

COMPANIES HOUSE COPY

## **UKDN Waterflow Group Limited**

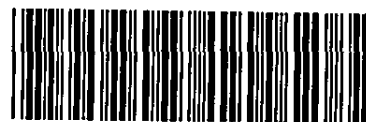
Report and Financial Statements

Year Ended

31 December 2012

Company Number 07046026

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COMPANIES HOUSE

# **UKDN Waterflow Group Limited**

## **Report and financial statements for the year ended 31 December 2012**

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### **Directors**

D Harland  
S Hitchcock  
S Pace  
G P Beech  
J E Rhodes  
R Elder

### **Registered office**

The Chapel, Pinewood Court, Coleshill Road, Marston Green, Solihull, West Midlands, B37 7HG

### **Company number**

07046026

### **Auditors**

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

# **UKDN Waterflow Group Limited**

## **Report of the directors for the year ended 31 December 2012**

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The directors present their report together with the audited financial statements for the year ended 31 December 2012

### **Results and dividends**

The consolidated profit and loss account is set out on page 8 and shows the loss for the year

The directors do not recommend the payment of a dividend (31 December 2011 - nil)

### **Principal activities and review of the company**

The Company's principal activity is to act as a holding company for its subsidiary undertakings and therefore it does not use KPIs to monitor its business. A review of the business of its subsidiary undertakings, including KPIs, and principal risks and uncertainties are included in the director's report within the Report and Financial Statements of its subsidiary undertakings, UKDN Waterflow Limited and UKDN Waterflow Technical Services Limited. The subsidiary undertakings have traded in line with expectations during the period under review, and the directors are satisfied with the overall business performance.

### **Principal activities and review of the Group**

The principal activity of the Group is the provision of national drainage blockage clearance and CCTV investigation/reporting, clean water and drainage repair services through both excavation and market leading no-dig technologies. In addition, the Group provides drainage and clean water work management services for the insurance, water and commercial sectors along with drainage project engineering and management services for the utility and rail sectors.

The 12 months ended 31 December 2012 presented significant growth opportunities for the group, balanced by a number of challenges. As expected, revenue opportunities were reduced through the insurance client base as a direct result of the Private Sewer Transfer (PST) in October 2011. This has been compensated by escalation of client investment within the Water (AMP 5) and Rail sectors. The Group's investment in developing solutions to reinforce and protect large diameter sewers and drains has enabled a number of significant client contract wins across London and the South East region. Projects have been closely associated with the Cross Rail tunnelling works linking Thames Valley to Canary Wharf and North East London. The Olympic period, whilst disruptive, generated revenue through emergency renovation and remedial works alleviating drainage issues around the Olympic Complex and transport routes.

Significant progress has been made in growing the over-ground rail client base for drainage survey and repair projects. This has paid particular dividends through London and the South East, South West and presents further scope to extend these services through the Midlands and North West during 2013 and beyond. The investment in systems, processes, people and technologies is providing an excellent platform for the Group to develop and grow its national footprint, building on the "Total Drainage Solutions" strategic aim.

In addition to securing new revenue streams with Water clients – providing them with a solution to combat the impact of PST, the Group has also successfully engaged with a number of domestic emergency response providers. This has provided the platform for the Group to develop its reactive offering throughout 2012 and provide a full 24 hours per day, 7 days per week service.

The ongoing integration of the 2011 acquired businesses has allowed the Group to develop and cement national client relationships and provide customers with an increased range of services, geographic coverage, technical expertise and flexible resourcing to respond quickly to varying requirements. The integrated business was crystallised in the second quarter of 2012 with successful rebranding programme – combining the key benefits of the enlarged Group.

2012 has also seen several new contract renewals across all client sectors. This success is testament to the award winning service delivery that the Group has delivered to those clients and their customers over the years. In addition to the Group's strong track record of contract renewals, several new contract wins have also been secured through insurance, commercial, utility, rail and public sector markets.

# **UKDN Waterflow Group Limited**

## **Report of the directors for the year ended 31 December 2012 (*continued*)**

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### **Principal activities and review of the company (*continued*)**

As part of the operational restructuring that has been necessary through 2012 the Group has created an innovative customer services solution based at the Head Office in Solihull. This facility is responsible for client and customer communications, technician deployment, resource scheduling and commercial report writing. The key focus is to provide a nationwide consistent first class customer experience. To date the facility has been very well received by clients who appreciate the advancement that this brings to the business along with providing significant capacity to support future expansion.

The business continues to invest in the latest IT infrastructure technology in order to provide a robust base for the Group under all operational circumstances. The Group has an obligation to its client base to provide the first class customer service they deserve at all times irrespective of any disruptive events that may be impacting upon the business. Careful selection of appropriate hardware and software solutions has provided the business with another industry leading capability. This is not limited to on site disaster recovery programmes and efficient office based IT products but extends to in-field technology such as PDAs and tough books.

