

Barnaigh Group Limited
SC 289 677
Report and Financial Statements

30 June 2012

FRIDAY



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SCT 01/03/2013 #497
COMPANIES HOUSE

Barnaigh Group Limited

Registered No: SC 289677

Directors

P S Taylor

J D Ker

Secretary

Mrs E M Kennedy

Auditors

Ernst & Young LLP

G1

5 George Square

Glasgow G2 1DY

Bankers

Lloyds TSB Scotland plc

18 West George Street

Glasgow G2 2NR

Royal Bank of Scotland plc

Paisley Chief Office

1 Moncrieff Street

Paisley PA3 2AW

Solicitors

McDonalds

Solicitors

1 Claremont Terrace

Glasgow G3 7UQ

Registered office

117 Abercorn Street

Paisley PA3 4DH

Registered No: SC289677

Directors' report

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

Results and dividends

The group profit for the year, after taxation, amounted to £527,371 (2011 – £549,621). Ordinary share dividends of £52,120 (2011 – £69,453) have been paid.

Principal activity and review of the business

The group's primary activity is the supply and installation of heating and ventilation systems to the industrial and commercial sectors. The move to green energy has resulted in the group embracing such technologies as Biomass and Ground Heat Pump systems. Also in more recent times the group's product offering has been further augmented by the creation of a Build Division, which involves acting as a Principal Contractor mainly on refurbishment projects.

As a consequence of the on-going downturn in the Construction Industry, market conditions continue to be difficult. Despite this the group has delivered a satisfactory trading performance both in respect of turnover and profitability, albeit at a lower activity level than in previous years.

The Directors believe the current conditions will continue for at least a further year and, with this in mind, will maintain a continuous review to ensure that resources and work load are kept in balance. The group's financial position remains strong with no requirement for external funding, which ensures that it can progress despite these very difficult times.

Financial risk management objectives and policies

Although the group's policy does permit trading in certain financial instruments it's principal financial instruments comprise cash and short term deposits, the main purpose of which is the funding of its day-to-day trading operations.

The group has various other financial instruments such as trade debtors and creditors that arise from its trading operations.

The group aims to mitigate credit risk by continuing to be selective regarding which clients it trades with and to what level and extent credit terms are made available. Regular credit checks on its clients are carried out.

The group has inherited a strong cash situation generated from prudent trading over a number of years. Investment and expansion will be carefully controlled with authorisation being controlled at board level.

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined above.

The group has considerable financial resources and as a consequence the directors believe that it is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making suitable enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to meet their liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Registered No: SC289677

Directors' report

Directors

The directors at 30 June 2012 were as follows:

P S Taylor
J D Ker

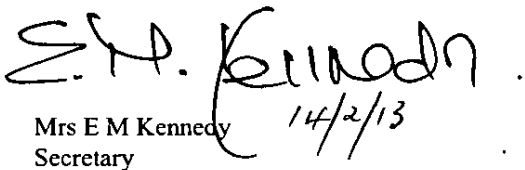
Directors' statement as to disclosure of information to auditors

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 company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors 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.

By order of the board


Mrs E M Kennedy
Secretary

14/2/13

Statement of directors' responsibilities in respect of the financial statements

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 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;
- 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Barnaigh Group Limited

We have audited the group and parent company financial statements of Barnaigh Group Limited for the year ended 30 June 2012 which comprise the Group Profit and Loss account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flows Statement and the related notes 1 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 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 4, 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements 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 the financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and of the parent 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

to the members of Barnaigh Group Limited (continued)

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.

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory auditor.
Registered Auditor
Glasgow

14/2/17

Group profit and loss account

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	17,885,941	20,387,599
Cost of sales		15,512,925	17,978,518
Gross profit		2,373,016	2,409,081
Administrative expenses		1,637,645	1,587,268
Operating profit	3	735,371	821,813
Loss on disposal of tangible fixed assets		21,726	1,715
		713,645	820,098
Net interest payable	6	9,193	31,719
Profit on ordinary activities before taxation		704,452	788,379
Tax on profit on ordinary activities	7	177,081	238,758
Profit on ordinary activities after taxation	19	527,371	549,621

All amounts relate to continuing operations.

