

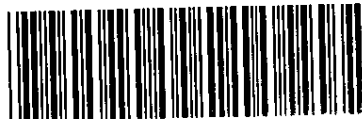
CAE Technology Holdings Limited

Report and Financial Statements

30 June 2012

Registered No 07257587

THURSDAY



*L252G6U!

L18

28/03/2013

#294

COMPANIES HOUSE

Directors

J Harling
A Lutta
R Behan
U Chauhan
D Cozens
L Gatland
S Ginn
K Hyland
J Stewart

Secretary

K Patel

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire LU1 3LU

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2GZ

Registered Office

CAE House
Colonial Way
Watford
Herts WD24 4PT

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012

Results and dividends

The group profit for the year, after taxation, amounted to £353,736 (2011 £615,369) There were no dividends paid or proposed in the year

Principal activity and review of the business

The principal activity of the group in the year under review was that of supply of high value IT infrastructure products and services

In an overall market that is challenging and an IT infrastructure sector going through significant change in terms of commercial models, routes to market and a seemingly unrelenting pace of change in technology, CAE continued to adapt to customer requirements from a strong base of core infrastructure skills and resources

For the financial year ending June 2012 turnover fell by 5% This was as a result of 2011 numbers including a small number of one off projects that it was anticipated would not be repeated in 2012 and also including business from a number of partnership accounts where such arrangements were not extended into 2012

Given the long term interest in developing the company in areas that can add the greatest value it is necessary that CAE works closely and directly with customers so the way partnerships have been viewed has fundamentally changed

Therefore, during the year the focus was on acquiring new customers and positioning CAE to existing customers with a greater emphasis on services and advanced technologies The number of new customer wins did not entirely replace non-repeatable business during the year but it is anticipated that this strategy will return growth for FY13

A further impact of the changes, exacerbated by an increasingly competitive environment, was a fall of gross profit margin by 1% to 21.8% There is continued pressure on hardware and some services margins that CAE is not and will not be immune from in the future, but there is sufficient growth and strength from areas that offer greater perceived value to the customer that mean that the potential impact is minimised

The 1% increase in overall administration costs are primarily as a result of increased headcount as CAE continues to invest in talent that is best able to deliver exceptional customer service and work together with customers and manufacturers to understand how changes in technology can be translated in tangible business benefits

Further development in customer propositions in the areas of Storage, Virtualisation, Datacentre, Collaboration, Digital Media and new flexible commercial models to allow customers to make better decisions between operating and capital spend is a committed long term strategy which has had a detrimental impact on immediate profitability that it is likely to continue into FY13 but will allow CAE to operate successfully as demands on technology resellers continue to adapt

Continued investment in technology solutions has been recognised in being able to reclaim Research and Development credits that is reflected in an overall corporation tax credit in the year

Directors' report

Principal risks and uncertainties

CAE completes a full business planning exercise every six months that identifies the risks associated with the business and assesses measures in place to mitigate those risks. The main areas of review are financial, market, and resource.

Financial risk

The company finances the operations through an invoice discounting facility and long term loans. The relationship with the financing providers is strong and has been established over long periods. The company monitors working capital requirements very closely and structures contractual arrangements to manage working capital as effectively as possible. However, the profitable nature of the business has generated sufficient working capital to manage the business on an ongoing basis without further funding facility requirements.

The company is subject to bad debt risk, however tight credit control procedures and a widely encompassing credit insurance policy mitigate this risk with only immaterial bad debt write offs in each of the last five years.

Market risk

The inherently competitive nature of the IT reseller market results in a continual risk to an established customer base in each of the product and service areas. However, a strong feature of CAE is customer loyalty and breadth of accounts. The largest single customer represented a little over 5% of turnover and churn remains negligible.

CAE is reliant on a number of manufacturer relationships in order to provide leading technologies. Although this eliminates the risk of manufacturing and product development it leads to exposure to risk from changes in 'go to market' strategies. The key manufacturers, such as Cisco, have repeatedly stated their commitment to a channel based route to market and CAE has met all partner criteria throughout the year.

Resource risk

The delivery of products and services is reliant on a strong customer interface, particularly from sales and engineering employees. There is a risk in the ability to meet customer requirements and sustain customer relationships from employees leaving the business.

Management and related systems are in place to ensure that any relationship has multiple points of contact, which has been augmented by the business growing in scale. Constant appraisal of human resource best practice and individual review also contribute to an environment in which people want to work.

