

THE ST MIRREN FOOTBALL CLUB LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014



JRD LLP, Statutory Auditor
Chartered Accountants & Registered Auditor
11 Portland Road
Kilmarnock
Ayrshire
KA1 2BT

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

	Page
Company Information	1
Chairman's Report	2
Strategic Report	3
Report of the Directors	4
Report of the Independent Auditors	6
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11

THE ST MIRREN FOOTBALL CLUB LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2014

DIRECTORS:

S G Gilmour
G P Campbell
B McAusland
A W Marshall LL.B
C Stewart

SECRETARY:

C Stewart

REGISTERED OFFICE:

St Mirren Park
75 Greenhill Road
Paisley
PA3 1RU

REGISTERED NUMBER:

SC005773 (Scotland)

AUDITORS:

JRD LLP, Statutory Auditor
Chartered Accountants & Registered Auditor
11 Portland Road
Kilmarnock
Ayrshire
KA1 2BT

BANKERS:

Clydesdale Bank
1 Causeyside Street
Paisley
PA1 1BH

SOLICITORS:

McSherry Halliday
Bank Chambers
42 Bank Street
Kilmarnock
KA1 1HA

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MAY 2014

Like many of our fellow clubs we have found this a very difficult year financially with the SPFL having no title sponsor and the top league away supports having been rather disappointing, not assisted by one of the 'Old Firm' not being present.

We are disappointed that, excluding depreciation of £339k, we have made a cash loss of £70k in the last financial year. This is the first time for many years we have been in this situation. I think this shows how difficult the financial management of football clubs is in the current climate.

We have this season introduced our new scoreboard which is giving us another advertising revenue platform and, as I write this, new offices are being built in part of the void area in the main stand which will provide rental income and gives us another facility to use on match days. This should be completed by the time we meet.

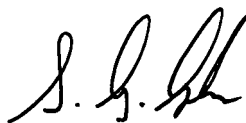
There is continuing interest in the sale of the majority shareholding in the club from a number of interested parties and we are diligently working through this to ensure a good sustainable future for the club. We shall update you on any movement at the meeting.

I would like to thank all the Staff at the club for their considerable hard work during the year and extend our appreciation of their efforts to make the club successful.

Despite the disappointment expressed in the early part of this report the club is still in a very healthy financial position with no bank debt, a position envied by many in Scottish Football.

The future is still bright, it is Black and White.

Stewart G Gilmour
Chairman



STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2014

The directors present their strategic report for the year ended 31 May 2014.

REVIEW OF BUSINESS

The principal activity of the company continued to be the operation of a professional football club with related and ancillary activities.

The results of the company for the year, as set out on pages 8 to 18, show a loss on ordinary activities before tax of £408,100. The shareholders funds of the business total £9.7m (2013 £10.1m).

The loss in sales is attributable to all sources of income. The team performed better in the league, finishing 8th compared to 11th last season. This resulted in an increase in income from the Scottish Premier Football League. The performances, however, in the cups could not emulate the previous season meaning a loss of income. In addition to this season ticket sales and gate receipts were lower than last year. Income from the commercial side of the business was also lower than last year.

The reduction in income resulted in tighter control on expenses. These, excluding depreciation, were more than £100k less than last year.

Cash flow remains tight, with slow receipts from customers bringing a drop in the bank balance of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with running a professional football club are set out below.

The directors consider that the principal risks are the transfer market and players' wages, attendance levels at home games and revenues from broadcasting contracts. All of these are influenced significantly by factors beyond the control of the company. A significant decrease in attendances or in revenues from broadcasting could have a detrimental impact on financial performance.

ON BEHALF OF THE BOARD:



C Stewart - Secretary

8 October 2014

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2014

The directors present their report with the financial statements of the company for the year ended 31 May 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2014.

FUTURE DEVELOPMENTS

The directors' future plans are to operate the company on a cash neutral basis. To this end they are continually looking for new income streams that will aid them in strengthening the playing staff of the club. Budgets are set so that expenditure does not exceed expected income. The target of future plans is to continue to operate in the Premier division of the Scottish Professional Football League and to consistently progress to the latter stages of the domestic cups.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2013 to the date of this report.

