Registered number: 03668340

# THE APPEAL GROUP LIMITED

## FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2012



THE APPEAL GROUP LIMITED

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## THE APPEAL GROUP LIMITED

## DIRECTORS AND PROFESSIONAL ADVISORS

| | |
|---|---|
| **DIRECTORS** | M G Madigan<br>P E French |
| **COMPANY SECRETARY** | P E French |
| **REGISTERED NUMBER** | 03668340 |
| **REGISTERED OFFICE** | 6 Vale Lane<br>Bedminster<br>Bristol<br>BS3 5SD |
| **INDEPENDENT AUDITORS** | Nexia Smith & Williamson<br>Chartered Accountants & Statutory Auditors<br>Portwall Place<br>Portwall Lane<br>Bristol<br>BS1 6NA |
| **BANKERS** | The Royal Bank of Scotland plc<br>36-38 Baldwin Street<br>Bristol<br>BS1 1NR |
| **SOLICITORS** | TLT LLP<br>1 Redcliff Street<br>Bristol<br>BS1 6TP |

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

### PRINCIPAL ACTIVITY

The principal activity of the company during the year was the manufacture and installation of high quality shading solutions

### BUSINESS REVIEW

Conditions in the home improvement market continued to be challenging in 2012 The market had declined in the Autumn of 2011 and this continued into the Spring of 2012 Accordingly the directors implemented two major initiatives to improve profit performance in the second quarter of 2012

A cost reduction exercise reduced the break-even sales level of the company substantially The reduction in costs was achieved without any compulsory redundancies In the second half of 2012 the directors also developed a number of initiatives to increase sales through both interior designers & furnishing retailers and launched a range of insect screens

Overall the company has recorded a modest loss for the second year running. Nevertheless, as a result of the above initiatives, the company was profitable throughout the second half of 2012 In 2013 order intake has strengthened and margins & profitability have continued to improve Based on the performance to date and orders in hand the directors look forward to reporting on a return to profit in 2013

The company meets its day to day working capital requirement through strict enforcement of trade terms In addition the company has an overdraft facility with The Royal Bank of Scotland, which is required to meet seasonal fluctuations in the company's working capital requirement The company's forecasts take account of possible changes in trading performance and consumer demand for the company's products and show that the company should be able to operate within the level of bank facilities agreed with its bankers

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £67,931 *(2011 - loss £30,956)* The company has not paid a dividend on ordinary shares during the year or the previous year As required by the company's constitution, the directors have not accrued a preferred ordinary dividend *(2011 - £nil)* on the basis that the results for the year show a net loss

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through bank borrowings Interest rate exposure is managed through the ongoing review of banking facilities Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2012

### DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were

| | Ordinary shares of £1 each | |
|---|---|---|
| | **31/12/12** | *1/1/12* |
| M G Madigan | **48,000** | *48,000* |
| P E French | **12,000** | *12,000* |

### DIRECTORS' RESPONSIBILITIES STATEMENT

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 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

### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2012

### AUDITORS

A resolution to to reappoint Nexia Smith & Williamson will be proposed at the annual general meeting

This report was approved by the board on 24/09/2013 and signed on its behalf

**P E French**
Company secretary

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE APPEAL GROUP LIMITED

We have audited the financial statements of The Appeal Group Limited for the year ended 31 December 2012, which comprise the Profit and Loss account, the Balance sheet, the Cash flow statement and the related notes 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 Auditors' 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 AUDITORS

As explained more fully in the Directors' responsibilities statement, 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

### 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 December 2012 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE APPEAL GROUP 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

Jonathan Talbot (Senior statutory auditor)

for and on behalf of
**Nexia Smith & Williamson**

Chartered Accountants & Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA
Date 24 September 2013

## PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | | 2012 £ | | 2011 £ |
|---|---|---|---|---|---|
| **TURNOVER** | 2 | | **4,179,361** | | 5,798,044 |
| **OPERATING COSTS** | | | | | |
| Raw materials and consumables | | **(1,052,255)** | | (1,328,314) | |
| Other external charges | | **(518,708)** | | (701,819) | |
| Staff costs | 4 | **(1,090,892)** | | (1,454,420) | |
| Depreciation written off tangible fixed assets | 10 | **(29,539)** | | (33,393) | |
| Other operating income | | **36,500** | | 26,549 | |
| Other operating charges | | **(1,590,954)** | | (2,347,932) | |
| | | | **(4,245,848)** | | (5,839,329) |
| **OPERATING LOSS** | | | **(66,487)** | | (41,285) |
| Interest receivable | 6 | **400** | | 154 | |
| Interest payable and similar charges | 7 | **(1,844)** | | (1,100) | |
| | | | **(1,444)** | | (946) |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | | **(67,931)** | | (42,231) |
| Tax on loss on ordinary activities | 8 | | - | | 11,275 |
| **LOSS FOR THE FINANCIAL YEAR** | | | **(67,931)** | | (30,956) |

The company has no recognised gains or losses other than the result for the financial year

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

THE APPEAL GROUP LIMITED
REGISTERED NUMBER. 03668340

## BALANCE SHEET
## AS AT 31 DECEMBER 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 9 | | **1,147,186** | | *1,147,186* |
| Tangible assets | 10 | | **23,296** | | *47,192* |
| Investments | 11 | | **2** | | *2* |
| | | | **1,170,484** | | *1,194,380* |
| **CURRENT ASSETS** | | | | | |
| Stocks | 12 | **337,157** | | *416,044* | |
| Debtors | 13 | **316,468** | | *274,133* | |
| Cash at bank | | **3,042** | | *103,833* | |
| | | **656,667** | | *794,010* | |
| **CREDITORS:** amounts falling due within one year | 14 | **(1,152,358)** | | *(1,237,981)* | |
| **NET CURRENT LIABILITIES** | | | **(495,691)** | | *(443,971)* |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **674,793** | | *750,409* |
| **CREDITORS:** amounts falling due after more than one year | 15 | | **(200)** | | *(7,885)* |
| **NET ASSETS** | | | **674,593** | | *742,524* |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 21 | | **60,000** | | *60,000* |
| Share premium account | 22 | | **79,193** | | *79,193* |
| Capital redemption reserve | 22 | | **100,000** | | *100,000* |
| Profit and loss account | 22 | | **435,400** | | *503,331* |
| **EQUITY SHAREHOLDERS' FUNDS** | 23 | | **674,593** | | *742,524* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Sept. 24. 2013

**M G Madigan**
Director

**P E French**
Director

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

## CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 £ | 2011 £ |
|---|---|---|---|
| Net cash outflow from operating activities | 25 | (129,407) | (101,531) |
| Returns on investments and servicing of finance | 26 | (1,444) | (946) |
| Taxation | | 11,275 | (17,591) |
| Capital expenditure and financial investment | 26 | 1,058 | (5,517) |
| **CASH OUTFLOW BEFORE FINANCING** | | (118,518) | (125,585) |
| Financing | 26 | (7,685) | (8,247) |
| **DECREASE IN CASH IN THE YEAR** | | (126,203) | (133,832) |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS
## FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 £ | 2011 £ |
|---|---|---|
| Decrease in cash in the year | (126,203) | (133,832) |
| Cash outflow from decrease in debt and lease financing | 7,685 | 8,247 |
| **MOVEMENT IN NET (DEBT)/FUNDS IN THE YEAR** | (118,518) | (125,585) |
| Net funds at 1 January 2012 | 88,263 | 213,848 |
| **NET (DEBT)/FUNDS AT 31 DECEMBER 2012** | (30,255) | 88,263 |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 1. PRINCIPAL ACCOUNTING POLICIES

#### 1.1 Basis of Accounting

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

The financial statements have been prepared on the going concern basis The directors have considered the projected future cash flows of the company for the forthcoming twelve months The company is expected to remain within its borrowing facilities and to generate significant cash over the year

#### 1.2 Fixed Asset Investments

Investments held as fixed assets are stated at cost less impairment in value

#### 1 3 Consolidation

The company's dormant subsidiary has never traded and has net assets of €4 Accordingly consolidated financial statements have not been prepared