Group statement of total recognised gains and losses

for the year ended 30 June 2012

There were no recognised gains or losses other than the profit attributable to shareholders of £527,371 in the year ended 30 June 2012 and of £549,621 in the year ended 30 June 2011.

Group balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets – goodwill	10	522,684	562,132
Tangible assets	11	1,252,879	1,223,466
		<u>1,775,563</u>	<u>1,785,598</u>
Current assets			
Stocks	13	81,202	47,704
Debtors	14	7,696,529	4,183,696
Cash at bank and in hand		4,011,144	5,296,096
		<u>11,788,875</u>	<u>9,527,496</u>
Creditors: amounts falling due within one year	16	7,817,754	6,041,661
Net current assets		<u>3,971,121</u>	<u>3,485,835</u>
Total assets less current liabilities		<u>5,746,684</u>	<u>5,271,433</u>
Creditors: amounts falling out with one year	17	1,800,000	1,800,000
		<u>3,946,684</u>	<u>3,471,433</u>
Capital and reserves			
Called up equity share capital	18	6,515	6,515
Capital redemption reserve	19	3,250	3,250
Other reserves	19	1,993,312	1,993,312
Profit and loss account	19	1,943,607	1,468,356
Equity shareholders' funds		<u>3,946,684</u>	<u>3,471,433</u>

Approved by the board

P S Taylor
Director

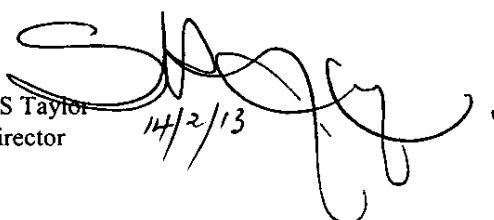
14/2/13

Company balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	11	1,053,158	1,034,415
Investments	12	2,724,585	2,724,585
		<u>3,777,743</u>	<u>3,759,000</u>
Current assets			
Debtors	14	323,054	323,054
Cash at bank and in hand		17,958	89,270
		<u>341,012</u>	<u>412,324</u>
Creditors: amounts falling due within one year	16	128,384	128,541
Net current assets		<u>194,670</u>	<u>283,783</u>
Total assets less current liabilities		<u>3,972,413</u>	<u>4,042,783</u>
Creditors: amounts falling out with one year	17	1,800,000	1,800,000
		<u>2,172,413</u>	<u>2,242,783</u>
Capital and reserves			
Called up equity share capital	18	6,515	6,515
Capital redemption reserve	19	3,250	3,250
Other reserves	19	1,993,312	1,993,312
Profit and loss account	19	169,336	239,706
Equity shareholders' funds		<u>2,172,413</u>	<u>22,242,783</u>

Approved by the board


 P S Taylor
 Director

Group cash flow statement

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	20(a)	(721,243)	628,989
Returns on investments and servicing of finance	20(b)	(9,193)	(31,719)
Taxation	20(b)	(349,999)	(383,331)
Capital expenditure and financial investment	20(b)	(152,397)	(49,546)
Dividends paid		(52,120)	(69,453)
Net cash (outflow)/inflow before financing		(1,284,952)	94,940
Financing	20(b)	-	(1,540,340)
Decrease in cash	20(c)	(1,284,952)	(1,445,400)
Reconciliation of net cash to movement in net funds			
Decrease in cash in the year		(1,284,952)	(1,445,400)
Net funds at 1 July		5,296,096	6,741,496
Net funds at 30 June		4,011,144	5,296,096

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of Barnaigh Group Limited and all its subsidiaries made up to 30 June 2012. No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. 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.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Freehold Property – land	–	Nil
– buildings	–	2% straight line
Plant and machinery	–	25% straight line
Fixtures and fittings	–	25% straight line
Commercial motor vehicles	–	33 1/3% straight line
Other motor vehicles	–	25% reducing balance

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

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress

The basis of valuation is direct cost uplifted for attributable overheads and, where appropriate, attributable profits. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Attributable profits are recognised where the directors consider that the outcome of a contract can be prudently ascertained and is calculated on a percentage of the excess of payments to account over cost to date and is dependent on the stage the contract has reached.

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the following exception:

- 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.

Capital instruments

Equity shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the terms of the instruments at a constant rate on the carrying amount.

