**BUSINESS REVIEW** **(s417)**

Section 417 of the Companies Act 2006 requires the business review section of the Directors' Report to include details of financial and non-financial key performance indicators (KPIs), which provide the reader with an understanding of the development, performance or position of the business.

Medium-sized companies are exempt from the requirement to disclose non- financial KPIs

Please ensure that Reportpad **BusReview** is amended to comply with this requirement.

-------

Checked and confirmed Assistant | |

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**DIFFERENCE IN THEORETICAL TAX CHARGE**

There is a difference between the theoretical tax charge entered in a/c 1405 and that based on the profit before tax and the entered tax rates in a/c 1400. You should review and update a/cs 1400 or 1405 as appropriate. The profit are:-

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2009** | 2008 |
|  |  |  | ***(restated)*** |
|  |  | **£** | £ |
| Profit before tax charge is |  | **1,628,896** | 3,471,325 |
|  |  | ============================================== | ============================================== |

Tax rates entered in a/c 1400 for this year 28% and last year 28%.

|  |  |  |  |
| --- | --- | --- | --- |
| Which equates to tax due of |  | **456,091** | 971,971 |

|  |  |  |  |
| --- | --- | --- | --- |
| The theoretical tax charge posted to a/c 1405 is |  | **(456,091)** | (346,292) |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Difference |  | **–** | (625,679) |
|  |  | ============================================== | ============================================== |

**CASHFLOW WARNINGS**

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

**THERE IS AN ERROR BETWEEN THE CALCULATED MOVEMENT PLUS****THE OPENING NET DEBT TO THE CLOSING NET DEBT**

|  |  |  |  |
| --- | --- | --- | --- |
| **The opening net debt is** |  | **(1,595,797)** | (55,379) |
| **The movement is** |  | **2,509,206** | (1,540,418) |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **The calculated difference between these is** |  | **913,409** | (1,595,797) |
| **The posted closing net debt is** |  | **1,321,158** | 1,595,797 |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **Difference, please check:** |  | **2,234,567** | – |
|  |  | ============================================== | ============================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**COMPARISON BETWEEN ANALYSIS SECTION AND RECONCILIATION SECTION**

|  |  |
| --- | --- |
|  | --------------- |

**THERE IS AN ERROR BETWEEN THE MOVEMENT IN THE ANALYSIS****SECTION AND IN THE RECONCILIATION SECTION**

|  |  |
| --- | --- |
| **The movement in the reconciliation section is** | **2,509,206** |
| **The movement in the analysis section is** | **(274,639)** |
|  | ---------------------------------------------- |
| **Difference, please check:** | **2,234,567** |
|  | ============================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**SHAREHOLDERS FUNDS**

£

|  |  |
| --- | --- |
| Balance carried forward in last years accounts was | 6,506,299 |
| Balance brought forward in these accounts is | 4,271,732 |
|  | ---------------------------------------------- |
| Difference | 2,234,567 |
|  | ============================================== |

**There has been a prior year adjustment this year of** **£****–****.**

**Agree that the difference is due to this.**

-------

Checked and confirmed Assistant | |

-------

**The difference may be attributable to a difference on one of the**

**categories of share capital or on share premium or revaluation reserve.**

**There is a difference of** **£****2,234,567** **on the P & L account - see below.**

**Check balance on T.B. and rectify.**

**PROFIT AND LOSS ACCOUNT** **BROUGHT FORWARD**

|  |  |
| --- | --- |
|  | **£** |
| Balance carried forward in last years accounts was | 2,525,109 |
| Balance brought forward in these accounts is | **290,542** |
|  | ------------------------------------ |

|  |  |
| --- | --- |
| Difference | **(2,234,567)** |

**There has been a prior year adjustment this year of** **£****–****.**

**Agree that the difference is due to this.**

-------

Checked and confirmed Assistant | |

-------

**Check balances on T.B. and rectify.**

**STRGL POSTINGS**

There are balances detected on reserves codes 930A to 930B, 935A to 935B or 989A to 989D with no corresponding balances detected in disclosure codes affecting the STRGL. Check that postings are not required to disclosure codes 4160 to 4180 or alternatively make any required postings via disclosure data entry.

