

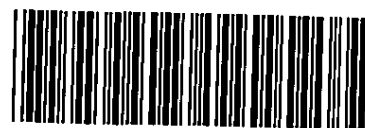
**SFH 123 Limited (formerly Spitfire Holdings
Limited)**

**Directors' report and consolidated
financial statements**

Registered number 06537663

For the period ended 31 March 2012

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Directors' report

The directors present their report and the audited financial statements for the period ended 31 March 2012

Principal activities

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

The principal activity of the business and its subsidiary undertakings during the period was that of building and renovation services, predominantly within the social housing sector

Business review and future developments

On 29 March 2012, the group completed a debt finance restructuring whereby the group's 100% interest in the share capital of DTB Holdings Limited was disposed of in consideration for the assumption and novation of £11,050,000 of term loan debt and the capitalisation of a further £73 million of amounts due to creditors

The directors do not intend to acquire a further trade. As such, the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Dividends

No dividends were paid during the period (2010: £Nil). The directors do not recommend the payment of a final dividend (2010: £Nil).

Directors

The directors and officers serving during the period and to the date of these financial statements are as follows:

C J Thomas	
R Baker	(appointed 1 October 2010)
M G Cane	(resigned 31 July 2011)
S W Daniels	(resigned 31 December 2010)
M Draper	(resigned 28 September 2012)
C Hurley	
G R Marsh	
K R Maxwell	(resigned 31 December 2010)
P D McGrail	(resigned 30 September 2011)
M Pickersgill	
A W Saul	(appointed 4 October 2010)
K J Walker	(resigned 31 December 2010)
R P Suthon	(appointed 2 January 2011, resigned 30 November 2011)

Disclosure of information to auditors

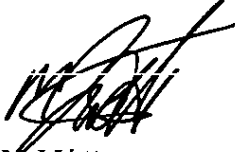
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

Approved by the board of directors on 7 December 2012 and signed on its behalf by



M J Vitty
Secretary

Northgate
Aldridge
Walsall
West Midlands
WS9 8TU

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of SFH 123 Limited (formerly Spitfire Holdings Limited)

We have audited the financial statements ("the financial statements") of SFH 123 Limited (formerly Spitfire Holdings Limited) for the 18 month period ended 31 March 2012 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2012 and of the group's loss for the 18 month period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – non-going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are not now prepared on the going concern basis for the reason set out in that note.

Independent auditor's report to the members of SFH 123 Limited (formerly Spitfire Holdings Limited) (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period 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

Wayne Cox

Wayne Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP Statutory Auditor
Chartered Accountants

7 December 2012

Consolidated profit and loss account
for the period ended 31 March 2012

	<i>Note</i>	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Turnover	<i>1</i>	229,804	158 711
Cost of sales		(220,960)	(140,367)
Gross profit		8,844	18,344
Administrative expenses		(8,173)	(4,320)
Goodwill amortisation		-	(3,996)
Operating profit	<i>2</i>	671	10 028
Loss on sale of subsidiary undertakings		(11,853)	-
Interest receivable and similar income	<i>5</i>	60	45
Interest payable and similar charges	<i>6</i>	(15,852)	(10,376)
Loss on ordinary activities before taxation		(26,974)	(303)
Taxation	<i>7</i>	21	(1,560)
Loss on ordinary activities after taxation and for the financial year	<i>19</i>	(26,953)	(1 863)

All the group's activities are derived from discontinued operations

The group has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented

Consolidated balance sheet
at 31 March 2012

	<i>Note</i>	31 March 2012		30 September 2010	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		-		109,543
Tangible assets	10		-		94
			-		109,637
Current assets					
Debtors	12	53		24,381	
Cash at bank and in hand		-		9,549	
		53		33,930	
Creditors: Amounts falling due within one year	13	-		(48,802)	
Net current assets/(liabilities)			53		(14,872)
Total assets less current liabilities			53		94,765
Creditors: Amounts falling due after more than one year	14		(27,171)		(95,083)
Net liabilities			(27,118)		(318)
Capital and reserves					
Called up share capital	17		230		246
Share premium account	18		413		312
Capital reserve	18		77		-
Own shares	18		-		(15)
Profit and loss account	19		(27,838)		(861)
Equity shareholders' deficit	20		(27,118)		(318)

These financial statements were approved by the board of directors on 7 December 2012 and were signed on its behalf by



