Dieselec Holdings Limited

Report and Financial Statements

30 June 2012

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COMPANIES HOUSE

Directors

P A Moore
G J Taylor (appointed 26 July 2011)
B Muirie
J M Pirrie
J S Pirrie
D R Bell
B Aitken
I Buchan

Auditors

Ernst & Young LLP
G1, 5 George Square
Glasgow G2 1DY

Bankers

Bank of Scotland
Gordon Street
Glasgow G1 3RS

Solicitors

Pinsent Masons LLP
141 Bothwell Street
Glasgow G2 7EQ

Registered Office

Cadder House
Cloberfield
Milngavie
Glasgow G62 7LN

Registered No. SC371345

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £1,403,748 (17 months ended 30 June 2011 – profit of £145,405). An interim ordinary dividend of £225,000 was paid on 8 February 2012 and the total distribution of preference dividends for the year ended 30 June 2012 was £77,429. The directors recommend that no final dividend be paid.

Principal activities and review of the business

The principal activity of the group in the period under review was that of the sale and maintenance of generators.

The directors are pleased with the performance of the group during the year. Both turnover and operating profit increased significantly on prior year figures, and the directors expect to achieve strong results in the coming year.

Principal risks and uncertainties

The key risk and uncertainty affecting the group is the general economic climate. The directors believe that the business can continue to grow and develop despite the current economic conditions.

Directors

The directors who served the company during the year were as follows:

P A Moore
G J Taylor (appointed 26 July 2011)
B Muirie
J M Pirrie
J S Pirrie
D R Bell
B Aitken
I Buchan

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

Auditors

Haines Watts LLP resigned as auditors on 20 March 2012 and Ernst & Young LLP were appointed on the same date. 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

G J Taylor
Director
11 October 2012

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 the 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;
- 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.

Independent auditors' report

to the members of Dieselec Holdings Limited

We have audited the financial statements of Dieselec Holdings 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 Statement of Cash Flows and the related notes 1 to 23. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 undertaking'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 undertaking'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.

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 undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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

Annie Graham (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Glasgow
15 October 2012

Group profit and loss account

for the year ended 30 June 2012

	Notes	*Year ended 30 June 2012* £	*17 months ended 30 June 2011* £
Turnover		19,968,226	9,711,489
Cost of sales		(15,863,017)	(7,636,385)
Gross profit		4,105,209	2,075,104
Administrative expenses		(2,124,795)	(1,154,225)
Group operating profit	2	1,980,414	920,879
Restructuring costs	3	–	(527,823)
		1,980,414	393,056
Interest receivable and similar income		4,931	3,413
Interest payable and similar charges	6	(169,036)	(145,358)
Profit on ordinary activities before taxation		1,816,309	251,111
Tax	7 (a)	(412,561)	(105,706)
Profit for the financial year	20	1,403,748	145,405

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 30 June 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,403,748 in the year ended 30 June 2012 (17 months ended 30 June 2011 – profit of £145,405).

Group balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	10	1,152,878	1,216,207
Tangible assets	11	204,568	209,490
		1,357,446	1,425,697
Current assets			
Stocks	13	917,167	2,042,234
Debtors	14	2,917,431	3,977,444
Cash at bank and in hand		4,735,307	685,833
		8,569,905	6,705,511
Creditors: amounts falling due within one year	15	(6,610,630)	(5,969,647)
Net current assets		1,959,275	735,864
Total assets less current liabilities		3,316,721	2,161,561
Creditors: amounts falling due after more than one year	16	(1,853,308)	(1,875,308)
Provisions for liabilities	7 (d)	(29,462)	(31,050)
Net assets		1,433,951	255,203
Capital and reserves			
Called up share capital	19	109,798	109,798
Profit and loss account	20	1,324,153	145,405
Shareholders' funds	21	1,433,951	255,203

The financial statements of Dieselec Holdings Limited group were approved for issue by the Board of Directors on 11 October 2012.

