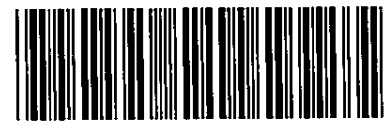


**BUTLER, TANNER & DENNIS LIMITED**  
**FINANCIAL STATEMENTS**  
**PERIOD ENDED**  
**31 DECEMBER 2009**

TUESDAY



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COMPANIES HOUSE

# **BUTLER, TANNER & DENNIS LIMITED**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

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# **BUTLER, TANNER & DENNIS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **The Board of Directors**

F Dennis (Appointed 30 June 2008)  
IGH Leggett (Appointed 30 June 2008)  
KC Sarney (Appointed 22 July 2008)  
D Neale (Appointed 23 July 2008)  
PA Maunder (Appointed 21 July 2008)

### **Company Secretary**

IGH Leggett

### **Registered Office**

9-11 Kingly Street  
London  
W1B 5PN

### **Auditor**

Bright Grahame Murray  
Chartered Accountants  
& Statutory Auditor  
131 Edgware Road  
London  
W2 2AP

# **BUTLER, TANNER & DENNIS LIMITED**

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

The Directors are pleased to report on the first 18 months of trading and balance sheet for the period and at 31 December 2009 of Butler, Tanner & Dennis Limited

#### **Incorporation**

The company was incorporated on the 30 June 2008 and commenced trading on 22 July 2008

The company changed its name from Butler & Tanner 21st Century Limited to Butler, Tanner & Dennis Limited on 25 July 2008

#### **Directors**

The directors who served the company during the period and up to the date of this report are listed on page 1

#### **Principal Activities and Business Review**

In July 2008 the principal print and binding business assets of Butler and Tanner were acquired from the Administrators. The first six months of operation to December 2008 were tough with significant investment of time and capital were made to restructure the Company and put the plant and staff into an effective operational unit.

The costs of re-establishing the operating capacity are shown as a set-up cost in these Accounts. By January 2009 the plant was operationally fully restored. Unfortunately the Company at that point in time was entering the traditional low retail trading season and the United Kingdom economy was in the depths of perhaps the worst recession for decades.

The reported trading loss includes exceptional and one off re-start costs. By separating these costs in these Accounts the Directors help to highlight the vastly improved performance of the business in the final six months of 2009. It is pleasing that many traditionally key customers have who put their faith in BT&D and this has provided the Company a solid foundation on which to grow.

We have attached, to this Directors' Report, a summarised Balance Sheet. This non-statutory Statement has been formatted to highlight the commitment of our shareholder to the business. The reworked Balance Sheet, at 31 December 2009, shows the funding in the business alongside the Capital and Reserves, and reflects the effective net worth of £0.8m. It should be noted that the shareholder also secures the overdraft of £0.8m shown in current liabilities.

Turning to 2010, the Directors can report a very strong growth in the order book over 2009. The Board has embarked upon several add on businesses to feed additional work into the Frome plant. These include a fine art division, a digital and trade division, a re-entry into the USA with the opening of a New York sales office.

In addition the Company has formed a strategic joint venture agreement with a leading Chinese printer. BT&D acts as its UK sales office, delivering work to China that is too low priced for UK production, but in return gaining short-run, reprint or time sensitive work for the UK operations. The Chinese strategic relationship provides a unique resource to UK publishers and the opportunity to reduce supply chain costs by ordering lower initial print runs at low prices. This alliance means that BT&D can provide reprints quickly to service proven demand.

