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COMPANIES HOUSE COPY

Kärcher (UK) Limited

Report and Financial Statements

Year Ended

31 December 2007

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COMPANIES HOUSE



BDO Stoy Hayward
Chartered Accountants

Kärcher (UK) Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

H O Jenner
G F Metz
S C Keeping
M R Venner

Secretary and registered office

M R Venner, Karcher House, Beaumont Road, Banbury, Oxfordshire, OX16 1TB

Company number

1350233

Auditors

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

Bankers

Bayerische Hypo-und Vereinsbank AG, 41 Moorgate, London, EC2R 6PP

Solicitors

Spratt Endicott, 52-54 The Green, Banbury, Oxfordshire, OX16 9AB

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2007 (2006 - £700,000)

Principal activities, review of business and future developments

Principal activities and future developments

The company has continued to trade as the UK distributor of Kärcher cleaning equipment for the industrial, commercial and consumer markets. The company also provides a comprehensive installation and after sales service.

Review of the business

The profit and loss account is set out on page 6 and shows turnover for the year of £51,517,000 and a pre-tax profit for the year of £43,000.

Turnover has increased by 18.3% and reverses the trend in 2006. The improvement in sales was mainly in the consumer and military markets. These markets saw the largest decline in 2006 but with the lifting of the water hosepipe bans in early 2007 and the Ministry of Defence activity abroad the orders in these markets have recovered on previous declines.

The increased revenue in 2007 and clear down of excess stock from 2006 has come at a cost to our gross margin. The combination of this and the introduction of WEEE (Environmental Waste Charges for Electronic goods) have reduced our margin by over one and half percentage points in the year and is 23.3% for 2007.

With increased activity in the year the flexible costs of the business have increased in line with revenue increases, however cost control has reduced our administration expenses by 6%. This and the improved sales in the year has resulted in the business returning to a pre-tax profit in 2007.

Principal risks and uncertainties

The market for the company's products across all sectors remains highly competitive. However with increased channels for the sale of our products and our improved portfolio of products we feel the business is not too heavily reliant on one specific market or sector. Investment in increasing brand awareness will continue and regular monitoring and reviews are to be carried out on gross margins.

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Financial instruments

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

Sales to Ireland and purchases of inventory are made in Euros. The Company is therefore exposed to movements in the Euro to Sterling exchange rate. The Company monitors the net exposure and takes out forward contracts to fix the exchange rates as appropriate and limit the overall exposure on margins and profitability. However with the strengthening of the Euro against the Pound (10.3% since September 2007) our impact on margin in the coming months could be significant.

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and monitor all customers credit worthiness on a regular basis.

The Company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of medium term and short-term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short-term deposits and current accounts that earn interest at a floating rate.

Post balance sheet events

On 7 March 2008, the company purchased the entire share capital of Atlantis International Limited for an undisclosed sum.

Market value of land and buildings

The directors are of the opinion that the market value of the company's interests in land and buildings exceeds the book value. In the directors opinion the market value of the land & buildings is approximately £3.5m.

Charitable and political contributions

During the year the company made charitable contributions of £5,956 (2006 - £5,250). There were no political contributions.

Directors

The directors of the company during the year were

H O Jenner	
G F Metz	
S C Keeping	
D A West	(Resigned 31 May 2007)
W L Silvester	(Resigned 16 February 2007)
M R Venner	(Appointed 1 June 2007)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

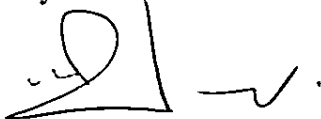
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



M R Venner

Secretary

3 April 2008

Kärcher (UK) Limited

Independent auditor's report

To the shareholders of Kärcher (UK) Limited

We have audited the financial statements of Kärcher (UK) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the 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 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Birmingham*

3 April 2008

Kärcher (UK) Limited**Profit and loss account for the year ended 31 December 2007**

	Note	2007 £'000	2006 £'000
Turnover	2	51,517	43,539
Cost of sales		<u>39,487</u>	<u>32,706</u>
Gross profit		12,030	10,833
Distribution costs		8,556	8,086
Administrative expenses		<u>3,322</u>	<u>3,537</u>
		152	(790)
Other operating income		<u>24</u>	<u>45</u>
Operating profit/(loss)	3	176	(745)
Other interest receivable and similar income	6	53	77
Interest payable and similar charges	7	<u>(186)</u>	<u>(182)</u>
Profit/(loss) on ordinary activities before taxation		43	(850)
Taxation on profit/(loss) on ordinary activities	8	<u>(99)</u>	<u>273</u>
Loss on ordinary activities after taxation		(56)	(577)

