Clytha Holdings Limited

Directors' report and consolidated financial statements

Registered Number 2543555

30 June 2010

Contents

Company information

Directors:	SOL Jonsson SJ Wightman D Fletcher M Wadsworth
Company secretary:	J Hopkins (resigned 18/03/2010) S J Wightman (appointed 18/03/2010, resigned 25/01/2011) T Rook (appointed 25/01/2011)
Registered office	Eland Road Denaby Main Doncaster South Yorkshire 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 2010

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 disappointed to report that the market is still very difficult and they have not been able to increase the group's turnover

In October 2009 the company acquired the trade and assets of AWJ Glass Ltd (in administration) AWJ Glass Ltd has been renamed to Senior Glass Systems Ltd (SGS) The business of AWJ had suffered a substantial amount of difficulties before it went in to administration and it has taken the remaining part of this financial year to rebuild the business and win back customer confidence As a consequence of the purchase of AWJ the financial performance of the group has suffered and made a loss before tax of £772,748 for the financial year *(2009 profit £139,504)* The fortunes of SGS have, however, now been turned around and the Directors expect SGS to give a positive contribution to the groups profits in 2010/11

Senior Architectural Systems Ltd has performed better this financial year thanks to improved cost controls and new products The new range of Hybrid and Aluminium suites have been well received by architects and main contractors and this has encourage several fabricators to open accounts with SAS to further use the new systems However the company has suffered a major loss with one of their customers getting in to financial difficulties and therefore a bad debt provision of £596,000 has been made in the accounts The Directors view this as a "one off" situation and they don't have any similar exposure to any other customers

The market place remains tight but with the cost reductions put in place the Company's performance will remain stable and improve

Proposed dividend

The directors do not recommend a dividend for the year *(2009 £125,104)*

Directors

The directors who held office during the period were as follows

SOL Jonsson
SJ Wightman
D Fletcher
M Wadsworth

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

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

T Rook
Secretary

Eland Road
Denaby Main
Doncaster
South Yorkshire
DN12 4HA
29 March 2011

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They 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

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's 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 2010 set out on pages 7 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

AJ Stone (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Leeds
LS1 4DW
Leeds

30 March 2011

Consolidated profit and loss account
for the year ended 30 June 2010

	Note	2010 £	2009 £
Turnover	1	19,876,936	20,046,229
Cost of sales		(11,897,755)	(12,057,853)
Gross profit		7,979,181	7,988,376
Administrative expenses		(8,494,713)	(7,524,938)
Operating profit before exceptional bad debt write off		80,468	463,438
Exceptional bad debt write off	2	(596,000)	-
Operating (loss)/profit		(515,532)	463,438
Gain/(loss) on sale of fixed assets		4,078	(2,292)
Interest payable	5	(261,294)	(321,642)
(Loss)/profit on ordinary activities before taxation	2-4	(772,748)	139,504
Tax on profit on ordinary activities	6	195,086	28,517
(Loss)/profit after tax		(577,662)	168,021

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

All profits are from continuing operations

Consolidated balance sheet

at 30 June 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Intangible assets	*8*		25,675		-
Tangible assets	*9*		2,819,997		2,981,933
			2,845,672		2,981,933
Current assets					
Stock	*11*	2,486,458		2,343,700	
Debtors	*12*	7,020,537		5,544,692	
Cash		564,205		-	
		10,071,200		7,888,392	
Creditors amounts falling due within one year	*13*	(11,374,656)		(8,969,501)	
Net current liabilities			(1,303,456)		(1,081,109)
Total assets less current liabilities			1,542,216		1,900,824
Creditors amounts falling due after more than one year	*14*		(416,169)		(25,869)
Provisions for liabilities and charges	*15*		(56,057)		(227,303)
Net assets			1,069,990		1,647,652
Capital and reserves					
Called up share capital	*16*		7,819		7,819
Capital redemption reserve	*17*		170,750		170,750
Profit and loss account	*17*		891,421		1,469,083
Shareholders' funds	*18*		1,069,990		1,647,652

These financial statements were approved by the board of directors on 29/03 2011 and were signed on its behalf by

