Equilibrium Healthcare Limited

Financial Statements

For

The Year Ended 30 June 2011

Company Registration Number 03159421

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A38 28/03/2012 #407
COMPANIES HOUSE

BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Equilibrium Healthcare Limited

Financial Statements

Year Ended 30 June 2011

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Equilibrium Healthcare Limited

The Directors' Report

Year Ended 30 June 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 June 2011

Principal Activities and Business Review

The principal activity of the group during the year was the operation of Bigfoot Independent Hospital and Moston Grange care homes for adults

The directors are satisfied with the results of the group for the current year

The changes in funding arrangements for all PCTs and Local Authorities has begun to affect the operations at Bigfoot Independent Hospital

The squeeze on the Public Sector purse is manifesting itself in less patient movement into the hospital's beds

We are reasonably confident that the slowdown in movement of patients will remain throughout this year and that our niche offering will remain around the same levels of occupancy for next year

Midway through the financial year it became apparent that the offering at Moston Grange was not being taken up in the numbers envisaged

We have addressed this situation by changing one of the sixteen bed units into another unit capable of taking five challenging service users and six early onset dementia for rehabilitation

The pipeline for this addition to our services is fairly positive and is starting to reflect in increased fee income per service user

Results and Dividends

The profit for the year, after taxation, amounted to £1,439,672 The directors have not recommended a dividend

The principle risks and uncertainties that the group faces in the coming year depends upon our business relationship with our largest customer (Manchester Social Services) Presently we are providing services that they require However the numbers of referrals that come from them are not as great as other local authorities We are developing diversity in the services we provide to cater for a broader mental health market and additionally adults with learning difficulties These two distinct markets should protect us from the changes in attitude that we can foresee from our existing customers

Equilibrium Healthcare Limited

The Directors' Report *(continued)*

Year Ended 30 June 2011

Directors

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

P J Keely
H J Dudgeon
L Hall

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 the group and of the profit or loss of the group for that year

In preparing those financial statements, the directors are required to

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

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

In so far as the directors are aware

- there is no relevant audit information of which the group'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

Donations

During the year the company made the following contributions

	2011	2010
	£	£
Charitable	**45,765**	51,195
Other	**150**	-

Auditor

Beever and Struthers are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors

L Hall
Director

Approved by the directors on 26 March 2012

Equilibrium Healthcare Limited

Independent Auditor's Report to the Shareholders of Equilibrium Healthcare Limited

Year Ended 30 June 2011

We have audited the group and parent company financial statements ("the financial statements") of Equilibrium Healthcare Limited for the year ended 30 June 2011 on pages 6 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 shareholders, 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 shareholders 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 shareholders 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 2, 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 (APB'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 annual report to identify material inconsistencies with the audited financial statements 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 parent company's affairs as at 30 June 2011 and of the group's 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

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

Beever & Struthers

CAROLINE MONK (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants
& Statutory Auditor

St George's House
215 - 219 Chester Road
Manchester
M15 4JE

26 March 2012

Equilibrium Healthcare Limited

Profit and Loss Account

Year Ended 30 June 2011

	Note	2011 £	2010 £
Group turnover	2	**6,901,169**	6,846,631
Cost of sales		**3,778,656**	3,323,495
Gross profit		**3,122,513**	3,523,136
Administrative expenses		**1,085,901**	958,010
Operating profit	3	**2,036,612**	2,565,126
Interest receivable		**14,842**	10,881
Interest payable and similar charges	6	**(52,105)**	(15,398)
Profit on ordinary activities before taxation		**1,999,349**	2,560,609
Tax on profit on ordinary activities	7	**559,677**	784,814
Profit for the financial year	8	**1,439,672**	1,775,795

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

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

Equilibrium Healthcare Limited

Group Balance Sheet

30 June 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	10		**5,656,063**		5,161,715
Current assets					
Debtors	12	**4,335,653**		4,379,314	
Cash at bank and in hand		**2,585,011**		1,877,014	
		6,920,664		6,256,328	
Creditors: Amounts Falling due Within One Year	13	**2,765,356**		2,836,277	
Net current assets			**4,155,308**		3,420,051
Total assets less current liabilities			**9,811,371**		8,581,766
Creditors: Amounts Falling due after More than One Year	14		**1,001,029**		1,201,659
Provisions for liabilities					
Deferred taxation	16		**129,577**		139,014
			8,680,765		7,241,093
Capital and reserves					
Called-up equity share capital	20		**31,112**		31,112
Profit and loss account	21		**8,649,653**		7,209,981
Shareholders' funds	22		**8,680,765**		7,241,093

