

Financial Statements SPL Services Limited

For the year ended 31 July 2014

Registered number: 06321669

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Company Information

Directors	M E Joshi I A McLeish
Registered number	06321669
Registered office	14/18 City Road Cardiff CF24 23DL
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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Directors' Report

For the year ended 31 July 2014

The directors present their report together with the audited financial statements of the company and the group for the year ended 31 July 2014.

Principal activities

The principal activity of the group during the year was the provision of specialist courier services for the pharmaceutical industry.

The principal activity of the company is that of a holding company.

On 31 July 2013 the Group disposed of its Australian subsidiary for a cash consideration of £50,000. The results of the Australian subsidiary have therefore been classified as discontinued in the consolidated comparative profit and loss account.

Going concern

During the year the group received £750,000 of additional funding from its investors.

In addition, on 19 August 2013 the group entered into an amended and restated agreement with its bankers in respect of its invoice discounting and loan facilities.

The directors have reviewed the forecasts prepared by management and are confident that the period of investment and restructuring has resulted in the group returning to sustained growth and profit underlined by the continued commitment of both lenders and investors.

The investors in the parent company have provided a letter of support confirming that if necessary they will support the company to meet its liabilities as they fall due for a period of at least 12 months from the signing of these financial statements.

On this basis the directors have concluded that the going concern basis for preparing the financial statements is appropriate.

Directors

The directors who served during the year were:

C Bryant (resigned 30 April 2014)

M E Joshi

I A McLeish

N T Butcher (resigned 28 August 2013)

A T J Thomson (resigned 28 August 2013)

Directors' Report

For the year ended 31 July 2014

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, 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 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). 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 company and 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 accounting 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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial risk management and objectives

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

Currency risk

The group bills and settles bills in multiple currencies and is exposed to translation and transaction foreign exchange risk. Where possible we try to ensure revenues and associated costs are in the same currency to minimise the impact.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with cash balances is managed by the group monitoring the financial position of the counterparties involved. In order to manage credit risk arising from trade debtors the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

The group has reviewed debtor balances at 31 July 2014 and provided for balances where the risk of non-recovery is considered to be significant. The directors monitor the performance of counter-parties and addresses problems with customers where the risk of non-performance of contractual obligations is considered to be significant.

Directors' Report

For the year ended 31 July 2014

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on
signed on its behalf.

Neuro 12th 2014

and



I A McLeish
Director

Group Strategic Report

For the year ended 31 July 2014

Introduction

The group is a global provider of courier services.

Business review

2014 was a year of consolidation and improving outlook, concluding a period of re organisation, restructure and re financing culminating in a profitable run rate by the year end.

The group's loss for the year is £633,476 (2013 - £3,188,694).

Principal risks and uncertainties

Among the principal risks to the business is the concentration of customer revenue where we could become over dependent on specific customers for a large share of our revenue. This is mitigated by the fact that we recognise it occurs and are constantly developing new customer relationships and enhancing the relationships with existing customers.

We recognise the importance of quality in delivery of our services and constantly look to add innovation and quality to our services with a view to retaining and developing customers.

Key performance indicators

The group considers its key performance indicators to be those which demonstrate strong customer service, financial strength and growth.

Customer service levels continue to operate at an excellent level and underpin our ability to retain customers and also encourage new customers to use our services.

Strong financial controls have enabled us to significantly improve both our profitability and liquidity as our gross and net margins have improved.

The main financial key performance indicators used by the group are the revenue generated, EBITDA and profit before tax as these are used to ensure the group can continue operations into the future:

- Revenue for the year fell by 1.7% to £15,557,491 (2013 - £15,827,454).
- The group generated EBITDA of £814,920 (2013 - negative EBITDA of £2,017,941).
- The loss for the year, before taxation, was £602,432 (2013 - £3,179,497).

Group Strategic Report (continued)

For the year ended 31 July 2014

Future developments

Looking ahead, the directors are looking to grow the group on the profitable foundation achieved towards the end of 2014 and on the stronger self reliant financial footing achieved in the period.

This report was approved by the board on
on its behalf.