A W Saul
 Director

Company balance sheet
at 31 March 2012

	<i>Note</i>	31 March 2012		30 September 2010	
		£000	£000	£000	£000
Fixed assets					
Investments	10		-		-
Current assets					
Debtors	12	53		651	
Cash at bank		-		18	
		<u>53</u>		<u>669</u>	
Creditors Amounts falling due within one year	13	-		(182)	
Net current assets			<u>53</u>		<u>487</u>
Total assets less current liabilities			<u>53</u>		<u>487</u>
Creditors: Amounts falling due after more than one year	14		-		-
Net assets			<u>53</u>		<u>487</u>
Capital and reserves					
Called up share capital	17		230		246
Share premium account	18		413		312
Capital reserve	18		77		-
Own shares	18		-		(15)
Profit and loss account	19		(667)		(56)
Equity shareholders' funds	20		<u>53</u>		<u>487</u>

These financial statements were approved by the board of directors on 7 December 2012 and were signed on its behalf by



A W Saul
 Director

Company number 06537663

Consolidated cash flow statement
for the period ended 31 March 2012

	<i>Note</i>	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Net cash inflow from operating activities	22	512	9 538
Returns on investment and servicing of finance			
Interest received		60	45
Interest paid and similar charges		(6,504)	(6,546)
Net cash outflow from returns on investment and servicing of finance		(6,444)	(6,501)
Taxation paid			
UK corporation tax		(864)	(1,587)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(400)	(86)
Acquisition and disposals			
Net cash balance disposed of with subsidiary undertaking		(4,812)	-
Cash (outflow)/inflow before financing		(12,008)	1,364
Financing			
Increase in short term borrowings		6,475	-
Capital repayments on loans		(4,169)	(12,268)
Issue of shares at premium		153	-
Decrease in cash	23,24	(9,549)	(10,904)

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented.

The financial statements have been prepared on a basis other than as a going concern.

Given the group has net liabilities of £27,118,000 and no source of future income, the directors have not prepared the financial statements on a going concern basis. Assets and liabilities have been measured on a basis which is equivalent to their net realisable value. In this case, no adjustments are necessary to the amounts at which the remaining net liabilities are included in these financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiary undertakings at 31 March 2012 using the acquisition accounting basis. The results of subsidiary undertakings acquired or disposed of during a financial period are included from, or up to, the effective date of acquisition or disposal.

Turnover

Turnover represents sales, excluding value added tax, for work completed and labour and materials supplied during the year and the value of work executed during the year on long term contracts. In the case of long term contracts, turnover represents the sales value of work done during the year, including estimates in respect of amounts not invoiced. All turnover relates to trade conducted in the UK.

Investments

Investments in subsidiaries and participating interests are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount. Other investments are stated at cost less any provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Goodwill

Positive goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities. Positive goodwill relating to acquisitions is shown in the balance sheet as an asset and is amortised evenly over its estimated useful economic life of 30 years.

The length of amortisation reflects the durability of the business that has traded for over 50 years and undertakes long term contracts for stable local authorities and housing associations whose housing stock will need continuous maintenance over many decades.

In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. The principal annual rates for other assets are:

Fixtures and fittings	-	5 years
Plant and machinery	-	3 to 10 years
Computer equipment	-	2 to 7 years

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

Finance costs

Financing costs are accounted for in accordance with FRS 4 "Capital instruments" and are written off over the life of the financing to which they relate. The balance at the end of the period is set against the outstanding liability.

Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Own shares held by Employee benefit trust

Transactions of the Company-sponsored employee benefit trust are treated as being those of the Company and are therefore reflected in the parent company and group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Notes (continued)

2 Operating profit

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
<i>Operating profit is stated after charging:</i>		
Depreciation	64	22
Amortisation of goodwill	-	3,996
Hire of plant and machinery	4,315	2,473
Operating lease rental		
Plant and machinery	464	266
Other	226	162
Restructuring costs	1,241	489
	<hr/>	<hr/>
<i>Auditor's remuneration</i>		
Audit of these financial statements	6	6
Audit of financial statements of subsidiaries pursuant to legislation	48	29
Other services relating to taxation	31	18
Other services	5	2
	<hr/>	<hr/>

3 Remuneration of directors

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Emoluments	1,366	951
Group contributions to group defined contribution pension scheme	77	56
Compensation for loss of office	12	171
	<hr/>	<hr/>
	1,455	1,178
	<hr/>	<hr/>

During the period, seven directors were members of the group defined contribution pension scheme (2010 seven directors)

Highest paid director

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Emoluments	508	302
Group contributions to group defined contribution pension scheme	33	12
	<hr/>	<hr/>
	541	314
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