**COMPANY STATUS**

The company qualifies as a "medium-sized" company as defined

by CA 2006, sec 465(3).

**COMPANY REGISTRATION NUMBER** **87654321**

**AAAAA LIMITED**

**ALPHA, ALPHA, ALPHA, ALPHA AND SONS**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

**Draft Accounts**

**CONTENTS** **PAGE**

Officers and professional advisers   **1**

The directors' report   **2**

Independent auditor's report to the shareholders   **4**

Profit and loss account   **6**

Balance sheet   **7**

Cash flow statement   **8**

Notes to the financial statements   **9**

**The following** **pages do** **not form part of the** **financial statements**

Detailed profit and loss account   **26**

Notes to the detailed profit and loss account   **27**

**The** **board of** **directors**  Black

Green

Smith

**Company secretary** C C Smith

**Auditor** DEF LLP

Chartered Accountants

& Statutory Auditor

DEF House

Sample Town

ST12 0ZZ

**Solicitors** Gant, Howard & Company

42 The Avenue

Milford

Southampton

Hants S01 3RT

Ian Jameson-King & Co.

Trading Town Side

Kilkenny

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009.

**PRINCIPAL ACTIVITIES** **AND** **BUSINESS REVIEW**

The company continues to strive to be a 'best in class' supplier of components for OEM's and hence considers improvement in Key Performance Indicators of on-time delivery and quality performance to be fundament to this strategy. The year's performance has enabled the company to maintain Its status as a category A supplier to its principal customer

As predicted last year the manufacture of widgets for

BigCorp during the year stabilised at a lower level than hitherto The resultant available capacity was principally taken up with the successful completion of a large scale (£4m) micro widget project and increased activity in other areas

Investment in the AAAAA China facility has commenced and anticipates production in the coming financial year.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2009** | 2008 |
|  |  | **£** | £ |
|  | Return on turnover (Operating Profit/Turnover) % | **10** | 7 |
|  | Gross Margin % | **17** | 14 |
|  | Quality incidents as a percentage of total deliveries in the year | **1** | 2 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Percentage of on-time deliveries in the year | **93** | 95 |

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,416,474. Particulars of dividends paid are detailed in note 8 to the financial statements.

**FINANCIAL INSTRUMENTS**

Details of the company's financial risk management objectives and policies are included in note 17 to the accounts.

**DIRECTORS**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Black |  |  |  |
|  | Green |  |  |  |
|  | Smith |  |  |  |

**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 those 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 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.

In so far as the directors are aware:

 there is no relevant audit information of which the company's auditor is unaware; and

 the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITOR**

DEF LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office: Signed by order of the directors

C C SMITH

Company Secretary

Approved by the directors on 14 March 2010

We have audited the financial statements of AAAAA Limited for the year ended 31 December 2009. 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 shareholders, 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 shareholders 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 shareholders 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 pages 2 to 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 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 directors; and the overall presentation of the financial statements.

**OPINION ON** **FINANCIAL STATEMENTS**

In our opinion the financial statements:

 give a true and fair view of the state of the company's affairs as at 31 December 2009 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 MATTERS 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, 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; or

 the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

MR JUSTIN TICKIT (Senior

Statutory Auditor)

For and on behalf of

DEF LLP

DEF House Chartered Accountants

Sample Town & Statutory Auditor

ST12 0ZZ

14 March 2010

|  |  |  |  |
| --- | --- | --- | --- |
| **TURNOVER** | **2** | **16,613,551** | 21,429,580 |

|  |  |  |
| --- | --- | --- |
| Cost of sales | **13,819,379** | 16,524,490 |
|  | --------------------------------------------------- | --------------------------------------------------- |
| **GROSS PROFIT** | **2,794,172** | 4,905,090 |

|  |  |  |  |
| --- | --- | --- | --- |
| Distribution costs | | **221,780** | 260,471 |
| Administrative expenses | | **862,719** | 1,057,994 |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **OPERATING PROFIT** | **3** | **1,709,673** | 3,586,625 |
|  | |  |  |
| Interest receivable | | **372** | 1,876 |
| Interest payable and similar charges | **6** | **(81,149)** | (117,176) |
|  | |  |  |
|  | | ---------------------------------------------- | ---------------------------------------------- |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **1,628,896** | 3,471,325 |

