

Fishers Services Group Holdings Limited
Directors' report &
consolidated financial statements
for the year ended 31 December 2005

Registered number : SC263302



Fishers Services Group Holdings Limited
Directors' report and consolidated financial statements
for the year ended 31 December 2005

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Fishers Services Group Holdings Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company and the group for the year ended 31 December 2005

Principal activities

The company acts as a holding company providing managerial and administrative services to its subsidiaries which are engaged in the provision of laundry and linen services

Results and dividends

The group's profit after taxation for the financial year was £427,802 (2004 £554,986) The directors do not propose the payment of a dividend The retained profit has been transferred to reserves

Review of business and future developments

The directors are satisfied with the trading results for the year and are confident that the group will continue to trade profitably

Disabled employees

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person

With regard to existing employees and those who have become disabled during the period, the group will continue to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate

Employee involvement

Regular meetings are held between local management and employees to allow a free flow of information and ideas and so that the views of employees can be taken into account in making decisions which are likely to affect their interests

Directors and their interests

The directors who held office during the period were as follows

J Fisher
T Hilditch
A Lochery
R MacKay
B McHardy
D V Ward

Fishers Services Group Holdings Limited

Directors' report for the year ended 31 December 2005 (continued)

Directors and their interests (continued)

The interests of the directors in the share capital of the company at the beginning and end of the period were as follows

	2005 No	2004 No
Ordinary shares of £0.01 each		
J Fisher		
T Hilditch	17,000	17,000
A Lochery	10,101	
R MacKay	50,000	50,000
B McHardy	100,000	100,000
D V Ward	100,000	100,000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fishers Services Group Holdings Limited

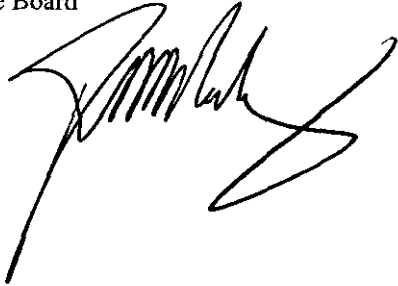
Directors' report for the year ended 31 December 2005 (continued)

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting

On behalf of the Board

R MacKay
Director

A handwritten signature in black ink, appearing to be 'R MacKay', written over a light blue horizontal line.

Riggs Place
Cupar
Fife
KY15 5JA

Fishers Services Group Holdings Limited

Independent auditors' report to the members of Fishers Services Group Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Fishers Services Group Holdings Limited for the year ended 31 December 2005 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Aberdeen

12 June 2006

Fishers Services Group Holdings Limited

Consolidated profit and loss account for the year ended 31 December 2005

	Notes	12 months to 31 December 2005 £	9 months to 31 December 2004 £
Turnover	3	21,417,726	16,571,387
Cost of sales		(11,415,551)	(8,873,682)
Gross profit		10,002,175	7,697,705
Distribution costs		(3,003,270)	(2,173,079)
Administrative expenses		(3,940,758)	(2,907,293)
Operating profit	4	3,058,147	2,617,333
Gain on sale of fixed assets			52,608
Interest receivable – bank interest		83,278	100,345
Interest payable and similar charges	5	(2,182,604)	(1,693,319)
Profit on ordinary activities before taxation		958,821	1,076,967
Taxation	6	(531,019)	(521,981)
Retained profit for the financial period	18	427,802	554,986

The group's activities commenced on 26 March 2004 following the acquisition of Fishers Holdings Limited on that date. All operations are continuing.

There are no recognised gains or losses other than the profits for the periods above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the periods stated above and their historical cost equivalents.

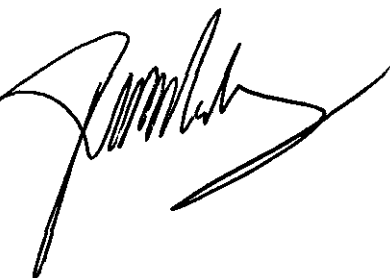
Fishers Services Group Holdings Limited

Consolidated balance sheet as at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Intangible assets	10	13,961,414	14,727,026
Tangible assets	11	7,536,825	7,443,878
Investments	12		
		21,498,239	22,170,904
Current assets			
Stocks – raw materials and consumables		74,675	60,129
Debtors	13	3,237,436	3,181,337
Cash at bank and in hand		2,830,241	2,276,305
		6,142,352	5,517,771
Creditors amounts falling due within one year	14	(3,610,520)	(3,319,722)
Net current assets		2,531,832	2,198,049
Total assets less current liabilities		24,030,071	24,368,953
Creditors: amounts falling due after more than one year	15	(21,430,815)	(22,237,225)
Deferred income	16	(141,750)	(145,250)
Provisions for liabilities and charges	7	(464,617)	(431,492)
Net assets		1,992,889	1,554,986
Capital and reserves			
Called up share capital	17	10,101	10,000
Share premium account	19	1,000,000	990,000
Profit and loss account	18	982,788	554,986
Shareholders' funds	20	1,992,889	1,554,986

