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MANCHESTER CABLES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009

Company Registration Number 05668946

RSM Tenon Limited

Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

MANCHESTER CABLES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

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MANCHESTER CABLES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2009

The board of directors	S J Ellis T C Eve D J Powell P G Ruocco M D Walton M P Williams
Company secretary	D J Powell
Business address	Delaunays Road Blackley Manchester M9 8FP
Registered office	Blackfriars House Parsonage Manchester M3 2JA
Auditor	RSM Tenon Audit Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Accountants	RSM Tenon Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Bankers	Landsbanki Commercial Finance Beaufort House 15 St Botolph Street London EC3A 7QR Royal Bank of Scotland PLC 15 Spinningfields Square Manchester M3 3AP
Solicitors	The Hardman Partnership Blackfriars House Parsonage Manchester M3 2JA

MANCHESTER CABLES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 OCTOBER 2009

The directors present their report and the financial statements of the company for the year ended 31 October 2009

Principal activities and business review

The principal activity of the company during the year was the manufacture and distribution of telecommunications, power and rail signalling cables

The turnover for the year to 31 October 2009 was £75,358,192, with a gross margin of 8.4%. Gross margin for the period to 31 October 2008 was 9.2% (based on a turnover of £93,229,955). Sales of telecommunications cables decreased by £10,029,000 within which the reduction in the copper price which accounted for £6,111,000, while like for like sales decreased by £3,918,000 (5.4%) due to the continued effect of the economic recession on new connections. Sales of other cables fell by £7,843,000, of which £1,024,000 is due to the fall in copper prices while the impact of the construction industry downturn contributed to the underlying volume reduction.

The directors are resolute in their beliefs that operations within the wider cables industry will remain profitable, and that the company's trading will continue to make a significant contribution to future results. Specifically, the directors believe that the resolution of network strategies required to transform bandwidth to meet consumer demand will lead to a recovery in telecommunications cable volumes which will make a significant contribution to the future results.

At the year end the company had shareholders' funds retained of £6,051,686. This amount included £1,051,686, relating to distributable profits.

The company's principal measure of manufacturing efficiency is Operating Environment Effectiveness which averaged 70.9% during the year (2008: 68.1%). This percentage is in line with targeted expectations. The quality of deliveries is based upon the basis of "right first time" and "on time" deliveries which averaged 98.7% (2008: 98.5%) and 99.3% (2008: 99.3%) respectively. Overall staff absenteeism during the year was 2.1% (2008: 3.9%). This undoubtedly reflects the loyalty and dedication of our employees. The company recorded no environmental incidents during the year, and there were only 4 lost time accidents during the year reflecting our commitment to our employees and the wider environment.

The company's principal customer continues to be BT. BT renewed their contract with the company during the year through until 19 July 2012. The quality of the company's products and the continual investment in new product development and technology, will ensure that the business is well placed to capitalise upon the increasing customer demand for broadband-led products and other growing innovations i.e. video on demand.

The directors feel that the main business risk facing the business continues to be the market price changes affecting the supply of its major raw material - copper. The directors feel that the company has adequate controls established to ensure that prices charged to customers reflect the cost of copper for each order received. The company's financing facilities are also geared to accommodate fluctuations in the industry raw materials price.

Results and dividends

The profit for the year, after taxation, amounted to £446,852. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account, term loans and revolving credit facilities so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit and loss of the company.

MANCHESTER CABLES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 OCTOBER 2009

Directors

The directors who served the company during the year were as follows

S J Ellis
T C Eve
D J Powell
P G Ruocco
M D Walton
M P Williams

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MANCHESTER CABLES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 OCTOBER 2009

Donations

During the year the company made the following contributions

	2009	2008
	£	£
Charitable donations	<u>1,719</u>	<u>3,790</u>

Auditor

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Blackfriars House
Parsonage
Manchester
M3 2JA

Signed by order of the directors



D J Powell
Company Secretary

Approved by the directors on 31 March 2010

MANCHESTER CABLES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANCHESTER CABLES LIMITED *(continued)*

YEAR ENDED 31 OCTOBER 2009

We have audited the financial statements of Manchester Cables Limited for the year ended 31 October 2009 on pages 7 to 22. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its profit 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 matters 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.