The financial statements therefore show the results of the individual company and not its group

#### 1.4 Turnover

Turnover is the total amount of sales earned by the company in the ordinary course of business, excluding value added tax Revenue is recognised when the risks and rewards of ownership of the goods have transferred to the customer, generally at the point of product installation for retail sales and at the point of product delivery for trade sales

#### 1.5 Pensions

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

#### 1.6 Goodwill

Goodwill arising on the acquisition of a business is capitalised as an intangible asset These financial statements depart from the specific requirement of the Companies Act 2006 to amortise goodwill over a finite period for the overriding purpose of giving a true and fair view The directors conduct impairment reviews annually and consider that the useful economic life of the goodwill is indefinite The directors have arrived at this opinion on the basis that the company has held a leading position within its market for many years, has strong relationships with lead suppliers and a substantial customer base These attributes will enable the company to derive significant benefit from the investment for the foreseeable future

## 1 PRINCIPAL ACCOUNTING POLICIES (continued)

### 1.7 Tangible Assets & Depreciation

All fixed assets are initially recorded at cost Individual items below £500 are not capitalised but written off in full in the year of purchase

Depreciation is calculated to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives It is calculated at the following rates

| | | |
|---|---|---|
| Improvements to leasehold property | - | Over the period of the lease |
| Plant & machinery | - | 25% - 50% straight line |
| Motor vehicles | - | 33% straight line |

### 1 8 Stocks

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

### 1 9 Work in Progress

Work in progress is valued on the basis of direct costs and direct expenses Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

### 1.10 Deferred Taxation

Deferred tax liabilities are provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

Deferred tax assets are only recognised when recovery is virtually certain

### 1.11 Hire Purchase Contracts

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the contracts and depreciated over their estimated useful lives The finance element of repayments is charged to the profit and loss account over the period of the lease or hire purchase contract All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account as incurred

### 1.12 Foreign Currency

Foreign currency transactions are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date Exchange differences are taken to the profit and loss account

### 1.13 Preferred Ordinary Shares

In accordance with FRS 25 'Financial Instruments' preferred ordinary dividends are treated as a finance cost and preferred ordinary share capital as a liability of the company

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

## 2. TURNOVER

A geographical analysis of turnover is as follows

| | 2012 £ | 2011 £ |
|---|---|---|
| United Kingdom | **4,130,161** | *5,699,461* |
| Rest of European Union | **27,403** | *65,684* |
| Rest of world | **21,797** | *32,899* |
| | **4,179,361** | *5,798,044* |

## 3. OPERATING LOSS

The loss is stated after charging/(crediting)

| | 2012 £ | 2011 £ |
|---|---|---|
| Depreciation of tangible fixed assets | | |
| - owned by the company | **21,037** | *24,891* |
| - held under finance leases | **8,502** | *8,502* |
| Auditors' remuneration | **11,750** | *12,364* |
| Auditors' remuneration - non-audit | **4,765** | *4,795* |
| Profit on sale of fixed assets | **(6,701)** | *(4,000)* |
| Foreign currency exchange (gains)/losses | **(9,763)** | *4,550* |
| Hire of plant & machinery | **67,961** | *53,372* |
| Rent of land and buildings | **61,451** | *60,409* |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

## 4. PARTICULARS OF EMPLOYEES

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 921,101 | 1,242,629 |
| Staff agencies | 73,136 | 64,568 |
| Social security costs | 88,011 | 116,092 |
| Other pension costs | 8,644 | 31,131 |
| | 1,090,892 | 1,454,420 |

### AVERAGE EMPLOYEE NUMBERS

| | 2012 | 2011 |
|---|---|---|
| Production staff | 13 | 19 |
| Administrative and field staff | 31 | 38 |
| Directors | 2 | 2 |
| | 46 | 59 |

## 5. DIRECTORS' REMUNERATION

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Emoluments | 137,075 | 185,179 |
| Company pension contributions to defined contribution pension schemes | 3,998 | 10,222 |

During the year retirement benefits were accruing to 1 director *(2011 - 1)* in respect of defined contribution pension schemes

