COMPANY REGISTRATION NUMBER 05467449

# REFLEX 2005 LIMITED

# FINANCIAL STATEMENTS

## 31 DECEMBER 2008



**HMT ASSURANCE LLP**
Chartered Accountants & Registered Auditors
5 Fairmile
Henley on Thames
Oxfordshire
RG9 2JR

# REFLEX 2005 LIMITED

## FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2008

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# REFLEX 2005 LIMITED

## THE DIRECTORS' REPORT

## YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2008.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**
The principal activity of the company during the period was that of a holding company.

Despite the challenging economic conditions in the second half of 2008, the Group has remained profitable and generated sufficient cash to more than meet its liabilities as they became due.

Turnover was slightly down on 2007 reflecting the downturn in the general economy, and pressure on margins increased as the market place grew more competitive.

During the year the Group continued its policy of investing in experienced and knowledgeable staff to provide a high quality level of service to its customers. During the year staff numbers increased from 42 to 47 augmented by sub contractors as required.

Control of working capital remains good with stock levels kept to the minimum and debtors under control.

Going forward the Directors anticipate that 2009 will continue the trend of the later part of 2008 with a highly competitive market particularly in the corporate sector. However with its investment in staff and focus on the higher education market the Directors are confident that the Group will continue to be profitable and cash positive.

**RESULTS AND DIVIDENDS**
The loss for the year, after taxation, amounted to £24,718. The directors have not recommended a dividend.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**
The board of directors is responsible for assessing and monitoring the major risks that face the business. Through regular, scheduled review meetings with responsible members of management, appropriate policies are put in place to manage key areas of uncertainty and ensure that the organisation's financial objectives are delivered.

**THE DIRECTORS AND THEIR INTERESTS**
The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Class of share | At 31 December 2008 | At 1 January 2008 |
|---|---|---|---|
| A Brymer | Ordinary | **74,922** | 74,922 |
| R Dreesden | Ordinary | **303,030** | 303,030 |
| W Jepps | Ordinary | **303,030** | 303,030 |

**DIRECTORS' RESPONSIBILITIES**
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group 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 group'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**
During the year Hurst Morrison Thomson LLP the Company's auditor transferred its assurance business to HMT Assurance LLP. The Directors consented to treating the appointment of Hurst Morrison Thomson LLP as extending to HMT Assurance LLP. A resolution to appoint HMT Assurance LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
1 Bennet Court
Bennet Road
Reading
Berkshire
RG2 0QZ

Signed on behalf of the directors

W Jepps
Company Secretary

Approved by the directors on 21-04-2009

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF REFLEX 2005 LIMITED

## YEAR ENDED 31 DECEMBER 2008

**HMT Assurance**
5 Fairmile
Henley-on-Thames
Oxfordshire RG9 2JR
telephone: 01491 579866
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www.hmtgroup.com

We have audited the group and parent company financial statements ("the financial statements") of Reflex 2005 Limited for the year ended 31 December 2008, which have been prepared on the basis of the accounting policies set out on pages 10 to 12.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 financial statements in accordance with applicable law and United Kingdom 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the parent company's affairs as at 31 December 2008 and of the group's 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 Directors' Report is consistent with the financial statements.

HMT Assurance LLP

HMT ASSURANCE LLP
Chartered Accountants
& Registered Auditors

5 Fairmile
Henley on Thames
Oxfordshire
RG9 2JR

21st April, 2009

# REFLEX 2005 LIMITED

## PROFIT AND LOSS ACCOUNT

## YEAR ENDED 31 DECEMBER 2008

| | Note | 2008<br>£ | 2007<br>£ |
|---|---|---|---|
| **GROUP TURNOVER** | 2 | **8,626,804** | 8,972,992 |
| Cost of sales | | **5,246,114** | 5,684,607 |
| **GROSS PROFIT** | | **3,380,690** | 3,288,385 |
| Distribution costs | | **281,600** | 245,549 |
| Administrative expenses | | **2,955,834** | 2,768,964 |
| **OPERATING PROFIT** | 3 | **143,256** | 273,872 |
| Interest receivable | | **3,068** | 3,387 |
| Interest payable and similar charges | 6 | **(117,758)** | (130,478) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **28,566** | 146,781 |
| Tax on profit on ordinary activities | 7 | **53,284** | 123,323 |
| **(LOSS)/PROFIT FOR THE FINANCIAL YEAR** | 8 | **(24,718)** | 23,458 |