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

	Number of employees Period ended 31 March 2012	Year ended 30 September 2010
Administration	43	38
Production	561	562
Sales	10	4
	<u>614</u>	<u>604</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	27,304	16 671
Social security costs	2,835	1 933
Other pension costs	840	615
	<u>30,979</u>	<u>19 219</u>

5 Interest receivable and similar income

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Bank interest receivable	60	13
Other interest	-	32
	<u>60</u>	<u>45</u>

6 Interest payable and similar charges

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
Bank monitoring fees and similar charges	235	127
Loan interest		
Bank loans	4,762	4,295
Loan notes	8,629	5 498
Finance cost amortisation	2,225	456
Other interest	1	-
	<u>15,852</u>	<u>10 376</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	Period ended 31 March 2012 £000	£000	Year ended 30 September 2010 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	-		1 826	
Adjustment in respect of prior years	(1)		(311)	
	<hr/>		<hr/>	
Total current tax		(1)		1 515
<i>Deferred tax (see note 15)</i>				
Origination/reversal of timing differences	(10)		36	
Effects of law changes	3		-	
Adjustment in respect of prior years	(13)		9	
	<hr/>		<hr/>	
Total deferred tax		(20)		45
		<hr/>		<hr/>
Tax on profit on ordinary activities		(21)		1 560
		<hr/>		<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.67% (2010 28%). The differences are explained below

	Period ended 31 March 2012 £000	Year ended 30 September 2010 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(26,974)	(303)
	<hr/>	<hr/>
Current tax at 26.67% (2010 28%)	(7,194)	(85)
<i>Effects of</i>		
Transfer pricing adjustment	1,277	797
Amortisation of goodwill	-	1,119
Depreciation on ineligible	1	2
Non-deductible expenditure	3,524	29
Accelerated capital allowances	17	(22)
Other short term timing differences	(237)	(14)
Tax losses carried forward	2,612	-
Adjustments in respect of prior year	(1)	(311)
	<hr/>	<hr/>
Total current tax charge (see above)	(1)	1,515
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Intangible assets

	Goodwill £000
<i>Cost</i>	
At beginning of period	119 526
Disposals	(119 526)
	<hr/>
At end of period	-
	<hr/>
<i>Amortisation</i>	
At beginning of period	9 983
Disposals	(9,983)
	<hr/>
At end of period	-
	<hr/>
<i>Net book value</i>	
At 31 March 2012	-
	<hr/>
At 30 September 2010	109,543
	<hr/>

9 Disposal of subsidiary undertaking

On 29 March 2012, the Group completed the sale of the whole of the issued share capital of DTB Holdings Limited. The net assets disposed of and the related sale proceeds were as follows:

	£000
Fixed assets	430
Current assets	27 705
Creditors due within one year	(42 546)
Creditors due after more than one year	(72,229)
	<hr/>
Net liabilities disposed	(86,640)
Related goodwill	109 543
	<hr/>
	22,903
Loss on sale	(11,853)
	<hr/>
Sale proceeds	11,050
	<hr/>
Satisfied by.	
Novation of term loan debt	11,050
	<hr/>

Notes (continued)

10 Tangible fixed assets

Group

	Plant and machinery	Office equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At beginning of period	347	157	67	571
Additions	7	331	62	400
Disposal	(354)	(488)	(129)	(971)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of period	347	130	-	477
Charge for the period	-	36	28	64
Disposals	(347)	(166)	(28)	(541)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2012	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2010	-	27	67	94
	<hr/>	<hr/>	<hr/>	<hr/>

The company does not have any tangible fixed assets

11 Investments

Company

	Subsidiary undertaking £000
Cost	
At beginning of period	-
Additions	469
	<hr/>
At end of period	469
	<hr/>
Provision for impairment	
At beginning of period	-
Provision	469
	<hr/>
At end of period	469
	<hr/>
Net book value	
At 31 March 2012	-
	<hr/>

Notes (continued)

11 Investments (continued)

On 29 March 2012, the company agreed the capitalisation of £469,124 of 2016 10% unsecured loan notes including all accrued interest in exchange for the issue of two A ordinary shares of £1 each. The recoverability of this investment has been provided against

Group undertakings

Shares in group undertakings, which are held directly by the company, comprise the following

	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
SFB 123 Limited (formerly Spitfire Bidco Limited)	100%	England and Wales	Holding company
Spitfire Trustee Limited	100%	England and Wales	Trustee to EBT

