Brand Acquisitions Limited

Report and Financial Statements

Year Ended

31 January 2010

Company Number 06406870

Brand Acquisitions Limited

Report and financial statements
for the year ended 31 January 2010

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Directors

D Eades
M Kennedy
P Lynes

Secretary and registered office

B Brett, Unit 2 Delta Park Industrial Estate, Millmarsh Lane, Enfield, Middlesex, EN3 7QJ

Company number

06406870

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Brand Acquisitions Limited

Report of the directors
for the year ended 31 January 2010

The directors present their report together with the audited financial statements for the year ended 31 January 2010

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year

Principal activities

The company acts as a holding company for the group The group is engaged in the design and supply of branded menswear to retailers in the UK, Ireland and mainland Europe, as well as retailing through concessions

The profit and loss account is set out on page 6 and shows turnover for the year of £9,106,398 (2009 - £11,315,077) and an operating loss for the year of £912,400 (2009 – profit £867,790)

Since the year end, market conditions have continued to be challenging In response to these challenges, the directors have decided to refocus on the core menswear brand

On the basis of the forecasts available and expectation of future trading conditions, the directors expect the business to return to profit in the future

Since the balance sheet date, the term loan of £957,750 at that date has been repaid utilising cash and facilities available No other post balance sheet events have occurred

Principal risks and uncertainties

The market for the design and supply of branded menswear remains highly competitive The company seeks to manage the risk of losing customers to key competitors (both within the UK and mainland Europe) by the provision of added value services to customers, improving response times in the supply of products and the handling of customer queries and by maintaining strong relationships and local representation with key customers

Sales to Ireland and mainland Europe are made in Euros The group also purchases goods from Europe in Euros and outside Europe in US$ The group is therefore exposed to movements in the Euro to Sterling and US$ to Sterling exchange rates The Finance Director of Springrealm Limited monitors the net exposure and takes out forward contracts to fix the exchange rates to cover forward orders in Euros and US$

The group's credit risk is primarily attributable to its trade debtors Credit risk is managed by running credit checks on new customers and by monitoring payments again contractual agreement in conjunction with the factory facility

The group monitors cash flow as part of its day-to-day control procedures The board considered cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary

Directors

The dırectors of the company durıng the year were

G Tufnell (resıgned 9 July 2010)
D Eades
M Kennedy

On 9 February 2009, P Lynes was appoınted as a dırector of the company

Directors' responsibilities

The dırectors are responsıble for preparıng the dırectors' report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the group and company financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the group and company and of the profit or loss of the group and company for that perıod

In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements,
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment

By order of the Board

B Brett
Secretary

Date 23\9\2010

To the shareholders of Brand Acquisitions Limited

We have audited the financial statements of Brand Acquisitions Limited for the year ended 31 January 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 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 statement of directors' responsibilities, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2010 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 matters 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

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

BDO LLP

Nicholas Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 28 September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Brand Acquisitions Limited

Consolidated profit and loss account
for the year ended 31 January 2010

	Note	2010 £	2009 £
Turnover	2	**9,106,398**	11,315,077
Cost of sales		**4,742,989**	6,586,113
Gross profit		**4,363,409**	4,728,964
Distribution costs		**1,411,462**	710,386
Administrative expenses		**3,864,347**	3,150,788
Group operating (loss)/ profit	3	**(912,400)**	867,790
Other interest receivable and similar income		**6,918**	98,722
Interest payable and similar charges	6	**(589,417)**	(669,004)
(Loss)/profit on ordinary activities before taxation		**(1,494,899)**	297,508
Taxation on (loss)/profit on ordinary activities	7	**142,306**	(102,577)
(Loss)/profit on ordinary activities after taxation		**(1,352,593)**	914,931

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

There are no movements in shareholders' funds in the current or prior years apart from the profit/(loss) for the year

The notes on pages 10 to 24 form part of these financial statements

Brand Acquisitions Limited

Consolidated balance sheet at 31 January 2010

Company number: 06406871	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	9		**2,343,738**		2,474,783
Tangible assets	10		**526,015**		495,157
			2,869,753		2,969,940
Current assets					
Stocks	12	**1,324,368**		1,303,949	
Debtors	13	**2,108,457**		1,804,386	
Cash at bank and in hand		**479,626**		1,206,287	
		3,912,451		4,314,622	
Creditors: amounts falling due within one year	14	**2,989,574**		1,954,057	
Net current assets			**922,877**		2,360,565
Total assets less current liabilities			**3,792,630**		5,330,505
Creditors: amounts falling due after more than one year	15		**(4,411,874)**		4,612,915
			(619,244)		717,590
Capital and reserves					
Called up share capital	16		**225,758**		210,000
Share premium account	17		**540,000**		540,000
Profit and loss account	17		**(1,385,002)**		(32,410)
Shareholders' funds			**(619,244)**		717,590

