

SC 242849

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 30 September 2013
for
M8 Group Limited**

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for the Year Ended 30 September 2013**

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M8 Group Limited

Company Information
for the Year Ended 30 September 2013

DIRECTORS:

K Hague
JB McFarlane
L Jensen

SECRETARY:

K Hague

REGISTERED OFFICE:

5 Kingsthorpe Park
Houston Industrial Estate
LIVINGSTON
West Lothian
EH54 5DB

REGISTERED NUMBER:

SC242849 (Scotland)

SENIOR STATUTORY AUDITOR: Ian J Oliva, C.A.

AUDITORS:

Glen Drummond Limited
Argyll House
Quarrywood Court
LIVINGSTON
West Lothian
EH54 6AX

M8 Group Limited

Group Strategic Report for the Year Ended 30 September 2013

The directors present their strategic report of the company and the group for the year ended 30 September 2013.

REVIEW OF BUSINESS

Following heavy losses in 2011/12, the business has completed a successful turn-around. The full year shows a small EBITDA loss of £2.8k in-line with our turn-around plan. The operating loss was £146.5k compared to an operating loss of £1,283.4k in the prior year.

Tight attention has been paid to profitability at the expense of revenue where necessary. As a result gross margin improved from 32.2% to 35.4% (meaning absolute gross profit was maintained despite a 9.5% decline in revenue).

The focus on working capital efficiency delivered a net cash inflow from operating activities of £113k (see Page 8).

The balance sheet was further strengthened with the injection of £576k of equity (see Page 20) from the existing shareholders and by transferring remaining shareholder loans to a long-term (10 year) basis. (see Page 18). As a result of the above prudent management, net Debt reduced by £554.9k over the year (see Page 8).

PRINCIPAL RISKS AND UNCERTAINTIES

Information Technology: The Group continues to invest in personnel and IT Hardware to ensure the security, stability and scalability of the IT infrastructure.

Stock Valuation: Close attention is paid to the stock levels within the business and care is taken to ensure that all stock is held at the lower of cost or net realisable value and deep discounted clearance activity is used if necessary to ensure stock is moved through the business. The impact of this strategy can be seen by the fact that we closed this year with an aggregate stock level 9.4% lower than the prior year.

Competitive Pressures: We have long argued that economically irrational competitive activity will reduce as investors come to understand the true profit dynamics of their businesses and we believe we are now seeing that happen.

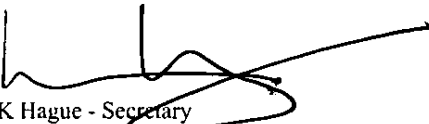
Cash flow: The business faces highly seasonal cash demands due to the nature of the Gardening Market in the UK. These requirements are carefully forecast and the shareholders continue to support the business through flexible loan facilities.

OUTLOOK

We expect to return to profitability in 2013/14.

The full-year impact of the cost-reduction and efficiency improvement programmes completed in 2012/13 means we now have a profitable run-rate business; attention is now focussed on maintaining these efficiencies and driving profitable revenue growth.

ON BEHALF OF THE BOARD:



K Hague - Secretary

13 March 2014

M8 Group Limited

Report of the Directors for the Year Ended 30 September 2013

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2013.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2013.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2012 to the date of this report.

K Hague
JB McFarlane
L Jensen

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

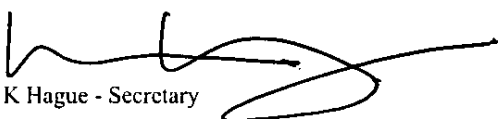
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, Glen Drummond Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



K Hague - Secretary

13 March 2014

Report of the Independent Auditors to the Members of M8 Group Limited

We have audited the financial statements of M8 Group Limited for the year ended 30 September 2013 on pages five to twenty. 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 page three, 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 group's and the parent 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 Group 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 group's and of the parent company's affairs as at 30 September 2013 and of the group's 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.