## 6. INTEREST RECEIVABLE

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Interest receivable | 400 | 154 |

## 7. INTEREST PAYABLE

| | 2012 £ | 2011 £ |
|---|---|---|
| Interest and facility fees payable on bank borrowing | 1,091 | 4 |
| Interest on overdue tax | - | 38 |
| Hire purchase interest | 753 | 1,058 |
| | 1,844 | 1,100 |

## 8. TAXATION

| | 2012 £ | 2011 £ |
|---|---|---|
| **Analysis of tax charge in the year** | | |
| Adjustments in respect of prior periods | - | (11,275) |

**Factors affecting tax charge for the year**

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 - 20 5%), as explained below

| | 2012 £ | 2011 £ |
|---|---|---|
| Loss on ordinary activities before tax | (67,931) | (42,231) |

| | 2012 £ | 2011 £ |
|---|---|---|
| Loss on ordinary activites by rate of tax | (16,643) | (8,657) |
| Expenses not deductible for tax purposes | 3,657 | 14,342 |
| Capital allowances in excess of depreciation | (338) | (3,131) |
| Other | (840) | (2,554) |
| Unrelieved tax losses carried forward | 14,164 | - |
| Adjustment in respect of prior periods | - | (11,275) |
| Total | - | (11,275) |

## 9 GOODWILL

| | Goodwill £ |
|---|---|
| **Cost** | |
| At 1 January 2012 and 31 December 2012 | **1,147,186** |
| **Net book value** | |
| At 31 December 2012 | **1,147,186** |
| *At 31 December 2011* | *1,147,186* |

As part of the rationalisation of the group in previous years, the trade and assets of subsidiary undertakings were transferred to the company The cost of the company's investment in those subsidiaries reflected the underlying fair value of the assets and goodwill at the time of those acquisitions Following the orderly liquidation of dormant subsidiaries in 2009 the value of those investments was reclassified as goodwill

## 10. TANGIBLE FIXED ASSETS

| | Improvements to leasehold property £ | Plant & machinery £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2012 | **102,650** | **280,625** | **63,810** | **447,085** |
| Additions | **-** | **2,620** | **4,248** | **6,868** |
| Disposals | **-** | **-** | **(31,315)** | **(31,315)** |
| At 31 December 2012 | **102,650** | **283,245** | **36,743** | **422,638** |
| **Depreciation** | | | | |
| At 1 January 2012 | **102,650** | **253,827** | **43,416** | **399,893** |
| Charge for the year | **-** | **18,045** | **11,494** | **29,539** |
| On disposals | **-** | **-** | **(30,090)** | **(30,090)** |
| At 31 December 2012 | **102,650** | **271,872** | **24,820** | **399,342** |
| **Net book value** | | | | |
| At 31 December 2012 | **-** | **11,373** | **11,923** | **23,296** |
| *At 31 December 2011* | *-* | *26,798* | *20,394* | *47,192* |

The net book value of assets held under hire purchase agreements included above was £8,502 (2011 - £17,004), and the depreciation charge on these assets during the year was £8,502 (2011 - £8,502)

## 11. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £ |
|---|---|
| **Cost** | |
| At 1 January 2012 and 31 December 2012 | **2** |
| **Net book value** | |
| At 31 December 2012 | **2** |
| *At 31 December 2011* | *2* |

| Company | Country of Incorporation | Registration No. | %age Holding | Nature of Business |
|---|---|---|---|---|
| Appeal Conservatory Blinds Limited | Ireland | 345720 | 100 | Non-trading |

The above company has never traded and has net assets of €4, representing the paid up share capital

## 12. STOCKS

| | 2012 £ | 2011 £ |
|---|---|---|
| Raw materials and components | **180,790** | *205,689* |
| Work in progress | **117,899** | *153,362* |
| Goods in transit | **38,468** | *56,993* |
| | **337,157** | *416,044* |