The business has also strengthened the management team throughout 2012 by recruiting highly skilled individuals for key roles within the business. This investment in people will be critical for the business to stay ahead of the competition and continue the push for excellence through 2013 and beyond.

On the basis of their assessment of the Group's financial position the Directors expect that the company will be able to continue in operational existence for the foreseeable future. The Group has met all of its required interest loan repayments throughout the year. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Future developments**

Looking to the year ahead, the Group has performed in line with expectations through the period to 31 March 2013. The Group continues to out-perform the sector with the business expecting to continue its strategy of organic growth and ongoing consolidation of its acquisitions throughout 2013. The Group maintains its strong market presence within all sectors under which it operates.

There remains a number of exciting opportunities for the Group to develop new and existing client markets – particularly leveraging the acquisition client base and further progressing this at a national level. The Group will continue to harness its strong reputation in order to capture maximum value from those opportunities presented.

The Group continues to strive to deliver an optimal service to its client base at the most competitive financial cost to the end customer. Such quality services will continue to be improved through innovation and adoption of new skills and techniques.

### **Principal risks and uncertainties**

Market risk - the main risk associated with the Group relates to the loss of a major client. The Group continues to strive to be ahead of the competition through both service delivery and innovation. As such client retention has been extremely impressive over the past 3 years, indeed several contracts have been renewed along with new clients being secured.

There is pressure on the Group to constantly reduce its charges. To counteract this, the Company is continually monitoring its performance and strives to find ways to lower its costs thus improving efficiency and performance – without impacting upon service delivery. One key defining factor was the establishment of the central customer services team based in Solihull.

Credit risk - the Group's credit risk is attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements, with management review of old debts taking place at least monthly. In addition the Group actively ensures appropriate levels of skilled staff are employed within the credit control function.

# **UKDN Waterflow Group Limited**

## **Report of the directors for the year ended 31 December 2012 (*continued*)**

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### **Principal risks and uncertainties (*continued*)**

Interest rate risk - this is mitigated by the use of hedging arrangements with the group's senior debt lender. During the year the interest exposure on the senior debt facilities was minimised by use of both fixed interest swap arrangements and cap arrangements covering up to 90% of the net bank borrowings.

The Group maintains strong systems of financial control which are supplemented by the reporting of detailed financial and key performance information monthly against budget. This information is reviewed by the Directors and senior staff, which enables the business to react quickly to any changing trends that occur, with forecasts updated as appropriate each quarter.

### **Financial instruments**

Further to the investment in the Group by Lyceum Capital Fund II on 8 January 2010, the specific private equity and senior debt structure remains in place.

In March 2012, additional senior debt facilities were provided by the Group's existing lender, HSBC. These facilities were taken out in order to complete the funding arrangements for the 2011 acquisition programme.

Notes 15 and 16 provide further detail regarding the structure and repayment of the Group's debt.

Other financial instruments held are trade debtors and trade creditors arising directly from the Group's operations. Operations and working capital are funded principally out of retained profits.

### **Charitable and political contributions**

During the year the group made charitable contributions of £5,454 (2011: £9,751). There were no political contributions.

### **Employment of disabled persons**

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

### **Employee involvement**

Employees are kept informed regarding the Group's affairs and are consulted on a regular basis wherever feasible and appropriate.

# **UKDN Waterflow Group Limited**

## **Report of the directors for the year ended 31 December 2012 (continued)**

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### **Corporate and social responsibility**

The business is acutely aware of its corporate social responsibility particularly in respect of sustainability and the environment. The group already recycles much of its waste. Understanding the importance of the environmental, ethical trading and sustainability issues for many of its highly visible blue chip clients, the business is committed to working with its clients on a partnership basis, to deliver qualified and realistic results, rather than any short term statements of intent.

During March 2012, the Group complemented its ISO 9001 2008 quality accreditation with Group wide ISO 14001 accreditation proving the Group's dedication to sustainability and environmental awareness. Going forward the best practices within the group companies will be consolidated to provide an industry leading service standard.

With regard to health and safety, the group employs lost time and reportable accident metrics. This data is reported to senior management on a monthly basis, together with commentary regarding remedial, corrective and continuous improvement actions.

### **Directors**

The directors of the Company during the year were

D Harland  
S Hitchcock  
S Pace  
G P Beech  
J E Rhodes  
R Elder

### **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 group and company 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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.