These financial statements were approved by the directors and authorised for issue on 26 March 2012, and are signed on their behalf by

L Hall
Director

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

Equilibrium Healthcare Limited

Balance Sheet

30 June 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	10		**3,539,770**		3,626,215
Investments	11		**2**		2
			3,539,772		3,626,217
Current assets					
Debtors	12	**1,859,616**		1,661,148	
Cash at bank		**1,991,967**		737,989	
		3,851,583		2,399,137	
Creditors: Amounts Falling due Within One Year	13	**1,716,160**		1,529,027	
Net current assets			**2,135,423**		870,110
Total assets less current liabilities			**5,675,195**		4,496,327
Provisions for liabilities					
Deferred taxation	16		**129,577**		139,014
			5,545,618		4,357,313
Capital and reserves					
Called-up equity share capital	20		**31,112**		31,112
Profit and loss account	21		**5,514,506**		4,326,201
Shareholders' funds			**5,545,618**		4,357,313

These financial statements were approved by the directors and authorised for issue on 26 March 2012, and are signed on their behalf by

L Hall
Director

Company Registration Number 03159421

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

Equilibrium Healthcare Limited

Group Cash Flow

Year Ended 30 June 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	23		**2,391,262**		1,446,344
Returns on investments and servicing of finance	23		**(37,263)**		(38,361)
Taxation	23		**(748,516)**		(663,591)
Capital expenditure and financial investment	23		**(704,755)**		(35,274)
Equity dividends paid			**–**		(1,400,000)
Cash inflow/(outflow) before financing			**900,728**		(690,882)
Financing	23		**(192,731)**		(251,903)
Increase/(decrease) in cash	23		**707,997**		(942,785)

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

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2011

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account represents services provided during the year

Fixed Assets

All fixed assets are initially recorded at cost

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	-	2% straight line
Plant & Machinery	-	20% straight line
Fitures, Fittings & Equipment	-	25% reducing balance
Capital refurbishment	-	25% reducing balance

No depreciation is charged on freehold land

Investments

Investments held as fixed assets are stated at cost

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

1. Accounting Policies *(continued)*

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

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

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	**6,901,169**	6,846,631

3. Operating Profit

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	**210,407**	190,725
Loss on disposal of fixed assets	–	2,056
Auditor's remuneration		
- as auditor	**19,470**	14,364

4. Particulars of Employees

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

	2011	2010
	No	No
Number of care home staff	**156**	171

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	**3,204,987**	2,710,125
Social security costs	**272,358**	290,865
	3,477,345	3,000,990

5. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Aggregate remuneration	**100,000**	35,460

The directors have received their remuneration from Equilibrium Healthcare Limited, EHC Harnham House Limited, EHC Moston Grange Limited and EHC Oakland House Limited, companies under common control The total remuneration received in the year amounted to £200,000 (2010 - £73,507)

6. Interest Payable and Similar Charges

	2011	2010
	£	£
Interest payable on bank borrowing	**44,600**	14,954
Other similar charges payable	**7,505**	444
	52,105	15,398

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 27 50% (2010 - 28%)	**564,212**	743,614
(Over)/under provision in prior year	**4,902**	30,400
Total current tax	**569,114**	774,014
Deferred tax		
Origination and reversal of timing differences	**(9,437)**	10,800
Tax on profit on ordinary activities	**559,677**	784,814

(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 27 50% (2010 - 28%)

	2011	2010
	£	£
Profit on ordinary activities before taxation	**1,999,349**	2,560,609
Profit on ordinary activities by rate of tax	**549,848**	716,971
Expenses not deductible for tax purposes	**42,059**	39,388
Capital allowances for period in excess of depreciation	**(27,695)**	(12,338)
Adjustments to tax charge in respect of previous periods	**4,902**	30,400
Sundry tax adjusting items	**-**	(407)
Total current tax (note 7(a))	**569,114**	774,014

8. Profit Attributable to Members of the Parent Company

The profit dealt with in the financial statements of the parent company was £1,188,305 (2010 - £1,962,541)