## 13. DEBTORS

| | 2012 £ | 2011 £ |
|---|---|---|
| Trade debtors | **198,878** | *164,386* |
| Section 455 tax recoverable | **8,360** | *4,900* |
| Director's loan account | **33,442** | *19,600* |
| Corporation tax recoverable | **-** | *11,275* |
| Prepayments and accrued income | **75,788** | *73,972* |
| | **316,468** | *274,133* |

## 14. CREDITORS

Amounts falling due within one year

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Bank overdraft | 25,412 | - |
| Payments received on account | 290,255 | 335,022 |
| Hire purchase agreements | 7,685 | 7,685 |
| Trade creditors | 466,260 | 532,712 |
| Amounts owed to group undertakings | 2 | 2 |
| Social security and other taxes | 241,963 | 232,466 |
| Proposed dividend | 15,100 | 15,100 |
| Section 455 tax payable | 3,460 | 4,900 |
| Other creditors | 42,466 | 48,948 |
| Accruals and deferred income | 59,755 | 61,146 |
| | 1,152,358 | 1,237,981 |

The company's borrowings with the Royal Bank of Scotland plc are secured by a fixed and floating charge over the assets and undertakings of the company and a personal guarantee of £175,000 given by the directors of the company

## 15. CREDITORS

Amounts falling due after more than one year

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Hire purchase agreements | - | 7,685 |
| Preferred ordinary shares (note 21) | 200 | 200 |
| | 200 | 7,885 |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 21

Creditors include amounts not wholly repayable within 5 years as follows

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Preferred ordinary shares | 200 | 200 |

## 16. DEFERRED TAXATION

| | 2012 £ | 2011 £ |
|---|---|---|
| At beginning and end of year | - | - |

No provision has been made in the financial statements and the amounts of unprovided deferred tax assets at the end of the year are £29,598 (2011 - £18,997) relating to the excess of depreciation over taxation allowances on fixed assets

## 17. PENSION COMMITMENTS

The company operates defined contribution pension schemes for the directors and employees The assets of the schemes are held separately from those of the company in an independently managed fund The pension cost charge represents contributions payable by the company to the funds and amounted to £8,644 (2011 - £31,131) Contributions totalling £4,136 (2011 - £1,082) were outstanding at the year end

## 18 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

| | 2012 £ | 2011 £ |
|---|---|---|
| **Expiry date.** | | |
| Within 1 year | **18,627** | - |
| Between 2 and 5 years | **39,687** | *47,322* |
| | **58,314** | *47,322* |

## 19. HIRE PURCHASE COMMITMENTS

Future commitments under hire purchase agreements are as follows

| | 2012 £ | 2011 £ |
|---|---|---|
| Amounts payable within 1 year | **7,685** | *7,685* |
| Amounts payable between 2 to 5 years | - | *7,685* |
| | **7,685** | *15,370* |

Hire purchase agreements are secured on the assets to which they relate

## 20 RELATED PARTY TRANSACTIONS

The company was controlled by its directors throughout the year

During the year, Mr M G Madigan, a director of the company, charged the company £19,000 (2011 - £19,000) in respect of marketing services

Included in debtors (note 13) is an amount of £33,442 (2011 - £19,600) due from Mr M G Madigan The maximum outstanding balance during the year was £33,442 (2011 - £19,600)

During the year, Ms S Madigan, daughter of Mr M G Madigan, charged the company £5,361 (2011 - £11,699) in respect of marketing services

Included in creditors (note 14) is an amount of £2 (2011 - £2) owed to the company's subsidiary, Appeal Conservatory Blinds Limited - Ireland

## 21. SHARE CAPITAL

| | 2012<br>£ | *2011*<br>*£* |
|---|---|---|
| **Shares classified as equity** | | |
| **Authorised** | | |
| 80,000 Ordinary shares of £1 each | **80,000** | *80,000* |
| 80,000 Redeemable shares of £1 each | **80,000** | *80,000* |
| | **160,000** | *160,000* |
| **Allotted, called up and fully paid** | | |
| 60,000 Ordinary shares of £1 each | **60,000** | *60,000* |
| **Shares classified as debt** | | |
| **Authorised** | | |
| 20,000 Preferred ordinary shares of £0 01 each | **200** | *200* |
| **Allotted, called up and fully paid** | | |
| 20,000 Preferred ordinary shares of £0 01 each | **200** | *200* |