SOL Jonsson
Director

Company balance sheet
at 30 June 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	*9*		185,383		164,732
Investments	*10*		91,750		91,750
			277,133		256,482
Current assets					
Debtors	*12*	1,571,119		2,034,353	
Cash		-		1,380	
		1,571,119		2,035,733	
Creditors amounts falling due within one year	*13*	(730,582)		(1,492 821)	
Net current assets			840,537		542,912
Total assets less current liabilities			1,117,670		799,394
Creditors amounts falling due after more than one year	*14*		(241,750)		(3,533)
Provisions for liabilities and charges	*15*		7,269		11,514
Net assets			883,189		807,375
Capital and reserves					
Called up share capital	*16*		7,819		7,819
Capital redemption reserve	*17*		170,750		170,750
Profit and loss account	*17*		704,620		628,806
Shareholders' funds	*18*		883,189		807,375

These financial statements were approved by the board of directors on 29/07 2011 and were signed on its behalf by

SOL Jonsson
Director

Consolidated cash flow statement
for the year ended 30 June 2010

	Note	2010 £	2009 £
Cash inflow from operating activities	20	**93,173**	2,281,941
Returns on investments and servicing of finance	21	**(261,294)**	(321,642)
Taxation		-	(200,000)
Capital expenditure	21	**(477,577)**	(419,783)
Cash inflow before financing		**(645,698)**	1,340,516
Equity dividends paid		-	(125,104)
Financing	21	**1,209,903**	(1,242,560)
Increase/(decrease) in cash in the period		**564,205**	(27,148)

Reconciliation of net cash flow to movements in net debt

	Note	2010 £	2009 £
Increase/(decrease) in cash in the period	22	**564,205**	(27,148)
Cash inflow/outflow from (increase)/decrease in debt and hire purchase financing	22	**(1,209,903)**	1,242,560
Change in net debt resulting from cash flows		**(645,698)**	1,215,412
Movement in net debt in the period		**(645,698)**	1,215,412
Net debt at start of the period	22	**(4,148,184)**	(5,363,596)
Net debt at the end of the period	22	**(4,793,882)**	(4,148,184)

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

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Going concern

The Group s business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 and 3 The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the cash flow statement and note 21 to the financial statements

The Group meets its day-to-day working capital requirements through an overdraft facility of £75,000 and an invoice factoring facility secured against 83% of the Group's debtor book The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of these current facilities These facilities have historically been provided on on-going rolling basis and as such some uncertainty exists in respect of the expiry date of the facilities Consequently these facilities have the characteristics of "on-demand" facilities

The group has commenced negotiations with its bankers in respect of formalising the term length of these facilities but at this stage not sought any written commitment in this respect However, based on discussions to date with its bankers about its future borrowing needs no matters have been drawn to the Group's attention to suggest that adequate facilities with appropriate formalised terms may not be forthcoming on acceptable terms

Accordingly, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

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

Profit on ordinary activities before taxation is stated after charging/(crediting)		**2010** **£**	2009 £
Auditors' remuneration			
Group	- audit of financial statements of subsidiaries pursuant to legislation	**16,000**	16,000
	- other services relating to taxation	**5,000**	5,000
Company	- audit of these financial statements	**5,000**	5,000
	- other services	**2,000**	2,000
Depreciation	- owned assets	**516,621**	497,592
	- assets on hire purchase contracts	**95,392**	104,329
Operating leases	- plant and machinery	**194,153**	186,920
	- property	**740,564**	702,433
(Gain)/loss on sale of fixed assets		**(4,078)**	2,292
Amortisation of acquired goodwill		**1,825**	-

Included within the operating loss for the year is an exceptional bad debt write off of £596,000 in relation to a customer that went into administration in March 2011

Notes *(continued)*

3 Remuneration of directors

	2010 £	2009 £
Directors' emoluments	**374,588**	338,124
Group contributions to money purchase pension schemes	**10,987**	11,294

The emoluments of the highest paid director, excluding pension contributions were £159,208 *(2009 £159,208)* and company pension contributions of £4,287 *(2009 £ 5,358)* were made to a money purchase scheme on his behalf

	Number of directors 2010	2009
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**3**	3

