

Company Registration No 5838607 (England and Wales)

PHILPOTTS (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors	R G Tonks S J Tonks
Secretary	S J Tonks
Company number	5838607
Registered office	Danesmoor House 158 Carmel Road Darlington DL3 8RH
Registered auditors	Stokoe Rodger 15 Bankside The Watermark Gateshead Tyne & Wear NE11 9SY

PHILPOTTS (HOLDINGS) LIMITED

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PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report and financial statements for the year ended 30 June 2011

Principal activities and review of the business

The principal activity of the company continued to be that of a holding company. The principal activity of the subsidiary company during the period was that of purveyor of quality breakfast and lunch time food.

The breakfast and lunchtime food market remained challenging, however the director's and senior management continued to take steps to develop sales and control costs.

Any further downturn in the economy or additional bureaucratic regulation could constrain future growth and any increase in costs outside of the company's control may impact on profitability.

During the period the group operated from 22 shops having opened 1 further shop since the previous period end.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

Future developments

The group has no plans to open any new shops in the current economic climate. The group continues to focus on returning to growth, improving profitability and reducing debt.

Directors

The following directors have held office since 1 July 2010:

M A Kendall-Smith

(Resigned 28 April 2011)

R G Tonks

S J Tonks

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the group's performance.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

Stokoe Rodger were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 company'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 of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



R G Tonks

Director

17/10/2011

PHILPOTTS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHILPOTTS (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Philpotts (Holdings) Limited for the year ended 30 June 2011 set out on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 set out on pages 1 - 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 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 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.

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 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.

PHILPOTTS (HOLDINGS) LIMITED

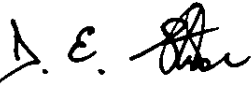
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PHILPOTTS (HOLDINGS) 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 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



David Stokoe FCA (Senior Statutory Auditor)
for and on behalf of Stokoe Rodger

17/10/2011

Chartered Accountants
Statutory Auditor

15 Bankside
The Watermark
Gateshead
Tyne & Wear
NE11 9SY

PHILPOTTS (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2011

		Year ended 30 June 2011 £000	Period ended 30 June 2010 £000
	Notes		
Turnover	2	9,967	12,674
Cost of sales		(8,669)	(10,467)
Gross profit		1,298	2,207
Administrative expenses		(1,445)	(1,944)
Other operating income		5	-
Operating (loss)/profit	3	(142)	263
Profit on surrender of lease		-	500
Cost of fundamental reorganisation		(99)	-
(Loss)/profit on ordinary activities before interest		(241)	763
Other interest receivable and similar income		9	10
Interest payable and similar charges	4	(72)	(135)
(Loss)/profit on ordinary activities before taxation		(304)	638
Tax on (loss)/profit on ordinary activities	5	(67)	(252)
(Loss)/profit on ordinary activities after taxation		(371)	386

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PHILPOTTS (HOLDINGS) LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2011

	Notes	Group 2011 £000	2010 £000	Company 2011 £000	2010 £000
Fixed assets					
Intangible assets	8	2,615	3,121	-	-
Tangible assets	9	3,525	3,472	-	-
Investments	10	-	-	6,476	6,476
		<u>6,140</u>	<u>6,593</u>	<u>6,476</u>	<u>6,476</u>
Current assets					
Stocks	11	108	102	-	-
Debtors	12	831	785	-	-
Cash at bank and in hand		16	89	-	-
		<u>955</u>	<u>976</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	13	<u>(2,187)</u>	<u>(1,960)</u>	<u>(2,317)</u>	<u>(1,984)</u>
Net current liabilities		<u>(1,232)</u>	<u>(984)</u>	<u>(2,317)</u>	<u>(1,984)</u>
Total assets less current liabilities		4,908	5,609	4,159	4,492
Creditors: amounts falling due after more than one year	14	<u>(3,117)</u>	<u>(3,487)</u>	<u>(3,117)</u>	<u>(3,487)</u>
Provisions for liabilities	15	<u>(279)</u>	<u>(239)</u>	<u>-</u>	<u>-</u>
		<u>1,512</u>	<u>1,883</u>	<u>1,042</u>	<u>1,005</u>
Capital and reserves					
Called up share capital	18	1,000	1,000	1,000	1,000
Other reserves	19	5	5	-	-
Profit and loss account	19	507	878	42	5
Shareholders' funds	20	<u>1,512</u>	<u>1,883</u>	<u>1,042</u>	<u>1,005</u>

Approved by the Board and authorised for issue on 17th October 2011.