# **BUTLER, TANNER & DENNIS LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

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### **Principal Activities and Business Review (continued)**

The Directors see 2010 as a pivotal year the business moves to become financially self-reliant, negotiations are underway for a new large format press for 2010 delivery that will further improve productivity and efficiency. These initiatives are well underway, and their view of the future is conservatively positive but tempered by the larger economic picture

### **Results and Dividends**

The loss for the period amounted to £2,597,509 The directors have not recommended a dividend

### **Shareholder's Funding Statement and Summarised Balance Sheet**

	Note	£	31 Dec 09 £
<b>Fixed Assets</b>			
Tangible assets	10		4,288,765
<b>Current Assets</b>			
Stocks	11	547,884	
Debtors	12	3,194,898	
		3,742,782	
<b>Creditors: Amounts falling due within one year</b>	13	4,386,014	
<b>Net Current Liabilities</b>			(643,232)
<b>Total Assets Less Current Liabilities</b>			3,645,533
<b>Creditors: Amounts falling due after more than one year</b>	14		2,840,904
			804,629
<b>Shareholders Funding</b>			
Creditors Amounts falling due after more than one year	14		3,352,138
<b>Capital and Reserves</b>			
Called-up equity share capital	18	50,000	
Profit and loss account		(2,597,509)	
<b>Deficit</b>	19		(2,547,509)
			804,629

# BUTLER, TANNER & DENNIS LIMITED

## THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009

---

### Directors' Responsibilities

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 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

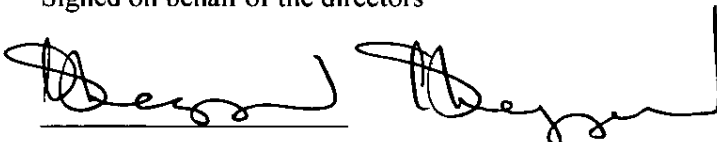
In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Bright Grahame Murray are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



Secretary

Full name IAN G M NESSETT IAN G M NESSETT  
Please print in capitals

Approved by the directors on 15 May 2010 15 May 2010

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# **BUTLER, TANNER & DENNIS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BUTLER, TANNER & DENNIS LIMITED**

### **PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

We have audited the financial statements of Butler, Tanner & Dennis Limited for the period from 1 July 2008 to 31 December 2009, set out on pages 7 to 19. 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 shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by 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 company's affairs as at 31 December 2009 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

# **BUTLER, TANNER & DENNIS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BUTLER, TANNER & DENNIS LIMITED** *(continued)*

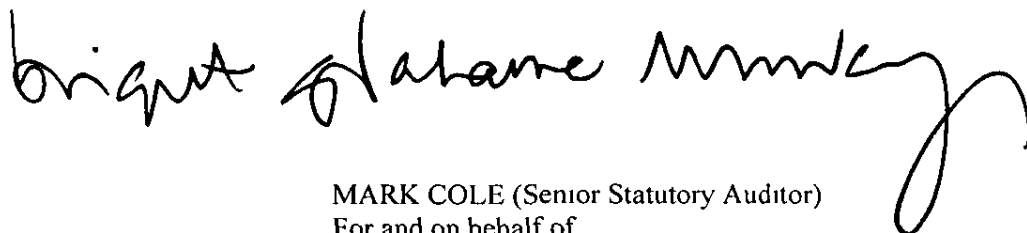
**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

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### **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



MARK COLE (Senior Statutory Auditor)  
For and on behalf of  
BRIGHT GRAHAME MURRAY  
Chartered Accountants  
& Statutory Auditor

131 Edgware Road  
London  
W2 2AP

20 May 2010



# **BUTLER, TANNER & DENNIS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

		<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>Note</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<b>15,104,790</b>
Cost of sales		<u>14,689,285</u>
<b>Gross Profit</b>		<b>415,505</b>
Administrative expenses		1,109,167
Exceptional items	7	1,494,965
Other operating income	3	<u>(11,020)</u>
<b>Operating Loss</b>	<b>4</b>	<b>(2,177,607)</b>
Interest payable and similar charges	8	419,902
<b>Loss on Ordinary Activities Before Taxation</b>		<u><b>(2,597,509)</b></u>
Tax on loss on ordinary activities	9	—
<b>Loss for the Financial Period</b>		<u><u><b>(2,597,509)</b></u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

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

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# BUTLER, TANNER & DENNIS LIMITED