P A Moore
Director

G J Taylor
Director

Company balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	12	2,142,045	2,142,045
Current assets			
Debtors	14	44,000	217,000
Cash at bank and in hand		14,038	18,040
		58,038	235,040
Creditors: amounts falling due within one year	15	(89,508)	(147,176)
Net current (liabilities)/assets		(31,470)	87,864
Total assets less current liabilities		2,110,575	2,229,909
Creditors: amounts falling due after more than one year	16	(1,844,142)	(1,844,142)
Net assets		266,433	385,767
Capital and reserves			
Called up share capital	19	109,798	109,798
Profit and loss account	20	156,635	275,969
Shareholders' funds	21	266,433	385,767

The financial statements of Dieselec Holdings Limited were approved for issue by the Board of Directors on 11 October 2012.

P A Moore
Director

G J Taylor
Director

Group statement of cash flows

for the year ended 30 June 2012

	Notes	*Year ended 30 June 2012* £	*17 months ended 30 June 2011* £
Net cash inflow/(outflow) from operating activities	22(a)	4,708,694	(921,193)
Returns on investments and servicing of finance	22(b)	(195,039)	(121,121)
Taxation		(126,314)	(124,534)
Capital expenditure	22(b)	(90,867)	(49,324)
Acquisitions and disposals	22(b)	–	(39,101)
Dividends paid		(225,000)	–
		4,071,474	(1,255,273)
Financing	22(b)	(22,000)	1,941,106
Increase in cash in the period		4,049,474	685,833

Reconciliation of net cash flow to movement in net funds

	Note	*Year ended 30 June 2012* £	*17 months ended 30 June 2011* £
Increase in cash in the period	22(c)	4,049,474	685,833
Cash outflow/(inflow) from financing		22,000	(1,831,308)
Change in net funds/(debt) resulting from cash flows		4,071,474	(1,145,475)
New finance leases		–	(66,000)
Movement in net funds/(debt) in the period		4,071,474	(1,211,475)
Net debt at 1 July	22(c)	(1,211,475)	–
Net funds/(debt) at 30 June	22(c)	2,859,999	(1,211,475)

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

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

Goodwill

Goodwill, being the amount paid in connection with business acquisitions, is being amortised evenly over its estimated useful life of twenty years. The carrying value of goodwill is 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 in order to write off each asset evenly over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	–	6.67% to 33.33% per annum
Plant and machinery	–	20% per annum
Office equipment	–	25% per annum
Motor vehicles	–	25% per annum

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.

Investments

The investment represents shareholdings in subsidiary undertakings shown at cost.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue is attributable to one continuing activity, the sale and related maintenance of generators.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress	-	cost of direct materials and labour, plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion.

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions:

- 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.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts. The capital elements of future obligations are included as liabilities in the balance sheet.

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

2. Group operating profit

This is stated after charging/(crediting):

	Year ended 30 June 2012	*17 months ended 30 June 2011*
	£	£
Auditors' remuneration	12,500	10,250
Depreciation of owned tangible fixed assets	76,506	58,850
Depreciation of assets held under finance leases and hire purchase contracts	22,000	13,750
Profit on disposal of fixed assets	(2,717)	(562)
Goodwill amortisation	63,329	50,378
Operating lease charges – land and buildings	120,675	60,916
Operating lease charges – other	80,407	24,296

£1,000 of the auditors' remuneration (17 months ended 30 June 2011 - £2,000) is for the audit of the company.

3. Restructuring costs

	Year ended 30 June 2012	*17 months ended 30 June 2011*
	£	£
Restructuring costs	–	527,823

Restructuring costs in the prior year include exceptional employment and property costs relating to a fundamental restructure of the group's activities.

Notes to the financial statements

at 30 June 2012

4. Directors' remuneration

	Year ended 30 June 2012	*17 months ended 30 June 2011*
	£	£
Remuneration	241,431	92,261

The aggregate remuneration of the highest paid director was £90,475 (2011: £60,410). No directors received shares or share options during the current or prior year in respect of qualifying services, and no share options were excised in the current or prior year by directors. No company contributions were made to a pension scheme on behalf of directors' qualifying services.