12 Debtors

	31 March 2012		30 September 2010	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	-	-	2 519	-
Amounts recoverable on contracts	-	-	21 777	-
Amounts owed by group undertakings	-	-	-	607
Other debtors	53	53	11	4
Prepayments and accrued income	-	-	72	-
Deferred tax (see note 15)	-	-	2	-
Corporation tax	-	-	-	40
	<u>53</u>	<u>53</u>	<u>24 381</u>	<u>651</u>

Other debtors includes an unsecured, interest-free loan to a director amounting to £40,000

13 Creditors: Amounts falling due within one year

	31 March 2012		30 September 2010	
	Group £000	Company £000	Group £000	Company £000
Bank loans	-	-	3 713	-
Payments received on account	-	-	3 119	-
Trade creditors	-	-	9 839	-
Amounts owed to group undertakings	-	-	-	166
Other taxation and social security	-	-	1 957	-
Corporation tax	-	-	865	-
Other creditors	-	-	743	-
Accruals and deferred income	-	-	28 566	16
	<u>-</u>	<u>-</u>	<u>48 802</u>	<u>182</u>

Notes (continued)

14 Creditors Amounts falling due after more than one year

	31 March 2012		30 September 2010	
	Group	Company	Group	Company
	£000	£000	£000	£000
Term loan	500	-	39 201	-
2016 10% unsecured loan notes (note 14)	13,520	-	57 651	-
2016 0% unsecured loan notes (note 14)	13,151	-	-	-
Unamortised finance cost	-	-	(1 769)	-
	<u>27,171</u>	<u>-</u>	<u>95,083</u>	<u>-</u>

15 Borrowings

	31 March 2012	30 September 2010
	£000	£000
Due within one year		
Term loan	-	4 169
Unamortised finance cost	-	(456)
	<u>-</u>	<u>3,713</u>
Due after more than one year		
Term loan	500	39 201
2016 10% unsecured loan notes (see note below)	13,520	57 651
2016 0% unsecured loan notes (see note below)	13,151	-
Unamortised finance cost	-	(1,769)
	<u>27,151</u>	<u>95,083</u>
	31 March 2012	30 September 2010
	£000	£000
Repayable		
Due within one year	-	4,169
Between one and two years	-	4 169
Between two and five years	27,151	8 338
After five years	-	84,345
Unamortised finance costs	-	(2,225)
	<u>27,151</u>	<u>98 796</u>

On 29 March 2012 the group completed a debt finance restructuring whereby SFB 123 Limited (formerly Spitfire Bidco Limited) 100% interest in the share capital of DTB Holdings Limited was acquired by Pyper Construction Limited. The consideration for the acquisition was the assumption and novation of £11,050,000 of term loan debt by Pyper Construction Limited being the market value of DTB Holdings Limited and its subsidiary undertakings at that time.

As part of the restructuring, on the same day, the group agreed the capitalisation of £34,572,729 of term loan debt including all accrued interest, the capitalisation of £38,125,447 of 2016 10% unsecured loan notes and the waiver of £320,881 interest due in respect of these loan notes in exchange for the issue of 2 A Ordinary shares of £1 each and 5 B Ordinary shares of 1p each in the capital of SFB 123 Limited (formerly Spitfire Bidco Limited).

Notes (continued)

15 Borrowings (continued)

Following the restructuring, the £500,000 term loan remaining outstanding has been re-designated as non-interest bearing and is repayable on 31 March 2016. The term loan is secured by a fixed and floating charge over the group's assets.

In addition, £13,150,882 'A' 2016 unsecured loan notes have been re-designated as non-interest bearing. The unsecured loan notes including any interest accrued and outstanding mature on 3 April 2016.

16 Deferred taxation

	31 March 2012		30 September 2010	
	Group £000	Company £000	Group £000	Company £000
At beginning of period	2	-	47	-
Adjustment to prior period	13	-	(9)	-
Net origination/(reversal) of timing differences	7	-	(36)	-
Disposal of subsidiary undertakings	(22)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>

Deferred taxation comprises

	31 March 2012		30 September 2010	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	-	-	(10)	-
Short term timing differences	-	-	12	-
	<hr/>	<hr/>	<hr/>	<hr/>
Assets	-	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>