# **UKDN Waterflow Group Limited**

## **Report of the directors for the year ended 31 December 2012 (*continued*)**

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### **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 in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **On behalf of the board**



J E Rhodes  
**Director**

29 April 2013

# **UKDN Waterflow Group Limited**

## **Independent auditor's report**

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### **To the members of UKDN Waterflow Group Limited**

We have audited the financial statements of UKDN Waterflow Group Limited for the year ended 31 December 2012 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 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://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 the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# UKDN Waterflow Group Limited

## Independent auditor's report (*continued*)

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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 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

*880 LLP*

Thomas Lawton (*senior statutory auditor*)  
For and on behalf of BDO LLP, *statutory auditor*  
Birmingham  
United Kingdom

29 April 2013

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

# UKDN Waterflow Group Limited

## Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
<b>Turnover</b>	3	<b>47,034,587</b>	29,354,608
Cost of sales		<b>33,426,180</b>	17,105,586
<b>Gross profit</b>		<b>13,608,407</b>	12,249,022
Administrative expenses - excluding exceptional items		<b>11,329,968</b>	8,291,628
Exceptional items	2	<b>663,269</b>	276,537
Administrative expenses		<b>11,993,237</b>	8,568,165
<b>Operating profit</b>	4	<b>1,615,170</b>	3,680,857
Other interest receivable and similar income		<b>1,104</b>	198
Interest payable and similar charges	7	<b>(1,674,569)</b>	(1,391,253)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(58,295)</b>	2,289,802
Taxation on (loss)/profit on ordinary activities	8	<b>(323,653)</b>	(815,418)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(381,948)</b>	1,474,384

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

The notes on pages 13 to 32 form part of these financial statements

# UKDN Waterflow Group Limited

## Consolidated balance sheet at 31 December 2012

<i>Company number 07046026</i>	<i>Note</i>	<b>2012</b> <b>£</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Fixed assets</b>					
Intangible assets	10		<b>11,291,321</b>		<b>11,808,080</b>
Tangible assets	11		<b>4,418,474</b>		<b>4,561,461</b>
			<hr/>		<hr/>
			<b>15,709,795</b>		<b>16,369,541</b>
<b>Current assets</b>					
Stocks	13	<b>444,020</b>		<b>237,452</b>	
Debtors	14	<b>13,059,861</b>		<b>10,873,754</b>	
Cash at bank and in hand		<b>1,247,662</b>		<b>2,462,129</b>	
		<hr/>		<hr/>	
		<b>14,751,543</b>		<b>13,573,335</b>	
<b>Creditors: amounts falling due within one year</b>	15	<b>10,180,435</b>		<b>12,476,829</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>4,571,108</b>		<b>1,096,506</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>20,280,903</b>		<b>17,466,047</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>15,644,302</b>		<b>12,441,015</b>	
<b>Provisions for liabilities</b>	17	<b>-</b>		<b>6,483</b>	
		<hr/>		<hr/>	
			<b>15,644,302</b>		<b>12,447,498</b>
			<hr/>		<hr/>
			<b>4,636,601</b>		<b>5,018,549</b>
			<hr/>		<hr/>

The notes on pages 13 to 32 form part of these financial statements

# UKDN Waterflow Group Limited

## Consolidated balance sheet at 31 December 2012 (*continued*)

	Note	2012 £	2012 £	2011 £	2011 £
<b>Capital and reserves</b>					
Called up share capital	19		19,988		19,988
Share premium account	20		2,428,008		2,428,008
Profit and loss account	20		2,188,605		2,570,553
<b>Shareholders' funds</b>	21		<b>4,636,601</b>		<b>5,018,549</b>

The financial statements were approved by the board of directors and authorised for issue on 29 April 2013



J E Rhodes  
Director

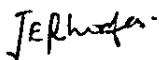
The notes on pages 13 to 32 form part of these financial statements

# UKDN Waterflow Group Limited

## Company balance sheet at 31 December 2012

<i>Company number 07046026</i>	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Fixed asset investments	12		600,464		600,464
<b>Current assets</b>					
Debtors	14	1,846,494		1,836,489	
Cash at bank and in hand		940		10,976	
			1,847,434		1,847,465
<b>Total assets</b>			2,447,898		2,447,929
<b>Capital and reserves</b>					
Called up share capital	19		19,988		19,988
Share premium account	20		2,428,008		2,428,008
Profit and loss account	20		(98)		(67)
<b>Shareholders' funds</b>	21		2,447,898		2,447,929

The financial statements were approved by the board of directors and authorised for issue on 29 April 2013