Going Concern

The company's principal activities, together with the factors likely to affect its future development and details of its financial instruments are described above. The group has well established and flexible financial resources together with a mature customer base. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' report

Directors

The directors who served the company during the year and those appointed subsequently were as follows

J Harling
A Lutta
R Behan
U Chauhan
D Cozens
L Gatland
S Ginn
K Hyland
J Stewart

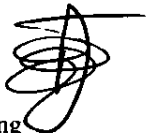
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



J Harling

Director

25/3/2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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 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, and
- 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of CAE Technology Holdings Limited

We have audited the financial statements of CAE Technology Holdings Limited for the year ended 30 June 2012 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group Statement of Total Recognised Gains and Losses, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and the 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 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 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 page 5, 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 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 Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent mis-statements 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 and company's affairs as at 30 June 2012 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 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.

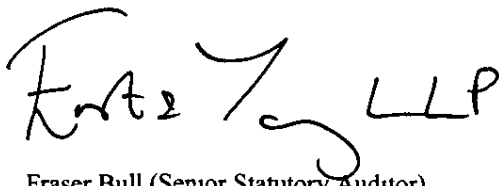
Independent auditors' report (continued)

to the members of CAE Technology 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, 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

A handwritten signature in black ink, appearing to read 'Fraser Bull', followed by 'LLP'.

Fraser Bull (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Luton

26 March 2013

Group profit and loss account

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	47,303,043	49,857,922
Cost of sales		(36,984,575)	(38,488,217)
Gross profit	2	10,318,468	11,369,705
Administrative expenses excluding goodwill amortisation		(9,720,480)	(9,654,694)
Goodwill amortisation		(398,187)	(398,187)
Administrative expenses		(10,118,667)	(10,052,881)
Other operating income		46,903	60,045
Operating profit excluding goodwill amortisation		644,891	1,775,056
Operating profit	3	246,704	1,376,869
Interest payable and similar charges	6	(126,499)	(161,436)
Profit on ordinary activities before taxation		120,205	1,215,433
Tax	7	233,531	(600,064)
Profit for the financial year	18	353,736	615,369

Group statement of total recognised gains and losses

for the year ended 30 June 2012

There were no recognised gains and losses other than the profit attributable to the shareholders of the Group in the year ended 30 June 2012 of £353,736 (2011 £615,369)

Group balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	9	7,167,358	7,565,544
Tangible assets	10	597,826	588,199
		<u>7,765,184</u>	<u>8,153,743</u>
Current assets			
Stocks	12	655,818	219,574
Debtors	13	9,640,067	10,526,522
Cash at bank and in hand		106,466	185,985
		<u>10,402,351</u>	<u>10,932,081</u>
Creditors: amounts falling due within one year	14	(12,158,793)	(12,229,628)
Net current liabilities		<u>(1,756,442)</u>	<u>(1,297,547)</u>
Total assets less current liabilities		<u>6,008,742</u>	<u>6,856,196</u>
Creditors amounts falling due after more than one year	15	(725,000)	(1,925,700)
Provision for liabilities	16	(39,637)	(40,127)
Net assets		<u>5,244,105</u>	<u>4,890,369</u>
Capital and reserves			
Called up share capital	17	9,999	9,999
Share premium	18	4,265,001	4,265,001
Profit and loss account	18	969,105	615,369
Shareholders' funds	18	<u>5,244,105</u>	<u>4,890,369</u>

The financial statements were approved by the board on 25/7/12 by



J Harling
Director

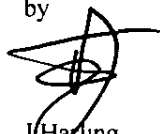
and were signed on its behalf

Company balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	11	9,671,003	9,671,003
Current assets			
Debtors	13	-	-
Creditors amounts falling due within one year	14	(5,220,005)	(4,033,811)
Net current liabilities		(5,220,005)	(4,033,811)
Total assets less current liabilities		4,450,998	5,637,192
Creditors amounts falling due after more than one year	15	(725,000)	(1,725,000)
Net assets		3,725,998	3,912,192
Capital and reserves			
Called up share capital	17	9,999	9,999
Share premium	18	4,265,001	4,265,001
Profit and loss account	18	(549,002)	(362,808)
Shareholders' funds	18	3,725,998	3,912,192