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

	2010 Number	2009 Number
Administration	**53**	52
Warehouse and distribution	**82**	92
	135	144

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	**3,031,558**	3,411,242
Social security costs	**290,553**	319,591
Other pension costs	**110,666**	151,732
	3,432,777	3,882,565

Notes *(continued)*

5 Interest payable

	2010	2009
	£	£
On bank loans and overdrafts	**261,294**	321,592
On all other loans	-	50
	261,294	321,642

6 Taxation

Analysis of charge in period

	2010	2009
	£	£
UK corporation tax		
Current tax on income for the period	-	22,036
Adjustments in respect of prior periods	**(23,840)**	(17,010)
Total current tax	**(23,840)**	5,026
Deferred tax (see note 15)		
Deferred tax for the period	**(192,022)**	(19,791)
Adjustment in respect of previous years	**20,776**	(13,752)
Total deferred tax	**(171,246)**	(33,543)
Tax on loss on ordinary activities	**(195,086)**	(28,517)

The current tax charge for the period is lower *(2009 lower)* than the standard rate of corporation tax in the UK of 28%, *(2009 28%)* The differences are explained below

	2010	2009
	£	£
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(772,748)**	139,504
Current tax at 28% *(2009 28%)*	**(216,369)**	39,061
Effects of		
Expenses not deductible for tax purposes	**51,799**	47,983
Capital allowances for period in excess of depreciation	**24,203**	19,436
Non taxable income	**(16,800)**	(16,799)
Short term timing differences	-	355
UK tax not at standard rate	**(165)**	(7,347)
Industrial building allowance	**(538)**	(1,591)
Small companies relief and tax credit re mistake claim	**(2,364)**	(59,062)
Previous year adjustments	**(24,337)**	(17,010)
Tax credit available	**(7,088)**	-
Tax losses carried forward	**167,819**	-
Total current tax credit (see above)	**(23,840)**	5,026

Notes *(continued)*

7 Dividends

The amounts waived are set out below

	2010 £	2009 £
7,500 *(2009 7,500)* A shares of £1 each	**30,000**	30,000
17,500 (*2009 17,500*) C Preference shares of £1 each Waived	**3,500**	3,500
	33,500	33,500

8 Intangible fixed assets

Group	Purchased goodwill £	Goodwill on consolidation £	Total £
Cost			
At beginning of period	39,000	59,768	98,768
Addition	27,500	-	27,500
At end of period	66,500	59,768	126,268
Amortisation			
At beginning of period	39,000	59,768	98,768
Charge for year	1,825	-	1,825
At end of period	40,825	59,768	100,593
Net book value			
At end of period	25,675	-	25,675

Company	Purchased Goodwill £
Cost	
At beginning and end of period	30,000
Addition	-
At end of period	30,000
Amortisation	
At beginning of period	30,000
Charge for the period	-
At end of period	30,000
Net book value	
At end of period	-

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	579,114	2,980,963	870,381	823,818	837,620	6,091,896
Additions	-	59,229	29,821	152,114	41,645	282,809
Disposals	-	-	-	(163,371)	-	(163,371)
Acquisition	-	212,500	3,137	5,044	1,863	222,544
At end of period	579,114	3,252,692	903,339	817,605	881,128	6,433,878
Depreciation						
At beginning of period	357,155	1,165,859	558,566	413,539	614,844	3,109,963
Charge for period	23,596	178,030	158,291	171,391	80,705	612,013
On disposals	-	-	-	(108,095)	-	(108,095)
At end of period	380,751	1,343,889	716,857	476,835	695,549	3,613,881
Net book value						
At 30 June 2010	**198,363**	**1,908,803**	**186,482**	**340,770**	**185,579**	**2,819,997**
At 30 June 2009	221,959	1,815,104	311,815	410,279	222,776	2,981,933

Company	Improvements to leasehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At beginning of period	283,232	28,245	205,111	101,665	618,253
Additions	-	-	93,488	-	93,488
Disposals	-	-	(51,426)	-	(51,426)
At end of period	283,232	28,245	247,173	101,665	660,315
Depreciation					
At beginning of period	197,155	28,245	126,841	101,280	453,521
Charge for period	6,886	-	42,140	129	49,155
Disposals	-	-	(27,743)	-	(27,743)
At end of period	204,040	28,245	141,238	101,409	474,932
Net book value					
At 30 June 2010	**79,192**	-	**105,935**	**256**	**185,383**
At 30 June 2009	86,077	-	78,270	385	164,732