R G Tonks
Director

Company Registration No 5838607

PHILPOTTS (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	£000	Year ended 30 June 2011 £000	£000	Period ended 30 June 2010 £000
Net cash inflow from operating activities		565		1,682
Returns on investments and servicing of finance				
Interest received	9		10	
Interest paid	(72)		(135)	
Net cash outflow for returns on investments and servicing of finance		(63)		(125)
Taxation		(170)		(54)
Capital expenditure				
Payments to acquire tangible assets	(526)		(389)	
Receipts from sales of tangible assets	2		503	
Net cash outflow for capital expenditure		(524)		114
Net cash (outflow)/inflow before management of liquid resources and financing		(192)		1,617
Financing				
Charge in relation to share based payments	-		(23)	
New long term bank loan	1,650		-	
Repayment of long term bank loan	(1,720)		(1,000)	
Repayment of other long term loans	(67)		(113)	
Net cash outflow from financing		(137)		(1,136)
Decrease in cash in the year		(329)		481

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2011	2010
		£000	£000
	Operating (loss)/profit	(142)	263
	Depreciation of tangible assets	473	530
	Amortisation of intangible assets	506	633
	Profit/(loss) on disposal of tangible assets	(2)	24
	Cost of fundamental reorganisation	(99)	-
	(Increase)/decrease in stocks	(6)	33
	(Increase)/decrease in debtors	(46)	14
	(Decrease)/Increase in creditors within one year	(119)	185
	Net cash inflow from operating activities	565	1,682

2	Analysis of net debt	1 July 2010	Cash flow	Other non-cash changes	30 June 2011
		£000	£000	£000	£000
	Net cash				
	Cash at bank and in hand	89	(73)	-	16
	Bank overdrafts	-	(256)	-	(256)
		<u>89</u>	<u>(329)</u>	<u>-</u>	<u>(240)</u>
	Debts falling due within one year	(400)	(233)	-	(633)
	Debts falling due after one year	(3,487)	370	-	(3,117)
		<u>(3,887)</u>	<u>137</u>	<u>-</u>	<u>(3,750)</u>
	Net debt	(3,798)	(192)	-	(3,990)

3	Reconciliation of net cash flow to movement in net debt	2011	2010
		£000	£000
	(Decrease)/Increase in cash in the year	(329)	481
	Cash outflow from decrease in debt	137	1,113
	Movement in net debt in the year	(192)	1,594
	Opening net debt	(3,798)	(5,392)
	Closing net debt	(3,990)	(3,798)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The directors, having regard to the nature, size and complexity of the business, have assessed the financial risks affecting the company and its operations for the 12 months from the approval of the financial statements and consider it appropriate to prepare the financial statements on a going concern basis

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The subsidiary's financial statements have been prepared on a 52 week basis (2010 65 weeks) ending on the Friday nearest to 30 June.

1.4 Turnover

Turnover represents amounts receivable for goods net of VAT and is derived entirely in the UK.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	10% straight line
Fixtures, fittings & equipment	10%-20% straight line
Motor vehicles	20% straight line

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Lease incentives are recognised in the profit and loss account as an integral part of the total lease expense over the period to the first break point in the lease.

1.8 Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

1 Accounting policies

(continued)

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred taxation is 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.