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

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

**The notes on pages 10 to 19 form part of these financial statements.**

# REFLEX 2005 LIMITED

## GROUP BALANCE SHEET

## 31 DECEMBER 2008

| | Note | 2008<br>£ | 2007<br>£ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 9 | **2,725,506** | 2,891,460 |
| Tangible assets | 10 | **52,002** | 64,331 |
| | | **2,777,508** | 2,955,791 |
| **CURRENT ASSETS** | | | |
| Stocks | 12 | **232,810** | 156,576 |
| Debtors | 13 | **1,594,252** | 943,653 |
| Cash at bank and in hand | | **233,667** | 32,593 |
| | | **2,060,729** | 1,132,822 |
| **CREDITORS: Amounts falling due within one year** | 15 | **2,561,290** | 1,646,948 |
| **NET CURRENT LIABILITIES** | | **(500,561)** | (514,126) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,276,947** | 2,441,665 |
| **CREDITORS: Amounts falling due after more than one year** | 16 | **1,320,822** | 1,460,822 |
| | | **956,125** | 980,843 |
| **CAPITAL AND RESERVES** | | | |
| Called-up equity share capital | 19 | **745,398** | 745,398 |
| Other reserves | 20 | **3,816** | 3,816 |
| Profit and loss account | 20 | **206,911** | 231,629 |
| **SHAREHOLDERS' FUNDS** | 21 | **956,125** | 980,843 |

These financial statements were approved by the directors and authorised for issue on ..21/04/09.., and are signed on their behalf by:

Director

**The notes on pages 10 to 19 form part of these financial statements.**

# REFLEX 2005 LIMITED

## BALANCE SHEET

## 31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 11 | **3,075,909** | 3,075,909 |
| **CURRENT ASSETS** | | | |
| Debtors | 13 | **319,902** | 219,122 |
| Cash at bank | | **4** | 5,164 |
| | | **319,906** | 224,286 |
| **CREDITORS: Amounts falling due within one year** | 15 | **1,325,779** | 1,090,159 |
| **NET CURRENT LIABILITIES** | | **(1,005,873)** | (865,873) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,070,036** | 2,210,036 |
| **CREDITORS: Amounts falling due after more than one year** | 16 | **1,320,822** | 1,460,822 |
| | | **749,214** | 749,214 |
| **CAPITAL AND RESERVES** | | | |
| Called-up equity share capital | 19 | **745,398** | 745,398 |
| Other reserves | 20 | **3,816** | 3,816 |
| **SHAREHOLDERS' FUNDS** | | **749,214** | 749,214 |

These financial statements were approved by the directors and authorised for issue on ..21/04/09.., and are signed on their behalf by:

Director

**The notes on pages 10 to 19 form part of these financial statements.**

# REFLEX 2005 LIMITED

## GROUP CASH FLOW STATEMENT

## YEAR ENDED 31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **NET CASH INFLOW FROM OPERATING ACTIVITIES** | | **83,244** | 311,583 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | |
| Interest received | | **3,068** | 3,387 |
| Interest paid | | **(117,758)** | (130,478) |
| **NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | **(114,690)** | (127,091) |
| **TAXATION** | | **(84,384)** | (142,468) |
| **CAPITAL EXPENDITURE** | | | |
| Payments to acquire tangible fixed assets | | **(32,903)** | (50,932) |
| **NET CASH OUTFLOW FROM CAPITAL EXPENDITURE** | | **(32,903)** | (50,932) |
| **CASH OUTFLOW BEFORE FINANCING** | | **(148,733)** | (8,908) |
| **FINANCING** | | | |
| Purchase of own equity shares | | – | (3,816) |
| Discount on purchase of own equity shares | | – | 3,434 |
| Net inflow from other short-term creditors | | **489,807** | 200,496 |
| Net outflow from other long-term creditors | | **(140,000)** | (140,000) |
| **NET CASH INFLOW FROM FINANCING** | | **349,807** | 60,114 |
| **INCREASE IN CASH** | | **201,074** | 51,206 |

## RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2008 £ | 2007 £ |
|---|---|---|
| Operating profit | **143,256** | 273,872 |
| Amortisation | **165,954** | 173,998 |
| Depreciation | **44,458** | 50,453 |
| Loss on disposal of fixed assets | **774** | 308 |
| Increase in stocks | **(76,234)** | (53,915) |
| Increase in debtors | **(664,376)** | (228,475) |
| Increase in creditors | **469,412** | 95,342 |
| Net cash inflow from operating activities | **83,244** | 311,583 |

**The notes on pages 10 to 19 form part of these financial statements.**

# REFLEX 2005 LIMITED

## GROUP CASH FLOW STATEMENT *(continued)*

## YEAR ENDED 31 DECEMBER 2008

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2008 £ | 2007 £ |
|---|---|---|
| Increase in cash in the period | **201,074** | 51,206 |
| Net (inflow) from other short-term creditors | **(489,807)** | (200,496) |
| Net cash outflow from other long-term creditors | **140,000** | 140,000 |
| | **(148,733)** | (9,290) |
| Change in net debt | **(148,733)** | (9,290) |
| Net debt at 1 January 2008 | **(1,731,418)** | (1,722,128) |
| Net debt at 31 December 2008 | **(1,880,151)** | (1,731,418) |

### ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Jan 2008 £ | Cash flows £ | At 31 Dec 2008 £ |
|---|---|---|---|
| Net cash: | | | |
| Cash in hand and at bank | 32,593 | 201,074 | 233,667 |
| Debt: | | | |
| Debt due within 1 year | (303,189) | (489,807) | (792,996) |
| Debt due after 1 year | (1,460,822) | 140,000 | (1,320,822) |
| | (1,764,011) | (349,807) | (2,113,818) |
| Net debt | (1,731,418) | (148,733) | (1,880,151) |

The notes on pages 10 to 19 form part of these financial statements.

### 1. ACCOUNTING POLICIES

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

**Turnover**

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

**Amortisation**

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

| | | |
|---|---|---|
| Goodwill | - | 20 years |

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

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

| | | |
|---|---|---|
| Leasehold Property | - | 4 years |
| Plant & Machinery | - | 3 to 7 years |
| Fixtures & Fittings | - | 7 years |
| Equipment | - | 2 to 4 years |

**Stocks**

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

1. **ACCOUNTING POLICIES** *(continued)*

**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.

**Pension costs**

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

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, 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**

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.

### 1. ACCOUNTING POLICIES *(continued)*

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

### 2. TURNOVER

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

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| United Kingdom | 8,300,823 | 8,747,860 |
| Overseas | 325,981 | 225,132 |
| | 8,626,804 | 8,972,992 |

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Amortisation | 165,954 | 173,998 |
| Depreciation of owned fixed assets | 44,458 | 50,453 |
| Loss on disposal of fixed assets | 774 | 308 |
| Auditor's remuneration | | |
| - as auditor | 9,000 | 9,000 |
| - for other services | 3,500 | 3,500 |
| Operating lease costs: | | |
| Plant and equipment | 3,716 | 5,178 |
| Other | 206,980 | 199,548 |
| Net profit on foreign currency translation | (2,199) | (9,605) |

## 4. PARTICULARS OF EMPLOYEES

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

| | 2008 | 2007 |
|---|---|---|
| | No | No |
| Number of administrative staff | 23 | 22 |
| Number of management staff | 15 | 13 |
| Number of other staff - definable | 9 | 8 |
| | 47 | 43 |

The aggregate payroll costs of the above were:

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 1,874,643 | 1,716,078 |
| Social security costs | 169,514 | 159,039 |
| Other pension costs | 37,662 | 32,960 |
| | 2,081,819 | 1,908,077 |

## 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Emoluments receivable | 235,513 | 226,188 |
| Value of company pension contributions to money purchase schemes | 13,895 | 13,458 |
| | 249,408 | 239,646 |

**Emoluments of highest paid director:**

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Total emoluments (excluding pension contributions) | 79,598 | 82,102 |
| Value of company pension contributions to money purchase schemes | 6,458 | 6,458 |
| | 86,056 | 88,560 |

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

| | 2008 | 2007 |
|---|---|---|
| | No | No |
| Money purchase schemes | 3 | 3 |

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Interest payable on bank borrowing | **16,849** | 23,435 |
| Other similar charges payable | **100,909** | 107,043 |
| | **117,758** | 130,478 |