J E Rhodes  
Director

The notes on pages 13 to 32 form part of these financial statements

# UKDN Waterflow Group Limited

## Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>Net cash inflow from operating activities</b>	24		4,188,647		3,840,911
<b>Returns on investments and servicing of finance</b>					
Interest received		1,104		198	
Interest paid bank loans		(336,317)		(198,891)	
Interest paid other loans		(115,258)		(48,715)	
Interest paid hire purchase		(69,766)		(18,314)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(520,237)		(265,722)
<b>Taxation</b>					
Corporation tax paid			(1,042,270)		(879,719)
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(147,126)		(771)	
Payments to acquire tangible fixed assets		(992,821)		(1,006,681)	
Receipts from sale of tangible fixed assets		38,349		-	
<b>Net cash outflow from capital expenditure and financial investment</b>			(1,101,598)		(1,007,452)
<b>Acquisitions and disposals</b>					
Payments arising from the purchase of business operations		(200,000)		(6,482,028)	
Cash acquired with subsidiary undertaking		-		971,948	
<b>Net cash outflow from acquisitions</b>			(200,000)		(5,510,080)
<b>Cash inflow/(outflow) before use of financing</b>			1,324,542		(3,822,062)
<b>Financing</b>					
Share capital issued		-		400	
Share premium thereon		-		39,600	
New loans and receipts of other financing		4,600,000		4,607,633	
Loans repaid		(6,362,830)		(1,038,579)	
Capital element of finance leases repaid		(824,749)		16,376	
Debt acquisition costs		(160,000)		-	
<b>Net cash (outflow)/inflow from financing</b>			(2,747,579)		3,625,430
<b>Decrease in cash</b>	25		(1,423,037)		(196,632)

The notes on pages 13 to 32 form part of these financial statements

# UKDN Waterflow Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2012

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### 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 consolidation*

The consolidated financial statements incorporate the results of UKDN Waterflow Group Limited and all of its subsidiary undertakings as at 31 December 2012 using the acquisition method of accounting. 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 life of 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Depreciation*

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

Freehold buildings	- 2% straight line
Leasehold land and buildings	- over the term of the lease
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 20% straight line
Computer equipment and software	- 20% to 25% straight line

No depreciation is provided on freehold land.

#### *Stocks and Work in progress*

Stocks and work in progress 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. Work in progress is stated at the lower of cost and net realisable value.

#### *Patents*

Trademarks are valued at cost less accumulated depreciation. Amortisation is calculated to write off the cost in equal instalments over their estimated useful lives, which is five years.

# UKDN Waterflow Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Long term contracts*

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had 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.

#### *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.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

#### *Valuation of investments*

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

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenues relating to long term contracts are recognised on the basis of works completed less any provisions for contingencies and anticipated future losses on contracts.



# UKDN Waterflow Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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.

#### Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

### 2 Exceptional items

Administrative costs for the year include exceptional costs of £663,269 as a result of the rebranding and restructuring exercises which have taken place during the year as part of the integration of the acquisitions made in the prior year. During the prior year exceptional costs totalling £276,537 arose with £216,465 relating to deal costs incurred on the acquisition of UKDN Waterflow Technical Services Limited and £60,072 relating to deal costs incurred on the acquisition of Drain Control Limited.

### 3 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

### 4 Operating profit

	2012 £	2011 £
This is arrived at after charging		
Depreciation of tangible fixed assets	1,552,255	542,816
Amortisation of positive goodwill	633,307	463,118
Amortisation of other intangible fixed assets	8,563	571
Hire of plant and machinery - operating leases	806,390	128,592
Hire of other assets - operating leases	1,022,527	894,036
Auditors' remuneration		
- fees payable to the Group's auditor for the audit of the Group's annual accounts	63,000	62,500
- other taxation services	17,975	37,020
- services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its subsidiaries	50,498	400,846
- all other services	11,415	11,000
	<u>11,415</u>	<u>11,000</u>

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 4 Operating profit (*continued*)

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

## 5 Employees

Staff costs (including directors) consist of

	Group 2012 £	Group 2011 £
Wages and salaries	18,075,414	10,724,035
Social security costs	1,848,289	1,078,144
Other pension costs	76,285	26,491
	<u>19,999,988</u>	<u>11,828,670</u>

The average number of employees (including directors) during the year was as follows

	Group 2012 Number	Group 2011 Number
Administration and management	243	155
Engineers	314	238
	<u>557</u>	<u>393</u>

## 6 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	632,167	648,245
Company contributions to money purchase pension schemes	2,286	2,286
	<u>634,453</u>	<u>650,531</u>

There was 1 director in the Group's defined contribution pension scheme during the year (2011 - 1)

The total amount payable to the highest paid director in respect of emoluments was £184,566 (2011 - £204,766) Company pension contributions of £2,286 (2011 - £2,286) were made to a money purchase scheme on their behalf

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 7 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	336,317	198,891
Finance leases and hire purchase contracts	69,766	18,314
Other loans	1,109,953	993,883
Amortisation of FRS 4 costs	134,152	175,614
Amounts payable to factors	24,381	4,551
	<u>1,674,569</u>	<u>1,391,253</u>

