

Clytha Holdings Limited

**Directors' report and consolidated
financial statements**

Registered Number 2543555

30 June 2008

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Company information

Directors: SOL Jonsson
SJ Wightman
D Fletcher
M Wadsworth (appointed 01/10/2007)

Company secretary: J Hopkins

Registered office: Eland Road
Denaby Main
Doncaster
DN12 4HA

Registered number: 2543555 (England and Wales)

Auditors: KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers: HSBC
P O Box 50
17 Church Street
Sheffield
S1 1HH

Solicitors: HLW
Commercial House
Commercial Street
Sheffield
S1 2AT

Directors' report

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

Principal activities

The company's principal activity is that of a holding company. Through its subsidiary undertakings, it carries on the business of specialist aluminium product design and development, aluminium and hardware stockholders and electrostatic powder coating.

The Directors are pleased to report an increase in turnover from £22.3m to £25.1m. This continues the encouraging trend of the last three years.

The additional turnover resulted from a combination of increased market share and a buoyant market for the first six months of the year.

Aluminium price stabilised after the second quarter and the first half years' increases were passed on to our customers.

Increased turnover and higher value added products resulted in operating profit increasing to £1,938,548 (2007: £1,919,760). Profit would have been better but for bad debts of £271,110; bad debts are unfortunately a feature of the sector and have been exacerbated by cost increases and in some cases overtrading. We have reviewed our credit control procedures and continue to monitor debtors closely.

The market place has become very tight over the last six months and with a continued slow down in the UK and world economies the Directors anticipate that the Company's performance will remain stable with modest growth through the next 12 months.

Proposed dividend

The directors do not recommend a dividend.

Directors

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

D Senior
SOL Jonsson
SJ Wightman
D Fletcher
M Wadsworth

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this 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 they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J Hopkins
Secretary

Eland Road
Denaby Main
Doncaster
DN12 4HA

25th NOVEMBER 2008

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company 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 judgments 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; 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 parent 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 group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Clytha Holdings Limited

We have audited the group and parent company financial statements of Clytha Holdings Limited for the year ended 30 June 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 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.

Independent auditors' report to the members of Clytha Holdings Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 30 June 2008 and of the group's 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 LLP

KPMG LLP
Chartered Accountants
Registered Auditor

25 November 2008

Consolidated profit and loss account
for the year ended 30 June 2008

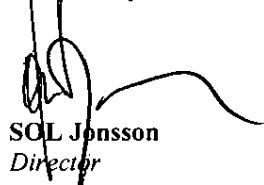
	<i>Note</i>	2008 £	2007 £
Turnover	1	25,054,475	22,329,573
Cost of sales		(15,310,422)	(13,678,940)
Gross profit		9,744,053	8,650,633
Administrative expenses		(7,805,505)	(6,730,873)
Operating profit		1,938,548	1,919,760
Loss on sale of fixed assets		(7,132)	(440)
Interest payable	5	(422,309)	(395,910)
Profit on ordinary activities before taxation	2-4	1,509,107	1,523,410
Tax on profit on ordinary activities	6	(341,895)	(419,646)
Profit for the financial year		1,167,212	1,103,764

There are no recognised gains or losses other than those shown above.

Consolidated balance sheet
at 30 June 2008

	Note	2008	2007
		£	£
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	3,164,070	2,953,605
		<u>3,164,070</u>	<u>2,953,605</u>
Current assets			
Stock	11	3,869,865	2,905,801
Debtors	12	8,656,875	6,271,484
Cash		27,148	3,364
		<u>12,553,888</u>	<u>9,180,649</u>
Creditors: amounts falling due within one year	13	(13,143,189)	(10,075,457)
Net current liabilities		<u>(589,301)</u>	<u>(894,808)</u>
Total assets less current liabilities		<u>2,574,769</u>	<u>2,058,797</u>
Creditors: amounts falling due after more than one year	14	(709,187)	(323,636)
Provisions for liabilities and charges	15	(260,847)	(215,138)
Net assets		<u>1,604,735</u>	<u>1,520,023</u>
Capital and reserves			
Called up share capital	16	7,819	10,819
Capital redemption reserve	17	170,750	150,250
Profit and loss account	17	1,426,166	1,358,954
Shareholders' funds	18	<u>1,604,735</u>	<u>1,520,023</u>