## 7. TAXATION ON ORDINARY ACTIVITIES

**(a) Analysis of charge in the year**

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year at 28% (2007 - 30%) | **39,507** | 84,384 |
| (Over)/under provision in prior year | **-** | 31,153 |
| Total current tax | **39,507** | 115,537 |
| Deferred tax: | | |
| Origination and reversal of timing differences (note 14) | | |
| Capital allowances | **8,214** | 7,731 |
| Other | **5,563** | 55 |
| Total deferred tax (note 14) | **13,777** | 7,786 |
| Tax on profit on ordinary activities | **53,284** | 123,323 |

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007 - 30%).

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before taxation | **28,566** | 146,781 |
| Profit on ordinary activities by rate of tax | **7,998** | 44,034 |
| Expenses not deductible for tax purposes | **50,389** | 59,199 |
| Depreciation in excess of capital allowances | **(5,709)** | (7,732) |
| Other timing differences | **(2,085)** | (55) |
| Small companies relief | **(11,086)** | (11,062) |
| Adjustments to tax charge in respect of previous periods | **-** | 31,153 |
| Total current tax (note 7(a)) | **39,507** | 115,537 |

### 8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £Nil (2007 - £382).

### 9. INTANGIBLE FIXED ASSETS

| Group | Goodwill £ |
|---|---|
| **COST** | |
| **At 1 January 2008 and 31 December 2008** | **3,319,072** |
| **AMORTISATION** | |
| At 1 January 2008 | 427,612 |
| Charge for the year | 165,954 |
| **At 31 December 2008** | **593,566** |
| **NET BOOK VALUE** | |
| **At 31 December 2008** | **2,725,506** |
| At 31 December 2007 | 2,891,460 |

The goodwill has arisen on consolidation and is being written off over twenty years.

### 10. TANGIBLE FIXED ASSETS

| Group | Leasehold Property £ | Plant & Machinery £ | Fixtures & Fittings £ | Equipment £ | Total £ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 January 2008 | 30,786 | 58,888 | 11,899 | 58,857 | 160,430 |
| Additions | – | 15,631 | – | 17,272 | 32,903 |
| Disposals | – | (24,225) | – | (26,470) | (50,695) |
| **At 31 December 2008** | **30,786** | **50,294** | **11,899** | **49,659** | **142,638** |
| **DEPRECIATION** | | | | | |
| At 1 January 2008 | 25,189 | 27,082 | 8,200 | 35,628 | 96,099 |
| Charge for the year | 3,202 | 17,432 | 1,068 | 22,756 | 44,458 |
| On disposals | – | (23,586) | – | (26,335) | (49,921) |
| **At 31 December 2008** | **28,391** | **20,928** | **9,268** | **32,049** | **90,636** |
| **NET BOOK VALUE** | | | | | |
| **At 31 December 2008** | **2,395** | **29,366** | **2,631** | **17,610** | **52,002** |
| At 31 December 2007 | 5,597 | 31,806 | 3,699 | 23,229 | 64,331 |

### 11. INVESTMENTS

| Company | Group companies £ |
|---|---|
| **COST** | |
| At 1 January 2008 and 31 December 2008 | **3,075,909** |
| **NET BOOK VALUE** | |
| **At 31 December 2008** | **3,075,909** |
| At 31 December 2007 | 3,075,909 |

| | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| **Subsidiary undertakings** | | | | |
| Reflex Audio Visual Limited | England | Ordinary shares | 100% | Non trading |
| Reflex Limited | England | Ordinary shares | 100% | Sale, installation, hire and maintenance of business presentation equipment |
| Reflex Care Limited | England | Ordinary shares | 100% | Dormant |
| Classroom Displays Limited | England | Ordinary shares | 100% | Dormant |
| Reflex Home Limited | England | Ordinary shares | 100% | Dormant |

### 12. STOCKS

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Finished goods | **232,810** | 156,576 | **–** | – |

## 13. DEBTORS

| | Group 2008 £ | Group 2007 £ | Company 2008 £ | Company 2007 £ |
|---|---|---|---|---|
| Trade debtors | 1,416,642 | 751,208 | – | – |
| Amounts owed by group undertakings | – | – | 319,889 | 219,113 |
| VAT recoverable | – | – | 13 | 9 |
| Other debtors | 31,957 | 29,365 | – | – |
| Deferred taxation (Note 14) | 62,713 | 76,490 | – | – |
| Prepayments and accrued income | 82,940 | 86,590 | – | – |
| | 1,594,252 | 943,653 | 319,902 | 219,122 |