5. Staff costs

	Year ended 30 June 2012	*17 months ended 30 June 2011*
	£	£
Wages and salaries	1,883,258	1,010,707
Social security costs	209,383	121,622
	2,092,641	1,132,329

The average monthly number of employees during the period was made up as follows:

	No.	*No.*
Directors	3	2
Sales	6	5
Production	35	15
Administration	5	7
	49	29

6. Interest payable and similar charges

	Year ended 30 June 2012	*17 months ended 30 June 2011*
	£	£
Loan note interest	89,957	67,866
10% preference shares	77,429	75,824
Other interest	–	1,004
Hire purchase	1,650	664
	169,036	145,358

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:	*Year ended 30 June 2012* £	*17 months ended 30 June 2011* £
Current tax:		
UK corporation tax	460,830	96,169
Adjustments in respect of prior periods	(46,681)	(509)
Total current tax	414,149	95,660
Deferred tax:		
Origination and reversal of timing differences	(991)	10,421
Effects of changes in tax rate on opening liability	(597)	(375)
Total deferred tax	(1,588)	10,046
Tax on profit on ordinary activities	412,561	105,706

(b) Factors affecting current tax charge

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

	Year ended 30 June 2012 £	*17 months ended 30 June 2011* £
Profit on ordinary activities before tax	1,816,309	251,111
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%)	463,159	69,056
Effect of:		
Permanent differences	(1,462)	39,326
Capital allowances in excess of depreciation	(867)	(12,213)
Adjustments in respect of prior periods	(46,681)	(509)
Total current tax	414,149	95,660

(c) Factors that may affect future tax charges

The government has announced that it intends to reduce the rate of UK corporation tax to 22% by 1 April 2014. The current rate of 26% will reduce to 24% from 1 April 2012. A further series of 1% annual reductions will be made until a rate of 22% is reached with effect from 1 April 2014. The reduction in the corporation tax rate to 24% was substantively enacted on 21 March 2012.

As the reduction of the corporation tax rate to 24% was substantively enacted at the balance sheet date, and reduces the tax rate expected to apply when temporary differences reverse, it had the effect of reducing the UK deferred tax liability by £597. The further rate reductions are to be incorporated within future legislative acts and so will not be substantively enacted until later periods. It is expected that the deferred tax balance should not be materially impacted by these proposed reductions in the corporation tax rate.

Notes to the financial statements

at 30 June 2012

7. Tax (continued)

(d) Deferred tax

	2012	*2011*
	£	£
Deferred taxation	29,462	31,050

	£
At 1 July 2011	31,050
Profit and loss account	(1,588)
At 30 June 2012	29,462

8. Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent undertaking is not presented as part of these financial statements. The profit dealt with in the financial statements of the parent undertaking was £105,666 (17 months ended 30 June 2011 – profit of £275,969).

9. Dividends

	2012	*2011*
	£	£
Declared and paid during the year:		
Interim dividends on ordinary shares of £2.11 per 'A' ordinary and 'B' ordinary share (2011 - £nil)	225,000	-

The total distribution of preference dividends for the year ended 30 June 2012 was £77,429 (17 months ended 30 June 2011 - £75,824) and is included within interest payable and similar charges.