These financial statements were approved by the board of directors on **25 November** 2008 and were signed on its behalf by:


SCL Jonsson
Director

Company balance sheet
at 30 June 2008

	<i>Note</i>	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	9		171,703		181,716
Investments	10		91,750		91,750
			<u>263,453</u>		<u>273,466</u>
Current assets					
Debtors	12	2,466,379		2,346,172	
Cash		-		6,408	
		<u>2,466,379</u>		<u>2,352,580</u>	
Creditors: amounts falling due within one year	13	(1,410,915)		(1,524,894)	
		<u></u>		<u></u>	
Net current assets			1,055,464		827,686
			<u></u>		<u></u>
Total assets less current liabilities			1,318,917		1,101,152
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	14		(625,000)		(125,000)
			<u></u>		<u></u>
Net assets			693,917		976,152
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	16		7,819		10,819
Capital redemption reserve	17		170,750		150,250
Profit and loss account	17		515,348		815,083
			<u></u>		<u></u>
Shareholders' funds	18		693,917		976,152
			<u></u>		<u></u>

These financial statements were approved by the board of directors on ~~25 NOVEMBER~~ 2008 and were signed on its behalf by:


S. L. Jonsson
Director

Consolidated cash flow statement
for the year ended 30 June 2008

	<i>Note</i>	2008 £	2007 £
Cash inflow from operating activities	<i>20</i>	1,265,306	2,057,032
Returns on investments and servicing of finance	<i>21</i>	(422,309)	(395,910)
Taxation		(554,056)	(67,944)
Capital expenditure	<i>21</i>	(707,123)	(1,009,682)
Cash inflow before financing		(418,182)	583,496
Equity dividends paid		-	(54,095)
Financing	<i>21</i>	441,966	(537,346)
Increase/(decrease) in cash in the period		23,784	(7,945)

Reconciliation of net cash flow to movements in net debt

		2008 £	2007 £
Increase/(decrease) in cash in the period	<i>22</i>	23,784	(7,945)
Cash inflow/outflow from (increase)/decrease in debt and hire purchase financing	<i>22</i>	(1,541,966)	537,346
Change in net debt resulting from cash flows		(1,518,182)	529,401
Movement in net debt in the period		(1,518,182)	529,401
Net debt at start of the period	<i>22</i>	(3,862,914)	(4,392,315)
Net debt at the end of the period	<i>22</i>	(5,381,096)	(3,862,914)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Notwithstanding the fact that the group has net current liabilities the directors have prepared the accounts on the basis of a going concern as the profit and cashflow forecasts for the group indicate that they are profitable and that the group will continue to have availability of adequate cash funds for operational purposes for the foreseeable future.

Basis of consolidation

The consolidated financial statements incorporate the results of the parent company, Clytha Holdings Limited, and its subsidiary undertakings.

The acquisition method has been adopted in accounting for subsidiary undertakings. Under this method the results of the subsidiaries are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over a period of twenty years.

In accordance with Section 230(4) of the Companies Act 1985, Clytha Holdings Limited is exempt from the requirement to present its own profit and loss account.

Purchased goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised and amortised over a period of ten years.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Improvements to leasehold property	- Over life of lease
Plant and machinery	- Over 15 years
Plant and Machinery – Paint Line	- Over 20 years
Fixtures and fittings	- Over 4 years
Motor vehicles	- Over 4 years
Computer equipment	- Over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Notes (continued)

1 Accounting policies (continued)

Leases and hire purchase contracts

Assets acquired under finance lease and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The group participates in a group personal pension scheme. Contributions payable for the period are charged in the profit and loss account.

Related parties

The company has taken advantage of the exemption in Financial Reporting Standard Number 8, Related Party Disclosures, in respect of transactions with group companies as consolidated financial statements are being prepared.

