

Company Registration No. SC157919 (Scotland)

**EGL GROUP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

TUESDAY



A20 \*A24YSAEP\* 26/03/2013 #167  
COMPANIES HOUSE

# EGL GROUP LIMITED

## COMPANY INFORMATION

---

**Directors**

S Sanford  
Ms A Mines  
J Hendry

**Secretary**

I C Matthews

**Company number**

SC157919

**Registered office**

78 Montgomerie Street  
Edinburgh  
EH7 5JA

**Auditors**

Rushton Osborne & Co. Limited  
Ringley Park House  
59 Reigate Road  
Reigate, Surrey  
RH2 0QJ

---

# EGL GROUP LIMITED

## CONTENTS

---

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 17

---

# EGL GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2012

---

The directors present their report and financial statements for the year ended 30 June 2012.

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

The principal activity of the company continued to be that of coal dealers and traders.

Turnover for the year was £17.2m with an operating profit of £2.3m. Pre-tax profits were £2.2m.

#### **Principal risks and uncertainties**

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure on exchange rates, liquidity, stocks, interest rates and credit risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

The company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Currency risk**

The company has minimal exposure to translation and transaction foreign exchange risk. Transaction exposures which cumulatively total a certain size, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

#### **Liquidity risk**

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

Short-term flexibility is achieved by utilising related company funds.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits, related company funds and loans from the directors. The company's exposure to interest rate fluctuations on its borrowings is managed by actively looking to reduce its working capital requirement.

#### **Credit risk**

The company's principal financial assets are stock and trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

# **EGL GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2012**

---

### **Position of company at year end**

The results for the year and the financial position at the year end were considered satisfactory by the directors.

### **Key performance indicators**

The directors use a number of measures, both financial and non-financial to monitor and benchmark the performance of the company. They regard the following as the key financial indicators of performance:

- Operating profit - measuring the profits generated by the company's operations.
- Net cash flow from operating activities - measuring the performance in translating operating profit into cash flow through management of working capital.

The key non-financial indicators are associated with the company's ability to maintain its existing customer and supplier base.

### **Results and dividends**

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

### **Future developments**

The directors will continue to grow and develop the business in the future but anticipate that business will be very difficult during the current year.

### **Directors**

The following directors have held office since 1 July 2011:

S Sanford

Ms A Mines

J Hendry

T Cranmer

(Resigned 31 October 2012)

### **Auditors**

The auditors, Rushton Osborne & Co. Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# EGL GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2012**

---

### **Statement of 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 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;
- 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S Sanford  
Director

22 March 2013

# **EGL GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF EGL GROUP LIMITED**

---

We have audited the financial statements of EGL Group Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet, the 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 30 June 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- 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.

# EGL GROUP LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF EGL GROUP LIMITED

---

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.



**Mr John Austin (Senior Statutory Auditor)**  
for and on behalf of Rushton Osborne & Co. Limited

22 March 2013

**Chartered Accountants**  
**Statutory Auditor**

Ringley Park House  
59 Reigate Road  
Reigate, Surrey  
RH2 0QJ

# EGL GROUP LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	17,294	26,027
Cost of sales		(14,544)	(23,690)
Gross profit		2,750	2,337
Administrative expenses		(434)	(1,564)
Other operating income		-	131
Operating profit	3	2,316	904
Interest payable and similar charges	4	(66)	(71)
Profit on ordinary activities before taxation		2,250	833
Tax on profit on ordinary activities	5	(516)	(299)
Profit for the year	13	1,734	534

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


# EGL GROUP LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	7	19	33
<b>Current assets</b>			
Stocks	8	755	1,428
Debtors: amounts falling due within one year	9	1,889	3,163
Debtors: amounts falling due after more than one year	9	3,898	2,408
Cash at bank and in hand		9	12
		<u>6,551</u>	<u>7,011</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,896)</u>	<u>(4,874)</u>
<b>Net current assets</b>		<u>3,655</u>	<u>2,137</u>
<b>Total assets less current liabilities</b>		<u><u>3,674</u></u>	<u><u>2,170</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	500	500
Profit and loss account	13	3,174	1,670
<b>Shareholders' funds</b>	14	<u><u>3,674</u></u>	<u><u>2,170</u></u>