## 8 Taxation on (loss)/profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	438,625	820,862
Adjustment in respect of previous periods	(2,463)	(15,873)
	<u>436,162</u>	<u>804,989</u>
Total current tax		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(112,509)	10,429
	<u>323,653</u>	<u>815,418</u>
Taxation on (loss)/profit on ordinary activities		

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 8 Taxation on (loss)/profit on ordinary activities (*continued*)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to (loss)/profit before tax. The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<b>(58,295)</b>	2,289,802
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 24% (2011 - 26%)	<b>(13,991)</b>	595,349
Effect of		
Expenses not deductible for tax purposes	<b>310,266</b>	228,022
Depreciation for period in excess/(deficit) of capital allowances	<b>131,487</b>	(16,442)
Other short term timing differences	<b>1,950</b>	3,900
Adjustment to tax charge in respect of previous periods	<b>(2,463)</b>	(15,873)
Effect of change in tax rate	<b>8,913</b>	22,399
Marginal relief	-	(12,366)
	<b>436,162</b>	804,989

## 9 Profit 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 loss for the year includes a loss after tax of £31 (2011 - £31) which is dealt with in the financial statements of the parent company.

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 10 Intangible fixed assets

### Group

	Patents £	Goodwill on consolidation £	Total £
<i>Cost</i>			
At 1 January 2012	48,101	12,699,004	12,747,105
Additions	-	147,126	147,126
Purchase price adjustment	-	(22,015)	(22,015)
	<u>48,101</u>	<u>12,824,115</u>	<u>12,872,216</u>
At 31 December 2012			
<i>Amortisation</i>			
At 1 January 2012	35,255	903,770	939,025
Provided for the year	8,563	633,307	641,870
	<u>43,818</u>	<u>1,537,077</u>	<u>1,580,895</u>
At 31 December 2012			
<i>Net book value</i>			
At 31 December 2012	<u>4,283</u>	<u>11,287,038</u>	<u>11,291,321</u>
At 31 December 2011	12,846	11,795,234	11,808,080

The purchase price adjustment related to a reduction on the deferred consideration associated with the acquisition of Drain Control Limited (£180,000) and an increase on the expected completion account payment associated with the acquisition of Waterflow Holdings Limited (£157,985)

# UKDN Waterflow Group Limited

Note forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 11 Tangible fixed assets

### Group

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>							
At 1 January 2012	826,138	179,163	7,625,663	591,154	126,976	1,526,780	10,875,874
Additions	-	2,735	750,147	2,000	8,075	661,860	1,424,817
Disposals	-	(11,599)	(326,175)	(28,594)	-	(77,823)	(444,191)
At 31 December 2012	<b>826,138</b>	<b>170,299</b>	<b>8,049,635</b>	<b>564,560</b>	<b>135,051</b>	<b>2,110,817</b>	<b>11,856,500</b>
<i>Depreciation</i>							
At 1 January 2012	72,972	129,280	5,072,637	294,624	110,181	634,719	6,314,413
Provided for the year	11,463	18,845	1,015,250	131,808	11,272	363,617	1,552,255
Disposals	-	(1,933)	(323,948)	(24,938)	-	(77,823)	(428,642)
At 31 December 2012	<b>84,435</b>	<b>146,192</b>	<b>5,763,939</b>	<b>401,494</b>	<b>121,453</b>	<b>920,513</b>	<b>7,438,026</b>
<i>Net book value</i>							
At 31 December 2012	<b>741,703</b>	<b>24,107</b>	<b>2,285,696</b>	<b>163,066</b>	<b>13,598</b>	<b>1,190,304</b>	<b>4,418,474</b>
At 31 December 2011	<b>753,166</b>	<b>49,883</b>	<b>2,553,026</b>	<b>296,530</b>	<b>16,795</b>	<b>892,061</b>	<b>4,561,461</b>

# UKDN Waterflow Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

### 11 Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £1,192,831 (2011 - £1,255,018) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £356,748 (2011 - £275,949).

The cost of freehold buildings in which depreciation is charged amounts to £549,722 (2011 - £549,722).

### 12 Fixed asset investments

#### Company

#### Cost or valuation

At 1 January 2012 and 31 December 2012

**Group  
undertakings  
£**

**600,464**

#### 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

	<b>Class of share capital held</b>	<b>Proportion of share capital held</b>	<b>Nature of business</b>
<i>Subsidiary undertakings</i>			
UKDN Waterflow (Holdings) Limited*	Ordinary	100%	Intermediate holding company
UKDN Waterflow Limited**	Ordinary	100%	Provision of drainage repair services
Waterflow Holdings Limited**	Ordinary	100%	Intermediate holding company
UKDN Waterflow Technical Services Limited**	Ordinary	100%	Drainage engineering
Drain Control Limited**	Ordinary	100%	Drainage excavation and maintenance