Neale 14th 2014

and signed



I A McLeish
Director

Independent Auditors' Report to the Members of SPL Services Limited

We have audited the financial statements of SPL Services Limited for the year ended 31 July 2014, which comprise the Consolidated Profit and loss account, the Consolidated and Company Balance sheets, the Consolidated Cash flow statement and reconciliation of net cash flow to movement in net funds/debt, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Auditors' 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, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditors' Report to the Members of SPL Services Limited

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.

Grant Thornton UK LLP

Mahmood Ramji
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: *17 November 2014*

Consolidated Profit and Loss Account

For the year ended 31 July 2014

	Note	2014 £	2013 £
Continuing operations		15,557,491	15,093,384
Discontinued operations		-	734,070
Turnover	1	15,557,491	15,827,454
Cost of sales	26	(10,065,992)	(10,798,328)
Gross profit		5,491,499	5,029,126
Other operating charges	26	(4,676,579)	(7,047,067)
EBITDA	3	814,920	(2,017,941)
Amortisation		(402,679)	(371,437)
Depreciation		(296,624)	(185,088)
Total operating charges		(5,375,882)	(7,603,592)
Operating profit/(loss) on ordinary activities before interest		115,617	(2,574,466)
Interest payable and similar charges	6	(718,049)	(605,031)
Loss on ordinary activities before taxation		(602,432)	(3,179,497)
Tax on loss on ordinary activities	7	(31,044)	(9,197)
Loss for the financial year	19	(633,476)	(3,188,694)

The notes on pages 13 to 25 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 July 2014

	Note	2014 £	2013 £
Loss for the financial year		(633,476)	(3,188,694)
Foreign exchange differences on translation of foreign subsidiaries		<u>(83,738)</u>	<u>64,472</u>
Total recognised gains and losses relating to the year		<u><u>(717,214)</u></u>	<u><u>(3,124,222)</u></u>

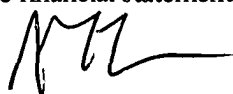
The notes on pages 13 to 25 form part of these financial statements.

Consolidated Balance Sheet

As at 31 July 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	8		4,315,057		4,717,736
Tangible assets	9		<u>689,917</u>		<u>893,963</u>
			5,004,974		5,611,699
Current assets					
Stocks	11	98,402		54,846	
Debtors	12	2,294,969		2,734,014	
Cash at bank and in hand		<u>417,834</u>		<u>348,316</u>	
		2,811,205		3,137,176	
Creditors: amounts falling due within one year	13	<u>(3,932,127)</u>		<u>(5,616,495)</u>	
Net current liabilities			<u>(1,120,922)</u>		<u>(2,479,319)</u>
Total assets less current liabilities			3,884,052		3,132,380
Creditors: amounts falling due after more than one year	14		(9,613,637)		(8,155,144)
Provisions for liabilities: Deferred tax	15		<u>(10,393)</u>		<u>-</u>
Net liabilities			<u><u>(5,739,978)</u></u>		<u><u>(5,022,764)</u></u>
Capital and reserves					
Called up share capital	18		43,786		43,786
Share premium account	19		3,965,030		3,965,030
Profit and loss account	19		<u>(9,748,794)</u>		<u>(9,031,580)</u>
Shareholders' deficit	20		<u><u>(5,739,978)</u></u>		<u><u>(5,022,764)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



I A McLeish
Director

NOVEMBER 14th 2014

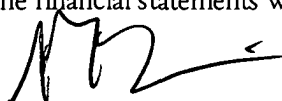
The notes on pages 13 to 25 form part of these financial statements.