Approved by the Board and authorised for issue on 22 March 2013

  
S. Sanford  
Director

Company Registration No. SC157919

# EGL GROUP LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
£'000	£'000	£'000
Net cash inflow from operating activities	144	503
Returns on investments and servicing of finance		
Interest paid	(66)	(71)
Net cash outflow for returns on investments and servicing of finance	(66)	(71)
Taxation	(298)	(353)
Payments to acquire tangible assets	-	(9)
Receipts from sales of tangible assets	1	8
Net cash inflow/(outflow) for capital expenditure	1	(1)
Equity dividends paid	(230)	-
Net cash (outflow)/inflow before management of liquid resources and financing	(449)	78
Financing		
Repayment of other short term loans	-	(180)
Net cash outflow from financing	-	(180)
Decrease in cash in the year	(449)	(102)

# EGL GROUP LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£'000	£'000
	Operating profit	2,316	904
	Depreciation of tangible assets	13	34
	Profit on disposal of tangible assets	-	(1)
	Decrease in stocks	673	1,565
	Increase in debtors	(216)	(2,715)
	(Decrease)/Increase in creditors within one year	(2,642)	716
	Net cash inflow from operating activities	144	503

2	Analysis of net debt	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
		£'000	£'000	£'000	£'000
	Net cash:				
	Cash at bank and in hand	12	(3)	-	9
	Bank overdrafts	(177)	(446)	-	(623)
		(165)	(449)	-	(614)
	Bank deposits	-	-	-	-
	Net debt	(165)	(449)	-	(614)

3	Reconciliation of net cash flow to movement in net debt	2012	2011
		£'000	£'000
	Decrease in cash in the year	(449)	(102)
	Cash (inflow)/outflow from (increase)/decrease in debt	-	180
	Movement in net debt in the year	(449)	78
	Opening net debt	(165)	(243)
	Closing net debt	(614)	(165)

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for sales of coal and aggregates net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15 - 50% per annum on cost, dependent on contract life.
Computer equipment	20 - 25% per annum on cost
Fixtures, fittings & equipment	15 - 25% per annum on cost
Motor vehicles	25% per annum on cost

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### 1.7 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment or the product being ready for delivery, based on specific contract terms.

#### 1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

### 2 Turnover and profit on ordinary activities before taxation

Class of business	Turnover	
	2012 £'000	2011 £'000
Coal trading	16,940	25,504
Sale of aggregates	354	523
	<u>17,294</u>	<u>26,027</u>

### 3 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging:		
Depreciation of tangible assets	13	34
Operating lease rentals		
- Plant and machinery	12	22
- Other assets	40	42
Auditors' remuneration (including expenses and benefits in kind)	15	15
and after crediting:		
Profit on disposal of tangible assets	-	(1)
Profit on foreign exchange transactions	-	(4)
	<u></u>	<u></u>

### 4 Interest payable

	2012 £'000	2011 £'000
On bank loans and overdrafts	7	5
On amounts payable to factors	43	27
Other interest	16	39
	<u>66</u>	<u>71</u>

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

5	Taxation	2012	2011
		£'000	£'000
	<b>Domestic current year tax</b>		
	U.K. corporation tax	521	302
	Adjustment for prior years	(5)	(3)
	<b>Total current tax</b>	<u>516</u>	<u>299</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>2,250</u>	<u>833</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.50% (2011 - 28.00%)	<u>574</u>	<u>233</u>
	Effects of:		
	Non deductible expenses	(52)	73
	Depreciation add back	3	9
	Capital allowances	(4)	(13)
	Adjustments to previous periods	(5)	(3)
		<u>(58)</u>	<u>66</u>
	<b>Current tax charge for the year</b>	<u>516</u>	<u>299</u>
6	Dividends	2012	2011
		£'000	£'000
	Ordinary final paid	<u>230</u>	<u>-</u>