|  |  |  |  |
| --- | --- | --- | --- |
| Tax on profit on ordinary activities | **7** | **212,422** | 337,173 |
|  | |  |  |
|  | | ---------------------------------------------- | ---------------------------------------------- |
| **PROFIT FOR THE FINANCIAL YEAR** | | **1,416,474** | 3,134,152 |
|  | | ============================================== | ============================================== |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the

year as set out above.

**FIXED ASSETS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Intangible assets | **9** |  | **406,383** | 363,958 |
| Tangible assets | **10** |  | **3,542,723** | 3,792,075 |
|  | |  | ---------------------------------------------- | ---------------------------------------------- |
|  | |  | **3,949,106** | 4,156,033 |
|  | |  | ---------------------------------------------- | ---------------------------------------------- |

**CURRENT ASSETS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stocks | **11** | **2,195,092** |  | 2,410,817 |
| Debtors | **12** | **4,522,203** |  | 5,619,820 |
|  | | ---------------------------------------------- |  | ---------------------------------------------- |
|  | | **6,717,295** |  | 8,030,637 |
| **CREDITORS: Amounts falling due within one year** | **13** | **4,937,134** |  | 4,555,609 |
|  |  | ---------------------------------------------- |  | ---------------------------------------------- |
| **NET CURRENT ASSETS** | |  | **1,780,161** | 3,475,028 |
|  | | | ---------------------------------------------- | ---------------------------------------------- |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **5,729,267** | 7,631,061 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **CREDITORS: Amounts falling due after more than one year** | **14** |  | **592,949** | 959,560 |

**PROVISIONS FOR LIABILITIES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Deferred taxation | **16** |  | **148,112** | 165,202 |
|  | |  | ---------------------------------------------- | ---------------------------------------------- |
|  | |  | **4,988,206** | 6,506,299 |
|  | |  | ============================================== | ============================================== |

**CAPITAL AND RESERVES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Called-up equity share capital | **19** |  | **3,981,190** | 3,981,190 |
| Profit and loss account | **20** |  | **1,007,016** | 2,525,109 |
|  |  |  | ---------------------------------------------- | ---------------------------------------------- |
| **SHAREHOLDERS' FUNDS** | **21** |  | **4,988,206** | 6,506,299 |
|  |  |  | ============================================== | ============================================== |

These financial statements were approved by the directors and authorised for issue on 14 March 2010, and are signed on their behalf by:

BLACK

Director

Company Registration Number: 87654321

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | **22** |  | **3,726,284** | (177,726) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | **22** |  | **(80,777)** | (115,300) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TAXATION** | **22** |  | **(165,982)** | (249,500) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | **22** |  | **(270,319)** | 2,108 |

|  |  |  |  |
| --- | --- | --- | --- |
| **EQUITY DIVIDENDS PAID** |  | **(700,000)** | (1,000,000) |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **CASH INFLOW/(OUTFLOW) BEFORE FINANCING** |  | **2,509,206** | (1,540,418) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **FINANCING** | **22** |  | **(333,277)** | 1,389,064 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | ---------------------------------------------- | ---------------------------------------------- |
| **INCREASE/(DECREASE) IN CASH** | **22** |  | **2,175,929** | (151,354) |
|  |  |  | ============================================== | ============================================== |

**1.** **ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - (500 - 509)

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - (520 - 529)

Fixtures & Fittings - (540 - 549)

Motor Vehicles - (550 - 559)

**Stocks**

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

**Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

**Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**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 exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

**Financial instruments**

**\*\*\*The following text should be used as a guide, please amend reportpad FRS25\_26R as** **appropriate.\*\*\***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

*Investments*

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment in derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

*Trade and other debtors*

Trade and other debtors are recognised and carried forward at invoices amounts less provisions for any doubtful debts. Bad debts are written off when identified.