Company Balance Sheet

As at 31 July 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Investments	10		3,323,311		3,323,311
Current assets					
Debtors	12	603,976		73,650	
Cash at bank		<u>611</u>		<u>1,021</u>	
		604,587		74,671	
Creditors: amounts falling due within one year	13	<u>(297,044)</u>		<u>(390,015)</u>	
Net current assets/(liabilities)			<u>307,543</u>		<u>(315,344)</u>
Total assets less current liabilities			3,630,854		3,007,967
Creditors: amounts falling due after more than one year	14	<u>(9,573,637)</u>		<u>(8,115,144)</u>	
Net liabilities			<u><u>(5,942,783)</u></u>		<u><u>(5,107,177)</u></u>
Capital and Reserves					
Called up share capital	18		43,786		43,786
Share premium account	19		3,965,030		3,965,030
Profit and loss account	19		<u>(9,951,599)</u>		<u>(9,115,993)</u>
Shareholders' deficit	20		<u><u>(5,942,783)</u></u>		<u><u>(5,107,177)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



I A McLeish
Director

Norm 382 14th 2014

The notes on pages 13 to 25 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 July 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	120,471	(1,319,054)
Returns on investments and servicing of finance	22	(153,786)	(93,430)
Taxation		11,513	-
Capital expenditure and financial investment	22	(114,516)	(401,716)
Acquisitions and disposals	22	-	25,000
Cash outflow before financing		(136,318)	(1,789,200)
Financing	22	735,000	1,665,000
Increase/(decrease) in cash in the year		598,682	(124,200)

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 July 2014

	2014 £	2013 £
Increase/(decrease) in cash in the year	598,682	(124,200)
Cash inflow from increase in debt and lease financing	(735,000)	(1,665,000)
Change in net debt resulting from cash flows	(136,318)	(1,789,200)
Other non-cash changes	(564,263)	(422,812)
Movement in net debt in the year	(700,581)	(2,212,012)
Net debt at 1 August 2013	(9,357,466)	(7,145,454)
Net debt at 31 July 2014	(10,058,047)	(9,357,466)

The notes on pages 13 to 25 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 July 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The directors have reviewed the principal accounting policies and consider them to be appropriate to the company. The principal accounting policies are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the consolidated profit and loss account after or up to the date that control passes respectively. Intra group sales, profit and balances are eliminated on consolidation.

1.3 Going concern

During the year the group received £750,000 of additional funding from its investors.

In addition, on 19 August 2013 the group entered into an amended and restated agreement with its bankers in respect of its invoice discounting and loan facilities.

The directors have reviewed the forecasts prepared by management and are confident that the period of investment and restructuring has resulted in the group returning to sustained growth and profit underlined by the continued commitment of both lenders and investors.

The investors in the parent company have provided a letter of support confirming that if necessary they will support the company to meet its liabilities as they fall due for a period of at least 12 months from the signing of these financial statements.

On this basis the directors have concluded that the going concern basis for preparing the financial statements is appropriate.

1.4 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 consolidation in respect of acquisitions is capitalised.

Positive goodwill is amortised by equal annual instalments over its estimated useful life of twenty years.

The directors have performed discounted cash flow workings based on expected future forecasted profits in order to assess the carrying value of both consolidated goodwill and the investment on the parent company balance sheet.

1.5 Turnover

The turnover represents the total amount receivable by the company for goods supplied and services provided, excluding value added tax. Revenue is recognised when goods are shipped or when the service is provided.

Notes to the Financial Statements

For the year ended 31 July 2014

1. Accounting Policies (continued)

1.6 Stocks

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

1.7 Fixed assets and depreciation

All fixed assets are initially recorded at cost. 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	-	over the term of the lease
Motor vehicles	-	25% straight line
Fixtures and fittings	-	15 to 33% straight line

During the year, the depreciation rate for fixtures and fittings was changed from 15% to 25% reducing balance to 15% to 33% straight line. These depreciation rates are considered more appropriate given the nature of the computer equipment and fixtures and fittings held by the group and their expected useful economic lives. The change resulted in an additional depreciation charge of £88,386 in the year.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.10 Pensions

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

1.11 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on a non-discounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.12 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.