The financial statements on pages 5 to 21 were approved by the board of directors on *7 June* 2006 and were signed on its behalf by

Director



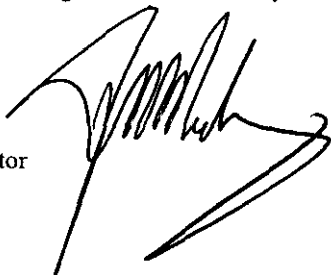
Fishers Services Group Holdings Limited

Balance sheet as at 31 December 2005

	Notes	2005 £	As restated 2004 £
Fixed assets			
Investments	12	31,595,622	31,595,622
Current assets			
Debtors	13	708,387	
Creditors: amounts falling due within one year	14	(12,431,928)	(9,836,772)
Net current liabilities		(11,723,541)	(9,836,772)
Total assets less current liabilities		19,872,081	21,758,850
Creditors: amounts falling due after more than one year	15	(21,430,815)	(22,237,225)
Net liabilities		(1,558,734)	(478,375)
Capital and reserves			
Called up share capital	17	10,101	10,000
Share premium account	19	1,000,000	990,000
Profit and loss account	18	(2,568,835)	(1,478,375)
Deficiency of shareholders' funds	20	(1,558,734)	(478,375)

The financial statements on pages 5 to 20 were approved by the board of directors on *7 June* 2006 and were signed on its behalf by

Director



Fishers Services Group Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2005

	Notes	12 months to 31 December 2005 £	9 months to 31 December 2004 £
Net cash inflow from operating activities	21	4,827,050	4,076,749
Returns on investments and servicing of finance			
Interest received		83,278	100,345
Interest paid		(1,671,262)	(1,264,420)
Expenses paid in connection with debt issue			(337,000)
Net cash outflow from returns on investments and servicing of finance		(1,587,984)	(1,501,075)
Taxation		(599,858)	(545,091)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,155,518)	(290,496)
Sale of tangible fixed assets		35,145	300,650
Sale of investments			221,614
Net cash (outflow) / inflow from capital expenditure		(1,120,373)	231,768
Acquisitions			
Purchase of subsidiary undertakings			(31,595,622)
Net cash acquired with subsidiaries			7,434,576
Net cash outflow for acquisitions			(24,161,046)
Finance			
Receipts from issue of shares		10,101	1,000,000
Receipts from issue of loans			15,200,000
Loan stock issued			8,400,000
Repayment of loans		(975,000)	(425,000)
Net cash (outflow) / inflow from financing		(964,899)	24,175,000
Net cash inflow	23	553,936	2,276,305

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005

1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the group include the financial statements of the company and its subsidiaries, all of which have coterminous year ends

The financial statements of the parent company and group have been prepared under the going concern concept as the group continues to generate profits and positive cashflows. Although the parent company had net liabilities as at 31 December 2005 of £1,558,734, Fishers Holdings Limited has paid a dividend of £2,000,000 to the company subsequent to the year end in order to eliminate the deficit.

Under the provisions of Section 230(1) of the Companies Act 1985, the profit and loss account of the holding company is not published. The loss for the period of the company was £1,090,460.

2 Accounting policies

Basis of accounting

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

A summary of the principal accounting policies is given below.

Changes in accounting policies

The group and company have adopted FRS 21 "Events after the balance sheet date" and FRS 25 "Financial instruments: disclosure and presentation", in these financial statements. The adoption of these standards represents a change in accounting policy. Adoption of these standards has not had any effect on the group's current year or prior period results.