The financial statements were approved by the board on 25/3/12
by


J Harling
Director

and were signed on its behalf

Group statement of cash flows

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	19	(1,094,877)	5,399,823
Returns on investments and servicing of finance			
Interest paid		(126,499)	(161,436)
Taxation			
UK corporation tax paid		(323,397)	(927,554)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(108,715)	(172,519)
Purchase of subsidiary undertaking		-	(2,171,003)
Net debt acquired with subsidiary undertaking		-	(2,822,742)
Cash outflow before management of liquid resources and financing		(108,715)	(5,166,264)
Financing			
Repayment of loan notes		(1,000,000)	(500,000)
Repayment of loans		(212,943)	(195,243)
		(1,212,943)	(695,243)
Decrease in cash	20	(2,866,431)	(1,550,674)

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

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

Group financial statements

The group financial statements consolidate the financial statements of CAE Technology Holdings Limited and its subsidiary undertakings at 30 June 2012. No profit and loss account is presented for CAE Technology Holdings Limited as permitted by section 408 of the Companies Act 2006.

Going Concern

The company and group has net current liabilities at the year end. However the group has a flexible and long standing funding base through its main trading entity, established customer base and profitable history. The directors have prepared forecasts that indicate all liabilities can be settled when due and the continued development of the business will reduce the level of funding required. Accordingly the directors have prepared the financial statements on a going concern basis.

Goodwill

Positive goodwill arising on acquisitions capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of up to 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents amounts received and receivable from outside customers in respect of goods and services provided, excluding value added tax. The group derives its income from the sale of computer hardware, installation and support services.

Turnover on hardware sales is recognised when outside customers have taken delivery of and accepted the liability for, the goods supplied.

Income from installation and support services is recognised over the period in which the service is provided.

Investments

Investments are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost or valuation, less estimated residual values based on prices prevailing at the date of acquisition, of all tangible fixed assets, by equal instalments or by the reducing balance method over their expected useful lives, as follows:

Leasehold property	–	2% on costs
Fixtures, fittings and equipment	–	15% per annum on reducing balance
Computer equipment	–	25% per annum on reducing balance
Motor vehicles	–	25% per annum on reducing balance

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

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

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 that result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- 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

Foreign currencies

Foreign currency transactions are translated at the rates ruling at the date of transaction. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Lease commitments

All rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2. Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

3. Operating profit

This is stated after charging the following

	2012 £	2011 £
Depreciation – owned assets	99,088	104,784
Goodwill amortisation	398,187	398,187
Operating lease charges – plant and machinery	297,664	291,222
– land and buildings	353,769	363,405
Auditors' remuneration – audit services	26,484	26,168
– non audit services	13,600	7,000
	<u> </u>	<u> </u>

Notes to the financial statements

at 30 June 2012

4. Directors' emoluments

	2012 £	2011 £
Emoluments	1,040,651	1,118,146

The amounts in respect of the highest paid director are as follows

	2012 £	2011 £
Emoluments	182,670	173,227

5 Staff costs

	2012 £	2011 £
Wages and salaries	5,944,244	5,636,721
Social security costs	732,392	665,053
	6,676,636	6,301,774

No pension contributions were paid or were payable by the group on behalf of its employees

The average number of employees, including directors, during the period was as follows

	2012 No	2011 No
Sales	43	42
Administration and engineers	78	70
	121	112

6. Interest payable and similar charges

	2012 £	2011 £
Bank overdrafts and loans	126,499	161,438

Notes to the financial statements

at 30 June 2012

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on profit for the period	195,841	594,702
Adjustments in respect of prior periods	(428,882)	-
Total current tax (note 7(b))	(233,041)	594,702
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	(490)	5,362
Tax on profit on ordinary activities	(233,531)	600,064

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period is different than standard rate of corporation tax in the UK of 25.5% (2011 27.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	120,205	1,215,433
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 27.5%)	30,652	334,244
<i>Effects of</i>		
Goodwill amortisation	101,538	109,014
Origination and reversal of timing differences	(2,105)	(13,593)
Expenses not deductible for tax purposes	65,756	165,037
Adjustment in respect of previous years	(428,882)	-
Current tax for the period (note 7(a))	(233,041)	594,702

(c) Factors that may affect future tax charges

The Finance Act 2012 included legislation to reduce the main rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013. The reported deferred tax has therefore been reduced to reflect the reduction in rate to 23%.

The Government has also indicated that it intends to enact a future reduction in the main rate to 22% from 1 April 2014. Substantive enactment of the full reduction to 22% is not expected to have a material impact on the reported deferred tax.

8. Profit attributable to members of parent undertaking

The company loss for the period dealt within the financial statements of the parent undertaking was £186,194 (2011 £362,808).