## 21. SHARE CAPITAL (continued)

Each ordinary share carries one vote and entitlement to a share of net profits as and when declared by the company after the preferred ordinary shareholders have received the participating dividend Ordinary shareholders are entitled to the balance on winding-up following payment of the entitlements of preferred ordinary shareholders and redeemable shareholders, in proportion to the number of shares held by them respectively

Preferred ordinary shareholders are entitled to a cumulative fixed dividend of 10% of net profits before amortisation of goodwill, in priority to any ordinary dividend declared by the company Attached to the shares is a further entitlement to a dividend calculated on the ordinary dividends proposed plus emoluments payable in excess of £210,000 On winding-up the preferred ordinary shareholders are entitled to any arrears of the fixed and further dividend and a proportion of the balance of any assets in relation to the number of shares held at that date

## 22 MOVEMENTS ON RESERVES

| | Share premium account £ | Capital redempt'n reserve £ | Profit and loss account £ |
|---|---|---|---|
| At 1 January 2012 | **79,193** | **100,000** | **503,331** |
| Loss for the year | **-** | **-** | **(67,931)** |
| At 31 December 2012 | **79,193** | **100,000** | **435,400** |

## 23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2012 £ | *2011 £* |
|---|---|---|
| Opening shareholders' funds | **742,524** | *773,480* |
| Loss for the year | **(67,931)** | *(30,956)* |
| Closing shareholders' funds | **674,593** | *742,524* |

## 24. CONTINGENCIES

The Royal Bank of Scotland plc holds a debenture dated 14 January 2010 As at 31 December 2012 there was a bank overdraft of £25,412 *(2011 - £nil)* outstanding with The Royal Bank of Scotland plc

An H M Revenue & Customs enquiry is in progress following a PAYE review performed in October 2012 The directors have been co-operative throughout and are confident of a positive outcome from the enquiry, with any costs incurred by the Company anticipated to be insignificant As it is not possible to quantify the potential outcome, no provision has been made in the financial statements for the year ended 31 December 2012

## 25. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2012 £ | 2011 £ |
|---|---|---|
| Operating loss | (66,487) | (41,285) |
| Depreciation of tangible fixed assets | 29,539 | 33,393 |
| Profit on disposal of tangible fixed assets | (6,701) | (4,000) |
| Decrease in stocks | 78,887 | 112,509 |
| (Increase)/decrease in debtors | (53,610) | 70,871 |
| Decrease in creditors | (111,035) | (273,019) |
| **Net cash outflow from operating activities** | (129,407) | (101,531) |

## 26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2012 £ | 2011 £ |
|---|---|---|
| **Returns on investments and servicing of finance** | | |
| Interest received | 400 | 154 |
| Interest paid | (1,091) | (42) |
| Hire purchase interest | (753) | (1,058) |
| **Net cash outflow from returns on investments and servicing of finance** | (1,444) | (946) |

| | 2012 £ | 2011 £ |
|---|---|---|
| **Capital expenditure and financial investment** | | |
| Purchase of tangible fixed assets | (6,868) | (9,517) |
| Sale of tangible fixed assets | 7,926 | 4,000 |
| **Net cash inflow/(outflow) from capital expenditure** | 1,058 | (5,517) |

| | 2012 £ | 2011 £ |
|---|---|---|
| **Financing** | | |
| Repayment of hire purchase agreements | (7,685) | (8,247) |

## 27. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

| | 1 January 2012 | Cash flow | Other non-cash changes | 31 December 2012 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 103,833 | (100,791) | - | 3,042 |
| Bank overdraft | - | (25,412) | - | (25,412) |
| | 103,833 | (126,203) | - | (22,370) |
| **Debt** | | | | |
| Hire purchase agreements | (15,370) | 7,685 | - | (7,685) |
| Debts falling due after more than one year | (200) | - | - | (200) |
| **Net (debt)/funds** | 88,263 | (118,518) | - | (30,255) |