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 9 to 21 form part of these financial statements

Karcher (UK) Limited**Balance sheet at 31 December 2007**

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Tangible assets	10		1,641		1,936
Current assets					
Stocks	11	4,812		4,565	
Debtors	12	9,981		7,178	
Cash at bank and in hand		211		58	
		<u>15,004</u>		<u>11,801</u>	
Creditors: amounts falling due within one year	13	<u>9,275</u>		<u>3,317</u>	
Net current assets			<u>5,729</u>		<u>8,484</u>
Total assets less current liabilities			<u>7,370</u>		<u>10,420</u>
Creditors: amounts falling due after more than one year	14	-		3,000	
Provisions for liabilities	15	<u>1,105</u>		<u>1,099</u>	
			<u>1,105</u>		<u>4,099</u>
			<u>6,265</u>		<u>6,321</u>
Capital and reserves					
Called up share capital	16		2,320		2,320
Profit and loss account	17		3,945		4,001
Shareholders' funds	19		<u>6,265</u>		<u>6,321</u>

The financial statements were approved by the board of directors and authorised for issue on 3 April 2008

S C Keeping
Director

H O Jenner
Director

The notes on pages 9 to 21 form part of these financial statements

Kärcher (UK) Limited**Cash flow statement for the year ended 31 December 2007**

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities	24		406		1,265
Returns on investments and servicing of finance					
Interest received		53		77	
Interest paid other		(186)		(182)	
Net cash outflow from returns on investments and servicing of finance			(133)		(105)
Taxation					
Corporation tax paid			-		(411)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(128)		(103)	
Receipts from sale of tangible fixed assets		8		91	
Net cash outflow from capital expenditure and financial investment			(120)		(12)
Dividend paid			-		(700)
Increase in cash	25		153		37

The notes on pages 9 to 21 form part of these financial statements

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

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Depreciation

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

Freehold property	- 10% straight line
Leasehold property	- 10% straight line or over the period of the lease
Plant & machinery	- 25% - 33 1/3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase, net of discounts, together with all associated costs attributable to the present condition and location of the stock. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date, or at the forward contract rate if settled using forward contracts in place at the balance sheet date. Any differences are taken to the profit and loss account.

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 company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies (*continued*)

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 during the lease term. 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.

Lease payments are analysed between capital and interest components. 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.

Pension costs

Contributions to the company's defined contribution pension scheme and a number of personal pension plans are charged to the profit and loss account in the period in which they become payable.

Conditions of sale

The company guarantees the products it supplies. Provision is made for any costs which are expected to be incurred after the year end under the terms of those guarantees.

Provisions for sales credit notes

The provision for sales credit notes is treated as an expense in the profit and loss account and is not shown as a reduction to turnover.

Assets held for rental

Equipment leased to customers under operating leases is capitalised within tangible fixed assets and is depreciated in accordance with the accounting policy above. Income is accounted for on a straight line basis.

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

2 Turnover

	2007 £'000	2006 £'000
Analysis by geographical market		
United Kingdom	49,029	41,215
Europe	2,488	2,324
	<u>51,517</u>	<u>43,539</u>

Turnover is wholly attributable to the principal activity of the company

3 Operating profit/(loss)

	2007 £'000	2006 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	422	495
Hire of plant and machinery - operating leases	477	473
Hire of other assets - operating leases	75	78
Audit services	35	35
Non-audit services - tax services	6	5
Rent received	(24)	(45)
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	2007 £'000	2006 £'000
Wages and salaries	5,298	5,212
Social security costs	574	575
Other pension costs	143	137
	<u>6,015</u>	<u>5,924</u>

The average number of employees (including directors) during the year was 176 (2006 - 183)

Kärcher (UK) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****5 Directors' remuneration**

	2007	2006
	£'000	£'000
Directors' emoluments	306	370
Company contributions to money purchase pension schemes	19	30
	==	==

There were 2 directors in the company's defined contribution pension scheme during the year (2006 - 1)
There was 1 director who received contributions into a personal pension plan during the year (2006 - 2)

The total amount payable to the highest paid director in respect of emoluments was £179,000 (2006 - £130,000) Company pension contributions of £12,000 (2006 - £11,000) were made to a personal pension scheme on his behalf