The effect on the company of the change in accounting policy to adopt FRS 21 was to recognise income from shares in group undertakings of £900,000 in the current year. This amount represented dividends proposed by the company's subsidiary undertaking for the year ended 31 December 2004. The company's comparative results have been amended accordingly. The adoption of FRS 25 has not had any effect on the company's current year or prior period results.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of each asset over its estimated useful life at the following rates:

	%	
Buildings	2	Straight line
Plant and machinery	10 - 20	Reducing balance
Motor vehicles	10 - 25	Straight line
Fixtures, fittings, tools and equipment	20	Reducing balance

Goodwill

Goodwill arising on the acquisition of companies and businesses is capitalised and amortised over a period not exceeding 20 years.

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value

Linen and garments

Linen and garments for rental are expensed on purchase

Deferred tax

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Pensions

The group operates the Fishers Group pension scheme which is a defined contribution scheme. Contributions to the scheme are charged against profits in respect of the accounting period in which they fall due.

Grants

Revenue grants are credited to the profit and loss account in the same period as the related expense is incurred. Grants relating to purchases of fixed assets are credited to deferred income and amortised to the profit and loss account over the estimated useful life of the related assets.

3 Turnover

Turnover represents the amount invoiced in the ordinary course of business, excluding VAT, for linen hire and laundry services provided during the period. All turnover arose in the United Kingdom.

4 Operating profit

The consolidated operating profit is stated after charging/(crediting)

	12 months to 31 December 2005 £	9 months to 31 December 2004 £
Wages and salaries	8,485,135	6,459,130
Social security costs	674,906	504,042
Other pension costs	80,097	50,013
Depreciation (note 11)	1,062,571	827,649
Gain on sale of fixed assets	(35,145)	
Amortisation of goodwill (note 10)	765,612	585,222
Auditors' remuneration		
audit fees group	18,000	18,000
other fees group	12,250	10,000
Release of grant (note 16)	(3,500)	(2,675)
Operating lease rentals	23,410	498

The company audit fee was £3,000 (2004 £3,000)

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

5 Interest payable and similar charges

	12 months to 31 December 2005	9 months to 31 December 2004
	£	£
On bank loans	1,067,013	853,126
On loan stock	1,067,447	804,086
Amortisation of loan arrangement fees	48,144	36,107
	2,182,604	1,693,319

6 Taxation

(a) Analysis of tax charge for the period

	12 months to 31 December 2005	9 months to 31 December 2004
	£	£
Current tax		
UK corporation tax at 30%	498,115	482,823
Prior period adjustment	(221)	
	497,894	482,823
Deferred tax.		
Charge for the period	33,125	39,158
	33,125	39,158
Total tax charge for the period	531,019	521,981

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Taxation (continued)

(b) Factors affecting tax charge for the period

	12 months to 31 December 2005	9 months to 31 December 2004
	£	£
Profit on ordinary activities before tax	958,821	1,076,967
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	287,646	323,090
Effects of		
Expenses not deductible for tax purposes	11,641	23,324
Origination and reversal of timing differences	(30,856)	(39,158)
Prior period adjustment	(221)	
Goodwill amortisation not deductible for tax purposes	229,684	175,567
Current tax charge for the period	497,894	482,823

7 Deferred taxation

	2005	2004
Group	£	£
Deferred taxation provided in the financial statements comprises		
Tax effect of timing differences because of		
Accelerated capital allowances	464,617	431,492
At beginning of period	431,492	392,334
Deferred tax charge for the period (note 6a)	33,125	39,158
Provision at end of period	464,617	431,492

The deferred tax balances are based on a corporation tax rate of 30%

There are no deferred tax balances in respect of the company

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Employees

The average number of persons employed by the group during the year was 580 (2004 – 9 months 556) all of whom were employed in the United Kingdom

9 Directors' emoluments

	2005	2004
	£	£
Directors' emoluments	564,004	413,235
Pension contribution	46,615	43,405

The remuneration of the highest paid director was £179,158 (2004 – 9 months £174,117) plus pension contributions of £18,086 (2004 – 9 months £22,330)

Pension benefits are accruing to four directors under defined contribution pension schemes

10 Intangible assets

Group

	Goodwill
	£
Cost	
At 1 January and 31 December 2005	15,312,248
Amortisation	
At 1 January 2005	585,222
Charge for the period	765,612
At 31 December 2005	1,350,834
Net book value	
At 31 December 2005	13,961,414
At 31 December 2004	14,727,026

Goodwill arising on the purchase of Fishers Holdings Limited and subsidiary companies is being amortised on a straight line basis over 20 years. The directors estimate that the value of the underlying businesses acquired is expected to exceed the value of the underlying assets for this period