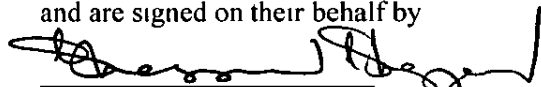
## BALANCE SHEET

31 DECEMBER 2009

	Note	£	31 Dec 09 £
<b>Fixed Assets</b>			
Tangible assets	10		4,288,765
<b>Current Assets</b>			
Stocks	11	547,884	
Debtors	12	3,194,898	
		<u>3,742,782</u>	
<b>Creditors: Amounts falling due within one year</b>	13	<u>4,386,014</u>	
<b>Net Current Liabilities</b>			<u>(643,232)</u>
<b>Total Assets Less Current Liabilities</b>			<u>3,645,533</u>
<b>Non-current liabilities</b>			
Creditors Amounts falling due after more than one year	14		6,193,042
<b>Capital and Reserves</b>			
Called-up equity share capital	18	50,000	
Profit and loss account		<u>(2,597,509)</u>	
<b>Deficit</b>	19		<u>(2,547,509)</u>
			<u>3,645,533</u>

These financial statements were approved by the directors and authorised for issue on  
and are signed on their behalf by

15 May 2010  
15 May 2010



Director

IAN G.H. LESSETT

Full name IAN G.H. LESSETT



Director

Full name KEVIN SARNEY

Please print in capitals

Company Registration Number 06633222

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

# **BUTLER, TANNER & DENNIS LIMITED**

## **CASH FLOW STATEMENT**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

		<b>Period from 1 Jul 08 to 31 Dec 09</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net Cash Outflow from Operating Activities</b>	<b>20</b>		<b>(2,318,538)</b>
<b>Returns on Investments and Servicing of Finance</b>	<b>20</b>		<b>(419,902)</b>
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		<b>(5,281,827)</b>	
Receipts from sale of fixed assets		<b>87,544</b>	
<b>Net Cash Outflow from Capital Expenditure</b>			<b>(5,194,283)</b>
<b>Financing</b>			
Issue of equity share capital		<b>50,000</b>	
Capital element of hire purchase		<b>3,773,300</b>	
Funding introduced by shareholders		<b>3,253,522</b>	
Net inflow from long-term accruals		<b>98,616</b>	
<b>Net Cash Inflow from Financing</b>			<b>7,175,438</b>
<b>Decrease in Cash</b>	<b>20</b>		<b>(757,285)</b>

---

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

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# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **1. Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuing support of the major shareholder who is financing the day to day working capital requirements through a long term loan account and has provided guarantees to certain third parties.

If this were not the case, and as a consequence the company was unable to continue to trade in the absence of the funding which would be required in such circumstances, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term creditors as current assets and liabilities.

#### **Turnover**

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

#### **Depreciation**

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

Plant & Machinery                      -    5 to 10 years

#### **Stocks**

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

#### **Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **1. Accounting Policies *(continued)***

#### **Leasing and Hire Purchase Commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### **Pension Costs**

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

#### **Deferred Taxation**

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **1. Accounting Policies *(continued)***

#### **Financial Instruments**

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

### **2. Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	<b>Period from 1 Jul 08 to 31 Dec 09 £</b>
United Kingdom	<b><u>15,104,790</u></b>

### **3. Other Operating Income**

	<b>Period from 1 Jul 08 to 31 Dec 09 £</b>
Rent receivable	<b><u>11,020</u></b>

### **4. Operating Loss**

Operating loss is stated after charging/(crediting)

	<b>Period from 1 Jul 08 to 31 Dec 09 £</b>
Depreciation of owned fixed assets	<b>158,097</b>
Depreciation of assets held under hire purchase agreements	<b>754,362</b>
Profit on disposal of fixed assets	<b>(6,941)</b>
Auditor's remuneration	
- as auditor	<b><u>17,000</u></b>

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **5. Particulars of Employees**

The average number of staff employed by the company during the financial period amounted to