\* This company is a direct subsidiary of UKDN Waterflow Group Limited

\*\* These companies are indirect subsidiaries held through UKDN Waterflow (Holdings) Limited and UKDN Waterflow Limited

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 13 Stocks and work in progress

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Raw materials and consumables	305,519	148,364	-	-
Work in progress	138,501	89,088	-	-
	<u>444,020</u>	<u>237,452</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

## 14 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Amounts receivable within one year				
Trade debtors	4,145,372	4,627,217	-	-
Trade debtors subject to financing	2,912,526	1,846,653	-	-
Amounts recoverable on contracts	4,166,707	3,364,612	-	-
Prepayments and accrued income	1,290,082	782,631	-	-
Other debtors	287,623	252,641	5	-
Corporation tax recoverable	151,525	-	-	-
Deferred taxation (see note 17)	106,026	-	-	-
	<u>13,059,861</u>	<u>10,873,754</u>	<u>5</u>	<u>-</u>
Amounts receivable after more than one year				
Amounts owed by Group undertakings	-	-	1,846,489	1,836,489
Total debtors	<u>13,059,861</u>	<u>10,873,754</u>	<u>1,846,494</u>	<u>1,836,489</u>



# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 15 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans and overdrafts (secured - see note 16)	1,449,737	770,361	-	-
Other loans	-	4,430,917	-	-
Trade creditors	4,240,174	2,557,063	-	-
Corporation tax	-	454,583	-	-
Other taxation and social security	1,480,457	1,544,044	-	-
Obligations under finance lease and hire purchase contracts	364,127	542,703	-	-
Factoring advances	-	837,167	-	-
Deferred consideration	458,867	-	-	-
Other creditors	166,333	212,667	-	-
Accruals and deferred income	2,020,740	1,127,324	-	-
	<u>10,180,435</u>	<u>12,476,829</u>	<u>-</u>	<u>-</u>

## 16 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans (secured - see below)	4,967,475	1,983,290	-	-
Other loans	7,100,937	6,190,368	-	-
Obligations under finance lease and hire purchase contracts	372,300	586,477	-	-
Deferred consideration	2,000,000	2,680,882	-	-
Accrued interest	1,203,590	999,998	-	-
	<u>15,644,302</u>	<u>12,441,015</u>	<u>-</u>	<u>-</u>

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 *(continued)*

## 16 Creditors. amounts falling due after more than one year *(continued)*

Maturity of debt

	Loans and overdrafts 2012 £	Loans and overdrafts 2011 £	Finance leases 2012 £	Finance leases 2011 £
In one year or less, or on demand	<b>1,449,737</b>	5,201,278	<b>364,127</b>	542,703
In more than one year but not more than two years	<b>8,235,009</b>	1,128,851	<b>210,477</b>	332,530
In more than two years but not more than five years	<b>3,713,552</b>	4,933,736	<b>161,823</b>	253,947
In more than five years	<b>119,851</b>	2,111,071	-	-
	<b>12,068,412</b>	8,173,658	<b>372,300</b>	586,477

# UKDN Waterflow Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

### 16 Creditors' amounts falling due after more than one year (continued)

#### **Bank loans**

Included within bank loans are term loan facilities with the group's existing lender totalling £5,869,167 (2011 - £2,374,430) as follows

Facility A is a loan of £4,000,000 which is repayable in quarterly instalments of £200,000 per quarter, with the first instalment paid on 31 July 2010. Interest is charged at 4% + 3m LIBOR. The company has hedged 90% of this loan, swapping the 3m LIBOR floating position for 2.005% fixed.

Facility A2 and Facility B were drawn down 30 March 2012. Facility A2 is a loan of £1,000,000 which is repayable in quarterly instalments of £85,000 per quarter, with the first instalment paid on 30 June 2012. Facility B is a loan of £3,600,000 which is repayable on 30 June 2015. 66% of the Facility A2 and Facility B debts have been hedged under an interest rate cap agreement with interest being capped at 1.5%, the margin on Facility A2 is 4% and on facility B is 4.5%. This agreement is due to mature in November 2013, at which point the position will be reviewed.

The bank loans are secured by a charge over the freehold property and a debenture incorporating a fixed and floating charge. The bank loans are also secured by joint and several guarantees given by Direct Drains Limited, Multijet (Cardiff) Limited, Drainmasters (East Anglia) Limited, Pentagon Water Limited, Draintech Limited, UKDN Waterflow Limited, UKDN Waterflow (Holdings) Limited, Drain Control Limited, Waterflow Holdings Limited, UKDN Waterflow Technical Services Limited and UKDN Waterflow Group Limited.