Notes to the financial statements

at 30 June 2012

9. Intangible assets

<i>Group</i>	<i>Goodwill</i> £
Cost	
At 1 July 2011	7,963,731
Additions	-
At 30 June 2012	7,963,731
Amortisation	
At 1 July 2011	398,187
Charge for the year	398,186
At 30 June 2012	796,373
Net book value	
At 30 June 2011	7,167,358
At 30 June 2011	7,565,544

10. Tangible fixed assets

<i>Group</i>	<i>Leasehold property</i> £	<i>Fixtures and fittings</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost						
At 1 July 2011	274,524	123,666	72,122	695,755	15,830	1,181,897
Additions	38,524	2,270	1,400	63,381	3,140	108,715
At 30 June 2012	313,048	125,936	73,522	759,136	18,970	1,290,612
Depreciation						
At 1 July 2011	15,555	75,679	53,496	441,481	7,487	593,698
Charge for year	6,261	7,539	3,004	79,414	2,870	99,088
At 30 June 2012	21,816	83,218	56,500	520,895	10,357	692,786
Net book value						
At 30 June 2012	291,232	42,718	17,022	238,241	8,613	597,826
At 1 July 2011	258,969	47,987	18,626	254,274	8,343	588,199

Company

The company has no tangible fixed assets

Notes to the financial statements

at 30 June 2012

11. Investments

<i>Company</i>	<i>Investment in subsidiaries</i> £
Cost and net book value	
At 30 June 2012	9,671,003

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Proportion of voting rights and ordinary shares held</i>	<i>Nature of business</i>
CAE Assets Limited	United Kingdom	100% held directly	Intermediate holding company non trading
Seckloe 194 Limited	United Kingdom	100% held indirectly	Intermediate holding company, non trading
CAE Technology Services Limited	United Kingdom	100% held indirectly	Computer hardware and services
CAE Communications Limited	United Kingdom	100% held directly	Non trading

12. Stocks

<i>Group</i>	<i>2012</i> £	<i>2011</i> £
Goods held for resale	655,818	219,574

The company has no stocks

13. Debtors

	<i>2012</i> £	<i>Group 2011</i> £	<i>2012</i> £	<i>Company 2011</i> £
Trade debtors	8,091,383	9,060,793	-	-
Other debtors	1,659	10,188	-	-
Corporation tax recoverable	272,420	-	-	-
Prepayments and accrued income	1,274,605	1,455,541	-	-
	<u>9,640,067</u>	<u>10,526,522</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

at 30 June 2012

14. Creditors: amounts falling due within one year

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Bank overdraft (secured) (note 21)	4,523,571	1,736,659	-	-
Loan	213,988	226,231	-	-
Loan notes	1,000,000	1,000,000	1,000,000	1,000,000
Amounts due to group undertakings	-	-	4,220,005	3,033,811
Trade creditors	4,309,019	6,380,622	-	-
Other taxation and social security	479,512	858,711	-	-
Corporation tax	-	284,018	-	-
Accruals and deferred income	1,632,703	1,743,387	-	-
	<u>12,158,793</u>	<u>12,229,628</u>	<u>5,220,005</u>	<u>4,033,811</u>

Included in the bank overdraft is an amount of £1,365,117 (2011 £1,255,539) owed to an invoice discounting company, which is secured on certain of the group's trade debtors

15. Creditors: amounts falling due after more than one year

	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loans repayable by instalments (note 21)	213,988	426,931	-	-
	<u>213,988</u>	<u>426,931</u>	<u>-</u>	<u>-</u>
	2012	Group 2011	2012	Company 2011
	£	£	£	£
Loans repayable by equal instalments are as follows				
Within one year	213,988	226,231	-	-
After one and within two years	-	200,700	-	-
After two and within five years	-	-	-	-
	<u>213,988</u>	<u>426,931</u>	<u>-</u>	<u>-</u>

Loans comprise of three original loans of £99,770 repayable in quarterly instalments of £8,314 over a period of three years and the loan of £488,500 repayable in quarterly instalments of £47,261 (2011 £43,939) over a period of three years

Notes to the financial statements

at 30 June 2012

15. Creditors: amounts falling due after more than one year (continued)

Repayable in more than one year

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Loans	-	200,700	-	-
Loan notes	725,000	1,725,000	725,000	1,725,000
	<u>725,000</u>	<u>1,925,700</u>	<u>725,000</u>	<u>1,725,000</u>

The loan notes are repayable as follows

	2012	2011
	£	£
Within one year	1,000,000	1,000,000
After one and within two years	725,000	1,725,000
	<u>1,725,000</u>	<u>2,725,000</u>