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

### 7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 July 2011	420	6	37	463
Disposals	(271)	-	-	(271)
At 30 June 2012	149	6	37	192
<b>Depreciation</b>				
At 1 July 2011	394	4	32	430
On disposals	(270)	-	-	(270)
Charge for the year	12	-	1	13
At 30 June 2012	136	4	33	173
<b>Net book value</b>				
At 30 June 2012	13	2	4	19
At 30 June 2011	26	2	5	33

### 8 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	-	375
Finished goods and goods for resale	755	1,053
	755	1,428

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

9 Debtors	2012 £'000	2011 £'000
Trade debtors	1,765	3,011
Amounts owed by participating interests	3,898	2,408
Other debtors	77	127
Prepayments and accrued income	47	25
	<u>5,787</u>	<u>5,571</u>

Amounts falling due after more than one year and included in the debtors above are:

	2012 £'000	2011 £'000
Amounts owed by participating interests	<u>3,898</u>	<u>2,408</u>

The amounts due from related companies are loans to EGL Developments Limited, due in more than one year. This company is under the control of the directors of EGL Group Limited.

10 Creditors: amounts falling due within one year	2012 £'000	2011 £'000
Bank loans and overdrafts	623	177
Trade creditors	1,223	3,106
Corporation tax	522	304
Other taxes and social security costs	19	173
Directors' current accounts	65	134
Other creditors	385	491
Accruals and deferred income	59	489
	<u>2,896</u>	<u>4,874</u>

The bank overdraft is secured by guarantees.

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

### 11 Pension and other post-retirement benefit commitments

#### Defined contribution

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 pension cost charge represents contributions payable by the company to the fund.

	2012 £'000	2011 £'000
Contributions payable by the company for the year	36	98

### 12 Share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500	500

### 13 Statement of movements on profit and loss account

	Profit and loss account £'000
Balance at 1 July 2011	1,670
Profit for the year	1,734
Dividends paid	(230)
Balance at 30 June 2012	3,174

### 14 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	1,734	534
Dividends	(230)	-
Net addition to shareholders' funds	1,504	534
Opening shareholders' funds	2,170	1,636
Closing shareholders' funds	3,674	2,170

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2012

#### 15 Contingent liabilities

The company has given a guarantee to secure the borrowings of EGL Developments Limited.

This amounted to £200,000 (2011: £200,000) at the year end date.

#### 16 Financial commitments

At 30 June 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2013:

	Land and buildings		Other	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	1	9	10
Between two and five years	23	23	1	2
	<u>23</u>	<u>24</u>	<u>10</u>	<u>12</u>

#### 17 Capital commitments

The company has entered into forward exchange contracts totalling £0 (2011: £30,524). The value of these contracts has been calculated at a fair value based on the spot rate of exchange at 30 June 2012. The difference between the fair value and the contract value of these agreements is a profit of £0 (2011: profit £689).

#### 18 Directors' remuneration

	2012	2011
	£'000	£'000
Remuneration for qualifying services	47	412
Company pension contributions to defined contribution schemes	20	80
	<u>67</u>	<u>492</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011 - 2).

# EGL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2012

#### 19 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Operations staff	1	1
Administrative staff	4	4
Management staff	7	8
	<u>12</u>	<u>13</u>

##### Employment costs

	2012 £'000	2011 £'000
Wages and salaries	285	762
Social security costs	48	99
Other pension costs	36	98
	<u>369</u>	<u>959</u>

#### 20 Related party relationships and transactions

During the year dividends totalling £230,000 (2011: £0) were paid to S Sanford and A Mines, directors and shareholders, or to their spouses who were also shareholders during part of the year.

At 30 June 2012 the company owed £13,513 (2011: £46,126) to S Sanford and £50,970 (2011: £87,961) to A Mines in respect of the directors current account and loans.

At 30 June 2012 the company was owed £3,642,586 (2011: £2,407,754) by EGL Developments Ltd and owed £383,345 (2011: £424,734) to EGL Puracite Ltd. Both of these companies are under the common control of the directors.

During the year the company made purchases of £122,006 (2011: £272,762) from and sales of £95,140 (2011: £178,242) to EGL Puracite Ltd.