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

11 Tangible assets

Group	Heritable land & buildings £	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2005	4,034,183	2,841,702	1,208,283	187,359	8,271,527
Additions	107,486	715,299	317,324	15,409	1,155,518
Disposals			(62,395)		(62,395)
At 31 December 2005	4,141,669	3,557,001	1,463,212	202,768	9,364,650
Depreciation					
At 1 January 2005	60,768	440,175	295,826	30,880	827,649
Charge for the year	82,833	544,610	400,739	34,389	1,062,571
Disposals			(62,395)		(62,395)
At 31 December 2005	143,601	984,785	634,170	65,269	1,827,825
Net book value					
At 31 December 2005	3,998,068	2,572,216	829,042	137,499	7,536,825
At 31 December 2004	3,973,415	2,401,527	912,457	156,479	7,443,878

During the year the directors reviewed the useful economic lives of the group's assets and as a result the lives of certain pieces of plant have been increased from 5 to 10 years. This resulted in the depreciation charge for the year being £78,747 less than it would have been if the asset lives had not been changed.

12 Investments – cost

	Company Shares in subsidiary undertakings £	Group and company Other investments £
At 1 January and 31 December 2005	31,595,622	

The shareholdings in subsidiary undertakings are as follows

	Class of share	Percentage holding	Nature of business
Fishers Holdings Limited	Ordinary	100	Holding company
	Preference	100	
Fishers Services Limited	Ordinary	*100	Laundry and linen services
Fishers Services (Cupar) Limited	Ordinary	**100	Dormant
Fishers Services (Aberfeldy) Limited	Ordinary	**100	Dormant
Fishers Services (Greenock) Limited	Ordinary	**100	Dormant
	Preference	**100	

* Held by Fishers Holdings Limited

** Held by Fishers Services Limited

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

13 Debtors

	Group	Group	Company	Company As restated
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	3,101,398	3,038,994		
Prepayments and accrued income	136,038	142,343		
Amounts owed by group undertakings			708,387	
	3,237,436	3,181,337	708,387	

14 Creditors: amounts falling due within one year

	Group	Group	Company	Company As restated
	2005	2004	2005	2004
	£	£	£	£
Bank loans	1,201,856	926,856	1,201,856	926,856
Trade creditors	933,766	839,693		
Amounts owed to group undertakings			11,156,069	8,799,180
Accruals and deferred income	628,570	757,954	74,003	110,736
Other taxes and social security	678,880	525,807		
Corporation tax	167,448	269,412		
	3,610,520	3,319,722	12,431,928	9,836,772

Amounts owed to group undertakings consist primarily of amounts due to Fishers Services Limited under the Inter Company Funding Agreement dated 26 March 2004. The facility is in place until 2012 and carries interest at a rate of one percent per annum above the base rate.

The company has entered a guarantee arrangement with the Inland Revenue confirming that it is responsible for any of the group's corporation tax liabilities.

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

15 Creditors: amounts falling due after more than one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Bank loans	12,345,395	13,547,252	12,345,395	13,547,252
Loan stock	9,085,420	8,689,973	9,085,420	8,689,973
	21,430,815	22,237,225	21,430,815	22,237,225

Maturity of debt

The maturity profile of the bank borrowings and loan stock is as follows

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Repayable by instalments				
Bank loan				
Within one year	1,201,856	926,856	1,201,856	926,856
Between one and two years	1,401,856	1,201,856	1,401,856	1,201,856
Between two and five years	4,855,568	4,530,568	4,855,568	4,530,568
After five years	887,971	2,614,828	887,971	2,614,828
	8,347,251	9,274,108	8,347,251	9,274,108
Repayable other than by instalments after five years				
Bank loan	5,200,000	5,200,000	5,200,000	5,200,000
Loan stock	9,085,420	8,689,973	9,085,420	8,689,973
Total debt	22,632,671	23,164,081	22,632,671	23,164,081

The bank loans, both of which are repayable in full by March 2011, attract interest at LIBOR plus 2.25% to 2.75%. The bank loans are secured by a first floating charge and standard security over the assets of the group.

The loan stock represents 8,400,000 secured loan notes of £1 each and is repayable in full on 31 December 2012. The loan stock attracts interest at 12.5% per annum, 8% of which is paid annually. The remaining 4.5% is being accrued and will become payable when the loan notes are redeemed.