9. Dividends

Equity dividends

	2011 £	2010 £
Paid during the year		
Dividends on equity shares	–	1,400,000

10. Tangible Fixed Assets

Group	Freehold Property £	Plant & Machinery £	Fixtures and Fittings £	Capital Refurbishment £	Total £
Cost					
At 1 July 2010	**5,542,684**	**70,504**	**602,391**	**73,189**	**6,288,768**
Additions	**461,568**	**223,203**	**15,098**	**4,886**	**704,755**
At 30 June 2011	**6,004,252**	**293,707**	**617,489**	**78,075**	**6,993,523**
Depreciation					
At 1 July 2010	**563,376**	**17,469**	**488,640**	**57,568**	**1,127,053**
Charge for the year	**114,195**	**62,778**	**15,821**	**17,613**	**210,407**
At 30 June 2011	**677,571**	**80,247**	**504,461**	**75,181**	**1,337,460**
Net book value					
At 30 June 2011	**5,326,681**	**213,460**	**113,028**	**2,894**	**5,656,063**
At 30 June 2010	4,979,308	53,035	113,751	15,621	5,161,715

10. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Plant & Machinery £	Fixtures and Fittings £	Total £
Cost				
At 1 July 2010	**3,851,398**	**70,504**	**115,422**	**4,037,324**
Additions	**–**	**6,759**	**15,098**	**21,857**
At 30 June 2011	**3,851,398**	**77,263**	**130,520**	**4,059,181**
Depreciation				
At 1 July 2010	**326,401**	**17,469**	**67,239**	**411,109**
Charge for the year	**77,028**	**15,453**	**15,821**	**108,302**
At 30 June 2011	**403,429**	**32,922**	**83,060**	**519,411**
Net book value				
At 30 June 2011	**3,447,969**	**44,341**	**47,460**	**3,539,770**
At 30 June 2010	3,524,997	53,035	48,183	3,626,215

11. Investments

Company	Group companies £
Cost	
At 1 July 2010 and 30 June 2011	**2**
Net book value	
At 30 June 2011 and 30 June 2010	**2**

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company				
EHC Moston Grange Limited	England	Ordinary shares	100%	Operation of a care home

12. Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade debtors	**611,024**	821,705	**497,664**	676,313
Other debtors	**3,695,009**	3,509,584	**1,339,384**	970,026
Prepayments and accrued income	**29,620**	48,025	**22,568**	14,809
	4,335,653	4,379,314	**1,859,616**	1,661,148

13. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank loans	**267,610**	259,711	–	–
Trade creditors	**104,734**	56,404	**40,234**	14,117
Amounts owed to group undertakings	–	–	**279,331**	274,619
Other creditors including taxation and social security				
Corporation tax	**564,211**	743,613	**471,995**	391,666
Other taxation and social security	**31,794**	26,937	–	–
Other creditors	**1,644,603**	1,527,483	**911,425**	839,539
Accruals and deferred income	**152,404**	222,129	**13,175**	9,086
	2,765,356	2,836,277	**1,716,160**	1,529,027

14. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank loans and overdrafts	**1,001,029**	1,201,659	–	–

Included within creditors falling due after more than one year is an amount of £Nil (2010 - £81,367) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank loans and overdrafts	**1,001,029**	1,201,659	–	–

15. Creditors - Capital Instruments

Creditors include finance capital which is due for repayment as follows

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Amounts repayable				
In one year or less or on demand	**267,610**	259,711	–	–
In more than one year but not more than two years	**275,750**	267,610	–	–
In more than two years but not more than five years	**658,283**	852,665	–	–
In more than five years	–	81,367	–	–
	1,201,643	1,461,353	–	–

16. Deferred Taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Provision brought forward	**139,014**	128,214	**139,014**	128,214
(Decrease)/Increase in provision	**(9,437)**	10,800	**(9,437)**	10,800
Provision carried forward	**129,577**	139,014	**129,577**	139,014

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	**2011**		2010	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Excess of taxation allowances over depreciation on fixed assets	**129,577**	**-**	139,014	-

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of

Company	**2011**		2010	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Excess of taxation allowances over depreciation on fixed assets	**129,577**	**-**	139,014	-

17. Commitments under Operating Leases

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	**2011**		2010	
	Land and buildings £	**Other items £**	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	**-**	**10,386**	-	2,400
Within 2 to 5 years	**-**	**18,540**	12,090	14,436
	-	**28,926**	12,090	16,836

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

Company	**2011**		2010	
	Land and buildings £	**Other items £**	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	**-**	**5,394**	-	-
Within 2 to 5 years	**-**	**6,696**	12,090	-
	-	**12,090**	12,090	-

18. Contingencies

There is an unlimited cross guarantee between EHC Harnham House Limited, EHC Oakland House Limited, EHC Moston Grange Limited and Equilibrium Healthcare Limited in respect of bank borrowings with The Co-operative Bank plc