	<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>No</b>
Number of production staff	<b>63</b>
Number of warehouse and despatch staff	<b>3</b>
Number of administrative staff	<b>26</b>
Number of sales staff	<b>11</b>
	<b><u>103</u></b>

The aggregate payroll costs of the above were

	<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>£</b>
Wages and salaries	<b>3,903,104</b>
Social security costs	<b>402,522</b>
Other pension costs	<b>135,304</b>
Pensions paid to former employees	<b>17,892</b>
	<b><u>4,458,822</u></b>

Within exceptional items (Note 7) is a further £50,000 of wages and salaries not included in the amount above

### **6. Directors' Remuneration**

The directors' aggregate remuneration in respect of qualifying services were

	<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>£</b>
Remuneration receivable	<b>258,850</b>
Value of company pension contributions to money purchase schemes	<b>17,892</b>
	<b><u>276,742</u></b>

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

#### **6. Directors' Remuneration *(continued)***

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

	Period from 1 Jul 08 to 31 Dec 09 No
Money purchase schemes	<u>3</u>

#### **7. Exceptional items**

	Period from 1 Jul 08 to 31 Dec 09 £
Initial set up costs	<u>1,494,965</u>

#### **8. Interest Payable and Similar Charges**

	Period from 1 Jul 08 to 31 Dec 09 £
Interest payable on bank borrowing	30,771
Finance charges	290,515
Other similar charges payable	<u>98,616</u>
	<u>419,902</u>

#### **9. Taxation on Ordinary Activities**

##### **Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28%

	Period from 1 Jul 08 to 31 Dec 09 £
Loss on ordinary activities before taxation	<u>(2,597,509)</u>
Loss on ordinary activities by rate of tax	(727,303)
Capital allowances for period in excess of depreciation	(400,369)
Unrelieved tax losses	1,120,842
Other short term differences	<u>6,830</u>
Total current tax	<u>-</u>

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# BUTLER, TANNER & DENNIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009

### 9. Taxation on Ordinary Activities *(continued)*

#### Factors that may affect future tax charges

No provision has been made for the potential deferred tax asset arising on trading losses carried forward of £4 0m, as it is not sufficiently certain that the company will have enough suitable taxable profits to offset these losses

### 10. Tangible Fixed Assets

	Leasehold Property £	Plant & Machinery £	Total £
<b>Cost</b>			
Additions	20,181	5,261,646	5,281,827
Disposals	—	(84,900)	(84,900)
<b>At 31 December 2009</b>	<u>20,181</u>	<u>5,176,746</u>	<u>5,196,927</u>
<b>Depreciation</b>			
Charge for the period	—	912,459	912,459
On disposals	—	(4,297)	(4,297)
<b>At 31 December 2009</b>	<u>—</u>	<u>908,162</u>	<u>908,162</u>
<b>Net Book Value</b>			
<b>At 31 December 2009</b>	<u>20,181</u>	<u>4,268,584</u>	<u>4,288,765</u>

#### Hire purchase agreements

Included within the net book value of £4,288,765 is £3,251,022 relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £754,362

### 11. Stocks

	31 Dec 09 £
Raw materials	226,124
Work in progress	321,760
	<u>547,884</u>

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **12. Debtors**

	31 Dec 09 £
Trade debtors	2,779,424
Other debtors	71,331
Prepayments and accrued income	344,143
	<u>3,194,898</u>

Included within prepayments and accrued income is £135,000 which is recoverable after one year

### **13. Creditors: Amounts falling due within one year**

	31 Dec 09 £
Overdrafts	757,285
Trade creditors	1,852,372
Other taxation and social security	111,462
Hire purchase agreements	932,396
Other creditors	29,133
Accruals and deferred income	703,366
	<u>4,386,014</u>

The bank overdraft of £757,285 is secured by fixed and floating charges over the company's assets.