Pensions

The group operates a number of defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents the value of goods and services supplied to customers during the year. All the turnover is attributable to the continuing principal activity of supplying and installing heating and ventilation systems and general contracting and was earned in the United Kingdom.

3. Operating profit

This is stated after charging:

	2012	2011
	£	£
Depreciation on owned fixed assets	101,258	121,764
Amortisation of goodwill	39,448	39,448
Auditors' remuneration	18,500	18,500

Notes to the financial statements

at 30 June 2012

4. Directors' emoluments and fees

	2012 £	2011 £
Emoluments	48,000	87,733
Company contributions paid to defined contribution pension schemes	-	-
	2012 No.	2011 No.
Members of defined contribution pension schemes	1	1

5. Staff costs

	2012 £	2011 £
Wages and salaries	1,833,112	2,157,757
Social security costs	204,078	190,377
Other pension costs	32,645	34,366
	2,069,835	2,382,500

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

	2012 No.	2011 No.
Directors	2	2
Management and administration	23	17
Production	36	34
	61	53

6. Net interest payable

	2012 £	2011 £
Deposit interest receivable	62,807	40,281
4% non-voting irredeemable preference shares	(72,000)	(72,000)
	(9,193)	(31,719)

Notes to the financial statements

at 30 June 2012

7. Tax

(a) Tax on profit on ordinary activities:

	2012 £	2011 £
<i>Current tax:</i>		
UK corporation tax on profit of the year	148,228	245,814
Adjustments in respect of prior years	15,569	2,486
	<u>163,797</u>	<u>248,300</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	13,284	(9,542)
	<u>177,081</u>	<u>238,758</u>

(b) Factors affecting current tax charges:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%). The differences are reconciled below:

	2012 £	2011 £
Profit on ordinary activities	704,452	788,379
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%)	179,636	216,804
Disallowable expenses and non-taxable income	19,635	33,515
Fixed asset timing differences	(51,043)	(4,505)
Adjustment in respect of prior year	15,569	2,486
	<u>163,797</u>	<u>248,300</u>

(c) Deferred tax calculated at 24% (2011 – 26%):

	£
At 1 July 2011	15,130
Deferred tax charge in the year	13,284
At 30 June 2012	<u>1,846</u>
<i>The deferred tax consists of:</i>	
Accelerated capital allowances	<u>1,846</u>

Notes to the financial statements

at 30 June 2012

8. Dividends

	2012	2011
	£	£
<i>Declared and paid in the year</i>		
Equity dividends at £8 (2011 – £7.11) per share	52,120	69,453

9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £18,250 (2011 – profit of £1,096,545).

10. Intangible assets

Group

	£
Goodwill:	
At 1 July 2011 and 30 June 2012	788,958
Amortisation:	
At 1 July 2011	226,826
Amortised in year	39,448
At 30 June 2012	266,274
Net book value at 30 June 2012	522,684
Net book value at 1 July 2011	562,132

Goodwill will be amortised over a period of twenty years.

Notes to the financial statements

at 30 June 2012

11. Tangible fixed assets

Group

	<i>Freehold property</i>	<i>Plant and machinery</i>	<i>Fixtures & fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
<i>Cost:</i>					
At 1 July 2011	1,115,742	105,691	223,129	566,549	2,011,111
Additions	-	-	55,203	115,153	170,356
Disposals	-	-	-	(118,235)	(118,235)
At 30 June 2012	1,115,742	106,691	278,332	563,467	2,063,232
<i>Depreciation:</i>					
At 1 July 2011	81,327	104,279	181,287	420,752	787,645
Provided during year	20,688	523	27,207	52,840	101,258
Disposals	-	-	-	(78,550)	(78,550)
At 30 June 2012	102,015	104,802	208,494	395,042	810,353
<i>Net book value:</i>					
At 30 June 2012	1,013,727	889	69,838	168,425	1,252,879
At 1 July 2011	1,034,415	1,412	41,842	145,797	1,223,466