## 14. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

| | Group 2008 £ | Group 2007 £ | Company 2008 £ | Company 2007 £ |
|---|---|---|---|---|
| Asset brought forward | 76,490 | 84,276 | - | - |
| Decrease in asset | (13,777) | (7,786) | - | - |
| Asset carried forward | 62,713 | 76,490 | - | - |

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

| Group | 2008 Provided £ | 2008 Unprovided £ | 2007 Provided £ | 2007 Unprovided £ |
|---|---|---|---|---|
| Excess of depreciation over taxation allowances | 29,371 | - | 37,585 | - |
| Other timing differences | 33,342 | - | 38,905 | - |
| | 62,713 | - | 76,490 | - |

## 15. CREDITORS: Amounts falling due within one year

| | Group 2008 £ | Group 2007 £ | Company 2008 £ | Company 2007 £ |
|---|---|---|---|---|
| Trade creditors | 542,043 | 341,062 | – | – |
| Amounts owed to group undertakings | – | – | 1,325,779 | 1,085,088 |
| Other creditors | 1,076,898 | 610,629 | – | 5,071 |
| Accruals and deferred income | 942,349 | 695,257 | – | – |
| | 2,561,290 | 1,646,948 | 1,325,779 | 1,090,159 |

### 15. CREDITORS: Amounts falling due within one year *(continued)*

Included in other creditors is £688,221 which is secured on the trade debtors of the group. (2007: £219,943).

The Bank has a debenture for all sums over certain assets of the group, dated 22 April 2003. There is also a cross corporate guarantee in place between Reflex Limited and associated group companies, dated 22 April 2003.

### 16. CREDITORS: Amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Other creditors | **1,320,822** | 1,460,822 | **1,320,822** | 1,460,822 |

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as set out below.

| **Group** | **2008** | | 2007 | |
|---|---|---|---|---|
| | **Land and buildings** | **Other items** | Land and Buildings | Other items |
| | **£** | **£** | £ | £ |
| Operating leases which expire: | | | | |
| Within 1 year | **-** | **-** | - | 7,148 |
| Within 2 to 5 years | **-** | **75,852** | - | 63,034 |
| After more than 5 years | **95,000** | **-** | 95,000 | - |
| | **95,000** | **75,852** | 95,000 | 70,182 |

### 18. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

### 19. SHARE CAPITAL

**Authorised share capital:**

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| 1,380,000 Ordinary shares of £1 each | **1,380,000** | 1,380,000 |
| 120,000 A Ordinary shares of £1 each | **120,000** | 120,000 |
| | **1,500,000** | 1,500,000 |

## 19. SHARE CAPITAL *(continued)*

**Allotted, called up and fully paid:**

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 680,982 | 680,982 | 680,982 | 680,982 |
| A Ordinary shares of £1 each | 64,416 | 64,416 | 64,416 | 64,416 |
| | 745,398 | 745,398 | 745,398 | 745,398 |

The only difference in the rights of the shares is that the "A" Non-voting Ordinary shares have no voting rights. The shares rank pari passu in all aspects in relation to dividends and capital.

## 20. RESERVES

| Group | Capital redemption reserve | Profit and loss account |
|---|---|---|
| | £ | £ |
| Balance brought forward | 3,816 | 231,629 |
| Loss for the year | – | (24,718) |
| Balance carried forward | 3,816 | 206,911 |

| Company | Capital redemption reserve | Profit and loss account | Total shareholders' funds |
|---|---|---|---|
| | £ | £ | £ |
| Balance brought forward | 3,816 | – | 3,816 |
| Balance carried forward | 3,816 | – | 3,816 |

## 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| (Loss)/Profit for the financial year | (24,718) | 23,458 |
| Purchase of own ordinary shares | – | (3,816) |
| Discount on purchase of own ordinary shares | – | 3,434 |
| Net (reduction)/addition to shareholders' funds | (24,718) | 23,076 |
| Opening shareholders' funds | 980,843 | 957,767 |
| Closing shareholders' funds | 956,125 | 980,843 |