17 Share capital

Group and company

	31 March 2012 £000	30 September 2010 £000
<i>Allotted and fully paid:</i>		
122,639 (30 September 2010: 200,000) "A" ordinary shares of £1 each	123	200
285,000 "B" ordinary shares of £0.001 each	-	-
46,267,517 "C" ordinary shares of £0.001 each	-	46
77,361 "B" ordinary shares of £0.01 each	1	-
31,276 "C" ordinary shares of £1 each	31	-
38,548 "D" ordinary shares of £1 each	39	-
27,400 "E" ordinary shares of £1 each	27	-
9,050 "F" ordinary shares of £1 each	9	-
	<hr/>	<hr/>
	230	246
	<hr/>	<hr/>

Notes (continued)

18 Share premium and other reserves

Group and Company

	Share premium £000	Capital reserve £000	Other reserve £000
At beginning of year	312	-	(15)
Issue of shares at premium	101	-	-
Repurchase of shares	-	77	-
Purchase of own shares	-	-	(9)
Transfer to profit and loss account	-	-	24
At end of year	413	77	-

The company sponsors an Employee Benefit Trust in which it holds the shares required to settle awards granted under equity-settled share based payment plans. The Trust has acquired the shares required to settle the awards from the market at the date of the grant.

19 Profit and loss account

	Group £000	Company £000
At beginning of period	(861)	(56)
Loss for the period	(26,953)	(587)
Transfer from other reserve	(24)	-
At end of period	(27,838)	(643)

20 Equity shareholders' (deficit)/funds

	31 March 2012		30 September 2010	
	Group £000	Company £000	Group £000	Company £000
Opening shareholders (deficit)/funds	(318)	487	1,545	552
Issue of shares at premium	162	162	-	-
Purchase of own shares	(9)	(9)	-	-
Loss for the period	(26,953)	(587)	(1,863)	(65)
Closing shareholders' (deficit)/funds	(27,118)	53	(318)	487

Notes (continued)

21 Financial commitments

The group and company had no capital commitments at the year end

Operating lease commitments

	31 March 2012		30 September 2010	
	Group	Company	Group	Company
	£000	£000	£000	£000
Land and buildings leases expiring				
Within one year	-	-	-	-
In one to five years	-	-	-	-
After five years	-	-	151	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	151	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other leases expiring				
Within one year	-	-	13	-
In one to five years	-	-	214	-
After five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	227	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

	31 March 2012 £000	30 September 2010 £000
Operating profit	671	10,028
Depreciation	64	22
Goodwill amortisation	-	3,996
Decrease/(increase) in debtors	1,455	(5,303)
(Decrease)/increase in creditors	(1,678)	795
	<hr/>	<hr/>
	512	9,538
	<hr/>	<hr/>

23 Reconciliation of net cash flow to movement in net debt

	31 March 2012 £000	30 September 2010 £000
Decrease in cash in the year	(9,549)	(10,904)
Cash inflow from increase in short term borrowings	(6,475)	-
Cash outflow from decrease in debt financing	4,169	12,268
Accrued loan interest capitalised	(7,123)	(3,374)
Debt novated and capitalised on restructuring	83,279	-
	<hr/>	<hr/>
Movement in net debt in the year	64,301	(2,010)
Net debt at beginning of year	(91,472)	(89,462)
	<hr/>	<hr/>
Net debt at end of year	(27,171)	(91,472)
	<hr/>	<hr/>

Notes (continued)

24 Analysis of net debt

	At 30 September 2010 £000	Cash flow £000	Other non- cash changes £000	At 31 March 2012 £000
Cash at bank and in hand	9,549	(9,549)	-	-
Debt due				
Within one year	(4,169)	4,169	-	-
After one year	(96,852)	(6,475)	76,156	(27,171)
	<u>(91,472)</u>	<u>(11,855)</u>	<u>76,156</u>	<u>(27,171)</u>

25 Guarantees and other financial commitments

Under the terms of the company's financing agreements, security has been granted over the company's assets to the group's bankers.

26 Related party transactions

The Group has issued loan notes to certain directors. On 29 March 2012, all unpaid interest on these loan notes was waived and the principal amount outstanding capitalised in exchange for B ordinary shares of £0.01 each in SFH 123 Limited. The amount outstanding at the balance sheet date and interest accrued/(waived) on these notes is as follows:

	31 March 2012		30 September 2010	
	Amount outstanding £	Interest waived £	Amount Outstanding £	Interest accrued £
CJ Thomas	-	(273,741)	994,095	146,493
GR Marsh	-	(47,141)	171,192	25,233
	<u>-</u>	<u>(320,882)</u>	<u>1,165,287</u>	<u>171,726</u>

27 Controlling party

The company is owned by its investors whereby no single investor has either a controlling interest in the share capital of the company or of voting rights. As such, the directors do not consider there to be an ultimate controlling party.