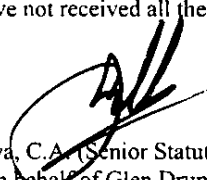
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Ian J Oliva, C.A. (Senior Statutory Auditor)
for and on behalf of Glen Drummond Limited
Argyll House
Quarrywood Court
LIVINGSTON
West Lothian
EH54 6AX

14 March 2014

M8 Group Limited

**Consolidated Profit and Loss Account
for the Year Ended 30 September 2013**

	Notes	2013 £	2012 £
TURNOVER		15,223,751	16,818,988
Cost of sales		9,828,832	11,408,733
GROSS PROFIT		5,394,919	5,410,255
Distribution costs		2,198,304	2,745,338
Administrative expenses		3,343,129	3,963,785
		5,541,433	6,709,123
		(146,514)	(1,298,868)
Other operating income		-	15,476
OPERATING LOSS	3	(146,514)	(1,283,392)
Interest payable and similar charges	4	120,065	85,651
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(266,579)	(1,369,043)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		(266,579)	(1,369,043)

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

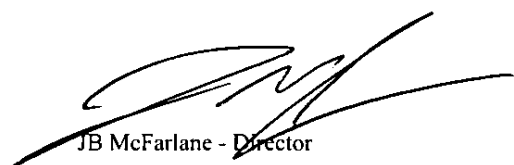
The notes form part of these financial statements

M18 Group Limited (Registered number: SC242849)

**Consolidated Balance Sheet
30 September 2013**

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	7	467,760	517,877
Tangible assets	8	181,353	260,695
Investments	9	-	-
		<u>649,113</u>	<u>778,572</u>
CURRENT ASSETS			
Stocks	10	1,801,217	1,987,576
Debtors	11	436,120	528,535
Cash at bank		238,168	56,855
		<u>2,475,505</u>	<u>2,572,966</u>
CREDITORS			
Amounts falling due within one year	12	<u>3,142,053</u>	<u>3,370,458</u>
NET CURRENT LIABILITIES		<u>(666,548)</u>	<u>(797,492)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(17,435)</u>	<u>(18,920)</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>609,290</u>	<u>917,375</u>
NET LIABILITIES		<u>(626,725)</u>	<u>(936,295)</u>
CAPITAL AND RESERVES			
Called up share capital	17	15,132	12,530
Share premium	18	1,494,751	921,204
Profit and loss account	18	<u>(2,136,608)</u>	<u>(1,870,029)</u>
SHAREHOLDERS' FUNDS	20	<u>(626,725)</u>	<u>(936,295)</u>

The financial statements were approved by the Board of Directors on 13 March 2014 and were signed on its behalf by:


JB McFarlane - Director

The notes form part of these financial statements

M8 Group Limited (Registered number: SC242849)

Company Balance Sheet
30 September 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	141,988	208,321
Investments	9	10,000	10,000
		<u>151,988</u>	<u>218,321</u>
CURRENT ASSETS			
Debtors	11	53,083	280,018
Cash at bank		2	-
		<u>53,085</u>	<u>280,018</u>
CREDITORS			
Amounts falling due within one year	12	1,723,298	1,540,517
NET CURRENT LIABILITIES		<u>(1,670,213)</u>	<u>(1,260,499)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,518,225)</u>	<u>(1,042,178)</u>
CREDITORS			
Amounts falling due after more than one year	13	609,290	907,700
NET LIABILITIES		<u>(2,127,515)</u>	<u>(1,949,878)</u>
CAPITAL AND RESERVES			
Called up share capital	17	15,132	12,530
Share premium	18	1,441,027	867,480
Profit and loss account	18	(3,583,674)	(2,829,888)
SHAREHOLDERS' FUNDS	20	<u>(2,127,515)</u>	<u>(1,949,878)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 13 March 2014 and were signed on its behalf by:



JB McFarlane - Director

The notes form part of these financial statements

M8 Group Limited

**Consolidated Cash Flow Statement
for the Year Ended 30 September 2013**

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	1	113,041	(498,299)
Returns on investments and servicing of finance	2	(120,065)	(85,651)
Capital expenditure	2	(14,241)	(177,364)
		(21,265)	(761,314)
Financing	2	275,565	598,468
Increase/(decrease) in cash in the period		254,300	(162,846)

**Reconciliation of net cash flow
to movement in net debt**

	3		
Increase/(decrease) in cash in the period		254,300	(162,846)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		300,583	(586,891)
Change in net debt resulting from cash flows		554,883	(749,737)
Movement in net debt in the period		554,883	(749,737)
Net debt at 1 October		(1,940,994)	(1,191,257)
Net debt at 30 September		(1,386,111)	(1,940,994)

The notes form part of these financial statements

M8 Group Limited

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 September 2013**

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

	2013 £	2012 £
Operating loss	(146,514)	(1,283,392)
Depreciation charges	143,701	126,663
Loss on disposal of fixed assets	-	10,667
Decrease in stocks	186,359	161,894
Decrease in debtors	92,415	309,804
(Decrease)/increase in creditors	(162,920)	176,065
Net cash inflow/(outflow) from operating activities	113,041	(498,299)