10. Intangible fixed assets

Group	*Goodwill* £
Cost:	
At 1 July 2011 and 30 June 2012	1,266,585
Amortisation:	
At 1 July 2011	50,378
Amortisation for the year	63,329
At 30 June 2012	113,707
Net book value:	
At 30 June 2012	1,152,878
At 1 July 2011	1,216,207

Notes to the financial statements

at 30 June 2012

11. Tangible fixed assets

Group	*Improvements to property* £	*Plant and machinery* £	*Office equipment* £	*Motor vehicles* £	*Total* £
Cost:					
At 1 July 2011	18,857	83,831	23,610	155,735	282,033
Additions	23,596	29,100	35,426	6,295	94,417
Disposals	–	–	–	(19,924)	(19,924)
At 30 June 2012	42,453	112,931	59,036	142,106	356,526
Depreciation:					
At 1 July 2011	1,760	20,267	6,808	43,708	72,543
Charge for year	5,276	28,229	8,864	56,137	98,506
Disposals	–	–	–	(19,091)	(19,091)
At 30 June 2012	7,036	48,496	15,672	80,754	151,958
Net book value:					
At 30 June 2012	35,417	64,435	43,364	61,352	204,568
At 1 July 2011	17,097	63,564	16,802	112,027	209,490

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

Group	*Motor vehicles* £
Cost:	
At 1 July 2011 and 30 June 2012	66,000
Depreciation:	
At 1 July 2011	13,750
Charge for year	22,000
At 30 June 2012	35,750
Net book value:	
At 30 June 2012	30,250
At 1 July 2011	52,250

12. Investments

Company	*Shares in group undertakings* £
Cost and net book value:	
At 1 July 2011 and 30 June 2012	2,142,045

Notes to the financial statements

at 30 June 2012

13. Stocks

Group	*2012* £	*2011* £
Consumables and goods for resale	459,795	369,478
Work in progress	457,372	1,672,756
	917,167	2,042,234

14. Debtors

	Group		*Company*	
	2012 £	*2011* £	*2012* £	*2011* £
Trade debtors	1,346,727	3,229,508	–	–
Amounts owed by group undertakings	–	–	44,000	217,000
Other debtors	268,076	90,901	–	–
VAT	–	200,737	–	–
Prepayments and accrued income	1,302,628	456,298	–	–
	2,917,431	3,977,444	44,000	217,000

15. Creditors: amounts falling due within one year

	Group		*Company*	
	2012 £	*2011* £	*2012* £	*2011* £
Hire purchase contracts (note 18)	22,000	22,000	–	–
Trade creditors	4,562,726	5,034,216	–	–
Taxation	415,499	127,665	–	–
Other taxes and social security costs	106,611	83,718	1,500	985
Other creditors	74,363	75,711	27,000	57,501
Accruals and deferred income	1,429,431	626,337	61,008	88,690
	6,610,630	5,969,647	89,508	147,176

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

	Group		*Company*	
	2012 £	*2011* £	*2012* £	*2011* £
Other loans (note 17)	899,571	899,571	899,571	899,571
Liability component of preference shares	944,571	944,571	944,571	944,571
Hire purchase contracts (note 18)	9,166	31,166	–	–
	1,853,308	1,875,308	1,844,142	1,844,142

Cumulative redeemable preference shares

The cumulative redeemable preference shares, being 944,571 in issue with a nominal value of £1 each, are convertible at the option of the company or the holder on or after 10 September 2020 with the amount payable being equal to the amount paid up on each share. The preference shares carry a dividend of 10% per annum, payable half yearly in arrears on 10 September and 10 March.

Notes to the financial statements

at 30 June 2012

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2012	*2011*	*2012*	*2011*
	£	£	£	£
Amounts falling due between two and five years:				
Loan notes	899,571	899,571	899,571	899,571

18. Obligations under hire purchase contracts

Group	*2012*	*2011*
	£	£
Amounts payable:		
Within one year	22,000	22,000
In two to five years	9,166	31,166
	31,166	53,166

19. Issued share capital

Allotted, called up and fully paid	*No.*	*2012* £	*No.*	*2011* £
'A' ordinary shares of £1 each	50,879	50,879	50,879	50,879
'B' ordinary shares of £1 each	55,919	55,919	55,919	55,919
'C' ordinary shares of £1 each	3,000	3,000	3,000	3,000
		109,798		109,798
10% redeemable preference shares of £1 each (classified as a liability under FRS 25)	944,571	944,571	944,571	944,571
		1,054,369		1,054,369