1.12 Share-based payments

The group has issued share options to certain employees to acquire shares of the parent company. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model and spread over the period during which the employees become unconditionally entitled to the options. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

As the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share-based payments as equity-settled.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit	2011 £000	2010 £000
Operating (loss)/profit is stated after charging		
Amortisation of intangible assets	506	633
Depreciation of tangible assets	473	530
Loss on disposal of tangible assets	-	24
Loss on foreign exchange transactions	4	3
Operating lease rentals		
- Plant and machinery	11	7
- Other assets	22	13
Fees payable to the group's auditor for the audit of the group's annual accounts	12	11
and after crediting		
Profit on disposal of tangible assets	(2)	-

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

4	Interest payable	2011	2010
		£000	£000
	On bank loans and overdrafts	3	3
	On other loans wholly repayable within five years	68	132
	On overdue tax	1	-
		<u>72</u>	<u>135</u>
5	Taxation	2011	2010
		£000	£000
	Domestic current year tax		
	U K corporation tax	27	167
	Adjustment for prior years	-	(5)
	Total current tax	<u>27</u>	<u>162</u>
	Deferred tax		
	Deferred tax charge/credit current year	40	90
		<u>67</u>	<u>252</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(304)</u>	<u>638</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2010 - 24.87%)	<u>(63)</u>	<u>159</u>
	Effects of		
	Depreciation add back	98	138
	Capital allowances	(111)	(156)
	Adjustments to previous periods	-	(5)
	Other tax adjustments	103	26
		<u>90</u>	<u>3</u>
	Current tax charge for the period	<u>27</u>	<u>162</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	2011 £000	2010 £000
Holding company's profit for the financial year	37	961

7 Exceptional items

During the year the company relocated its central group office from Chester to Darlington with associated relocation & redundancy costs of £99,000

8 Intangible fixed assets Group

	Goodwill £000
Cost	
At 1 July 2010 & at 30 June 2011	5,062
Amortisation	
At 1 July 2010	1,941
Charge for the year	506
At 30 June 2011	2,447
Net book value	
At 30 June 2011	2,615
At 30 June 2010	3,121

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

9 Tangible fixed assets

Group

	Land and buildings Leasehold £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2010	4,137	2,105	36	6,278
Additions	295	231	-	526
At 30 June 2011	4,432	2,336	36	6,804
Depreciation				
At 1 July 2010	1,842	962	1	2,805
Charge for the year	297	170	7	474
At 30 June 2011	2,139	1,132	8	3,279
Net book value				
At 30 June 2011	2,293	1,204	28	3,525
At 30 June 2010	2,295	1,142	35	3,472

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

10 Fixed asset investments

Company

	Shares in group undertakings £000
Cost	
At 1 July 2010 & at 30 June 2011	6,476
Net book value	
At 30 June 2011	6,476
At 30 June 2010	6,476

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Philpotts Limited	UK	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Philpotts Limited	Purveyor of quality breakfast and lunch time food

11 Stocks

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Raw materials and consumables	103	97	-	-
Finished goods and goods for resale	5	5	-	-
	<u>108</u>	<u>102</u>	<u>-</u>	<u>-</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

12 Debtors

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	354	377	-	-
Other debtors	90	107	-	-
Prepayments and accrued income	387	301	-	-
	<u>831</u>	<u>785</u>	<u>-</u>	<u>-</u>

13 Creditors amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans and overdrafts	889	400	633	400
Trade creditors	856	845	-	-
Amounts owed to group undertakings	-	-	1,675	1,575
Corporation tax	27	170	-	-
Taxes and social security costs	102	85	-	-
Other creditors	52	46	1	-
Accruals and deferred income	261	414	8	9
	<u>2,187</u>	<u>1,960</u>	<u>2,317</u>	<u>1,984</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

14 Creditors amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans	3,117	3,420	3,117	3,420
Other loans	-	67	-	67
	<u>3,117</u>	<u>3,487</u>	<u>3,117</u>	<u>3,487</u>
Analysis of loans				
Wholly repayable within five years	3,750	3,887	3,750	3,887
Included in current liabilities	(633)	(400)	(633)	(400)
	<u>3,117</u>	<u>3,487</u>	<u>3,117</u>	<u>3,487</u>
Loan maturity analysis				
In more than one year but not more than two years	1,483	1,000	1,483	1,000
In more than two years but not more than five years	1,634	2,420	1,634	2,420