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(119,056)	(83,969)
Interest element of hire purchase payments	(1,009)	(1,682)
Net cash outflow for returns on investments and servicing of finance	(120,065)	(85,651)
Capital expenditure		
Purchase of tangible fixed assets	(14,241)	(177,364)
Net cash outflow for capital expenditure	(14,241)	(177,364)
Financing		
New loans in year	-	850,000
Loan repayments in year	(254,800)	(277,923)
Capital repayments in year	(45,784)	26,391
Share issue	2,602	-
Share premium	573,547	-
Net cash inflow from financing	275,565	598,468

The notes form part of these financial statements

M8 Group Limited

Notes to the Consolidated Cash Flow Statement for the Year Ended 30 September 2013

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/10/12 £	Cash flow £	At 30/9/13 £
Net cash:			
Cash at bank	56,855	181,313	238,168
Bank overdraft	(72,987)	72,987	-
	<u>(16,132)</u>	<u>254,300</u>	<u>238,168</u>
Debt:			
Hire purchase	(61,480)	45,784	(15,696)
Debts falling due within one year	(958,691)	(40,602)	(999,293)
Debts falling due after one year	(904,691)	295,401	(609,290)
	<u>(1,924,862)</u>	<u>300,583</u>	<u>(1,624,279)</u>
Total	<u>(1,940,994)</u>	<u>554,883</u>	<u>(1,386,111)</u>

The notes form part of these financial statements

M8 Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 30 September 2013

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill was paid in connection with the acquisition of the businesses below and is amortised over its useful estimated life:

	Date of acquisition	Estimated Useful Life
M8 Group Limited	2007	5 years
Greenfingers Trading Ltd	2002	5 years
Petplanet.co.uk Ltd	2003	20 years

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.

Plant and machinery - 25% on cost and 10% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

2. STAFF COSTS

	2013 £	2012 £
Wages and salaries	1,867,266	2,231,107
Social security costs	19,638	19,667
	<u>1,886,904</u>	<u>2,250,774</u>

M8 Group Limited**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2013****2. STAFF COSTS - continued**

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

	2013	2012
Warehouse	33	40
Administration	39	45
	<u>72</u>	<u>85</u>

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2013	2012
	£	£
Other operating leases	497,828	398,549
Depreciation - owned assets	68,266	62,806
Depreciation - assets on hire purchase contracts	25,317	25,317
Loss on disposal of fixed assets	-	10,667
Goodwill amortisation	50,117	50,117
Auditors' remuneration	10,700	12,750
Foreign exchange differences	-	(80)
	<u>150,000</u>	<u>156,632</u>
Directors' remuneration	150,000	156,632

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank interest	91,528	63,883
Bank loan interest	27,528	20,086
Hire purchase	1,009	1,682
	<u>120,065</u>	<u>85,651</u>

5. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2013 nor for the year ended 30 September 2012.

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(753,786) (2012 - £(1,440,877)).

M8 Group Limited**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2013****7. INTANGIBLE FIXED ASSETS****Group**Goodwill
£**COST**At 1 October 2012
and 30 September 20131,069,095**AMORTISATION**At 1 October 2012
Amortisation for year551,218
50,117

At 30 September 2013

601,335**NET BOOK VALUE**

At 30 September 2013

467,760

At 30 September 2012

517,877**Company**Goodwill
£**COST**At 1 October 2012
and 30 September 201311,750**AMORTISATION**At 1 October 2012
and 30 September 201311,750**NET BOOK VALUE**

At 30 September 2013

-

At 30 September 2012

-

M8 Group Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2013**

8. TANGIBLE FIXED ASSETS

Group

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 October 2012	457,424	50,814	508,238
Additions	14,241	-	14,241
At 30 September 2013	471,665	50,814	522,479
DEPRECIATION			
At 1 October 2012	211,508	36,035	247,543
Charge for year	89,485	4,098	93,583
At 30 September 2013	300,993	40,133	341,126
NET BOOK VALUE			
At 30 September 2013	170,672	10,681	181,353
At 30 September 2012	245,916	14,779	260,695

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 October 2012 and 30 September 2013	45,134	27,500	72,634
DEPRECIATION			
At 1 October 2012	22,567	15,813	38,380
Charge for year	22,567	2,750	25,317
At 30 September 2013	45,134	18,563	63,697
NET BOOK VALUE			
At 30 September 2013	-	8,937	8,937
At 30 September 2012	22,567	11,687	34,254