S G Gilmour
G P Campbell
B McAusland
A W Marshall LL.B
C Stewart

Other changes in directors holding office are as follows:

R Atkinson - resigned 12 August 2013

In accordance with the Articles of Association, S G Gilmour and B McAusland will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

KEY PERFORMANCE INDICATORS

The directors monitor performance against the following key performance indicators:

Football success
Match attendance statistics
Sales and cost performance per division
Wages costs
Profit and cash generation

INDEMNITIES AND INSURANCE

St Mirren Football Club maintains Directors liability insurance and has granted the Directors of the Company an indemnity, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

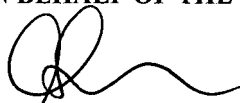
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, JRD LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



C Stewart - Secretary

8 October 2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ST MIRREN FOOTBALL CLUB LIMITED**

We have audited the financial statements of The St Mirren Football Club Limited for the year ended 31 May 2014 on pages eight to eighteen. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ST MIRREN FOOTBALL CLUB LIMITED**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Gibson CA (Senior Statutory Auditor)
for and on behalf of JRD LLP, Statutory Auditor
Chartered Accountants & Registered Auditor
11 Portland Road
Kilmarnock
Ayrshire
KA1 2BT

8 October 2014

THE ST MIRREN FOOTBALL CLUB LIMITED (REGISTERED NUMBER: SC005773)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2014

	Notes	2014 £	2013 £
TURNOVER		3,183,296	3,459,679
Cost of sales		306,570	391,086
GROSS PROFIT		2,876,726	3,068,593
Administrative expenses		3,298,370	3,325,975
		(421,644)	(257,382)
Other operating income		18,400	10,000
OPERATING LOSS	3	(403,244)	(247,382)
Interest receivable and similar income		-	33
		(403,244)	(247,349)
Interest payable and similar charges	4	4,856	3,906
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(408,100)	(251,255)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR		(408,100)	(251,255)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year.

THE ST MIRREN FOOTBALL CLUB LIMITED (REGISTERED NUMBER: SC005773)

BALANCE SHEET
31 MAY 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	6	10,352,762	10,609,100
CURRENT ASSETS			
Debtors	7	397,099	231,970
Cash at bank and in hand		93,389	136,183
		490,488	368,153
CREDITORS			
Amounts falling due within one year	8	1,033,953	768,847
NET CURRENT LIABILITIES		(543,465)	(400,694)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,809,297	10,208,406
CREDITORS			
Amounts falling due after more than one year	9	(31,891)	(30,500)
ACCRUALS AND DEFERRED INCOME	13	(107,600)	(100,000)
NET ASSETS		9,669,806	10,077,906
CAPITAL AND RESERVES			
Called up share capital	14	95,250	95,250
Share premium	15	1,103,859	1,103,859
Profit and loss account	15	8,470,697	8,878,797
SHAREHOLDERS' FUNDS	17	9,669,806	10,077,906

The financial statements were approved by the Board of Directors on 8 October 2014 and were signed on its behalf by:

S G Gilmour - Director



The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2014

	Notes	2014	2013
		£	£
Net cash (outflow)/inflow from operating activities	18	(75,912)	162,436
Returns on investments and servicing of finance	19	(4,856)	(3,873)
Capital expenditure	19	(41,000)	(176,496)
		(121,768)	(17,933)
Financing	19	81,970	50,735
(Decrease)/increase in cash in the period		(39,798)	32,802
<hr/>			
Reconciliation of net cash flow to movement in net funds	20		
(Decrease)/increase in cash in the period		(39,798)	32,802
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		42,030	(10,735)
Change in net funds resulting from cash flows		2,232	22,067
New finance leases		(41,900)	-
Movement in net funds in the period		(39,668)	22,067
Net funds at 1 June		62,636	40,569
Net funds at 31 May		22,968	62,636

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards on a going concern basis which assumes the company will continue to trade for a period of 12 months from the date of approval by the directors. The company's cash flow forecasts indicate that there will be no need for overdraft or loan facilities beyond those already in place. This is dependant on the continued support of the directors and other creditors in respect of debts which potentially fall due within that period.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents amounts receivable for goods and services, net of value added tax, from football and related activities.