The financial statements were approved by the Board of Directors and authorised for issue on 23/09/2010

P Lynes
Director

The notes on pages 10 to 24 form part of these financial statements

Brand Acquisitions Limited

Company balance sheet at 31 January 2010

Company number 06406870	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Fixed asset investments	11		**6,142,360**		6,142,360
Current assets					
Debtors	13	**12,500**		-	
Cash at bank and in hand		**142,471**		329,304	
		154,971		329,304	
Creditors: amounts falling due within one year	14	**2,293,257**		1,627,095	
Net current liabilities			**(2,138,286)**		(1,297,791)
Total assets less current liabilities			**4,004,074**		4,844,569
Creditors: amounts falling due after more than one year	15		**4,411,874**		4,612,915
			(407,800)		231,654
Capital and reserves					
Called up share capital	16		**225,758**		210,000
Share premium account	17		**540,000**		540,000
Profit and loss account	17		**(1,173,558)**		(518,346)
Shareholders' funds			**(407,800)**		231,654

The financial statements were approved by the Board of Directors and authorised for issue on 23/09/2010

P Lynes
Director

The notes on pages 10 to 24 form part of these financial statements

Brand Acquisitions Limited

Consolidated cash flow statement for the year ended 31 January 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	20		**64,069**		995,768
Return on investments and servicing of finance					
Interest received		**6,918**		98,722	
Interest paid bank loans		**(91,003)**		(138,939)	
Interest paid other loans		**(68,892)**		(40,877)	
Net cash outflow from returns on investments and servicing of finance			**(152,977)**		(81,094)
Taxation					
Corporation tax paid		**(126,083)**			(183,276)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(257,428)**		(119,879)	
Receipts from sale of tangible fixed assets		**-**		13,772	
Net cash outflow from capital expenditure and financial investment			**(383,511)**		(106,107)
Acquisitions and disposals					
Purchase of business operations			**-**		(8,274)
Cash inflow/(outflow) before use of financing			**(472,419)**		617,017
Financing					
Share capital issued		**15,758**		-	
New loans		**200,000**		1,311,000	
Loans repaid		**(470,000)**		(3,794,250)	
Net cash (outflow)/inflow from financing			**(254,242)**		(2,483,250)
(Decrease)/increase in cash	21		**(726,661)**		(1,866,233)

The notes on pages 10 to 24 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of preparation

The directors continue to adopt the going concern basis in preparing the financial statements Since the repayment of the term loan, the group's principal source of finance is an invoice factoring drawdown facility The agreement has been extended and the directors believe that the facility will continue to be available for the foreseeable future With this in place, the forecast figures prepared demonstrate that the group has adequate resources to continue in operational existence for the foreseeable future

Basis of consolidation

The consolidated financial statements incorporate the results of Brand Acquisitions Limited and all of its subsidiary undertakings as at 31 January 2010 using the acquisition method of accounting Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 15 to 20 years Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales Turnover is recognised at the point of sale

1 Accounting policies *(continued)*

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives It is calculated at the following rates

Leasehold property	-	straight line over the life of the lease
IT equipment	-	over 3 years
Motor vehicles	-	over 4 years
Fixtures and fittings	-	over 5 years
Store branding	-	over 3 year

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment

Stocks

Stocks are valued at the lower of cost and net realisable value Cost is based on the cost of purchase on a first in, first out basis Net realisable value is based on estimated selling price less additional costs to completion and disposal

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date Any differences are taken to the profit and loss account

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Group relief

Where losses are surrendered between group companies, charges for group relief are levied based on the prevailing tax rate

1 Accounting policies *(continued)*

Leased assets Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they has been purchased outright The amount capitalised is the present value of the minimum lease payments payable over the term of the lease The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding The capital part reduces the amounts payable to the lessor

All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

2 Turnover

	2010	2009
	£	£
Analysis by geographical market		
United Kingdom	**8,746,073**	10,852,952
Europe	**330,973**	424,479
Rest of the world	**29,352**	37,646
	9,106,398	11,315,077

Turnover is wholly attributable to the principal activity of the group

3 Operating (loss)/profit

	2010 £	2009 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	**226,570**	183,331
Amortisation of positive goodwill	**131,045**	131,045
Hire of other assets - operating leases	**322,000**	326,354
Auditors' remuneration		
- Group audit services	**27,000**	24,250
- Group non- audit services	**5,250**	6,200
Loss/(profit) on disposal of tangible fixed assets	**-**	1,772

Included in the group audit fee is £1,500 (2009 - £500) in respect of the audit of the company's financial statements Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4 Employees

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Wages and salaries	**1,848,882**	1,374,029	-	-
Social security costs	**172,059**	147,800	-	-
Other pension costs	**24,100**	92,171	-	-
	2,045,041	1,614,000	-	-