Classification of financial instruments

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration		
Group - audit of financial statements of subsidiaries pursuant to legislation	23,000	25,000
- other services relating to taxation	5,000	5,000
Company - audit of these financial statements	5,000	6,000
- other services	2,000	2,000
Depreciation - owned assets	371,670	389,997
- assets on hire purchase contracts	124,988	141,400
Operating leases - plant and machinery	162,263	160,168
- property	725,336	522,056
Loss on sale of fixed assets	7,133	440
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2008 £	2007 £
Directors' emoluments	303,174	265,620
Group contributions to money purchase pension schemes	9,458	7,685

The emoluments of the highest paid director, excluding pension contributions, were £145,533 (2007: £140,626), and company pension contributions of £5,204 (2007: £5,004) were made to a money purchase scheme on his behalf.

	Number of directors 2008	2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	2

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	2008 Number	2007 Number
Administration	54	54
Warehouse and distribution	104	86
	158	140

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 £
Wages and salaries	3,492,004	3,083,898
Social security costs	319,876	272,070
Other pension costs	111,426	103,051
	3,923,306	3,459,019

Notes (continued)

5 Interest payable

	2008 £	2007 £
On bank loans and overdrafts	418,403	373,166
On all other loans	3,906	22,744
	<u>422,309</u>	<u>395,910</u>

6 Taxation

Analysis of charge in period

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on income for the period	400,000	410,527
Adjustments in respect of prior periods	(103,814)	(10,760)
	<u>296,186</u>	<u>399,767</u>
<i>Deferred tax (see note 15)</i>		
Deferred tax for the period	27,171	22,353
Adjustment in respect of previous years	18,538	(2,474)
	<u>45,709</u>	<u>19,879</u>
	<u>341,895</u>	<u>419,646</u>

The current tax charge for the period is lower (2007: lower) than the standard rate of corporation tax in the UK (28%, 2007: 30%). The differences are explained below.

	2008 £	2007 £
Current tax reconciliation		
Profit on ordinary activities before tax	1,509,107	1,523,410
	<u>422,550</u>	<u>457,023</u>
Current tax at 28% (2007: 30%)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	30,227	23,373
Capital allowances for period in excess of depreciation	15,263	(22,353)
Non taxable income	(1,297)	-
Timing differences deferred tax not provided	-	(62,597)
Previous Year Adjustments	(170,557)	4,321
	<u>296,186</u>	<u>399,767</u>

Notes (continued)

7 Dividends

The amounts waived are set out below:

	2008 £	2007 £
7,500 (2007: 10,500) A shares of £1 each	112,500	157,500
17,500 (2007: 35,000) C Preference shares of £1 each		
Waived	3,500	7,000
	<u>116,000</u>	<u>164,500</u>

8 Intangible fixed assets

Group	Purchased goodwill £	Goodwill on consolidation £	Total £
<i>Cost</i>			
At beginning and end of period	39,000	59,768	98,768
	<u>39,000</u>	<u>59,768</u>	<u>98,768</u>
<i>Amortisation</i>			
At beginning and end of period			
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At beginning and end of period	-	-	-
	<u> </u>	<u> </u>	<u> </u>
 Company			 Purchased Goodwill £
<i>Cost</i>			
At beginning and end of period			30,000
			<u>30,000</u>
<i>Amortisation</i>			
At beginning and end of period			30,000
			<u>30,000</u>
<i>Net book value</i>			
At beginning and end of period			-
			<u> </u>

Notes (continued)

9 Tangible fixed assets

Group	Improvements to leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At beginning of period	526,668	2,822,117	581,898	575,401	621,550	5,127,634
Additions	46,906	116,438	167,238	334,667	119,757	785,006
Disposals	-	-	-	(158,999)	-	(158,999)
At end of period	573,574	2,938,555	749,136	751,069	741,307	5,753,641
Depreciation						
At beginning of period	310,517	843,284	300,991	214,491	504,746	2,174,029
Charge for period	23,042	157,842	110,643	163,043	42,088	496,658
On disposals	-	-	-	(81,116)	-	(81,116)
At end of period	333,559	1,001,126	411,634	296,418	546,834	2,589,571
Net book value At 30 June 2008	240,015	1,937,429	337,502	454,651	194,473	3,164,070
At 30 June 2007	216,151	1,978,833	280,907	360,910	116,804	2,953,605