Gate and other match day revenues are recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. Broadcasting revenues are recognised over the duration of the football season. Fees for live coverage or highlights are recognised when earned.

Players' registrations

Players' registrations are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal amounts over the length of the initial contract.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Long leasehold	- in accordance with the property
Plant and machinery	- 15% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on reducing balance

Deferred tax

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 measured on a non-discount basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. STAFF COSTS

	2014 £	2013 £
Wages and salaries	2,080,157	2,208,499
Social security costs	200,301	199,477
	<u>2,280,458</u>	<u>2,407,976</u>

The average monthly number of employees during the year was as follows:

	2014	2013
Players	34	40
Management and administration	31	34
	<u>65</u>	<u>74</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £	2013 £
Other operating leases	10,487	10,000
Depreciation - owned assets	332,803	312,508
Depreciation - assets on hire purchase contracts	6,435	3,424
Loss on disposal of fixed assets	-	20,000
Players' registrations amortisation	-	5,000
Auditors' remuneration	9,325	7,500
Other non-audit services	-	700
	<u>-</u>	<u>-</u>
Directors' remuneration	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Other interest	3,846	3,547
Other loan interest	647	-
Hire purchase	363	359
	<u>4,856</u>	<u>3,906</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 May 2014 nor for the year ended 31 May 2013.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013
	£	£
Loss on ordinary activities before tax	<u>(408,100)</u>	<u>(251,255)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22% (2013 - 23%)	(89,782)	(57,789)
Effects of:		
Expenses not deductible for tax purposes	873	1,153
Income not taxable for tax purposes	(6,468)	(5,885)
Depreciation in excess of capital allowances	74,632	62,521
Losses carried forward	<u>20,745</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

No deferred tax debtor has been included in the financial statements for the trading losses being carried by the company because, in the opinion of the directors, it is not probable that these will be utilised in the near future.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

6. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1 June 2013	10,679,272	894,811	524,258
Additions	40,000	-	42,900
At 31 May 2014	10,719,272	894,811	567,158
DEPRECIATION			
At 1 June 2013	872,209	226,145	441,015
Charge for year	219,291	56,580	52,802
At 31 May 2014	1,091,500	282,725	493,817
NET BOOK VALUE			
At 31 May 2014	9,627,772	612,086	73,341
At 31 May 2013	9,807,063	668,666	83,243
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 June 2013	75,914	42,846	12,217,101
Additions	-	-	82,900
At 31 May 2014	75,914	42,846	12,300,001
DEPRECIATION			
At 1 June 2013	37,682	30,950	1,608,001
Charge for year	7,592	2,973	339,238
At 31 May 2014	45,274	33,923	1,947,239
NET BOOK VALUE			
At 31 May 2014	30,640	8,923	10,352,762
At 31 May 2013	38,232	11,896	10,609,100

Included in cost of land and buildings is freehold land of £475,000 (2013 - £475,000) which is not depreciated.

£34,465 (2013 - £10,270) of fixed assets, included in the above, are held under hire purchase contracts. Depreciation of £6,435 (2013 - £3,424) was charged on these assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	165,497	137,587
Other debtors	-	1,500
Prepayments and accrued income	231,602	92,883
	<u>397,099</u>	<u>231,970</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loans and overdrafts (see note 10)	-	2,996
Other loans (see note 10)	30,500	39,000
Hire purchase contracts (see note 11)	8,030	1,051
Trade creditors	281,730	212,071
Social security and other taxes	57,138	60,189
VAT	190,643	106,740
Other creditors	1,395	5,102
Wages control	-	2,383
Directors' current accounts	100,000	-
Accrued expenses	364,517	339,315
	<u>1,033,953</u>	<u>768,847</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Other loans (see note 10)	-	30,500
Hire purchase contracts (see note 11)	31,891	-
	<u>31,891</u>	<u>30,500</u>

10. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	2,996
Other loans	30,500	39,000
	<u>30,500</u>	<u>41,996</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	-	30,500
	<u>-</u>	<u>30,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts 2014 £	2013 £
Net obligations repayable:		
Within one year	8,030	1,051
Between one and five years	31,891	-
	<u>39,921</u>	<u>1,051</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings 2014 £	2013 £
Expiring:		
In more than five years	<u>10,000</u>	<u>10,000</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2014 £	2013 £
Other loans	<u>30,500</u>	<u>69,500</u>

The bank holds a floating charge over the company's assets and undertakings against the credit card and BACS facility limit.

The loan from the Scottish Football Partnership is underwritten by the Scottish Premier League.

13. ACCRUALS AND DEFERRED INCOME

	2014 £	2013 £
Deferred government grants	<u>107,600</u>	<u>100,000</u>

The company received a £24,000 grant from the Scottish Football Partnership towards the cost of building the indoor football dome. £16,400 was transferred to the profit & loss account during the year.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
190,500	Ordinary	50p	<u>95,250</u>	<u>95,250</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

15. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 June 2013	8,878,797	1,103,859	9,982,656
Deficit for the year	(408,100)		(408,100)
At 31 May 2014	<u>8,470,697</u>	<u>1,103,859</u>	<u>9,574,556</u>

16. ULTIMATE PARENT COMPANY

In the opinion of the directors the ultimate parent company and the ultimate controlling party is Douglas Street Limited. Douglas Street Limited is controlled by S Gilmour, G Campbell, A Marshall and B McAusland.

The group claims exemption under Section 480 of the Companies Act 2006 from the requirement to prepare consolidated accounts because the parent company is dormant.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Loss for the financial year	(408,100)	(251,255)
Net reduction of shareholders' funds	(408,100)	(251,255)
Opening shareholders' funds	10,077,906	10,329,161
Closing shareholders' funds	<u>9,669,806</u>	<u>10,077,906</u>

18. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(403,244)	(247,382)
Depreciation charges	339,238	320,932
Loss on disposal of fixed assets	-	20,000
Government grants	(16,400)	(10,000)
Increase in debtors	(165,129)	(49,384)
Increase in creditors	169,623	128,270
Net cash (outflow)/inflow from operating activities	<u>(75,912)</u>	<u>162,436</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2014

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	-	33
Interest paid	(4,493)	(3,547)
Interest element of hire purchase payments	(363)	(359)
Net cash outflow for returns on investments and servicing of finance	(4,856)	(3,873)
 Capital expenditure		
Purchase of intangible fixed assets	-	(30,000)
Purchase of tangible fixed assets	(41,000)	(146,496)
Net cash outflow for capital expenditure	(41,000)	(176,496)
 Financing		
New loans in year	28,000	50,000
Loan repayments in year	(67,000)	(33,000)
Capital repayments in year	(3,030)	(6,265)
Amount introduced by directors	100,000	-
Grants received	24,000	40,000
Net cash inflow from financing	81,970	50,735

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.6.13 £	Cash flow £	Other non-cash changes £	At 31.5.14 £
Net cash:				
Cash at bank and in hand	136,183	(42,794)		93,389
Bank overdraft	(2,996)	2,996		-
	<u>133,187</u>	<u>(39,798)</u>		<u>93,389</u>
 Debt:				
Hire purchase	(1,051)	3,030	(41,900)	(39,921)
Debts falling due within one year	(39,000)	8,500	-	(30,500)
Debts falling due after one year	(30,500)	30,500	-	-
	<u>(70,551)</u>	<u>42,030</u>	<u>(41,900)</u>	<u>(70,421)</u>
 Total	<u>62,636</u>	<u>2,232</u>	<u>(41,900)</u>	<u>22,968</u>