MANCHESTER CABLES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANCHESTER CABLES LIMITED *(continued)*

YEAR ENDED 31 OCTOBER 2009

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

Julie Flintoff, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date *31/3/2010*

MANCHESTER CABLES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	2008 £
Turnover	2	75,358,192	93,229,955
Cost of sales		(68,997,226)	(84,683,429)
Gross profit		6,360,966	8,546,526
Distribution costs		(778,977)	(771,386)
Administrative expenses excluding exceptional items		(3,599,445)	(3,482,890)
Exceptional administrative expenses	3	(292,700)	(815,054)
Administrative expenses		(3,892,145)	(4,297,944)
Operating profit	3	1,689,844	3,477,196
Cost of restructuring the company	6	(292,802)	(509,483)
		1,397,042	2,967,713
Interest receivable		3,214	11,359
Interest payable and similar charges	8	(744,136)	(1,769,088)
Profit on ordinary activities before taxation		656,120	1,209,984
Tax on profit on ordinary activities	9	(209,268)	(499,851)
Profit for the financial year		446,852	710,133

All of the activities of the company are classed as continuing

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

The notes on pages 10 to 22 form part of these financial statements

MANCHESTER CABLES LIMITED

Registered Number 05668946

BALANCE SHEET**31 OCTOBER 2009**

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	10	(1,176,923)	(2,026,923)
Tangible assets	11	1,342,518	2,071,870
		<u>165,595</u>	<u>44,947</u>
Current assets			
Stocks	12	4,172,639	13,606,756
Debtors	13	26,502,662	26,339,909
Cash at bank and in hand		1,946,107	735,946
		<u>32,621,408</u>	<u>40,682,611</u>
Creditors Amounts falling due within one year	15	<u>(26,495,317)</u>	<u>(34,882,724)</u>
Net current assets		6,126,091	5,799,887
Total assets less current liabilities		<u>6,291,686</u>	<u>5,844,834</u>
Creditors Amounts falling due after more than one year	16	<u>(240,000)</u>	<u>(240,000)</u>
		<u>6,051,686</u>	<u>5,604,834</u>
Capital and reserves			
Called-up share capital	22	5,000,000	5,000,000
Profit and loss account	23	1,051,686	604,834
Shareholders' funds	24	<u>6,051,686</u>	<u>5,604,834</u>

These financial statements were approved by the directors and authorised for issue on 31 March 2010 and are signed on their behalf by



D J Powell
Director



T C Eve
Director

The notes on pages 10 to 22 form part of these financial statements

MANCHESTER CABLES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	£	2008 £	£
Net cash inflow from operating activities	25		10,009,464		3,008,753
Returns on investments and Servicing of finance					
Interest received		3,214		11,359	
Interest paid		(727,336)		(1,752,288)	
Dividends on shares classed as financial liabilities		(16,800)		(16,800)	
Net cash outflow from returns on investments and servicing of finance			(740,922)		(1,757,729)
Taxation			(390,550)		(623,125)
Capital expenditure					
Payments to acquire tangible fixed assets		(9,302)		(375,668)	
Receipts from sale of fixed assets		—		1,655	
Net cash outflow from capital expenditure			(9,302)		(374,013)
Cash inflow before financing			8,868,690		253,886
Financing					
(Repayment of)/increase in bank loans		(7,658,529)		416,105	
Net cash (outflow)/inflow from financing			(7,658,529)		416,105
Increase in cash	25		1,210,161		669,991

The notes on pages 10 to 22 form part of these financial statements

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1 Accounting policies

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and risks and rewards attaching to the product, have been transferred to the customer.

Negative goodwill

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and is released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisitions are recovered, whether through depreciation or sale.

Amortisation

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

Negative goodwill	- 20%
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Fixed assets

All fixed assets are initially recorded at invoice cost or valuation. Cost represents the invoice price of assets purchased, plus any additional costs in bringing the assets to a useable condition.

Depreciation

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

Freehold Property	- 5%
Plant & Machinery	- 20%
Equipment	- 33%

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of production overheads, where appropriate.