*Interest-bearing loans and borrowings*

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

*Derivative financial instruments*

The company uses a number of derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and currency fluctuation risk. Such derivative financial instruments are always stated at their fair value.

For derivatives that do not qualify for hedge accounting (see below), any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

Embedded derivatives are separated from their host contract and are recorded immediately in the profit and loss account when their economic characteristics and risks are not closely related to the host contract and the hybrid instrument itself is not measured at fair value.

*Hedging*

The company designates certain risks being hedged into three types:

- fair value hedges;

- cash flow hedges; and

- hedge of a net investment in a foreign entity.

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the profit and loss account.

In relation to cash flow hedges, designed to hedge the exposure to variability in future cash flows relating to firm commitments or highly probable forecasted transactions, the portion of the gain or loss on the hedging instrument, which meets the conditions for special hedge accounting, is recognised directly in equity. Deferred gains and losses are released to the profit and loss account when the forecasted transactions occur.

An ineffective portion of the hedge is always recognised immediately in the profit and loss account.

The hedge of a net investment in a foreign entity is accounted for as a cash flow hedge with foreign exchange differences recognised directly in equity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit and loss account.

**2.** **TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| United Kingdom | **16,509,371** | 20,246,593 |
| Overseas | **104,180** | 1,182,987 |
|  | --------------------------------------------------- | --------------------------------------------------- |
|  | **16,613,551** | 21,429,580 |
|  | =================================================== | =================================================== |

**3.** **OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Amortisation of intangible assets | **40,140** | 40,000 |
| Depreciation of owned fixed assets | **279,468** | 241,176 |
| Depreciation of assets held under finance lease agreements | **167,234** | 202,824 |
| Profit on disposal of fixed assets | **(9,596)** | (2,108) |

Auditor's remuneration

|  |  |  |
| --- | --- | --- |
| - as auditor | **16,500** | 16,500 |

Operating lease costs:

|  |  |  |
| --- | --- | --- |
| - Plant and equipment | **6,922** | 10,445 |
|  | ==================================== | ==================================== |

**4.** **PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **No** | No |
| Number of production staff | **140** | 155 |
| Number of distribution staff | **11** | 9 |
| Number of administrative staff | **12** | 12 |
|  | --------------- | --------------- |
|  | **163** | 176 |
|  | =============== | =============== |

The aggregate payroll costs of the above were:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Wages and salaries | **4,418,071** | 4,444,139 |
| Social security costs | **412,789** | 442,516 |
| Other pension costs | **199,459** | 235,313 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **5,030,319** | 5,121,968 |
|  | ============================================== | ============================================== |

**5.** **DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Remuneration receivable | **240,321** | 267,040 |
| Value of company pension contributions to money purchase schemes | **47,956** | 79,600 |
|  | ------------------------------------ | ------------------------------------ |
|  | **288,277** | 346,640 |
|  | ==================================== | ==================================== |

**Remuneration** **of highest paid** **director****:**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Total remuneration (excluding pension contributions) | **125,218** | 113,226 |
| Value of company pension contributions to money purchase schemes | **15,506** | 62,813 |
|  | ------------------------------------ | ------------------------------------ |
|  | **140,724** | 176,039 |
|  | ==================================== | ==================================== |

The number of directors who accrued benefits under company pension schemes was as follows:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **No** | No |
| Money purchase schemes | **-** | 3 |
|  | =============== | =============== |

**6.** **INTEREST PAYABLE AND SIMILAR CHARGES**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Interest payable on bank borrowing | **23,386** | 49,178 |
| Finance charges | **57,763** | 67,998 |
|  | ------------------------------- | ------------------------------------ |
|  | **81,149** | 117,176 |
|  | =============================== | ==================================== |

**7.** **TAXATION ON ORDINARY ACTIVITIES**

**(a)****Analysis of charge in the year**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |

Current tax:

In respect of the year:

|  |  |  |
| --- | --- | --- |
| UK Corporation tax based on the results for the year at 28% (2008 - 28%) | **303,243** | 104,037 |
| Over/under provision in prior year | **(209,529)** | 30,830 |
|  | ------------------------------------ | ------------------------------------ |
|  | **93,714** | 134,867 |
| Double taxation relief | | **135,798** | 249,611 |
|  | | ------------------------------------ | ------------------------------------ |
| Total current tax | | **229,512** | 384,478 |

Deferred tax:

|  |  |  |
| --- | --- | --- |
| Origination and reversal of timing differences | **(17,090)** | (47,305) |
|  | | ------------------------------------ | ------------------------------------ |
| Tax on profit on ordinary activities | | **212,422** | 337,173 |
|  | | ==================================== | ==================================== |

**(b)****Factors affecting current tax charge**

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 28% (2008 - 28%).