6 Other interest receivable and similar income

	2007	2006
	£'000	£'000
Bank deposits	22	26
Group companies	31	51
	—	—
	53	77
	==	==

7 Interest payable and similar charges

	2007	2006
	£'000	£'000
Bank loans and overdrafts	184	174
Group interest	2	8
	—	—
	186	182
	==	==

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

8 Taxation on profit/(loss) on ordinary activities

	2007 £'000	2006 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	86	(190)
Adjustment in respect of previous periods	-	(37)
	<u>86</u>	<u>(227)</u>
Total current tax	86	(227)
<i>Deferred tax</i>		
Origination and reversal of timing differences	13	44
Adjustment in respect of previous periods	-	(90)
	<u>13</u>	<u>(46)</u>
Movement in deferred tax provision	13	(46)
	<u>99</u>	<u>(273)</u>
Taxation on profit/(loss) on ordinary activities	99	(273)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2007 £'000	2006 £'000
Profit/(loss) on ordinary activities before tax	43	(850)
	<u>43</u>	<u>(850)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	13	(255)
Effect of		
Expenses not deductible for tax purposes	100	106
Depreciation in excess of capital allowances	(32)	(33)
Adjustment to tax charge in respect of previous periods	-	(37)
Other short term timing differences	6	(8)
	<u>87</u>	<u>(227)</u>
Current tax charge for period	87	(227)

9 Dividends

	2007 £'000	2006 £'000
Ordinary shares		
Interim paid of Nil p (2006 - 30p) per share	-	700
	<u>-</u>	<u>700</u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

10 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and machinery £'000	Assets held for rental £'000	Total £'000
<i>Cost</i>					
At 1 January 2007	3,866	24	3,117	223	7,230
Additions	-	-	58	70	128
Disposals	-	-	(182)	-	(182)
	<u>3,866</u>	<u>24</u>	<u>2,993</u>	<u>293</u>	<u>7,176</u>
<i>Depreciation</i>					
At 1 January 2007	2,170	22	2,894	208	5,294
Provided for the year	263	2	137	20	422
Disposals	-	-	(181)	-	(181)
	<u>2,433</u>	<u>24</u>	<u>2,850</u>	<u>228</u>	<u>5,535</u>
<i>Net book value</i>					
At 31 December 2007	<u>1,433</u>	<u>-</u>	<u>143</u>	<u>65</u>	<u>1,641</u>
At 31 December 2006	<u>1,696</u>	<u>2</u>	<u>223</u>	<u>15</u>	<u>1,936</u>

Included in freehold land and buildings is freehold land amounting to £1,168,000 (2006 - £1,168,000) which is not depreciated

11 Stocks

	2007 £'000	2006 £'000
Finished goods and goods for resale	<u>4,812</u>	<u>4,565</u>

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

Kärcher (UK) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****12 Debtors**

	2007	2006
	£'000	£'000
Trade debtors	9,281	3,451
Amounts owed by group undertakings	133	2,939
Corporation tax recoverable	202	288
Other debtors	86	77
Prepayments and accrued income	136	267
Deferred taxation	143	156
	<u>9,981</u>	<u>7,178</u>

All amounts shown under debtors fall due for payment within one year with the exception of deferred taxation

	Deferred taxation £'000
At 1 January 2007	156
Charged to profit and loss account	(13)
	<u>—</u>
At 31 December 2007	143
	<u>—</u>
<i>Deferred taxation</i>	
	2007
	£'000
Cumulative depreciation in excess of capital allowances	118
Sundry timing differences	25
	<u>—</u>
	143
	<u>—</u>

Kärcher (UK) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****13 Creditors: amounts falling due within one year**

	2007 £'000	2006 £'000
Bank loan (secured - see note 14)	3,000	-
Trade creditors	836	1,007
Amounts owed to group undertakings	3,449	831
Taxation and social security	912	415
Accruals and deferred income	1,078	1,064
	<u>9,275</u>	<u>3,317</u>

14 Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Bank loan (secured)	-	3,000
	<u>-</u>	<u>3,000</u>

The bank loan of £3,000,000 is repayable on 15 December 2008 and is secured by way of a fixed charge over the company's freehold buildings

15 Provisions for liabilities

	Returns and warranty provision £'000
At 1 January 2007	1,099
Charged to profit and loss account	522
Utilised in year	(516)
	<u>1,105</u>
At 31 December 2007	<u>1,105</u>

The provision represents an estimate of the costs to be incurred by the company in respect of returns and warranties on machines sold. It is estimated that the year end provision will be utilised within two years

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

16 Share capital

	2007	Authorised	Allotted, called up	
	2007	2006	and fully paid	
	£'000	£'000	2007	2006
			£'000	£'000
Ordinary shares of £1 each	2,350	2,350	2,320	2,320

17 Reserves

	Profit and loss account £'000
At 1 January 2007	4,001
Loss for the year	(56)
At 31 December 2007	3,945

18 Pensions

The company operates a defined contribution pension scheme and also makes payments to various personal pension plans. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £142,000 (2006 - £137,000). There were no outstanding pension commitments at 31 December 2007 (2006 - £Nil included in accruals).

Karcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

19 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Loss for the year	(56)	(577)
Dividends	-	(700)
	<hr/>	<hr/>
Net deductions from shareholders' funds	(56)	(1,277)
Opening shareholders' funds	6,321	7,598
	<hr/>	<hr/>
Closing shareholders' funds	6,265	6,321
	<hr/>	<hr/>

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	2007 Land and buildings £'000	2007 Other £'000	2006 Land and buildings £'000	2006 Other £'000
Operating leases which expire				
Within one year	2	132	2	48
In two to five years	48	274	51	353
	<hr/>	<hr/>	<hr/>	<hr/>
	50	406	53	401
	<hr/>	<hr/>	<hr/>	<hr/>

21 Currency commitments

At 31 December 2007 the company was committed under forward contracts to purchase foreign currency amounting to £26,750,000 (2006 - £27,812,150)

22 Ultimate parent company and parent undertaking of larger group

The company is a wholly owned subsidiary of Karcher Beteiligungs GmbH, incorporated in Germany

The largest group in which the results of the company are consolidated is that headed by Alfred Karcher GmbH & Co KG, incorporated in Germany, which the directors regard as being the ultimate parent undertaking

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 *(Continued)*

23 Related party disclosures

Related party transactions and balances

During the year the following transactions occurred with Alfred Kärcher GmbH & Co KG, the ultimate parent company, and Kärcher Ireland Limited, Kärcher Floorcare Inc, Kärcher Futuretech GmbH, and C-Tech Industries Inc, which are fellow subsidiaries. Also stated are the balances that existed between the parties at the year end

	Alfred Kärcher GmbH & Co KG	Kärcher Ireland Limited	Kärcher Floorcare Inc.	Kärcher Futuretech GmbH	C-Tech Industries Inc.
	£'000	£'000	£'000	£'000	£'000
2007					
Purchases of goods for resale	34,224	-	343	2,724	-
Fees receivable/(payable) for provision of other goods and services	(253)	31	-	-	(8)
Sales of goods for resale	-	2,488	-	-	-
Interest receivable from Debtor	32	-	-	-	-
Creditor	(2,424)	133	-	-	-
	(55)	(962)	(8)		
2006					
Purchases of goods for resale	29,001	-	284	560	-
Fees receivable/(payable) for provision of other goods and services	(261)	28	-	-	-
Sales of goods for resale	-	2,291	-	-	-
Interest receivable from Debtor	51	-	-	-	-
Creditor	2,820	117	-	-	-
	(811)	(6)	(12)		

All transactions were conducted on an arm's length basis and on normal commercial terms

Kärcher (UK) LimitedNotes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)**24 Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	2007 £'000	2006 £'000
Operating profit/(loss)	176	(745)
Depreciation of tangible fixed assets	422	495
Profit on sale of tangible fixed assets	(7)	(68)
Increase in stocks	(247)	(325)
(Increase)/decrease in debtors	(2,902)	2,895
Increase/(decrease) in creditors	2,958	(883)
Movement in provisions	6	(104)
Net cash inflow from operating activities	406	1,265

25 Reconciliation of net cash flow to movement in net debt

	2007 £'000	2006 £'000
Increase in cash	153	37
Movement in net debt	153	37
Opening net debt	(2,942)	(2,979)
Closing net debt	(2,789)	(2,942)

26 Analysis of net debt

	At 1 January 2007 £'000	Cash flow £'000	Other non- cash items £'000	At 31 December 2007 £'000
Cash at bank and in hand	58	153	-	211
Debt due within one year	-	-	(3,000)	(3,000)
Debt due after one year	(3,000)	-	3,000	-
Total	(2,942)	153	-	(2,789)

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 *(Continued)*

27 Post balance sheet events

On 7 March 2008, the company purchased the entire share capital of Atlantis International Limited for an undisclosed sum