M8 Group Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2013**

8. TANGIBLE FIXED ASSETS - continued

Company

	Plant and machinery £
COST	
At 1 October 2012	337,020
Additions	1,411
	<u>338,431</u>
At 30 September 2013	
DEPRECIATION	
At 1 October 2012	128,699
Charge for year	67,744
	<u>196,443</u>
At 30 September 2013	
NET BOOK VALUE	
At 30 September 2013	<u>141,988</u>
At 30 September 2012	<u>208,321</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 October 2012 and 30 September 2013	45,134
DEPRECIATION	
At 1 October 2012	22,567
Charge for year	22,567
	<u>45,134</u>
At 30 September 2013	
NET BOOK VALUE	
At 30 September 2013	<u>-</u>
At 30 September 2012	<u>22,567</u>

M8 Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 September 2013

9. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 October 2012 and 30 September 2013	10,000
NET BOOK VALUE	
At 30 September 2013	10,000
At 30 September 2012	10,000

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Petplanet.co.uk Ltd

Nature of business: Online retail of pet products

	% holding	2013 £	2012 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		1,894,098	1,436,065
Profit for the year		458,033	391,540

Greenfingers Trading Ltd

Nature of business: Online retail of gardening products

	% holding	2013 £	2012 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(414,805)	(443,978)
Profit/(loss) for the year		29,173	(319,707)

Ecological Trading Limited

Nature of business: Dormant company

	% holding	2013 £	2012 £
Class of shares:			
Ordinary shares	100.00		
Aggregate capital and reserves		31,477	31,477

M8 Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 September 2013

10. STOCKS

	Group	
	2013	2012
	£	£
Finished goods	<u>1,801,217</u>	<u>1,987,576</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	66,112	61,315	1,233	25,140
Amounts owed by group undertakings	-	-	-	177,495
Other debtors	15,634	2,843	1,043	2,843
VAT	-	-	26,957	-
Prepayments and accrued income	354,374	464,377	23,850	74,540
	<u>436,120</u>	<u>528,535</u>	<u>53,083</u>	<u>280,018</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts (see note 14)	999,293	1,031,678	179,823	163,395
Hire purchase contracts (see note 15)	15,696	48,796	6,018	39,116
Trade creditors	1,707,572	1,750,049	135,831	184,504
Amounts owed to group undertakings	-	-	1,314,344	944,476
Social security and other taxes	43,838	95,185	43,838	95,185
VAT	257,512	337,464	-	31,554
Other creditors	16,321	18,106	11,613	14,437
Accruals and deferred income	101,821	89,180	31,831	67,850
	<u>3,142,053</u>	<u>3,370,458</u>	<u>1,723,298</u>	<u>1,540,517</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other loans (see note 14)	609,290	904,691	609,290	904,691
Hire purchase contracts (see note 15)	-	12,684	-	3,009
	<u>609,290</u>	<u>917,375</u>	<u>609,290</u>	<u>907,700</u>

M8 Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 September 2013

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Amounts falling due within one year or on demand:				
Bank overdrafts	-	72,987	179,823	163,395
Bank loans	999,293	958,691	-	-
	<u>999,293</u>	<u>1,031,678</u>	<u>179,823</u>	<u>163,395</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	-	904,691	-	904,691
	<u>-</u>	<u>904,691</u>	<u>-</u>	<u>904,691</u>
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Other loans more 5yrs non-inst	609,290	-	609,290	-
	<u>609,290</u>	<u>-</u>	<u>609,290</u>	<u>-</u>

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2013 £	2012 £
Net obligations repayable:		
Within one year	15,696	48,796
Between one and five years	-	12,684
	<u>15,696</u>	<u>61,480</u>

Company

	Hire purchase contracts	
	2013 £	2012 £
Net obligations repayable:		
Within one year	6,018	39,116
Between one and five years	-	3,009
	<u>6,018</u>	<u>42,125</u>

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

Group

	Land and buildings	
	2013 £	2012 £
Expiring:		
Between one and five years	401,020	401,020
	<u>401,020</u>	<u>401,020</u>

M8 Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 September 2013

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Land and buildings 2013 £	2012 £
Expiring:		
Between one and five years	<u>115,000</u>	<u>115,000</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Bank overdrafts	-	72,987	179,823	163,395
Bank loans	999,293	958,691	-	-
Hire purchase contracts	15,696	61,480	-	-
	<u>1,014,989</u>	<u>1,093,158</u>	<u>179,823</u>	<u>163,395</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £	2012 £
151,324	Ordinary	10p	<u>15,132</u>	<u>12,530</u>

