
CALEDONIAN LOGISTICS LIMITED
SC192621

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2011



MESTON REID & CO
CHARTERED ACCOUNTANTS
12 CARDEN PLACE
ABERDEEN
AB10 1UR

CALEDONIAN LOGISTICS LIMITED

COMPANY INFORMATION

Directors	Mr Derek Mitchell Mr Norman Keddie (Appointed 1 May 2010)
Secretary	Aberdein Considine & Co
Company number	SC192621
Registered office	8-9 Bon Accord Crescent Aberdeen AB11 6DN
Auditors	Meston Reid & Co Chartered Accountants 12 Carden Place Aberdeen AB10 1UR
Business address	Caledonian House Lawson Drive Dyce Aberdeen AB21 0DR
Bankers	HSBC Bank plc 2 Queens Road Aberdeen AB15 4ZT
Solicitors	Aberdein Considine & Co 8-9 Bon Accord Crescent Aberdeen AB11 6DN

CALEDONIAN LOGISTICS LIMITED

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CALEDONIAN LOGISTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2011

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

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of storage facilities and distribution and transport operations.

Overall the turnover of the company has increased during the year and the gross profit has remained fairly consistent. The company has reported a small profit before taxation for the year.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a dividend.

Market value of land and buildings

The buildings at Lawson Drive, Dyce, Aberdeen were valued on 27 August 2009 at £2,000,000, the cost of such buildings was £1,032,794.

Research and development

There has been no specific investment in research and development during the course of the year.

Future developments

The directors are satisfied with the company's future prospects and do not envisage a departure from its current trading activities. The company continues to look for increased storage opportunities which will lead to increased distribution business.

Directors

The following directors have held office since 1 May 2010:

Mr Derek Mitchell

Mr Norman Keddie

(Appointed 1 May 2010)

Auditors

Meston Reid & Co 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.

CALEDONIAN LOGISTICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

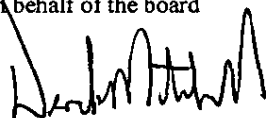
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information.

On behalf of the board



Mr Derek Mitchell

Director

31 August 2011

CALEDONIAN LOGISTICS LIMITED

**MESTON
REID & Co**
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CALEDONIAN LOGISTICS LIMITED

We have audited the financial statements of Caledonian Logistics Limited for the year ended 30 April 2011 set out on pages 5 to 19. 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its 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.

CALEDONIAN LOGISTICS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CALEDONIAN LOGISTICS 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.



Mark Brown BA CA (Senior Statutory Auditor)
for and on behalf of Meston Reid & Co

Chartered Accountants
Statutory Auditor

12 Carden Place
Aberdeen
AB10 1UR
31 August 2011

CALEDONIAN LOGISTICS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2011

	Notes	2011 £	2010 £
Turnover	2	7,322,440	6,906,654
Cost of sales		(5,593,177)	(5,205,241)
Gross profit		1,729,263	1,701,413
Administrative expenses		(1,654,280)	(1,805,683)
Other operating income		86,207	77,156
Operating profit/(loss)	3	161,190	(27,114)
Other interest receivable and similar income		5	-
Interest payable and similar charges	4	(146,443)	(142,437)
Profit/(loss) on ordinary activities before taxation		14,752	(169,551)
Tax on profit/(loss) on ordinary activities	5	251,638	(46,991)
Profit/(loss) for the year	13	266,390	(216,542)

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

CALEDONIAN LOGISTICS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 APRIL 2011

	Notes	2011 £	2010 £
Profit/(loss) for the financial year		266,390	(216,542)
Unrealised (deficit)/surplus on revaluation of properties		-	415,997
Total recognised gains and losses relating to the year		<u>266,390</u>	<u>199,455</u>