Facility A - Loan arrangement costs of £109,737 (2011 - £225,570) have been netted against this bank loan in accordance with Financial Reporting Standard 4 Capital Instruments.

Facility A2 and Facility B - Loan arrangement costs of £151,130 (2011 - £Nil) have been netted against this bank loan in accordance with Financial Reporting Standard 4 Capital Instruments.

In addition to the term loans, the group has a mortgage of £339,475 (2011 - £379,221) on the group's Head Office, of which £298,358 (2011 - £339,454) is payable after more than one year, is repayable over a ten year period effective from 8 January 2010. Interest is payable monthly at a rate of 2.75% in excess of the applicable base rate as published by HSBC.

#### **Investor loan notes**

These relate to loan notes payable to Lyceum Capital Fund II, the majority shareholder of the ultimate parent company. The original drawdown date was 8 January 2010 for a capital amount of £5,150,000. Costs of £50,041 (2011 - £74,457) have been netted against this balance in accordance with Financial Reporting Standard 4 Capital Instruments. During the year interest of £886,153 (2011 - £757,685) was capitalised through the issue of payment in kind notes and added to this balance.

The first repayment is due on the fifth anniversary of the drawdown date, with 33% of the loan notes outstanding at this date to be paid.

The second repayment is due on the sixth anniversary of the drawdown date, with 50% of the remaining loan notes outstanding at this date to be paid.

The third repayment is due on the seventh anniversary of the drawdown date, with all remaining loan notes outstanding at this date to be paid.

Interest is charged at 15% per annum and has historically been capitalised through the issuing of payment in kind notes.

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 16 Creditors: amounts falling due after more than one year (*continued*)

### *Management loan notes*

These relate to loan notes payable to management. The original drawdown date was 8 January 2010 for an amount of £357,140. The balance is payable in full at par on the earlier of a sale or quotation. Interest is charged at 15% per annum and is included within accruals due after more than one year and will be repaid when the company is sold or floated which is not expected in the foreseeable future.

## 17 Provisions for liabilities

### Group

	Deferred taxation £
At 1 January 2012	6,483
Movement in year	(110,357)
Effect of change in tax rate	(2,152)
	<hr/>
Transferred to debtors (see note 14)	(106,026) 106,026
	<hr/>
At 31 December 2012	-
	<hr/> <hr/>

### *Deferred taxation*

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Accelerated capital allowances	(106,026)	2,733	-	-
Sundry timing differences	-	3,750	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(106,026)	6,483	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 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 £76,285 (2011 - £26,491). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 19 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1,099,318 Ordinary "A" shares of £0.01 each	10,993	10,993
753,479 Ordinary "B" shares of £0.01 each	7,535	7,535
146,000 Ordinary "C" shares of £0.01 each	1,460	1,460
	<u>19,988</u>	<u>19,988</u>

All ordinary shares have full voting rights, full dividend rights and full distribution rights (including on winding up). They do not confer any rights of redemption. They each rank *pari passu* in all respects.

## 20 Reserves

### Group

	Share premium account £	Profit and loss account £
At 1 January 2012	2,428,008	2,570,553
Loss for the year	-	(381,948)
	<u>2,428,008</u>	<u>2,188,605</u>
At 31 December 2012		

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 20 Reserves (*continued*)

### Company

	Share premium account £	Profit and loss account £
At 1 January 2012	2,428,008	(67)
Loss for the year	-	(31)
	<hr/>	<hr/>
At 31 December 2012	<b>2,428,008</b>	<b>(98)</b>
	<hr/>	<hr/>

## 21 Reconciliation of movements in shareholders' funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
(Loss)/profit for the year	<b>(381,948)</b>	1,474,384	<b>(31)</b>	(31)
Premium on shares issued during the year	-	39,600	-	39,600
	<hr/>	<hr/>	<hr/>	<hr/>
Net (deductions from)/additions to shareholders' funds	<b>(381,948)</b>	1,513,984	<b>(31)</b>	39,569
Opening shareholders' funds	<b>5,018,549</b>	3,504,565	<b>2,447,929</b>	2,408,360
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	<b>4,636,601</b>	5,018,549	<b>2,447,898</b>	2,447,929
	<hr/>	<hr/>	<hr/>	<hr/>

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 22 Commitments under operating leases

The Group and Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire				
Within one year	31,375	307,154	99,293	45,922
In two to five years	10,000	285,213	22,000	651,195
After five years	276,254	295,596	253,754	183,095
	<u>317,629</u>	<u>887,963</u>	<u>375,047</u>	<u>880,212</u>

## 23 Related party disclosures

### *Loans and transactions concerning directors and officers of the company*

Mr A Beech, the father of Mr G P Beech who is a director of this company and UKDN Waterflow Limited (formerly The UK Drainage Network Limited) and shareholder of this company, leases Unit 14, Burhill Way to UKDN Waterflow Limited through James Hay Pension Trustees Limited for 10 years from 4 August 2000 at an annual rent of £13,650. This is conducted on an arms' length basis. The lease is currently in the process of being renegotiated for the next 5 years.