Company	Improvements to leasehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At beginning of period	283,232	28,245	124,994	101,022	537,493
Additions	-	-	64,322	643	64,965
Disposals	-	-	(34,205)	-	(34,205)
At end of period	283,232	28,245	155,111	101,665	568,253
Depreciation					
At beginning of period	183,383	28,245	43,127	101,022	355,777
Charge for period	6,886	-	37,321	129	44,336
Disposals	-	-	(3,563)	-	(3,563)
At end of period	190,269	28,245	76,885	101,151	396,550
Net book value At 30 June 2008	92,963	-	78,226	514	171,703
At 30 June 2007	99,849	-	81,867	-	181,716

Included in the total net book value of fixed assets is £ 462,750 (2007: £519,660), in respect of assets held under finance leases and similar hire purchase contracts. Depreciation on assets at the year end held under finance leases was £107,136 (2007: £111,915).

Notes (continued)

10 Fixed asset investments

Company	Shares £
<i>Cost and net book value</i>	
At beginning and end of period	91,750

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary holding	Country of incorporation	Principal activity	Class and % of shares held
Senior Architectural Systems Limited	England	Specialist aluminium stockholders	Ordinary 100%
Senior Aluminium Systems (Scotland) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (South) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (North) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (SE) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (Midlands) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (Design) Limited	England	Non-trading	Ordinary 100%
Senior Supplies Limited	England	Non-trading	Ordinary 100%
APC Coatings Limited	England	Non-trading	Ordinary and preference 100%
Architectural Power Coatings (Scotland) Limited	England	Non-trading	Ordinary 100%
Senior Coatings Limited	England	Non-trading	Ordinary 100%

11 Stock

	2008 £	Group 2007 £
Raw materials	155,802	128,609
Goods held for resale	3,714,063	2,777,192
	<u>3,869,865</u>	<u>2,905,801</u>

Notes (continued)

12 Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	8,023,991	5,652,514	-	-
Other debtors	632,884	618,970	10,833	14,528
Amounts owed by group undertakings	-	-	2,455,546	2,331,644
	<u>8,656,875</u>	<u>6,271,484</u>	<u>2,466,379</u>	<u>2,346,172</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Invoice discounting creditor	4,010,858	2,585,711	-	-
Bank loans and overdrafts	538,750	565,000	538,750	565,000
Obligations under finance leases and hire purchase contracts	114,449	206,931	-	27,008
Trade creditors	6,091,864	5,113,113	5,763	3,576
Other creditors	1,554,935	816,889	143,850	353,154
Amounts owed to group undertakings	-	-	188,403	188,403
Other taxes and social security	614,833	294,941	516,649	352,753
Corporation tax	200,000	457,872	-	-
Shares classified as liabilities	17,500	35,000	17,500	35,000
	<u>13,143,189</u>	<u>10,075,457</u>	<u>1,410,915</u>	<u>1,524,894</u>

Included within other creditors for both group and company is £nil (2007: £150,000) of loans due to certain directors. These loans were repaid in September 2007

Director	2008	2007
	£	£
GR Hall	-	-
JP Hannam	-	-
D Senior	-	50,000
L Jonsson	-	100,000
	<u>-</u>	<u>150,000</u>

Notes (continued)

14 Creditors: falling due after more than one year

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Bank loans	625,000	125,000	625,000	125,000
Obligations under finance leases and hire purchase contracts	84,187	198,636	-	-
	<u>709,187</u>	<u>323,636</u>	<u>625,000</u>	<u>125,000</u>

Analysis of debt

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Debts can be analysed as falling due:				
In one year or less, or on demand	4,681,557	3,542,642	-	627,008
Between one and two years	584,187	239,449	500,000	125,000
Between two and five years	125,000	84,187	125,000	-
	<u>5,390,744</u>	<u>3,866,278</u>	<u>625,000</u>	<u>752,008</u>