The average number of employees (including the directors) during the current year was 82 (2009 – 46)

5 Directors' remuneration

	2010	2009
	£	£
Directors' emoluments	**384,198**	329,550
Amounts paid to third parties in respect of directors' services	**24,100**	86,576

The total amount payable to the highest paid director in respect of emoluments was £200,000 (2009 - £203,504) Company pension contributions of £Nil (2009 - £Nil) were made to a money purchase scheme on their behalf

DKE management & Financial Limited, a company controlled by D Eades, which has a consultancy agreement with the company pursuant to which DKE Management & Financial Limited, through D Eades, provides consultancy services to the company for a fee Fees and expenses paid in the year ended 31 January 2010 were £38,754 (2009 - £30,709)

Acuity Capital, which has a consultancy agreement with the company pursuant to which Acuity Capital, through M Kennedy, provides consultancy services to the company for a fee Fees and expenses paid in the year ended 31 January 2010 were £30,000 (2009 - £30,000)

6 Interest payable and similar charges

	2010	2009
	£	£
Bank loans and overdrafts	**151,073**	173,001
Loan notes	**438,344**	496,003
	589,417	669,004

Brand Acquisitions Limited

Notes forming part of the financial statements
for the year ended 31 January 2010 *(continued)*

7 Taxation on profit on ordinary activities

	2010	2009
	£	£
UK Corporation tax		
Current tax on profits of the year	-	130,000
Adjustment in respect of period periods	**(142,306)**	(35,491)
Total current tax	**(142,306)**	94,509
Deferred taxation		
Origination and reversal of timing differences	-	8,068
Taxation on profit/(loss) on ordinary activities	**(142,306)**	102,577

The tax assess for the year is higher than the standard rate of corporation tax in the UK The differences are explained below

	2010	2009
	£	£
(Loss)/profit on ordinary activities before tax	**(1,494,899)**	297,508
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	**(418,571)**	83,302
Effects of		
Expenses not deductible for tax purposes	**80,330**	17,632
Capital allowances in excess of depreciation	**55,767**	(4,549)
Losses carried forward	**(38,818)**	-
Adjustment to tax charge in respect of previous periods	-	(35,491)
Goodwill amortisation charge	**36,680**	36,680
Marginal relief	-	(5,336)
Short term timing differences	-	2,271
Losses carried back	**142,306**	-
Current tax (credit)/charge for the year	**(142,306)**	94,509

8 (Loss) for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements The group profit for the year includes a loss after tax of £655,212 (2009 - £414,384 loss)) which is dealt with in the financial statements of the parent company

9 Intangible assets

Group	**Goodwill on Consolidation £**
Cost or valuation	
At 1 February 2009	2,620,901
Additions	-
At 31 January 2010	**2,620,901**
Amortisation	
At 1 February 2009	146,118
Provided for the year	131,045
At 31 January 2010	**277,163**
Net book value	
At 31 January 2010	**2,343,738**
At 31 January 2009	2,474,783

10 Tangible fixed assets

Group	Leasehold Land and Buildings £	IT equipment £	Motor vehicles £	Fixtures and fittings £	Store branding £	Total £
Cost or valuation						
At 1 February 2009	435,805	426,178	52,725	816,259	147,445	1,878,412
Additions	31,573	73,246	-	4,342	148,267	257,428
Disposals	-	-	-	-	-	-
At 31 January 2010	**467,378**	**499,424**	**52,725**	**820,601**	**295,712**	**2,135,840**
Depreciation						
At 1 February 2009	257,575	410,562	45,414	620,064	49,640	1,383,255
Provided for the year	43,516	24,989	3,660	82,788	71,617	226,570
Disposals	-	-	-	-	-	-
At 31 January 2010	**301,091**	**435,551**	**49,074**	**702,852**	**121,257**	**1,609,825**
Net book value						
At 31 January 2010	**166,287**	**63,873**	**3,651**	**117,749**	**174,455**	**526,015**
At 31 January 2009	178,230	15,616	7,311	196,195	97,805	495,157

Brand Acquisitions Limited

Notes forming part of the financial statements
for the year ended 31 January 2010 *(continued)*

11 Fixed asset investments

Company	Group Undertakings £
Cost or valuation	
At 1 February 2009 and 31 January 2010	**6,142,360**

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more, are as follows

	Proportion of voting rights and ordinary share capital held	Nature of business
Springrealm Limited	100%	Design and distribution of clothing
Pink Soda Limited	100%	Design and distribution of clothing
Peter Werth (Retail) Limited *	100%	Dormant

* Indirectly held by Brand Acquisitions Limited

12 Stocks

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Finished goods and goods for resale	**1,324,368**	1,303,949	-	-