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Deferred income

	Group £
At 1 January 2005	145,250
Released to profit and loss account	(3,500)
At 31 December 2005	141,750

17 Called up share capital

	2005 No	2005 £	2004 No	2004 £
Group and company				
Authorised				
Ordinary shares of £0.01 each	310,101	3,101	310,101	3,101
A ordinary shares of £0.01 each	700,000	7,000	700,000	7,000
	1,010,101	10,101	1,010,101	10,101
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	310,101	3,101	300,000	3,000
A ordinary shares of £0.01 each	700,000	7,000	700,000	7,000
	1,010,101	10,101	1,000,000	10,000

During the year 10,101 ordinary shares were issued at a premium of £0.99 each for cash

18 Profit and loss account

Group	£
At 1 January 2005	554,986
Profit for the financial year	427,802
At 31 December 2005	982,788
Company	£
At 1 January 2005 as previously stated	(578,375)
Prior year adjustment – FRS 21 dividend income	(900,000)
At 1 January 2005 as restated	(1,478,375)
Loss for the financial year	(1,090,460)
At 31 December 2005	(2,568,835)

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Share premium account

	Group £	Company £
At 1 January 2005	990,000	990,000
Premium on shares issued	10,000	10,000
At 31 December 2005	1,000,000	1,000,000

20 Reconciliation of movements in shareholders' funds

Group	2005 £	2004 £
Profit for the period	427,802	554,986
Shares issued	10,101	1,000,000
Net addition to shareholders' funds	437,903	1,554,986
Opening shareholders' funds	1,554,986	
Closing shareholders' funds	1,992,889	1,554,986

Company	2005 £	As restated 2004 £
Loss for the period	(1,090,460)	(1,478,375)
Shares issued	10,101	1,000,000
Net deduction from shareholders' funds	(1,080,359)	(478,375)
Opening shareholders' funds as previously reported	421,625	
Prior year adjustment – FRS 21 dividend income	(900,000)	
Opening shareholders' funds as restated	(478,375)	
Closing shareholders' funds deficit	(1,558,734)	(478,375)

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

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

	12 months to 31 December 2005	9 months to 31 December 2004
	£	£
Operating profit	3,058,147	2,617,333
Gain on sale of fixed assets	(35,145)	
Depreciation	1,062,571	827,649
Amortisation of goodwill	765,612	585,222
Release of deferred grant income	(3,500)	(2,675)
Increase in stocks	(14,546)	(4,753)
(Increase) / decrease in debtors	(56,099)	184,129
Increase / (decrease) in creditors	50,010	(130,156)
Net cash inflow from operating activities	4,827,050	4,076,749

22 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£	£
Increase in cash in the period	553,936	2,276,305
Cash outflow / (inflow) from decrease / (increase) in debt	975,000	(23,175,000)
Other non cash movements	(443,590)	10,919
Movement in net debt in the period	1,085,346	(20,887,776)
Opening net debt	(20,887,776)	
Closing net debt	(19,802,430)	(20,887,776)

The non cash movements comprise amortisation of issue costs relating to debt issues, accrued interest charges being rolled up into debt balances and transfers between categories of debt

23 Analysis of net debt

	2004	Cash flow	Non cash movements	2005
	£	£	£	£
Cash at bank and in hand	2,276,305	553,936		2,830,241
Debt due within 1 year	(926,856)	975,000	(1,250,000)	(1,201,856)
Debt due after 1 year	(22,237,225)		806,410	(21,430,815)
	(20,887,776)	1,528,936	(443,590)	(19,802,430)

Fishers Services Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

24 Contingent liabilities

The company has entered into cross guarantees with other members of the Fishers Services Group Holdings Limited group of companies in respect of its own borrowings and those of other members of the group

25 Financial commitments

At 31 December 2005 the group had annual commitments under non cancellable operating leases as follows

	2005 £	2004 £
At 31 December 2005 the group had annual commitments under non cancellable operating leases as follows		
<hr/>		
Other leases expiring between two and five years	23,844	5,976

26 Related party transactions

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" from the need to disclose transactions between group entities which have been eliminated on consolidation in these financial statements

During the year the group incurred interest costs of £1,067,447 (2004 £804,086) in respect of loan stock issued to Close Brothers Equity Limited Details of the balances outstanding at the year end are given in note 15

In addition, fees of £25,000 (2004 £268,750) were paid to Close Brothers Equity Limited during the period

27 Ultimate controlling parties

In the directors' opinion, Close Brothers have significant influence as a result of the equity interests held by Close Brothers Private Equity (UK) Fund 6 and Close Brothers Private Equity (US) Fund 6