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Profit on ordinary activities before taxation | **1,628,896** | 3,471,325 |
|  | ============================================== | ============================================== |

|  |  |  |
| --- | --- | --- |
| Profit on ordinary activities by rate of tax | **456,091** | 346,292 |
| Capital allowances for period in excess of depreciation | **49,756** | 70,228 |
|  | ---------------------------------------------- | ---------------------------------------------- |
| Total current tax (note 7(a)) | **505,847** | 416,520 |
|  | ============================================== | ============================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**\*\*\*\*\*\*** **THERE IS AN ERROR IN BALANCES WITHIN THIS NOTE** **\*\*\*\*\*\***

|  |  |  |
| --- | --- | --- |
| **The tax charge in Tax on ordinary activities for current tax above** | **(229,512)** | (384,478) |
| **The current tax charge in the "factors affecting" section immediately above is** | **505,847** | 416,520 |
|  | ------------------------------------ | ------------------------------------ |
| **Difference, please check:** | **276,335** | 32,042 |
|  | ==================================== | ==================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**8.** **DIVIDENDS**

**Equity dividends**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |

Paid during the year:

|  |  |  |
| --- | --- | --- |
| Dividends on equity shares type 1 (code 4075) | **700,000** | 1,000,000 |
|  | ==================================== | ============================================== |

**9.** **INTANGIBLE FIXED ASSETS**

|  |  |
| --- | --- |
|  | **Goodwill** |
|  | **£** |

**COST**

|  |  |
| --- | --- |
| At 1 January 2009 | **415,682** |
| Additions | **82,565** |
|  | ------------------------------------ |
| **At 31 December 2009** | **498,247** |
|  | ==================================== |

**AMORTISATION**

|  |  |
| --- | --- |
| At 1 January 2009 | **51,724** |
| Charge for the year | **40,140** |
|  | ------------------------------- |
| **At 31 December 2009** | **91,864** |
|  | =============================== |

**NET BOOK VALUE**

|  |  |
| --- | --- |
| **At 31 December 2009** | **406,383** |
|  | ==================================== |
| At 31 December 2008 | 363,958 |
|  | ==================================== |

**10.** **TANGIBLE FIXED ASSETS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Freehold Property** | **Fixtures & Fittings** | **Motor Vehicles** | **Total** |
|  | **£** | **£** | **£** | **£** |

**COST**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| At 1 January 2009 | **2,067,544** | **927,564** | **9,374,695** | **12,369,803** |
| Additions | **–** | **24,375** | **172,975** | **197,350** |
| Disposals | **–** | **(14,820)** | **(52)** | **(14,872)** |
|  | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- | --------------------------------------------------- |
| **At 31 December 2009** | **2,067,544** | **937,119** | **9,547,618** | **12,552,281** |
|  | ============================================== | ==================================== | ============================================== | =================================================== |

**DEPRECIATION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| At 1 January 2009 | **72,887** | **826,476** | **7,678,365** | **8,577,728** |
| Charge for the year | **23,403** | **46,988** | **376,311** | **446,702** |
| On disposals | **–** | **(14,820)** | **(52)** | **(14,872)** |
|  | ------------------------------- | ------------------------------------ | ---------------------------------------------- | ---------------------------------------------- |
| **At 31 December 2009** | **96,290** | **858,644** | **8,054,624** | **9,009,558** |
|  | =============================== | ==================================== | ============================================== | ============================================== |

**NET BOOK VALUE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **At 31 December 2009** | **1,971,254** | **78,475** | **1,492,994** | **3,542,723** |
|  | ============================================== | =============================== | ============================================== | ============================================== |
| At 31 December 2008 | 1,994,657 | 101,088 | 1,696,330 | 3,792,075 |
|  | ============================================== | ==================================== | ============================================== | ============================================== |

**Finance lease agreements**

Included within the net book value of £3,542,723 is £Nil (2008 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £167,234 (2008 - £202,824).