Included within other creditors is a pension liability of £24,392

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

	31 Dec 09 £
Hire purchase agreements	2,840,904
Shareholder's loan account	3,253,522
	<u>6,094,426</u>
Accruals and deferred income	98,616
	<u>6,193,042</u>

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

---

### **15. Commitments under Hire Purchase Agreements**

Future commitments under hire purchase agreements are as follows:

	<b>31 Dec 09</b>
	<b>£</b>
Amounts payable within 1 year	<b>932,396</b>
Amounts payable between 1 and 2 years	<b>2,840,904</b>
	<b><u>3,773,300</u></b>

### **16. Commitments under Operating Leases**

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings</b>
	<b>£</b>
Operating leases which expire	
Within 2 to 5 years	<b><u>180,000</u></b>

The operating lease term commitment is from 1 October 2008 to 31 September 2013, although the first available break in the lease is on or after 1 October 2011

The operating rental charges are	
1 October 2009 - 30 September 2010	£150,000/year
1 October 2010 - 30 September 2011	£180,000/year

### **17. Related Party Transactions**

The company was under the control of Mr Felix Dennis throughout the current period

As at 31 December 2009, £3,253,522 was owed to Mr Felix Dennis and at that date £98,616 of interest had been charged thereon

Mr Dennis has guaranteed the company's bank borrowings, and its operating lease commitments referred to in Note 16

### **18. Share Capital**

**Authorised share capital:**

	<b>31 Dec 09</b>
	<b>£</b>
100,000 Ordinary shares of £1 each	<b><u>100,000</u></b>

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

	<b>No</b>	<b>£</b>
50,000 Ordinary shares of £1 each	<b><u>50,000</u></b>	<b><u>50,000</u></b>

On incorporation 50,000 Ordinary £1 shares were issued at par

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# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

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### **19. Reconciliation of Movements in Shareholders' Funds**

	<b>31 Dec 09</b>
	<b>£</b>
Loss for the financial period	<b>(2,597,509)</b>
New ordinary share capital subscribed	<b>50,000</b>
Net reduction to shareholders' funds	<b>(2,547,509)</b>
Closing shareholders' deficit	<b>(2,547,509)</b>

### **20. Notes to the Cash Flow Statement**

#### **Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities**

	<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>£</b>
Operating loss	<b>(2,177,607)</b>
Depreciation	<b>912,459</b>
Profit on disposal of fixed assets	<b>(6,941)</b>
Increase in stocks	<b>(547,884)</b>
Increase in debtors	<b>(3,194,898)</b>
Increase in creditors	<b>2,696,333</b>
Net cash outflow from operating activities	<b>(2,318,538)</b>

#### **Returns on Investments and Servicing of Finance**

	<b>Period from 1 Jul 08 to 31 Dec 09</b>
	<b>£</b>
Interest paid	<b>(129,387)</b>
Interest element of hire purchase	<b>(290,515)</b>
Net cash outflow from returns on investments and servicing of finance	<b>(419,902)</b>

# **BUTLER, TANNER & DENNIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PERIOD FROM 1 JULY 2008 TO 31 DECEMBER 2009**

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#### **20. Notes to the Cash Flow Statement (continued)**

##### **Reconciliation of Net Cash Flow to Movement in Net Debt**

	31 Dec 09
	£
Decrease in cash in the period	(757,285)
Cash outflow in respect of hire purchase	(3,773,300)
Cash (inflow) from shareholders' long-term loans	(3,253,522)
Net (inflow) from long-term accruals	(98,616)
	<u>(7,882,723)</u>
Change in net debt	(7,882,723)
Net funds at 1 July 2008	—
Net debt at 31 December 2009	<u>(7,882,723)</u>

##### **Analysis of Changes in Net Debt**

	At 1 Jul 2008	Cash flows	At 31 Dec 2009
	£	£	£
Net cash			
Overdrafts	—	(757,285)	(757,285)
Debt			
Debt due after 1 year	—	(3,352,138)	(3,352,138)
Hire purchase agreements	—	(3,773,300)	(3,773,300)
	—	(7,125,438)	(7,125,438)
Net debt	—	(7,882,723)	(7,882,723)