Mr G P Beech who is a director of this company and UKDN Waterflow Limited and Mr R Thomas who is a director of UKDN Waterflow Limited, and both being shareholders of this company, have a beneficial interest in the freehold property at Unit 10, Burhill Way leased by UKDN Waterflow Limited for 10 years from 28 February 2007 at an annual rent of £28,000.

Mr S Pace, who is a director of this company and UKDN Waterflow Limited and a shareholder of this company, has a beneficial interest in the freehold property at Unit 10, Springmeadow Road, leased to UKDN Waterflow Limited by JLT Trustees Limited for 10 years from 28 February 2007 at an annual rent of £30,000. The Company sublets part of Unit 10, Springmeadow Road to MJD Maintenance Limited for no rent.

### *Investor loans*

At the period end investor loans were due to Lyceum Capital Fund II, the majority shareholder. See note 16 for further details of the amounts outstanding and terms.

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 23 Related party disclosures (continued)

### Shareholder loans

On 8 January 2010 loan notes were issued for an amount of £357,140. The balance is payable in full at par on the earlier of sale or quotation. Interest is charged at 15% per annum and is included within 'Accruals and deferred income'.

	Loans and maximum amount in the period £	Accrued interest £	Total £
<b>2012</b>			
G P Beech	71,430	36,900	108,330
S Pace	68,925	35,609	104,534
R C Thomas	71,430	36,900	108,330
R J Bulkeley	71,425	36,897	108,322
W Hunter	2,500	1,293	3,793
N M Powell	71,430	36,900	108,330
Total	357,140	184,499	541,639
<b>2011</b>			
G P Beech	71,430	22,770	94,200
S Pace	68,925	21,974	90,899
R C Thomas	71,430	22,770	94,200
R J Bulkeley	71,425	22,768	94,193
W Hunter	2,500	798	3,298
N M Powell	71,430	22,770	94,200
Total	357,140	113,850	470,990

## 24 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	1,615,170	3,680,857
Amortisation of intangible fixed assets	641,870	463,689
Depreciation of tangible fixed assets	1,552,255	542,816
Profit on sale of tangible fixed assets	(22,800)	-
(Increase)/decrease in stocks	(206,568)	51,603
Increase in debtors	(1,928,556)	(934,671)
Increase in creditors	2,537,276	36,617
Net cash inflow from operating activities	4,188,647	3,840,911



# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 25 Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Decrease in cash	(1,423,037)	(196,632)
Cash inflow/(outflow) from changes in debt	2,587,579	(3,585,430)
Movement in net debt resulting from cash flows	1,164,542	(3,782,062)
Inception of finance leases	(431,996)	(205,777)
Amortisation of loan arrangement fees	(134,153)	(175,614)
Interest rolled over	(886,153)	(757,685)
Debt acquired on acquisition	-	(1,509,263)
Capitalisation of loan arrangement fees	160,000	-
Movement in net debt	(127,760)	(6,430,401)
Opening net debt	(12,879,154)	(6,448,753)
Closing net debt	(13,006,914)	(12,879,154)

The prior period financial statements included cash acquired on the acquisitions as part of net debt acquired. This has subsequently been updated to include the cash acquired as part of the movement in cash with the debt acquired being the gross debt on acquisition as opposed to the net debt.

# UKDN Waterflow Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 26 Analysis of net debt

	At 1 January 2012 £	Cash flow £	Other non- cash items £	Capitalisation and amortisation of FRS4 costs £	At 31 December 2012 £
Cash at bank and in hand	2,462,129	(1,214,467)	-	-	<b>1,247,662</b>
Bank overdrafts	-	(208,570)	-	-	<b>(208,570)</b>
		<u>(1,423,037)</u>			
Debt due within one year	(6,038,445)	6,022,830	(1,115,815)	(109,737)	<b>(1,241,167)</b>
Debt due after one year	(8,173,658)	(4,260,000)	229,662	135,584	<b>(12,068,412)</b>
Finance leases	(1,129,180)	824,749	(431,996)	-	<b>(736,427)</b>
		<u>2,587,579</u>			
Total	<u>(12,879,154)</u>	<u>1,164,542</u>	<u>(1,318,149)</u>	<u>25,847</u>	<u><b>(13,006,914)</b></u>

Other non-cash items comprise the inception of new finance leases in the period £431,996 (2011 - £205,777), re-aging of debts due after one year to debt due within one year £1,115,815 (2011 - £906,739) and the rolling up of interest payable on investor loans £886,153 (2011 - £757,685)