16. Provisions for liabilities

Group

	2012	2011
	£	£
Deferred taxation	31,637	32,127
Dilapidation provision	8,000	8,000
	<u>39,637</u>	<u>40,127</u>
	<u>31,637</u>	<u>32,127</u>
	<u>31,637</u>	<u>32,127</u>

Deferred taxation

Accelerated capital allowances

Other timing differences

Notes to the financial statements

at 30 June 2012

16. Provisions for liabilities (continued)

There was no unprovided deferred taxation

	<i>Dilapidation provision £</i>	<i>Deferred taxation £</i>
At 1 July 2011	8,000	32,127
Debited/(credited) to profit and loss account (note 7(a))	-	(490)
At 30 June 2012	8,000	31,637

The dilapidation provision is made for the expected cost of returning the leased property to the state and condition required by the lease agreement at its termination

Provisions for liabilities in the company were £nil

17. Issued share capital

		<i>2012 £</i>		<i>2011 £</i>
<i>Allotted, called up and fully paid</i>	<i>No</i>		<i>No</i>	
Ordinary shares of £1 each	9,999	9,999	9,999	9,999

18. Reconciliation of shareholders' funds and movement on reserves

Group

	<i>Share premium £</i>	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
On incorporation	-	-	-	-
Shares issued during the year	4,265,001	9,999	-	4,275,000
Profit for the year	-	-	615,369	615,369
At 1 July 2011	4,265,001	9,999	615,369	4,890,369
Profit for the year	-	-	353,736	353,736
At 30 June 2012	4,265,001	9,999	969,105	5,244,105

Notes to the financial statements

at 30 June 2012

18. Reconciliation of shareholders' funds and movement on reserves (continued)

Company

	<i>Share premium £</i>	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
On incorporation	-	-	-	-
Shares issued during the year	4,265,001	9,999	-	4,275,000
Loss for the year	-	-	(362,808)	(362,808)
At 1 July 2011	4,265,001	9,999	(362,808)	3,912,192
Loss for the year	-	-	(186,194)	(186,194)
At 30 June 2012	4,265,001	9,999	(549,002)	3,725,998

19. Reconciliation of operating profit to net cash inflow from operating activities

	<i>2012 £</i>	<i>2011 £</i>
Operating profit	246,704	1,376,869
Depreciation	99,088	104,784
Goodwill amortisation	398,186	398,187
(Increase) /decrease in stocks	(436,244)	656,862
Decrease in debtors	1,158,875	752,589
(Decrease)/increase in creditors	(2,561,486)	2,110,532
Net cash (outflow)/inflow from operating activities	(1,094,877)	5,399,823

20. Reconciliation of net cash inflow to movement in net debt

	<i>2012 £</i>	<i>2011 £</i>
Decrease in net cash in year	(2,866,431)	(1,550,674)
Cash outflow from decrease in loans and loan notes	1,212,943	695,243
Change in net debt arising from cash flows	(1,653,488)	(855,431)
Loans acquired with subsidiaries	-	(622,174)
Loan notes issued	-	(3,225,000)
Opening net debt	(4,702,605)	-
Closing net debt (note 21)	(6,356,093)	(4,702,605)

Notes to the financial statements

at 30 June 2012

21. Analysis of net debt

	<i>At 30 June 2011 £</i>	<i>Cash flow £</i>	<i>At 30 June 2012 £</i>
Cash at bank	185,985	(79,519)	106,466
Bank overdrafts (note 14)	(1,736,659)	(2,786,912)	(4,523,571)
	(1,550,674)	(2,866,431)	(4,417,105)
Loans (note 15)	(426,931)	212,943	(213,988)
Loan notes (note 15)	(2,725,000)	1,000,000	(1,725,000)
	(4,702,605)	(1,653,488)	(6,356,093)
Net debt			

22. Other financial commitments

At 30 June 2012, the group had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2012 £</i>	<i>2011 £</i>	<i>2012 £</i>	<i>2011 £</i>
Operating leases which expire				
Within one year	-	-	106,834	45,948
In two to five years	200,000	200,000	146,520	213,945
	200,000	200,000	253,354	259,893

23. Contingent liabilities

The company is party to a cross guarantee in respect of the borrowings of its subsidiary, amounting to £1,365,117 (2011 £1,255,539)

24. Related party transactions

The company has taken advantage of the exemptions available to group undertakings under FRS8 by not disclosing transactions with wholly owned entities of the CAE Technology Holdings Limited group

25. Controlling party

In the opinion of the Director's there is no individual controlling party of the company or group