18. RESERVES

Group

	Profit and loss account £	Share premium £	Totals £
At 1 October 2012	(1,870,029)	921,204	(948,825)
Deficit for the year	(266,579)		(266,579)
Cash share issue	-	573,547	573,547
At 30 September 2013	<u>(2,136,608)</u>	<u>1,494,751</u>	<u>(641,857)</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 October 2012	(2,829,888)	867,480	(1,962,408)
Deficit for the year	(753,786)		(753,786)
Cash share issue	-	573,547	573,547
At 30 September 2013	<u>(3,583,674)</u>	<u>1,441,027</u>	<u>(2,142,647)</u>

M8 Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 September 2013

18. RESERVES - continued

19. RELATED PARTY DISCLOSURES

Endura Limited

A company in which K Hague and JB McFarlane are directors/shareholder

M8 Group Limited invoiced Endura £180 for services during the year and were charged £2,364 by Endura Limited for services.

	2013 £	2012 £
Amount due from related party at the balance sheet date	<u>18,607</u>	<u>21,271</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2013 £	2012 £
Loss for the financial year	(266,579)	(1,369,043)
Shares issued for cash	2,602	-
Share premium increase	<u>573,547</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	309,570	(1,369,043)
Opening shareholders' funds	<u>(936,295)</u>	<u>432,748</u>
Closing shareholders' funds	<u>(626,725)</u>	<u>(936,295)</u>

Company

	2013 £	2012 £
Loss for the financial year	(753,786)	(1,440,877)
New share capital subscribed	2,602	-
Share issue at premium	<u>573,547</u>	<u>-</u>
Net reduction of shareholders' funds	(177,637)	(1,440,877)
Opening shareholders' funds	<u>(1,949,878)</u>	<u>(509,001)</u>
Closing shareholders' funds	<u>(2,127,515)</u>	<u>(1,949,878)</u>

M8 Group Limited
**Consolidated Trading and Profit and Loss Account
for the Year Ended 30 September 2013**

	2013		2012	
	£	£	£	£
Turnover				
Sales	14,236,189		16,109,776	
Distribution and carriage	893,427		671,301	
Advertising and information revenue	94,135		37,911	
	<u> </u>	15,223,751	<u> </u>	16,818,988
Cost of sales				
Purchases	8,919,189		10,432,104	
Other direct costs	318,954		365,197	
Sub contractors	-		9,288	
Commission	590,689		602,144	
	<u> </u>	9,828,832	<u> </u>	11,408,733
GROSS PROFIT		5,394,919		5,410,255
Other income				
Sundry receipts		-		15,476
		<u> </u>		<u> </u>
		5,394,919		5,425,731
Expenditure				
Haulage	328,006		513,898	
Packaging	230,453		263,102	
Carriage	1,639,845		1,968,338	
Directors' salaries	150,000		150,000	
Directors' social security	19,638		19,667	
Wages	1,717,266		2,081,107	
Rent	497,828		398,549	
Other establishment costs	166,011		483,102	
Rates and water	224,869		185,280	
Insurance	36,584		32,216	
Light and heat	89,117		65,325	
Staff training and welfare	9,778		9,782	
Recruitment costs	2,494		21,051	
Amortisation of intangible fixed assets	50,117		50,117	
Depreciation of tangible fixed assets	93,584		76,546	
Telephone	19,098		27,661	
Post and stationery	14,092		16,737	
Travelling	17,468		28,575	
Motor expenses	8,632		57,016	
Licences and insurance	123		120	
Subscriptions	4,125		380	
Repairs and renewals	22,665		13,656	
Cleaning services	46,260		36,300	
Internet services and equipment hire	65,715		72,902	
Sundry expenses	2,333		3,223	
Consultancy fees	19,250		45,331	
Legal fees	1,903		11,766	
Auditors' remuneration	10,700		12,750	
Foreign exchange losses	-		(80)	
Advertising	-		3,407	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carried forward	5,487,954	5,394,919	6,647,824	5,425,731

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M8 Group Limited

**Consolidated Trading and Profit and Loss Account
for the Year Ended 30 September 2013**

	2013		2012	
	£	£	£	£
Brought forward	5,487,954	5,394,919	6,647,824	5,425,731
Entertainment	-		857	
Profit/loss on sale of tangible fixed assets	-		10,667	
	<u> </u>	<u>5,487,954</u>	<u> </u>	<u>6,659,348</u>
		(93,035)		(1,233,617)
Finance costs				
Bank charges	53,479		49,775	
Bank interest	91,528		63,883	
Bank loan interest	27,528		20,086	
Hire purchase	1,009		1,682	
	<u> </u>	<u>173,544</u>	<u> </u>	<u>135,426</u>
NET LOSS		<u><u>(266,579)</u></u>		<u><u>(1,369,043)</u></u>

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