Work in progress

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

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1 Accounting policies *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund

Deferred taxation

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

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

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

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

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1 Accounting policies (continued)

Employee benefit trusts

The company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	69,711,427	88,346,076
Europe	4,881,227	4,378,857
Rest of the world	765,538	505,022
	<u>75,358,192</u>	<u>93,229,955</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2009 £	2008 £
Amortisation of intangible assets	(850,000)	(850,000)
Depreciation of owned fixed assets	738,654	732,231
Operating lease costs		
- Other	779,036	877,642
Net loss on foreign currency translation	420,247	11,027
Management charges payable	451,613	429,618
Auditor's remuneration - audit of the financial statements	24,200	25,200
Auditor's remuneration - other fees	14,625	33,125
Exceptional costs	<u>292,700</u>	<u>815,054</u>

The exceptional items relate to specific projects of a non-recurring nature undertaken by the company during the year. The exceptional items are included within administrative expenses.

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

3. Operating profit (continued)

	2009	2008
	£	£
Auditor's remuneration - audit of the financial statements	<u>24,200</u>	<u>25,200</u>
Auditor's remuneration - other fees		
- Taxation services	4,900	6,300
- Other services	<u>9,725</u>	<u>26,825</u>
	<u>14,625</u>	<u>33,125</u>

4 Particulars of employees

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

	2009	2008
	No	No
Number of production staff	141	157
Number of administrative staff	<u>13</u>	<u>16</u>
	<u>154</u>	<u>173</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	4,548,432	5,666,637
Social security costs	509,621	568,456
Other pension costs	<u>223,373</u>	<u>261,875</u>
	<u>5,281,426</u>	<u>6,496,968</u>

5 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2009	2008
	£	£
Remuneration receivable	644,292	682,710
Value of company pension contributions to money purchase schemes	<u>37,837</u>	<u>39,438</u>
	<u>682,129</u>	<u>722,148</u>

Remuneration of highest paid director

	2009	2008
	£	£
Total remuneration (excluding pension contributions)	193,375	184,000
Value of company pension contributions to money purchase schemes	<u>12,393</u>	<u>12,880</u>
	<u>205,768</u>	<u>196,880</u>

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

5 Directors' remuneration (continued)

The number of directors on whose behalf the company made pension contributions was as follows

	2009	2008
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

6 Cost of reorganisation or restructuring

	2009	2008
	£	£
Cost of restructuring company	<u>292,802</u>	<u>509,483</u>

The above represents redundancy costs incurred. These had the effect of reducing the tax charge by £81,985 (2008 £142,655)

7 Pensions

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company.

The total contributions paid during the year amounted to £223,373 (2008 £261,875)

8 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank borrowing	727,336	1,752,288
Finance charges on shares classed as financial liabilities	<u>16,800</u>	<u>16,800</u>
	<u>744,136</u>	<u>1,769,088</u>

9 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
In respect of the year		
UK Corporation tax	197,739	443,955
Under provision in prior year	<u>-</u>	<u>14,705</u>
	197,739	458,660
Deferred tax		
Origination and reversal of timing differences	<u>11,529</u>	<u>41,191</u>
Tax on profit on ordinary activities	<u>209,268</u>	<u>499,851</u>

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

9 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28%)

	2009 £	2008 £
Profit on ordinary activities before taxation	656,120	1,209,984
Profit on ordinary activities by rate of tax	183,714	338,796
Effects of		
Expenses not deductible for tax purposes	62,334	198,317
Depreciation for period in excess of capital allowances	189,691	189,227
Adjustments to tax charge in respect of previous periods	-	14,705
Other short term timing differences	(238,000)	(295,175)
Effect of changes in tax rates	-	12,790
Total current tax (note 9(a))	197,739	458,660

(c) Factors that may affect future tax charges

There are no factors that affect the future tax charge

10 Intangible fixed assets

	Negative goodwill £
Cost	
At 1 November 2008 and 31 October 2009	(4,250,000)
Amortisation	
At 1 November 2008	(2,223,077)
Charge for the year	(850,000)
At 31 October 2009	(3,073,077)
Net book value	
At 31 October 2009	(1,176,923)
At 31 October 2008	(2,026,923)

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

11 Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Equipment £	Total £
Cost				
At 1 November 2008	364,980	3,548,823	44,100	3,957,903
Additions	—	9,302	—	9,302
At 31 October 2009	<u>364,980</u>	<u>3,558,125</u>	<u>44,100</u>	<u>3,967,205</u>
Depreciation				
At 1 November 2008	5,500	1,841,727	38,806	1,886,033
Charge for the year	18,818	714,542	5,294	738,654
At 31 October 2009	<u>24,318</u>	<u>2,556,269</u>	<u>44,100</u>	<u>2,624,687</u>
Net book value				
At 31 October 2009	<u>340,662</u>	<u>1,001,856</u>	<u>—</u>	<u>1,342,518</u>
At 31 October 2008	<u>359,480</u>	<u>1,707,096</u>	<u>5,294</u>	<u>2,071,870</u>