Company

	<i>Freehold property</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
<i>Cost:</i>			
At 1 July 2011	1,115,742	82,979	1,198,721
Additions	-	44,015	44,015
At 30 June 2012	1,115,742	126,994	1,242,736
<i>Depreciation:</i>			
At 1 July 2011	81,327	82,979	164,306
Provided during year	20,688	4,584	25,272
At 30 June 2012	102,015	87,563	189,578
<i>Net book value</i>			
At 30 June 2012	1,013,727	39,431	1,053,158
At 1 July 2011	1,034,415	-	1,034,415

Notes to the financial statements

at 30 June 2012

12. Investments

Company

£

At 1 July 2011 and 30 June 2012

2,724,585

Details of the investments in which the group and the company holds 25% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Taylor & Fraser Limited	Ordinary shares	100%	Heating contractor
Barnaigh Limited	Ordinary shares	100%	Non trading
Werko Limited	Ordinary shares	100%	Non trading

13. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	£	£	£	£
Materials for use on contracts	31,237	35,862	-	-
Consumables	49,965	11,842	-	-
	<u>81,202</u>	<u>47,704</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		£	£	£	£
Trade debtors		2,255,816	2,339,143	-	-
Amounts due from group companies		-	-	300,000	300,000
Other debtors		165,792	357,530	23,054	23,054
Prepayments		70,838	61,559	-	-
Corporation tax recoverable		152,658	-	-	-
Deferred tax	7(c)	1,846	15,130	-	-
Amounts recoverable on long term contracts	15	5,049,579	1,410,334	-	-
		<u>7,696,529</u>	<u>4,183,696</u>	<u>323,054</u>	<u>323,054</u>

Included in trade debtors is an amount of £229,271 (2011 – £390,540) which is due after more than one year.

Notes to the financial statements

at 30 June 2012

15. Long term contracts

	<i>Note</i>	<i>Group</i>	
		<i>2012</i>	<i>2011</i>
		<i>£</i>	<i>£</i>
Cost plus attributable profit less provisions for losses		25,487,876	26,801,777
Less payments received on account		(20,438,297)	(25,391,443)
Amounts recoverable on contracts	14	<u>5,049,579</u>	<u>1,410,334</u>

16. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Bank overdraft	-	-	-	-
Payments on account on long term contracts	2,867,380	2,266,936	-	-
Trade creditors	591,735	580,052	-	-
Amounts owed to group companies	-	-	82,451	80,653
Corporation tax	-	33,544	41,507	20,000
Other taxes and social security costs	112,373	82,425	5,520	11,023
Other creditors	3,980,493	2,857,187	16,864	16,865
Accruals	265,773	221,517	-	-
	<u>7,817,754</u>	<u>6,041,661</u>	<u>146,342</u>	<u>128,541</u>

17. Creditors: amounts falling due after one year

	<i>Allotted, called up and fully paid</i>		<i>Allotted, called up and fully paid</i>	
	<i>Authorised 2012 No.</i>	<i>2012 £</i>	<i>Authorised 2011 No.</i>	<i>2011 £</i>
4% Non-voting irredeemable preference shares of £1 each	1,800,000	1,800,000	1,800,000	1,800,000

The preference shares rank first as regards dividend entitlement out of profits available for distribution, payable quarterly from 31 January 2006. They also rank first as regards capital repayment on a return of assets on a winding up or reduction of capital and prior written consent of the preference shareholding is required for such a winding up or significant alteration of share capital, rights, privileges or powers.

Notes to the financial statements

at 30 June 2012

18. Share capital

The authorised, allotted and fully paid share capital of the company consisted of:

	<i>Allotted, called up and</i>		<i>Allotted, called up and</i>	
	<i>Authorised</i>	<i>fully paid</i>	<i>Authorised</i>	<i>fully paid</i>
	<i>2012</i>	<i>2012</i>	<i>2011</i>	<i>2011</i>
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	5,000	-	5,000	-
Preferred ordinary shares of £1 each	7,000	6,515	7,000	6,515
	<u>12,000</u>	<u>6,515</u>	<u>12,000</u>	<u>6,515</u>

The preferred ordinary shares rank second, behind the irredeemable preference shares as regards dividends and capital repayment and rank *pari passu* with the ordinary shares thereafter. Prior written consent of preferred ordinary shareholders is required for a winding up or a significant alteration of share capital, rights, privileges or powers.