CALEDONIAN LOGISTICS LIMITED

BALANCE SHEET

AS AT 30 APRIL 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	6		2,803,504		3,285,296
Current assets					
Debtors	7	1,785,717		1,609,624	
Cash at bank and in hand		391		44,146	
		<u>1,786,108</u>		<u>1,653,770</u>	
Creditors: amounts falling due within one year	8	<u>(1,994,544)</u>		<u>(2,073,163)</u>	
Net current liabilities			<u>(208,436)</u>		<u>(419,393)</u>
Total assets less current liabilities			2,595,068		2,865,903
Creditors: amounts falling due after more than one year	9		(1,207,037)		(1,480,281)
Provisions for liabilities	10		<u>(68,474)</u>		<u>(332,455)</u>
			<u>1,319,557</u>		<u>1,053,167</u>
Capital and reserves					
Called up share capital	12		38,572		38,572
Revaluation reserve	13		1,161,702		1,210,106
Other reserves	13		15,000		15,000
Profit and loss account	13		<u>104,283</u>		<u>(210,511)</u>
Shareholders' funds	14		<u>1,319,557</u>		<u>1,053,167</u>

Approved by the Board and authorised for issue on 31 August 2011



Mr Derek Mitchell
Director

Company Registration No. SC192621

CALEDONIAN LOGISTICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2011

		2011	2010
	£	£	£
Net cash inflow from operating activities		143,551	675,913
Returns on investments and servicing of finance			
Interest received	5	-	
Interest paid	(146,443)	(142,437)	
Net cash outflow for returns on investments and servicing of finance		(146,438)	(142,437)
Taxation		(5,837)	(20,790)
Capital expenditure			
Payments to acquire tangible assets	(85,138)	(25,971)	
Receipts from sales of tangible assets	626,500	142,282	
Net cash inflow for capital expenditure		541,362	116,311
Net cash inflow before management of liquid resources and financing		532,638	628,997
Financing			
Purchase of own shares	-	(310,000)	
New long term bank loan	-	950,000	
Other new long term loans	-	60,000	
Repayment of long term bank loan	(84,929)	(680,778)	
Capital element of hire purchase contracts	(704,700)	(713,242)	
Refinancing of assets held under hire purchase	-	131,000	
Decrease in debt	(789,629)	(515,020)	
Net cash outflow from financing		(789,629)	(563,020)
Decrease in cash in the year		(256,991)	65,977

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2011

1 Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2011	2010
	£	£
Operating profit/(loss)	161,190	(27,114)
Depreciation of tangible assets	356,845	489,341
(Profit)/loss on disposal of tangible assets	(43,630)	8,261
Increase in debtors	(176,093)	(81,406)
(Decrease)/Increase in creditors within one year	(154,761)	286,831
Net cash inflow from operating activities	143,551	675,913

2 Analysis of net debt	1 May 2010	Cash flow	Other non-cash changes	30 April 2011
	£	£	£	£
Net cash:				
Cash at bank and in hand	44,146	(43,755)	-	391
Bank overdrafts	(594,055)	(213,236)	-	(807,291)
	<u>(549,909)</u>	<u>(256,991)</u>	<u>-</u>	<u>(806,900)</u>
Bank deposits	-	-	-	-
Debt:				
Finance leases	(1,014,767)	331,915	-	(682,852)
Debts falling due within one year	23,800	(1,200)	-	(108,400)
Debts falling due after one year	(1,007,875)	86,129	-	(790,746)
	<u>(1,998,842)</u>	<u>416,844</u>	<u>-</u>	<u>(1,581,998)</u>
Net debt	(2,548,751)	159,853	-	(2,388,898)

3 Reconciliation of net cash flow to movement in net debt	2011	2010
	£	£
(Decrease)/increase in cash in the year	(256,991)	65,977
Cash outflow from decrease in debt and lease financing	416,844	110,207
Movement in net debt in the year	159,853	176,184
Opening net debt	(2,548,751)	(2,724,935)
Closing net debt	(2,388,898)	(2,548,751)

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in existence for the foreseeable future. The board believes that it is appropriate for the financial statements to be prepared on the going concern basis because increased profits are expected to be generated in the near future.

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 Turnover

Turnover represents amounts receivable for storage and haulage services supplied during the year net of VAT.

1.4 Tangible fixed assets and depreciation

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

Land and buildings freehold	4% straight line
Plant and machinery	25% reducing balance
Office equipment	25% reducing balance
Motor vehicles	25% reducing balance
Furniture, fittings & equipment	25% reducing balance

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The company 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.