13 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	**1,686,627**	1,681,549	-	-
Prepayments and accrued income	**162,653**	96,737	-	-
Other debtors	**120,788**	-	**12,500**	-
Deferred taxation	-	26,100	-	-
Corporation tax receivable	**138,389**	-	-	-
	2,108,457	1,804,386	**12,500**	-

All amounts shown under debtors fall due for payment within one year

	Group Deferred taxation £	Company Deferred taxation £
At 1 February 2009	26,100	-
Released to profit and loss account	(26,100)	-
At 31 January 2010	-	-

Deferred taxation

	Group 2010 £	Group 2009 £
The amount of deferred tax asset is as follows		
Depreciation in excess of capital allowances	-	9,207
Other timing differences	-	16,893
	-	26,100

14 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts (secured)	**812,802**	431,821	**812,802**	431,821
Other loans	-	-	-	-
Trade creditors	**828,351**	436,374	-	-
Amounts owed to group undertakings	-	-	**945,583**	734,986
Corporation tax	-	130,000	-	-
Other taxation and social security	**302,893**	102,370	-	-
Other creditors	**64,601**	-	-	-
Accruals and deferred income	**980,927**	853,492	**534,872**	460,288
	2,989,574	1,954,057	**2,293,257**	1,627,095

The bank loans and overdrafts are secured by a debenture over the assets of the group

15 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans (secured)	-	879,949	-	879,949
Loan notes (unsecured)	**4,411,874**	3,732,966	**4,411,874**	3,732,966
	4,411,874	4,612,915	**4,411,874**	4,612,915

Maturity of debt

	Loans, loan Notes and Overdrafts 2010 £	Loans, loan notes and overdrafts 2009 £
In one year or less, or on demand	**812,802**	431,821
In more than one year but not more than two years	-	477,759
In more than two years but not more than five years	**4,411,874**	4,135,156
	4,411,874	4,612,915

16 Share capital

Allotted, called up and fully paid

	2010 £	2009 £
165,758 / 150,000 ordinary shares of £1 each	**165,758**	150,000
149,402 'A' ordinary shares of £0 10 each	**14,940**	14,940
450,598 'B' ordinary shares of £0 10 each	**45,060**	45,060
	225,758	210,000

15,758 ordinary shares of £1 each were issued during the year at par

Dividend rights

No class of share carries the right to receive a dividend unless declared by the Board All shares rank pari passu in all respects as to dividends as if they were one class

Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every ordinary shareholder and every 'A' shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a member entitled to vote, shall have one vote and an a poll every ordinary shareholder and every A shareholder shall have one vote for every share of which he is the holder

The B shares shall not entitle the holders in that capacity to receive notice of or attend and vote at any general meeting of the Company

Rights on a return of capital

On a return of capital of the company on a liquidation or otherwise, all shares rank pari passu

17 Reserves

Group	Share Premium account £	Profit and loss account £
At 1 February 2009	540,000	(32,410)
Loss for the year	-	(1,352,592)
At 31 January 2010	**540,000**	**(1,385,002)**

Company	Share Premium account £	Profit and loss account £
At 1 February 2009	540,000	(518,346)
Loss for the year	-	(655,212)
At 31 January 2010	**540,000**	**(1,173,558)**

18 Pensions

The group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension charge amounted to £24,100 (2009 - £92,171) There were no outstanding or prepaid contributions at the end of the financial year

19 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire		
In two to five years	**110,000**	110,000
After five years	**212,000**	212,000
	322,000	322,000

The company had no annual commitments under non-cancellable operating leases

20 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2010 £	2009 £
Operating (loss)/profit	**(912,400)**	867,790
Amortisation of intangible fixed assets	**131,045**	131,045
Depreciation of tangible fixed assets	**226,570**	183,331
(Decrease)/increase in stocks	**20,419**	(231,711)
(Increase)/decrease in debtors	**(186,101)**	728,559
Increase/(decrease) in creditors	**784,536**	(683,246)
Net cash inflow from operating activities	**64,069**	995,768

21 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
(Decrease)/increase in cash	**(726,661)**	(1,866,233)
Cash outflow/(inflow) from changes in debt	**(254,242)**	2,483,250
Movement in net debt resulting from cash flows	**(980,903)**	617,017
Issue costs for bank loans and loan notes	**74,302**	(75,687)
Movement in net debt	**(906,601)**	541,330
Opening net debt	**(3,838,449)**	(4,379,779)
Closing net debt	**(4,745,050)**	(3,838,449)

22 Analysis of net debt

	At 1 February 2009 £	Cash flow £	Other non-cash items £	At 31 January 2010 £
Cash at bank and in hand	1,206,287	(726,661)	-	**479,626**
Debt due within one year	(431,821)	(454,242)	73,261	**(812,802)**
Debt due after one year	(4,612,915)	200,000	1,041	**(4,411,874)**
Total	(3,838,449)	(980,903)	74,302	**(4,745,050)**