12 Stocks

	2009 £	2008 £
Raw materials	564,282	707,707
Work in progress	537,640	922,754
Finished goods	3,070,717	11,976,295
	<u>4,172,639</u>	<u>13,606,756</u>

13 Debtors

	2009 £	2008 £
Trade debtors	13,180,040	14,930,441
Amounts owed by related undertakings	12,456,673	10,593,702
Corporation tax repayable	46,856	—
Prepayments and accrued income	805,396	790,540
Deferred taxation (note 14)	13,697	25,226
	<u>26,502,662</u>	<u>26,339,909</u>

Included within debtors

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

14 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2009 £	2008 £
Included in debtors (note 13)	13,697	25,226

The movement in the deferred taxation account during the year was

	2009 £	2008 £
At 1 November 2008	25,226	66,417
Profit and loss account movement arising during the year	(11,529)	(41,191)
At 31 October 2009	13,697	25,226

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009 £	2008 £
Excess of depreciation over taxation allowances	13,697	25,226
	13,697	25,226

15 Creditors Amounts falling due within one year

	2009 £	2008 £
Bank loans	10,015,338	17,673,867
Trade creditors	10,465,236	11,830,074
Amounts owed to related undertakings	1,601,162	2,005,438
Corporation tax	—	145,955
Other taxation and social security	3,136,530	1,721,056
Other creditors	108,267	149,545
Accruals and deferred income	1,168,784	1,356,789
	26,495,317	34,882,724

Within bank loans are revolving credit facilities in relation to stock and debtors of £10,015,338 (2008 £17,566,991)

The bank's revolving credit facilities and loans are secured by a fixed charge over plant and machinery

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2009 £	2008 £
Bank loans	10,015,338	17,673,867

16 Creditors Amounts falling due after more than one year

	2009 £	2008 £
Shares classed as financial liabilities	240,000	240,000

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

17 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	2009	2008
	£	£
Amounts repayable		
In one year or less or on demand	<u>10,015,338</u>	<u>17,673,867</u>

18 Derivatives

The company has no financial instruments that fall to be classed as derivatives

19 Commitments under operating leases

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

	2009		2008	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	7,889	-	21,004
Within 2 to 5 years	-	142,098	-	114,514
After more than 5 years	<u>300,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
	<u>300,000</u>	<u>149,987</u>	<u>800,000</u>	<u>135,518</u>

20 Contingencies

The company has issued the following bonds and guarantees during the year

Performance bond of €200,000 in favour of Cyprus Telecommunications Authority in respect of contracts undertaken by Manchester Cables Limited, due to expire on 01 January 2011

Tender bond of €250,000 in favour of Cyprus Telecommunications Authority in respect of contracts undertaken by Manchester Cables Limited, due to expire on 23 April 2010

Landsbanki Commercial Finance have also given a £500,000 guarantee to Royal Bank of Scotland on behalf of the company to cover various banking facilities

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21 Related party transactions

During the year the company had the following transactions with related parties -

The company paid management charges amounting to £12,000 (2008 £9,333) to Mr P G Ruocco and £nil (2008 £8,813) to Mr T C Eve, who were directors and shareholders of the company

Blackley Property Investments LLP is a partnership where Mr M D Walton, Mr M P Williams, Mr P G Ruocco, Mr D J Powell and Mr T C Eve were partners during the year. During 2008 the company rented the Delaunays Road site from Blackley Property Investments LLP for £800,000 (2008 £800,000)

Longford Cables Limited and B3 Cable Solutions (Ireland) Limited are companies under the control of the same directors as Manchester Cables Limited. During the year, Manchester Cables Limited made sales of £324,000 (2008 £2,559,277), and purchases of £7,162,246 (2008 £13,068,525) with these companies

B3 Cable Solutions (Spain) is a company under the control of the same directors as Manchester Cables Limited. During the year, Manchester Cables Limited made sales of £408,070 (2008 £nil) and purchases of £7,705,511 (2008 £1,854,188) from this company

Included within debtors is an amount of £12,451,565 (2008 £9,003,605) owed by B3 Cables Solutions (Ireland) Limited at 31 October 2009