1.7 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.

CALEDONIAN LOGISTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2011****2 Turnover**

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

3 Operating profit/(loss)	2011	2010
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	356,845	489,341
Loss on disposal of tangible assets	-	8,261
Operating lease rentals		
- Plant and machinery	415,792	202,091
Auditors' remuneration	7,850	6,000
Refinancing and share buy back fees	-	37,599
and after crediting:		
Profit on disposal of tangible assets	(43,630)	-

4 Interest payable	2011	2010
	£	£
On bank loans and overdrafts	47,027	43,746
Hire purchase interest	77,853	88,717
On overdue tax	60	-
Other interest	21,503	9,974
	<u>146,443</u>	<u>142,437</u>

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

5 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	22,733	17,099
Adjustment for prior years	(10,390)	-
Total current tax	12,343	17,099
Deferred tax		
Deferred tax charge	(263,981)	29,892
	(251,638)	46,991
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	14,752	(169,551)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2010 - 21.00%)	2,950	(35,606)
Effects of:		
Non deductible expenses	3,117	13,040
Depreciation add back	71,369	102,762
Capital allowances	(46,871)	(63,992)
Change in corporation tax rate	998	-
Adjustments to previous periods	(10,390)	-
Chargeable disposals	(8,726)	432
Other tax adjustments	(104)	463
	9,393	52,705
Current tax charge for the year	12,343	17,099

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

6 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 May 2010	2,000,000	80,854	99,141	2,330,974	4,510,969
Additions	-	3,636	3,166	451,121	457,923
Disposals	-	-	(2,269)	(1,374,970)	(1,377,239)
At 30 April 2011	2,000,000	84,490	100,038	1,407,125	3,591,653
Depreciation					
At 1 May 2010	-	60,674	62,076	1,102,923	1,225,673
On disposals	-	-	(2,269)	(792,100)	(794,369)
Charge for the year	80,000	5,654	10,218	260,973	356,845
At 30 April 2011	80,000	66,328	70,025	571,796	788,149
Net book value					
At 30 April 2011	1,920,000	18,162	30,013	835,329	2,803,504
At 30 April 2010	2,000,000	20,180	37,065	1,228,051	3,285,296

Freehold property was valued at open market value on 27 August 2009 by Shepherd Chartered Surveyors.

The potential tax liability on the sale of the revalued land and buildings, based on a revalued property value of £2,000,000, is £131,841.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 May 2010 & at 30 April 2011	1,032,493
Depreciation based on cost	
At 1 May 2010	319,497
Charge for the year	41,299
At 30 April 2011	360,796
Net book value	
At 30 April 2011	671,697
At 30 April 2010	736,645

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

6 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 30 April 2011	807,404
At 30 April 2010	1,140,723
Depreciation charge for the year	
At 30 April 2011	189,159
At 30 April 2010	351,984

7 Debtors	2011 £	2010 £
Trade debtors	1,599,461	1,547,530
Other debtors	54,385	42,993
Prepayments and accrued income	131,871	19,101
	<u>1,785,717</u>	<u>1,609,624</u>

8 Creditors: amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	895,691	681,255
Net obligations under hire purchase contracts	266,561	411,361
Trade creditors	523,141	690,554
Corporation tax	23,605	17,099
Other taxes and social security costs	192,104	187,878
Other creditors	20,000	20,000
Accruals and deferred income	73,442	65,016
	<u>1,994,544</u>	<u>2,073,163</u>