Notes to the financial statements

at 30 June 2012

20. Movements on reserves

Group	*Profit and loss account* £
At 1 July 2011	145,405
Profit for the year	1,403,748
Dividends	(225,000)
At 30 June 2012	1,324,153

Company	*Profit and loss account* £
At 1 July 2011	275,969
Profit for the year	105,666
Dividends	(225,000)
At 30 June 2012	156,635

21. Reconciliation of shareholders' funds

Group	*Year ended 30 June 2012* £	*17 months ended 30 June 2011* £
Profit for the financial year	1,403,748	145,405
Dividends	(225,000)	–
	1,178,748	145,405
'A' ordinary shares	–	50,879
'B' ordinary shares	–	55,919
'C' ordinary shares	–	3,000
Net addition to shareholders' funds	1,178,748	255,203
Opening shareholders' funds	255,203	–
Closing shareholders' funds	1,433,951	255,203

Notes to the financial statements

at 30 June 2012

21. Reconciliation of shareholders' funds (continued)

Company

	Year ended 30 June 2012 £	*17 months ended 30 June 2011* £
Profit for the financial year	105,666	275,969
Dividends	(225,000)	–
	(119,334)	275,969
'A' ordinary shares	–	50,879
'B' ordinary shares	–	55,919
'C' ordinary shares	–	3,000
Net (reduction)/addition to shareholders' funds	(119,334)	385,767
Opening shareholders' funds	385,767	–
Closing shareholders' funds	266,433	385,767

22. Notes to the statement of cash flows

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

	Year ended 30 June 2012 £	*17 months ended 30 June 2011* £
Group operating profit	1,980,414	920,879
Depreciation charges	98,506	72,600
Amortisation charges	63,329	50,378
Profit on disposal of fixed assets	(2,717)	(562)
Restructuring costs	–	(527,823)
Decrease/(increase) in stocks	1,125,067	(1,375,234)
Decrease/(increase) in debtors	1,060,013	(2,389,444)
Increase in creditors	384,082	2,328,013
Net cash inflow/(outflow) from operating activities	4,708,694	(921,193)

Notes to the financial statements

at 30 June 2012

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

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

	Year ended 30 June 2012 £	*17 months ended 30 June 2011* £
Returns on investments and servicing of finance		
Interest received	4,930	3,413
Interest paid	(128,248)	(68,870)
Dividends paid to preference shareholders	(70,071)	(55,000)
Interest element of hire purchase payments	(1,650)	(664)
Net cash outflow from returns on investments and servicing of finance	(195,039)	(121,121)
Capital expenditure		
Purchase of tangible fixed assets	(94,417)	(50,284)
Sale of tangible fixed assets	3,550	960
Net cash outflow from capital expenditure	(90,867)	(49,324)
Acquisitions and disposals		
Consideration for acquisitions	–	(2,171,101)
Acquisition expenses	–	(142,000)
Cash acquired	–	2,274,000
Net cash outflow from acquisitions and disposals	–	(39,101)
Financing		
New loans in year	–	899,571
Finance lease payments	(22,000)	(12,834)
Share issue	–	1,054,369
Net cash (outflow)/inflow from financing	(22,000)	1,941,106

(c) Analysis of changes in net funds

	At 1 July 2011 £	*Cash flow* £	*At 30 June 2012* £
Net cash:			
Cash at bank and in hand	685,833	4,049,474	4,735,307
Debt:			
Hire purchase	(53,166)	22,000	(31,166)
Liability component of preference shares	(944,571)	–	(944,571)
Other loans	(899,571)	–	(899,571)
	(1,897,308)	22,000	(1,875,308)
Total	(1,211,475)	4,071,474	2,859,999

23. Related party transactions

The balance due at 30 June 2012 to Nevis Capital, a related party as a shareholder in Dieselec Holdings Limited, was £29,359 (2011 – £79,101). Transactions during the year amounted to £100,966 (2011 - £162,598).