The companies within the Equilibrium Healthcare Limited and Equilibrium Healthcare Group Limited, have group overdraft and loan facilities These are secured on all properties owned within the groups and by a fixed and floating charge over all assets within the groups

19. Related Party Transactions

The group was under the control of Mr P J Keely throughout the current and previous year Mr P J Keely is the and majority shareholder

Included within other debtors are balances owed by related companies as follows -

EHC Harnham House Limited £2,626,603 (2010 - £2,377,318) and EHC Oakland House Limited £951,525 (2010 - £880,168) These balances have arisen as a result of group banking facilities

An amount of £26,028 (2010 - £26,028) due from Equilibrium Healthcare Group Limited,

Included within other creditors are balances to related companies as follows -

Leap 29 Limited £941,699 (2010 - £791,745) and £698,903 (2010 - £716,558) due to EHC Oakland House Limited

Equilibrium Healthcare Group Limited, EHC Harnham House Limited and EHC Oakland House Limited are companies owned by Patrick Keely and Harriet Dudgeon Patrick Keely also owns the majority of the issued share capital of Leap 29 Limited

During the year the company paid dividends of £Nil (2010 - £1,400,000) to the directors of the company - H J Dudgeon £Nil (2010 - £662,137) and P J Keely £Nil (2010 - £737,863)

20. Share Capital

Authorised share capital:

	2011	2010
	£	£
155,062 Ordinary shares of £0 20 each	**31,012**	31,012
100 Ordinary shares of £1 each	**100**	100
	31,112	31,112

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
155,062 Ordinary shares of £0 20 each	**155,062**	**31,012**	155,062	31,012
100 Ordinary shares of £1 each	**100**	**100**	100	100
	155,162	**31,112**	155,162	31,112

21. Reserves

Group	Profit and loss account £
Balance brought forward	**7,209,981**
Profit for the year	**1,439,672**
Balance carried forward	**8,649,653**

Company	Profit and loss account £
Balance brought forward	**4,326,201**
Profit for the year	**1,188,305**
Balance carried forward	**5,514,506**

22. Reconciliation of Movements in Shareholders' Funds

	2011 £	2010 £
Profit for the financial year	**1,439,672**	1,775,795
Equity dividends	**–**	(1,400,000)
Net addition to shareholders' funds	**1,439,672**	375,795
Opening shareholders' funds	**7,241,093**	6,865,298
Closing shareholders' funds	**8,680,765**	7,241,093

23. Notes to the Cash Flow Statement

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2011 £	2010 £
Operating profit	**2,036,612**	2,565,126
Depreciation	**210,407**	190,725
Loss on disposal of fixed assets	**–**	2,056
Decrease/(increase) in debtors	**43,661**	(1,042,070)
Increase/(decrease) in creditors	**100,582**	(269,493)
Net cash inflow from operating activities	**2,391,262**	1,446,344

23. Notes to the Cash Flow Statement *(continued)*

Returns on Investments and Servicing of Finance

	2011	2010
	£	£
Interest received	**14,842**	10,881
Interest paid	**(52,105)**	(49,242)
Net cash outflow from returns on investments and servicing of finance	**(37,263)**	(38,361)

Taxation

	2011	2010
	£	£
Taxation	**(748,516)**	(663,591)

Capital Expenditure

	2011	2010
	£	£
Payments to acquire tangible fixed assets	**(704,755)**	(130,272)
Receipts from sale of fixed assets	**–**	94,998
Net cash outflow from capital expenditure	**(704,755)**	(35,274)

Financing

	2011	2010
	£	£
Repayment of bank loans	**(192,731)**	(251,903)
Net cash outflow from financing	**(192,731)**	(251,903)

Reconciliation of Net Cash Flow to Movement in Net Funds

	2011		2010	
	£	£	£	£
Increase/(decrease) in cash in the period	**707,997**		(942,785)	
Net cash outflow from bank loans	**192,731**		251,903	
		900,728		(690,882)
Change in net funds		**900,728**		(690,882)
Net funds at 1 July 2010		**415,644**		1,106,526
Net funds at 30 June 2011		**1,316,372**		415,644

23. Notes to the Cash Flow Statement *(continued)*

Analysis of Changes in Net Funds

	At 1 Jul 2010 £	Cash flows £	At 30 Jun 2011 £
Net cash			
Cash in hand and at bank	1,877,014	707,997	2,585,011
Debt			
Debt due within 1 year	(259,711)	(7,899)	(267,610)
Debt due after 1 year	(1,201,659)	200,630	(1,001,029)
	(1,461,370)	192,731	(1,268,639)
Net funds	415,644	900,728	1,316,372