19. Reconciliation of shareholders' funds and movements on reserves

Group

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Other reserves</i>	<i>Profit and loss distributable</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 2010	9,765	-	1,993,312	2,528,528	4,531,605
Profit for the year	-	-	-	549,621	549,621
Ordinary share dividends	-	-	-	(69,453)	(69,453)
Purchase of own shares	-	-	-	(1,540,340)	(1,540,340)
Cancellation of shares	(3,250)	3,250	-	-	-
At 1 July 2011	<u>6,515</u>	<u>3,250</u>	<u>1,993,312</u>	<u>1,468,356</u>	<u>3,471,433</u>
Profit for the year	-	-	-	527,371	527,371
Ordinary share dividends	-	-	-	(52,120)	(52,120)
At 30 June 2012	<u>6,515</u>	<u>3,250</u>	<u>1,993,312</u>	<u>1,943,607</u>	<u>3,946,684</u>

Notes to the financial statements

at 30 June 2012

19. Reconciliation of shareholders' funds and movements on reserves (continued)

Company

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Other reserves</i>	<i>Profit and loss distributable</i>	<i>Total</i>
	£	£	£	£	£
At 1 July 2010	9,765	-	1,993,312	752,954	2,756,031
Profit for the year	-	-	-	1,096,545	1,096,545
Ordinary share dividends	-	-	-	(69,453)	(69,453)
Purchase of own shares	-	-	-	(1,540,340)	(1,540,340)
Cancellation of shares	(3,250)	3,250	-	-	-
At 1 July 2011	6,515	3,250	1,993,312	239,706	2,242,783
Loss for the year	-	-	-	(18,250)	(18,250)
Ordinary share dividends	-	-	-	(52,120)	(52,120)
At 30 June 2012	6,515	6,515	1,993,312	169,336	2,172,413

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:

	2012 £	2011 £
Operating profit	735,371	821,813
Depreciation	101,258	121,764
Amortisation of goodwill	39,448	39,448
(Increase)/decrease in stocks	(33,498)	31,631
Increase in debtors	(3,373,459)	(371,859)
Increase/(decrease) in creditors	1,809,637	(13,808)
Net cash (outflow)/inflow from operating activities	(721,243)	628,989

(b) Analysis of cash flows for headings netted in the statement of cash flows:

	2012 £	2011 £
Returns on investments and servicing of finance:		
Net interest paid	(9,193)	(31,719)
Taxation:		
Corporation tax paid	(349,999)	(383,331)
Capital expenditure and financial investment:		
Receipts from sales of tangible fixed assets	17,959	14,036
Payments to acquire tangible fixed assets	(170,356)	(63,582)
	(152,397)	(49,546)

Notes to the financial statements

at 30 June 2012

20. Notes to the statement of cash flows (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows:

Financing:

Purchase of own shares	-	(1,540,340)
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(c) Analysis of changes in net funds:

	<i>At 1 July</i>	<i>Cash flow</i>	<i>At 30 June</i>
	<i>2011</i>		<i>2012</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank and in hand	5,296,096	(1,284,952)	4,011,144

21. Capital commitments

The group had no contracted capital expenditure at 30 June 2012 (2011 – £nil).

22. Related party transactions

The directors have taken advantage of the exemptions allowed under FRS 8 relating to subsidiary undertakings.

**THE FOLLOWING STATEMENT DOES NOT FORM PART OF
THE AUDITED STATUTORY FINANCIAL STATEMENTS OF THE COMPANY**

Company trading statement

for the year ended 30 June 2012

	2012 £	2011 £
Management fee income	50,000	50,000
Dividends received	-	1,120,000
Rental income	89,927	91,588
Other income	260	-
	<u>140,187</u>	<u>1,261,588</u>
Directors fees	27,120	27,072
Professional fees	9,000	9,000
Bank charges	60	55
Sundry expenses	3,478	16,090
Depreciation	25,272	22,068
4% irredeemable shares	72,000	72,000
	<u>136,930</u>	<u>146,285</u>
Profit before taxation	3,257	1,115,303
Taxation	21,507	18,758
	<u>(18,250)</u>	<u>1,096,545</u>
Loss after taxation	(52,120)	(69,453)
Other dividends	(70,370)	1,027,092
	<u>(70,370)</u>	<u>1,027,092</u>