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

9 Creditors: amounts falling due after more than one year	2011 £	2010 £
Bank loans	750,746	836,875
Other loans	40,000	40,000
Net obligations under hire purchase contracts	416,291	603,406
	<u>1,207,037</u>	<u>1,480,281</u>
Analysis of loans		
Wholly repayable within five years	899,146	984,075
	<u>899,146</u>	<u>984,075</u>
Included in current liabilities	(108,400)	(107,200)
	<u>790,746</u>	<u>876,875</u>
Loan maturity analysis		
In more than one year but not more than two years	108,400	107,200
In more than two years but not more than five years	342,768	384,633
In more than five years	447,978	492,242
	<u></u>	<u></u>
The bank loans and overdrafts are secured by a first legal charge over the property at Caledonian House, Lawson Drive, Dyce, Aberdeen, and a floating charge over the remaining assets of the company.		
Net obligations under hire purchase contracts		
Repayable within one year	266,561	411,361
Repayable between one and five years	416,291	603,406
	<u>682,852</u>	<u>1,014,767</u>
Included in liabilities falling due within one year	(266,561)	(411,361)
	<u>416,291</u>	<u>603,406</u>

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

10 Provisions for liabilities

	Deferred tax liability £
Balance at 1 May 2010	332,455
Profit and loss account	(263,981)
	<u>68,474</u>
Balance at 30 April 2011	<u>68,474</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>68,474</u>	<u>332,455</u>

11 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.

	2011 £	2010 £
Contributions payable by the company for the year	<u>19,065</u>	<u>19,905</u>

12 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
38,572 Ordinary shares of £1 each	<u>38,572</u>	<u>38,572</u>

CALEDONIAN LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2011

13 Statement of movements on reserves

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 May 2010	1,210,106	15,000	(210,511)
Profit for the year	-	-	266,390
Transfer from revaluation reserve to profit and loss account	(48,404)	-	-
Depreciation written back	-	-	48,404
Balance at 30 April 2011	<u>1,161,702</u>	<u>15,000</u>	<u>104,283</u>

Other reserves

Capital redemption reserve

Balance at 1 May 2010 & at 30 April 2011

15,000

14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit/(Loss) for the financial year	266,390	(216,542)
Other recognised gains and losses	-	415,997
Purchase of own shares	-	(310,000)
Net addition to/(depletion in) shareholders' funds	<u>266,390</u>	<u>(110,545)</u>
Opening shareholders' funds	<u>1,053,167</u>	<u>1,163,712</u>
Closing shareholders' funds	<u>1,319,557</u>	<u>1,053,167</u>

15 Financial commitments

At 30 April 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2012:

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
Between two and five years	-	-	606,014	85,601
In over five years	<u>75,600</u>	<u>64,552</u>	<u>-</u>	<u>-</u>
	<u>75,600</u>	<u>64,552</u>	<u>606,014</u>	<u>85,601</u>

Certain operating leases have policies where charges are levied when mileage limits are exceeded. Any potential charges are not expected to be material.

CALEDONIAN LOGISTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2011**

16 Directors' remuneration	2011	2010
	£	£
Remuneration for qualifying services	198,247	139,686
Company pension contributions to defined contribution schemes	14,019	12,760
	<u>212,266</u>	<u>152,446</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2010 - 1).

17 Employees**Number of employees**

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

	2011	2010
	Number	Number
Direct	56	57
Administration and management	19	20
	<u>75</u>	<u>77</u>

Employment costs	2011	2010
	£	£
Wages and salaries	2,144,794	2,143,120
Social security costs	202,831	212,846
Other pension costs	19,065	19,905
	<u>2,366,690</u>	<u>2,375,871</u>

18 Control

The company was under the control of Derek Mitchell, director and shareholder, throughout the current and previous year.

CALEDONIAN LOGISTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2011****19 Auditor's liability limitation agreement**

The company has entered in to a limitation of liability agreement ("the agreement") with the auditor Meston Reid & Co. In respect of the year ended 30 April 2011 this agreement was approved by the directors on 14 June 2011.

The principal term of the agreement is that our auditor has a maximum liability, for any claim arising out of the provision of audit services, of 100 times the fee value or £1 million, whichever is the lesser amount. This agreement does not restrict our auditor's liability for fraud or dishonesty or where a restriction is not permitted by law.

20 Related party relationships and transactions**Loans to directors**

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Derek Mitchell -	-	35,600	3,488	-	-	39,088
		35,600	3,488	-	-	39,088

The maximum balance outstanding during the year was £39,088 (2010 - £35,600). This amount is unsecured, interest free and repayable on demand.