Included in the total net book value of fixed assets is £522,520 *(2009 £388,630)*, 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 £95,392 *(2009 £104,329)*

Notes *(continued)*

10 Fixed asset investments

Company	**Shares**
	£
Cost and net book value	
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 Glass Systems Limited	England	Glass manufacturers	Ordinary 100%
Senior Aluminium Systems (Scotland) 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

	Group	
	2010	2009
	£	£
Raw materials	**157,561**	151,127
Goods held for resale	**2,328,897**	2,192,573
	2,486,458	2,343,700

Notes *(continued)*

12 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	**6,067,346**	4,976,514	**-**	-
Other debtors	**947,891**	568,178	**19,098**	8,149
Amounts owed by group undertakings	**-**	-	**1,546,071**	2,026,204
VAT debtor	**-**	-	**5,950**	-
Corporation tax recoverable	**5,300**	-	**-**	-
	7,020,537	5,544,692	**1,571,119**	2,034,353

13 Creditors amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Invoice discounting creditor	**4,456,566**	3,294,167	**-**	-
Bank loans and overdrafts	**198,333**	661,855	**362,558**	625,000
Other loans	**115,639**	-	**87,500**	-
Obligations under finance leases and hire purchase contracts	**153,880**	148,793	**28,468**	20,625
Trade creditors	**4,489,697**	2,985,601	**3,585**	4,624
Other creditors	**1,560,669**	1,426,824	**230,971**	270,333
Amounts owed to group undertakings	**-**	-	**-**	188,403
Other taxes and social security	**382,371**	429,736	**-**	366,336
Corporation tax	**-**	5,025	**-**	-
Shares classified as liabilities	**17,500**	17,500	**17,500**	17,500
	11,374,655	8,969,501	**730,582**	1,492,821

Notes *(continued)*

14 Creditors, falling due after more than one year

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Bank loans	**110,000**	-	-	-
Other loans	**271,878**	-	**218,650**	-
Obligations under finance leases and hire purchase contracts	**34,291**	25,869	**23,100**	3,533
	416,169	25,869	**241,750**	3,533

Analysis of debt

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Debts can be analysed as falling due				
In one year or less, or on demand	**4,941,918**	4,122,315	**519,030**	-
Between one and two years	**223,263**	25,869	**87,504**	3,533
Between two and five years	**192,906**	-	**131,242**	-
	5,358,087	4,148,184	**737,776**	3,533

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

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Within one year	**153,880**	148,793	**28,468**	20,625
In the second to fifth years	**34,291**	25,869	**23,100**	3,533
	188,171	174,662	**51,568**	24,158

Included within creditors are bank loans for £308,333 *(2009 £625,000)*, with interest payable at 2 75% *(2009 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% *(2009 2 5%)* above the bank base rate

The bank loans are secured against various assets of the company and are repayable over 3 years Interest is payable at 3% per annum Other loans relate to a loan from South Yorkshire Investment Fund and is repayable over 3 years Interest is payable at 12% per annum

Notes *(continued)*

15 Provisions for liabilities and charges

Group

	Deferred taxation
	£
At beginning of period	227,303
Credit for the period	(171,246)
At end of period	**56,057**

The amount provides for deferred taxation are set out below	**2010**	2009
	£	£
Difference between accumulated depreciation and capital allowance	**226,844**	230,272
Other timing differences	**(2,968)**	(2,969)
Tax losses	**(167,819)**	-
	56,057	227,303

Company

	Deferred taxation
	£
At beginning of period	(11,514)
Charge for the period	4,245
At end of period	**(7,269)**

The amount provides for deferred taxation are set out below	**2010**	2009
	£	£
Difference between accumulated depreciation and capital allowance	**(6,958)**	(11,203)
Other timing differences	**(311)**	(311)
	(7,269)	(11,514)