The maturity of obligations under finance lease and hire purchase contracts is as follows:

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Within one year	114,449	206,931	-	27,008
In the second to fifth years	84,187	198,636	-	-
	<u>198,636</u>	<u>405,567</u>	<u>-</u>	<u>27,008</u>

Included within creditors are bank loans for £1,125,000 (2007: £690,000), with interest payable at 2.75% (2007: 2.75%) above the bank base rate, secured by debentures across all group companies. The bank overdraft is repayable on demand and interest is payable at 2.5 % (2007: 2.5%) above the bank base rate.

Notes (continued)

15 Provisions for liabilities and charges

	Deferred taxation £
At beginning of period	215,138
Charge for the period	45,708
	<hr/>
At end of period	260,846
	<hr/>

	2008 £	2007 £
The amount provides for deferred taxation are set out below:		
Difference between accumulated depreciation and capital allowance	263,366	217,613
Other timing differences	(2,520)	(2,475)
	<hr/>	<hr/>
	260,846	215,138
	<hr/>	<hr/>

16 Called up share capital

Authorised

Number	Class	Nominal value	2008 £	2007 £
8,500 (2007: 10,500)	A shares	£1	8,500	11,500
17,500 (2007: 35,000)	C preference	£1	17,500	35,000
1,000	E shares	£1	1,000	1,000
			<hr/>	<hr/>
			27,000	47,500
			<hr/>	<hr/>

Allotted, called up and issued

Number	Class	Nominal value	2008 £	2007 £
7,500 (2007: 10,500)	A shares	£1	7,500	10,500
17,500 (2007: 35,000)	C preference	£1	17,500	35,000
319	E shares	£1	319	319
			<hr/>	<hr/>
			25,319	45,819
			<hr/>	<hr/>

Notes (continued)

16 Called up share capital (continued)

	2008 £	2007 £
Shares classified as equity	7,819	10,819
Shares classified as debt	17,500	35,000
	<u>25,319</u>	<u>45,819</u>

The classes of shares have the following rights:

Rights of A shares

Dividends

Cumulative net cash dividend of £20 per share per annum after the payment of dividends on B, C and D preference shares.

Dividends

The balance of such profits of the company available for dividend which are resolved to be distributed amongst the holders of the E shares.

Winding up

On winding up, a sum equal to the arrears on the dividends will be paid after the payment of arrears on the C preference shares dividends but in priority to the capital of any shares.

On winding up, after the payment of dividend arrears on A shares and C preference shares, and the return of capital on the C preference shares, the remaining assets of the company will be distributed to the A shareholders up to a maximum of £3,500,000.

Voting

The shares carry no voting rights.

Rights of C preference shares

Dividends

Cumulative Preferential Dividends of 20% per annum on capital.

Winding up

On winding up, a sum equal to the arrears on the dividends will be paid in priority to the capital and other dividend arrears of the company.

On winding up, after the payment of dividend arrears on A shares and C shares, the capital paid up will be repaid in priority to the A shares.

Voting

The shares carry no voting rights.

Notes (continued)

16 Called up share capital (continued)

Rights of E Shares

The balance of such profits of the company available for dividend which are resolved to be distributed amongst the holders of the E shares.

Winding up

On winding up, after the payment of dividend arrears on A shares and C preference shares, and the return of capital on the A shares and C preference shares and the remaining distribution to the A shareholders as set out above, the balance of the assets remaining will be distributed to the holders of the E shares.

Voting

The shares carry voting rights of one vote per share.