Notes to the Financial Statements

For the year ended 31 July 2014

1. Accounting Policies (continued)

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities

are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

The group turnover is attributable to the one principal activity. The analysis of turnover by geographical market has not been disclosed, as in the opinion of the directors, this would be seriously prejudicial to the interests of the group. Company turnover relates to management charges charged to subsidiary undertakings.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2014 £	2013 £
Amortisation - goodwill	402,679	371,437
Depreciation of tangible fixed assets:		
- owned by the group	283,908	178,308
Auditors' remuneration	52,222	40,648
Auditors' remuneration - non-audit	10,675	8,202
Operating lease rentals:		
- plant and machinery	17,735	114,302
- other operating leases	325,174	229,508
Difference on foreign exchange	177,765	-

Notes to the Financial Statements

For the year ended 31 July 2014

4. Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	3,503,098	4,649,634
Social security costs	265,998	256,908
Other pension costs	133,158	136,158
	<u>3,902,254</u>	<u>5,042,700</u>

The average number of staff employed by the group during the financial year amounted to 120 (2013: 130). This number does not include the extensive network partner employees which the group works with around the world.

5. Directors

	2014 £	2013 £
Remuneration	<u>380,807</u>	<u>490,897</u>
Company pension contributions to defined contribution pension schemes	<u>49,799</u>	<u>27,675</u>
Compensation for loss of office	<u>45,234</u>	<u>80,270</u>

During the year retirement benefits were accruing to 5 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £163,333 (2013 - £170,000).

6. Interest payable and similar charges

	2014 £	2013 £
Interest payable on bank and other borrowings	<u>718,049</u>	<u>605,031</u>

Notes to the Financial Statements

For the year ended 31 July 2014

7. Taxation

	2014 £	2013 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	5,671	19,070
Foreign tax on income for the year	(11,513)	19,070
Total current tax	(11,513)	19,070
Deferred tax (see note 15)		
Origination and reversal of timing differences	36,886	(9,873)
Tax on loss on ordinary activities	31,044	9,197

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(602,432)	(3,179,497)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%)	(134,510)	(752,587)
Effects of:		
Expenses not deductible for tax purposes	143,531	128,372
Capital allowances for year in excess of/(lower than) depreciation	22,769	(20,327)
Over provision in prior years	-	19,070
Unrelieved tax losses	(163,584)	265,725
Impact of foreign subsidiaries	135,176	375,571
Other differences	2,289	3,246
Current tax charge for the year	5,671	19,070

The company has a potential deferred tax asset of £205,226 (2013 - £205,226). This has not been recognised as there is uncertainty over the timing of future profits against which this could be offset.

Notes to the Financial Statements

For the year ended 31 July 2014

8. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 August 2013 and 31 July 2014	<u>7,057,577</u>
Amortisation	
At 1 August 2013	2,339,841
Charge for the year	<u>402,679</u>
At 31 July 2014	<u>2,742,520</u>
Net book value	
At 31 July 2014	<u>4,315,057</u>
At 31 July 2013	<u>4,717,736</u>

9. Tangible fixed assets

Group	Leasehold Improvement £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2013	205,491	75,775	1,494,279	1,775,545
Additions	-	611	113,905	114,516
Disposals	-	(57,508)	(26,164)	(83,672)
Foreign exchange movement	<u>(9,952)</u>	<u>(896)</u>	<u>(8,933)</u>	<u>(19,781)</u>
At 31 July 2014	<u>195,539</u>	<u>17,982</u>	<u>1,573,087</u>	<u>1,786,608</u>
Depreciation				
At 1 August 2013	91,679	63,125	726,778	881,582
Charge for the year	12,932	2,708	280,981	296,621
On disposals	-	(54,035)	(26,164)	(80,199)
Foreign exchange movement	<u>(98)</u>	<u>1</u>	<u>(1,216)</u>	<u>(1,313)</u>
At 31 July 2014	<u>104,513</u>	<u>11,799</u>	<u>980,379</u>	<u>1,096,691</u>
Net book value				
At 31 July 2014	<u>91,026</u>	<u>6,183</u>	<u>592,708</u>	<u>689,917</u>
At 31 July 2013	<u>113,812</u>	<u>12,650</u>	<u>767,501</u>	<u>893,963</u>