15 Provisions for liabilities

Group	Deferred taxation £000
Balance at 1 July 2010	239
Profit and loss account	40
Balance at 30 June 2011	<u>279</u>

The deferred tax liability is made up as follows

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Accelerated capital allowances	<u>279</u>	<u>239</u>	<u>-</u>	<u>-</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

16 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £1,000 (2010 - £2,000) were payable to the fund at the year end and are included in creditors.

	2011 £000	2010 £000
Contributions payable by the group for the year	21	42

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

17 Share-based payment transactions

During the year ended 30 June 2011, the group had one share-based payment arrangement, which is described below

Type of arrangement

Date of grant	1 July 2007
Number granted	50,000
Contractual life	10 years
Vesting conditions	

The estimated fair value of each share option granted in the general employee share plan is 187p

The estimated fair value was calculated by applying a Black-Scholes option pricing model

The model inputs were.

share price at grant date of 264 10p
exercise price of 100p
expected volatility of 87 per cent,
no expected dividends,
contractual life of 5 years, and
a risk-free interest rate of 5.50 per cent

The expected volatility is based on the historic volatility (calculated based on weighted average remaining life of the share options) of the FTSE Food and Drink index

Share options are granted under service conditions. Such conditions are not taken into account in the grant date fair value measurement of the services received

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2011	2011 £000	2010	2010 £000
At 1 July 2010	5,619	1.00	49,260	1.00
Forfeited	(1,230)	1.00	(43,641)	1.00
Outstanding at 30 June 2010	4,389	1.00	5,619	1.00

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

17 Share-based payment transactions

(continued)

The options outstanding at 30 June 2011 have an exercise price of £1, and a remaining contractual life of 6.25 years

	2011 £000	2010 £000
Expense arising from share-based payment transactions	-	(23)

The company has recognised an equivalent increase in its cost of investment in the subsidiary undertaking

18 Share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
1,000 Ordinary shares of each	1,000	1,000

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

19 Statement of movements on reserves

Group

	Other reserves (see below) £000	Profit and loss account £000
Balance at 1 July 2010	5	878
Loss for the period	-	(371)
Balance at 30 June 2011	5	507

Other reserves

Capital redemption reserve

Balance at 1 July 2010 & at 30 June 2011

5

Company

	Profit and loss account £000
Balance at 1 July 2010	5
Profit for the year	37
Balance at 30 June 2011	42

20 Reconciliation of movements in shareholders' funds

Group

	2011 £000	2010 £000
(Loss)/Profit for the financial year	(371)	386
Purchase of own shares	-	(23)
Opening shareholders' funds	1,883	1,520
Closing shareholders' funds	1,512	1,883

Company

	2011 £000	2010 £000
Profit for the financial year	37	961
Opening shareholders' funds	1,005	44
Closing shareholders' funds	1,042	1,005

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

21 Contingent liabilities

Company

Bank loans and overdrafts of £2,650,000 (2010 £1,400,000) are secured by an omnibus guarantee and unlimited debenture which both include this company and its subsidiary

22 Financial commitments

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

	Land and buildings	
	2011 £000	2010 £000
Expiry date		
Within one year	92	79
Between two and five years	478	409
In over five years	29	50
	<u>599</u>	<u>538</u>

23 Directors' remuneration

Group

	2011 £000	2010 £000
Remuneration for qualifying services	134	90
Company pension contributions to defined contribution schemes	-	7
Compensation for loss of office	-	126
	<u>134</u>	<u>223</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to - (2010 - 1)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Operational	270	245
Office and management	22	20
	<u>292</u>	<u>265</u>

Employment costs

	2011 £000	2010 £000
Wages and salaries	3,757	4,608
Other pension costs	21	42
Costs of share option scheme	-	(23)
	<u>3,778</u>	<u>4,627</u>