasing commitments

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	2,696,162	-	2,741,616	1,302
Within 2 to 5 years	-	13,385	358,800	3,017
	<u>2,696,162</u>	<u>13,385</u>	<u>3,100,416</u>	<u>4,319</u>

17 Contingent liabilities

There were no contingent liabilities as at 30 June 2008 and at 30 June 2007.

18 Related party transactions and ultimate controlling party

Osprey Investments Limited, a company incorporated in Guernsey, is the company's controlling related party by virtue of its 100% shareholding in the company. The ultimate controlling related party of the company is the Victor Trust which in turn controls Osprey Investments Limited.

Year end balances with related parties were as follows:

Debtors

	2008 £	2007 £
Healthy Direct Limited/Zouche Holding Limited** (1)		
- loan	3,266	417,690
- trade	-	3,795
Hub Europe.com Limited* (2)	-	-
Osprey Investments Limited** (2)		
- loan	2,089,390	2,050,957
- trade	-	4,521
Victor Trust*** (1)	60,000	60,000

* Entities incorporated in the United Kingdom;

** Entities incorporated in and/or resident in Guernsey; *** Guernsey Trust Fund.

(1) Related by common control;

(2) Related by common control and common directorship;

Related party transactions during the year were as follows:

Hub Europe.com Limited rented property from Shadowgrade Developments Limited at a cost of £106,242 (2007: £115,900).

Osprey Investments Limited charged £102,000 (2007: £102,000) to Shadowgrade Developments Limited in respect of management fees. Shadowgrade Developments Limited recharged Osprey Investments Limited accommodation costs of £5,872 (2007: £6,050).

19 Share capital

Authorised share capital:

	2008	2007
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

20 Revaluation reserve

	2008	2007
	£	restated £
Balance brought forward	17,009,619	17,293,191
Revaluation of fixed assets	(4,175,000)	92,386
Transfer to the profit and loss account on realisation	(356,568)	(375,958)
Balance carried forward	<u>12,478,051</u>	<u>17,009,619</u>

21 Profit and loss account

	2008	2007
	£	restated £
Balance brought forward	34,157	(188,900)
Loss for the financial year	(272,016)	(152,901)
Transfer from revaluation reserve	356,568	375,958
Balance carried forward	<u>118,709</u>	<u>34,157</u>

22 Reconciliation of movements in shareholders' funds

	2008	2007
	£	restated £
Loss for the financial year	(272,016)	(152,901)
Other net recognised gains and losses	(4,175,000)	92,386
Net reduction to shareholders' funds	(4,447,016)	(60,515)
Opening shareholders' funds	<u>17,044,776</u>	<u>17,105,291</u>
Closing shareholders' funds	<u>12,597,760</u>	<u>17,044,776</u>

23 Prior year adjustment

In the previous year, the reported profit on disposal of fixed assets was overstated by £375,958. This amount comprised revaluation gains already reported within the statement of total recognised gains and losses. On disposal, such gains should have been recognised as a transfer between the revaluation reserve and the profit and loss reserve. This has now been corrected and a reconciliation of profit to historical cost profit is included within the financial statements. The 2007 comparative numbers have been restated to reflect this change, resulting in an increase to other operating charges of £375,958. There was no impact on the closing balance position for the previous year as the amount has now been correctly included as a reserves transfer instead, see notes 20 and 21.

24 Capital commitments

There were no capital commitments as at 30 June 2008 and at 30 June 2007.

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	2007 restated £
Operating profit	907,531	954,797
Depreciation	176,924	167,233
Loss on disposal of fixed assets	35,820	21,046
Decrease in debtors	655,977	278,367
Increase/(decrease) in creditors	53,928	(307,744)
Net cash inflow from operating activities	<u>1,830,180</u>	<u>1,113,699</u>

Returns on investments and servicing of finance

	2008 £	2007 £
Income from group undertakings	73,344	87,535
Interest paid	(1,226,067)	(1,174,904)
Interest element of hire purchase	(21,904)	(20,329)
Net cash outflow from returns on investments and servicing of finance	<u>(1,174,627)</u>	<u>(1,107,698)</u>

Capital expenditure

	2008 £	2007 £
Payments to acquire tangible fixed assets	(13,707)	(249,081)
Receipts from sale of fixed assets	961,478	1,253,734
Net cash inflow from capital expenditure	<u>947,771</u>	<u>1,004,653</u>

25 Notes to the statement of cash flows (continued)

Financing

	2008 £	2007 £
Repayment of bank loans	(1,076,588)	(1,231,132)
Capital element of hire purchase	(113,382)	16,579
Net cash outflow from financing	<u>(1,189,970)</u>	<u>(1,214,553)</u>

Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
Increase/(decrease) in cash in the period	413,354	(203,899)
Net cash outflow from bank loans	1,076,588	1,231,132
Cash outflow in respect of hire purchase	113,382	(16,579)
	<u>1,603,324</u>	<u>1,010,654</u>
Change in net debt	1,603,324	1,010,654
Net debt at 1 July 2007	(18,823,726)	(19,834,380)
Net debt at 30 June 2008	<u>(17,220,402)</u>	<u>(18,823,726)</u>

Analysis of changes in net debt

	At 1 Jul 2007 £	Cash flows £	At 30 Jun 2008 £
Net cash:			
Cash in hand and at bank	57,429	(29,028)	28,401
Overdrafts	(1,145,585)	442,382	(703,203)
	<u>(1,088,156)</u>	<u>413,354</u>	<u>(674,802)</u>
Debt:			
Debt due within 1 year	(300,000)	300,000	-
Debt due after 1 year	(17,107,142)	776,588	(16,330,554)
Hire purchase agreements	(328,428)	113,382	(215,046)
	<u>(17,735,570)</u>	<u>1,189,970</u>	<u>(16,545,600)</u>
Net debt	<u>(18,823,726)</u>	<u>1,603,324</u>	<u>(17,220,402)</u>