Notes to the Financial Statements

For the year ended 31 July 2014

10. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2013 and 31 July 2014	<u>7,660,058</u>
Impairment	
At 1 August 2013 and 31 July 2014	<u>4,336,747</u>
Net book value	
At 31 July 2014	<u>3,323,311</u>
At 31 July 2013	<u>3,323,311</u>

11. Stocks

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Finished goods	<u>98,402</u>	<u>54,846</u>	<u>-</u>	<u>-</u>

12. Debtors

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	2,011,726	2,257,906	-	-
Amounts owed by group undertakings	-	-	596,562	-
Other debtors	95,807	239,785	7,414	73,650
Prepayments and accrued income	187,436	209,830	-	-
Deferred tax asset (see note 15)	-	26,493	-	-
	<u>2,294,969</u>	<u>2,734,014</u>	<u>603,976</u>	<u>73,650</u>

The amounts owed by group undertakings of £596,562 (2013 - £nil) are due after more than one year.

Notes to the Financial Statements

For the year ended 31 July 2014

13. Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	982,244	1,590,638	276,419	355,649
Trade creditors	1,969,952	2,871,751	20,625	34,366
Corporation tax	5,671	2,348	-	-
Other taxation and social security	127,577	121,952	-	-
Other creditors	83,639	280,093	-	-
Accruals and deferred income	763,044	749,713	-	-
	<u>3,932,127</u>	<u>5,616,495</u>	<u>297,044</u>	<u>390,015</u>

14. Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	2,038,846	1,945,186	2,038,846	1,945,186
Other loans	7,454,791	6,169,958	7,469,791	6,169,958
Provision for dilapidations	40,000	40,000	-	-
Accruals and deferred income	80,000	-	80,000	-
	<u>9,613,637</u>	<u>8,155,144</u>	<u>9,573,637</u>	<u>8,115,144</u>

The bank and other loans are secured by fixed and floating charge over the assets of the group.

Of the above bank loans, £320,000 is due in more than one year but less than two years. The remaining balance is due in more than two years but less than five years.

The other loans are all due in more than two years but less than five years.

Notes to the Financial Statements

For the year ended 31 July 2014

15. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
At beginning of year	26,493	16,620	-	-
(Charge for)/released during the year (P&L)	(36,886)	9,873	-	-
At end of year	<u>(10,393)</u>	<u>26,493</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Accelerated capital allowances	8,513	26,493	-	-
Short term timing differences	(18,906)	-	-	-
At end of year	<u>(10,393)</u>	<u>26,493</u>	<u>-</u>	<u>-</u>

16. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £90,047 (2013 - £128,514). Contributions totalling £10,950 (2013 - £60,000) were payable to the fund at the balance sheet date and are included in creditors.

17. Operating lease commitments

At 31 July 2014 the group had aggregate annual commitments under non-cancellable operating leases as follows:

	<u>Land and buildings</u>			<u>Other</u>
<u>Group</u>	2014 £	2013 £	2014 £	2013 £
Expiry date:				
Within 1 year	65,546	16,359	52,503	1,353
Between 1 and 2 years	-	-	22,700	-
Between 2 and 5 years	<u>112,762</u>	<u>205,180</u>	<u>22,497</u>	<u>123,301</u>
Total	<u>178,308</u>	<u>221,539</u>	<u>97,700</u>	<u>124,654</u>

Notes to the Financial Statements

For the year ended 31 July 2014

18. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
277,439- Ordinary shares shares of £0.01 each	2,774	2,774
370,020- Ordinary Class B shares shares of £0.0001 each	37	37
14,127,755- Ordinary Class C shares shares of £0.0001 each	1,413	1,413
83,454- Ordinary Class D shares shares of £0.01 each	834	-
947,071 (2013 - 647,537) Ordinary Class A shares shares of £0.0001 each	95	65
386,327,563 (2013 - 394,972,677) Deferred shares shares of £0.0001 each	38,633	39,497
	<u>43,786</u>	<u>43,786</u>

During the year the company issued 85,454 Ordinary Class D shares and 299,534 Ordinary Class A shares in exchange for 8,645,114 Deferred shares. All transactions were at par value for nil consideration.