17 Reserves

	Capital redemption reserve		Profit and loss reserve	
	Group £	Company £	Group £	Company £
At beginning of period	150,250	150,250	1,358,954	815,083
Retained profit for the period	-	-	1,167,212	200,265
Dividend Receivable	-	-	-	600,000
Capital Restructuring Exercise	20,500	20,500	(1,100,000)	(1,100,000)
At end of period	170,750	170,750	1,426,166	515,348

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Profit for the financial period	1,167,212	1,103,764	200,265	145,351
Capital Restructuring exercise	(1,100,000)	-	(1,100,000)	-
Capital redemption reserve	20,500	-	20,500	-
Net redemption of shares previously in issue	(3,000)	-	(3,000)	-
Dividends Received	-	-	600,000	1,000,000
Dividends Paid	-	(54,095)	-	(54,095)
Opening shareholders' funds/(deficit)	1,520,023	470,354	976,152	(115,104)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	1,604,735	1,520,023	693,917	976,152
	<hr/>	<hr/>	<hr/>	<hr/>

19 Pension scheme

The group participates in a group personal pension scheme. The pension cost charge for the period represents contributions payable by the group to the fund and amounted to £111,426 (2007: £103,051). There were no outstanding or prepaid contributions at the beginning or end of the financial period.

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

	2008	2007
	£	£
Operating profit	1,938,548	1,919,760
Depreciation charges	496,658	531,397
Loss on disposal of fixed assets	(7,132)	(440)
Increase in stocks	(964,064)	(195,034)
Increase in debtors	(2,385,391)	(927,439)
Increase in creditors	2,186,687	728,348
	<hr/>	<hr/>
Net cash inflow from operating activities	1,265,306	2,057,032
	<hr/>	<hr/>

Notes (continued)

21 Analysis of cash flows

	2008		2007	
	£	£	£	£
Returns on investment and servicing of finance				
Interest paid and similar charges	422,309		395,910	
	<u>422,309</u>		<u>395,910</u>	
		<u>422,309</u>		<u>395,910</u>
Capital expenditure				
Purchase of tangible fixed assets	(785,006)		(1,032,922)	
Disposal of tangible fixed assets	77,883		23,240	
	<u>(707,123)</u>		<u>(1,009,682)</u>	
		<u>(707,123)</u>		<u>(1,009,682)</u>
Financing				
(Repayment of)/addition to invoice discounting facility	1,425,147		(517,828)	
Addition to/(Repayment of) bank loans and overdrafts	473,750		95,000	
Addition to/(Repayment of) hire purchase loans	(206,931)		155,482	
Capital Restructuring Exercise	(1,100,000)		-	
Repayment of other loans	(150,000)		(270,000)	
	<u>441,966</u>		<u>(537,346)</u>	
		<u>441,966</u>		<u>(537,346)</u>

22 Analysis of net debt

	2007	Cash flow	2008
	£	£	£
Cash in hand and at bank	3,364	23,784	27,148
	<u>3,364</u>	<u>23,784</u>	<u>27,148</u>
Invoice Discounting	(2,585,711)	(1,425,147)	(4,010,858)
Hire purchase	(405,567)	206,931	(198,636)
Bank loans	(690,000)	(473,750)	(1,163,750)
Other loans	(150,000)	150,000	-
Shares classified as liabilities	(35,000)	17,500	(17,500)
	<u>(3,866,278)</u>	<u>(1,524,466)</u>	<u>(5,390,744)</u>
Total	<u>(3,862,914)</u>	<u>(1,500,682)</u>	<u>(5,363,596)</u>

Notes (continued)

23 Commitments

(a) Annual commitments under non cancellable operating leases:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Property				
Ending in less than one year	-	23,333	-	-
Ending in two to five years	99,940	99,940	-	-
Ending after five years	547,006	489,006	390,506	390,506
	<u>646,946</u>	<u>612,279</u>	<u>390,506</u>	<u>390,506</u>
Plant and machinery				
Ending in less than one year	10,248	17,520	2,698	8,094
Ending in two to five years	210,727	163,258	-	-
Ending after five years	-	42,203	-	-
	<u>220,975</u>	<u>222,981</u>	<u>2,698</u>	<u>8,094</u>
	<u>867,921</u>	<u>835,260</u>	<u>393,204</u>	<u>398,600</u>

- (b) Capital commitments at the end of the financial period for which no provision has been made are £nil (2007: nil).
- (c) The group has a contingent asset relating to a rent deposit deed which could result in a payment to the group of £678,000. This amount is receivable in instalments when certain profit and net asset targets are achieved over a three year period.