Notes *(continued)*

16 Called up share capital

Authorised

Number	*Class*	*Nominal value*	**2010** **£**	2009 £
8,500 *(2009 8 500)*	A shares	£1	**8,500**	8,500
17,500 *(2009 17,500)*	C preference	£1	**17,500**	17,500
1,000 *(2009 1,000)*	E shares	£1	**1,000**	1,000
			27,000	27,000

Allotted, called up and issued

Number	*Class*	*Nominal value*	**2010** **£**	2009 £
7,500 *(2009 7 500)*	A shares	£1	**7,500**	7,500
17,500 *(2009 17 500)*	C preference	£1	**17,500**	17,500
319 *(2009 319)*	E shares	£1	**319**	319
			25,319	25,319

Notes *(continued)*

16 Called up share capital *(continued)*

	2010	2009
	£	£
Shares classified as equity	7,819	7,819
Shares classified as debt	17,500	17,500
	25,319	25,319

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	170,750	170,750	1,469,083	628,806
Retained (loss)/profit for the period	-	-	(577,662)	75,814
At end of period	**170,750**	**170,750**	**891,421**	**704,620**

Notes *(continued)*

18 Reconciliation of movements in shareholders' funds

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Profit for the financial period	**(577,662)**	168,021	**75,814**	238,562
Dividends Paid	-	(125,104)	-	(125,104)
Opening shareholders' funds	**1,647,652**	1,604,735	**807,375**	693,917
Closing shareholders' funds	**1,069,990**	1,647,652	**883,189**	807,375

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 £110,666 *(2009 £151,732)* 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

	2010	2009
	£	£
Operating (loss)/profit	**(515,532)**	463,438
Depreciation and related charges	**613,838**	601,921
Gain/(loss) on disposal of fixed assets	**4,078**	(2,292)
(Increase)/decrease in stocks	**(142,758)**	1,526,165
(Increase)/decrease in debtors	**(1,457,299)**	3,112,183
(Decrease)/increase in creditors	**1,590,846**	(3,419,474)
Net cash inflow from operating activities	**93,173**	2,281,941

Notes *(continued)*

21 Analysis of cash flows

	2010 £	£	2009 £	£
Returns on investment and servicing of finance				
Interest paid and similar charges	261,294		321,642	
		261,294		321,642
Capital expenditure				
Purchase of tangible fixed assets	(505,350)		(448,175)	
Disposal of tangible fixed assets	55,273		28,392	
Purchased goodwill	(27,500)		-	
		(477,577)		(419,783)
Financing				
Addition to/(repayment of) invoice discounting facility	1,162,399		(716,691)	
(Repayment of) bank loans	(353,522)		(501,895)	
Addition to other loans	387,517		-	
Addition to/(Repayment of) hire purchase loans	13,509		(23,974)	
		1,209,903		(1,242,560)

22 Analysis of net debt

	2009 £	Cash flow £	2010 £
Cash in hand and at bank	-	564,205	564,205
	-	564,205	564,205
Invoice Discounting	(3,294,167)	(1,162,399)	(4,456,566)
Hire purchase	(174,662)	(13,509)	(188,171)
Bank loans	(661,855)	353,522	(308,333)
Other loans	-	(387,517)	(387,517)
Shares classified as liabilities	(17,500)	-	(17,500)
	(4,148,184)	(1,209,903)	(5,358,087)
Total	(4,148,184)	(645,698)	(4,793,882)

Notes *(continued)*

23 Commitments

(a) Annual commitments under non cancellable operating leases

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Property				
Ending in less than one year	29,000	38,485	-	-
Ending in two to five years	43,500	72,500	-	-
Ending after five years	622,506	622,506	390,506	390,506
	695,006	733,491	390,506	390,506
Plant and machinery				
Ending in less than one year	51,676	22,957	2,698	2,698
Ending in two to five years	153,374	170,741	-	-
Ending after five years	-	31,352	-	-
	205,050	225,050	2,698	2,698
	900,056	958,541	393,204	393,204

(b) Capital commitments at the end of the financial period for which no provision has been made are £nil *(2009 £nil)*

(c) The group has a contingent asset relating to a rent deposit deed which could result in a payment to the group of £514,000 This amount is receivable in instalments when certain profit and net asset targets are achieved over a three year period