19. Reserves

Group	Share premium account £	Profit and loss account £
At 1 August 2013	3,965,030	(9,031,580)
Loss for the financial year		(633,476)
Foreign exchange differences		(83,738)
	<u>3,965,030</u>	<u>(9,748,794)</u>
At 31 July 2014		
	<u>3,965,030</u>	<u>(9,748,794)</u>
Company	Share premium account £	Profit and loss account £
At 1 August 2013	3,965,030	(9,115,993)
Loss for the financial year		(835,606)
	<u>3,965,030</u>	<u>(9,951,599)</u>
At 31 July 2014		
	<u>3,965,030</u>	<u>(9,951,599)</u>

Notes to the Financial Statements

For the year ended 31 July 2014

20. Reconciliation of movement in shareholders' deficit

Group	2014 £	2013 £
Opening shareholders' deficit	(5,022,764)	(1,898,542)
Loss for the financial year	(633,476)	(3,188,694)
Foreign exchange differences	<u>(83,738)</u>	<u>64,472</u>
Closing shareholders' deficit	<u><u>(5,739,978)</u></u>	<u><u>(5,022,764)</u></u>

Company	2014 £	2013 £
Opening shareholders' (deficit)/ funds	(5,107,177)	2,553,130
Loss for the financial year	<u>(835,606)</u>	<u>(7,660,307)</u>
Closing shareholders' deficit	<u><u>(5,942,783)</u></u>	<u><u>(5,107,177)</u></u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year dealt with in the accounts of the company was £835,606 (2013 - loss £7,660,307).

21. Net cash flow from operating activities

	2014 £	2013 £
Operating profit/(loss)	115,617	(2,574,466)
Depreciation and amortisation	699,302	549,745
Loss on disposal of tangible fixed assets	3,471	69,988
(Increase)/decrease in stocks	(43,556)	137,998
Decrease/(increase) in debtors	412,552	(152,790)
(Decrease)/increase in creditors	(1,001,645)	714,943
Foreign exchange differences	<u>(65,270)</u>	<u>(64,472)</u>
Net cash inflow/(outflow) from operating activities	<u><u>120,471</u></u>	<u><u>(1,319,054)</u></u>

Notes to the Financial Statements

For the year ended 31 July 2014

22. Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	<u>(153,786)</u>	<u>(93,430)</u>
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(114,516)</u>	<u>(401,716)</u>
	2014 £	2013 £
Acquisitions and disposals		
Sale of fixed asset investments	<u>-</u>	<u>25,000</u>
	2014 £	2013 £
Financing		
Other new loans	750,000	2,000,000
Repayment of other loans	<u>(15,000)</u>	<u>(335,000)</u>
Net cash inflow from financing	<u>735,000</u>	<u>1,665,000</u>

23. Analysis of changes in net debt

	1 August 2013 £	Cash flow £	Other non-cash changes £	31 July 2014 £
Cash at bank and in hand	348,316	69,518	-	417,834
Debt:				
Debts due within one year	(1,234,989)	252,745	-	(982,244)
Debts falling due after more than one year	<u>(8,470,793)</u>	<u>(735,000)</u>	<u>(287,844)</u>	<u>(9,493,637)</u>
Net debt	<u>(9,357,466)</u>	<u>(412,737)</u>	<u>(287,844)</u>	<u>(10,058,047)</u>

Notes to the Financial Statements

For the year ended 31 July 2014

24. Contingent liabilities

There were no contingent liabilities at 31 July 2014 and 31 July 2013.

25. Capital Commitments

There were no capital commitments at 31 July 2014 and 31 July 2013.

26. Analysis of operating profit/(loss)

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	15,557,491	-	15,093,384	734,070
Cost of sales	<u>(10,065,992)</u>	<u>-</u>	<u>(10,395,719)</u>	<u>(402,609)</u>
Gross profit	5,491,499	-	4,697,665	331,461
Administrative expenses	<u>(5,375,882)</u>	<u>-</u>	<u>(6,975,842)</u>	<u>(627,750)</u>
	<u>115,617</u>	<u>-</u>	<u>(2,278,177)</u>	<u>(296,289)</u>