Included within debtors is an amount of £5,108 (2008 £513,711) owed by Longford Cables Limited

Included within debtors is an amount of £nil (2008 £1,076,386) owed by B3 Cables Solutions (Spain) at 31 October 2009. Included within creditors due within one year is an amount of £1,601,162 (2008 £2,005,438) owed to B3 Cable Solutions (Spain)

MANCHESTER CABLES LIMITED
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22 Share capital

Authorised share capital

	2009 £	2008 £
2,175,000 Ordinary 'A' shares of £1 each	2,175,000	2,175,000
2,825,000 Ordinary 'B' shares of £1 each	2,825,000	2,825,000
240,000 Preference shares of £1 each	240,000	240,000
	<u>5,240,000</u>	<u>5,240,000</u>

Allotted, called up and fully paid

	2009 No	£	2008 No	£
2,175,000 Ordinary 'A' shares of £1 each	2,175,000	2,175,000	2,175,000	2,175,000
2,825,000 Ordinary 'B' shares of £1 each	2,825,000	2,825,000	2,825,000	2,825,000
240,000 Preference shares of £1 each	240,000	240,000	240,000	240,000
	<u>5,240,000</u>	<u>5,240,000</u>	<u>5,240,000</u>	<u>5,240,000</u>

	2009 £	2008 £
Amounts presented in equity.		
2,175,000 Ordinary 'A' shares of £1 each	2,175,000	2,175,000
2,825,000 Ordinary 'B' shares of £1 each	2,825,000	2,825,000
	<u>5,000,000</u>	<u>5,000,000</u>

Amounts presented in liabilities

240,000 Preference shares of £1 each	<u>240,000</u>	<u>240,000</u>
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The A and B ordinary shares are each separate classes of shares and carry the respective voting rights and rights to appoint and remove directors. These shares are subject to the restrictions on transfer, but in all other respects shall rank pari passu.

The preference shares are entitled to a fixed cumulative preferential dividend at the rate of 7% a year accruing on the capital paid up on the preference shares. The preference share dividend is payable annually in arrears on 30 September each year.

If the company fails to pay the preference dividend due to any holder of the preference shares on its due date then the company shall pay interest on such arrears at the rate of 7% per annum accruing on a daily basis from the due date for payment until the date on which it is actually paid.

The holders of the preference shares shall be entitled to receive notice of and to attend at general meetings of the company but shall not be entitled to vote upon any resolution.

The preference shares shall be redeemed on or before 21 March 2016.

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

23 Profit and loss account

	2009 £	2008 £
Balance brought forward	604,834	4,884,701
Profit for the financial year	446,852	710,133
Capitalisation of reserves (equity)	—	(4,990,000)
Balance carried forward	<u>1,051,686</u>	<u>604,834</u>

24 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	446,852	710,133
Opening shareholders' funds	5,604,834	4,894,701
Closing shareholders' funds	<u>6,051,686</u>	<u>5,604,834</u>

25 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	1,689,844	3,477,196
Amortisation	(850,000)	(850,000)
Depreciation	738,654	732,231
Decrease/(increase) in stocks	9,434,117	(124,316)
Increase in debtors	(127,426)	(2,390,297)
(Decrease)/increase in creditors	(582,923)	2,673,422
Re-organisation costs	(292,802)	(509,483)
Net cash inflow from operating activities	<u>10,009,464</u>	<u>3,008,753</u>

Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Increase in cash in the period	1,210,161	669,991
Net cash outflow from/(inflow) from bank loans	<u>7,658,529</u>	<u>(416,105)</u>
Change in net debt	<u>8,868,690</u>	<u>253,886</u>
Net debt at 1 November 2008	(17,177,921)	(17,431,807)
Net debt at 31 October 2009	<u>(8,309,231)</u>	<u>(17,177,921)</u>

MANCHESTER CABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

25 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 November 2008 £	Cash flows £	At 31 October 2009 £
Net cash			
Cash in hand and at bank	735,946	1,210,161	1,946,107
Debt			
Debt due within 1 year	(17,673,867)	7,658,529	(10,015,338)
Debt due after 1 year	(240,000)	–	(240,000)
	(17,913,867)	7,658,529	(10,255,338)
Net debt	(17,177,921)	8,868,690	(8,309,231)

26 Control

In the opinion of the directors there is no controlling party