**11.** **STOCKS**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Raw materials | **147,996** | 182,290 |
| Work in progress | **2,046,481** | 2,227,691 |
| Finished goods | **615** | 836 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **2,195,092** | 2,410,817 |
|  | ============================================== | ============================================== |

**12.** **DEBTORS**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Trade debtors | **3,186,522** | 4,466,084 |
| Amounts owed by group undertakings | **–** | 822,706 |
| Other debtors | **892,693** | 2,650 |
| Prepayments and accrued income | **442,988** | 328,380 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **4,522,203** | 5,619,820 |
|  | ============================================== | ============================================== |

**13.** **CREDITORS:** **Amounts falling due within one year**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Overdrafts | **265,371** | 206,733 |
| Trade creditors | **1,978,195** | 2,782,060 |
| Amounts owed to group undertakings | **804,594** | – |

Other creditors including taxation:

|  |  |  |
| --- | --- | --- |
| Corporation tax | **198,508** | 134,978 |
| Other taxation | **603,843** | 423,600 |
| Finance lease agreements | **462,838** | 429,504 |
| Other creditors | **452,680** | 415,262 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **4,766,029** | 4,392,137 |
| Accruals and deferred income | **171,105** | 163,472 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **4,937,134** | 4,555,609 |
|  | ============================================== | ============================================== |

**14.** **CREDITORS:** **Amounts falling due after more than one year**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2009** | 2008 |
|  |  |  | ***(restated)*** |
|  |  | **£** | £ |

Other creditors:

|  |  |  |  |
| --- | --- | --- | --- |
| Finance lease agreements |  | **592,949** | 959,560 |
|  |  | ==================================== | ==================================== |

**15.** **COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Amounts payable within 1 year | **462,838** | 429,504 |
| Amounts payable between 1 and 2 years | **303,130** | 429,504 |
| Amounts payable between 3 and 5 years | **289,819** | 530,056 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **1,055,787** | 1,389,064 |
|  | ============================================== | ============================================== |

**16.** **DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Provision brought forward | **165,202** | 212,507 |
| Profit and loss account movement arising during the year | **(17,090)** | (47,305) |
|  | ------------------------------------ | ------------------------------------ |
| Provision carried forward | **148,112** | 165,202 |
|  | ==================================== | ==================================== |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Excess of taxation allowances over depreciation on fixed assets | **148,112** | 165,202 |
|  | ------------------------------------ | ------------------------------------ |
|  | **148,112** | 165,202 |
|  | ==================================== | ==================================== |

**17.** **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**\*\*\*The following text should be used as a guide. Please amend reportpad** **FinancialRiskManagementR as appropriate**

The company holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

***Interest rate risk***

**\*\*\*The following text should be used as a guide. Please amend reportpad** **InterestRateRiskR as appropriate**

The following table sets out the carrying amounts by repricing/maturity dates and effective interest rates (when applicable) of the company's financial instruments that are exposed to interest rate risk:

***Credit risk***

**\*\*\*The following text should be used as a guide. Please amend reportpad CreditRiskR as** **appropriate**

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

***Liquidity risk***

**\*\*\*Insert text in reportpad LiquidityRiskR to describe the company's policy in relation** **to liquidity risk.\*\*\***

***Currency risk***

**\*\*\*Insert text in reportpad CurrencyRiskR to describe the company's policy in relation** **to currency risk.**

***Fair values of financial assets and liabilities***

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instruments that are carried in the financial statements at other than fair values:

Insert text in reportpad FinancialInstrumentFairValue2R on the methods and assumptions used by the company in estimating the fair values of financial instruments included in the above table.

***Hedging activities***

**Insert text in reportpad HedgingActivitiesR to disclose the following information for** **each of:** **fair value hedges, cash flow hedges and hedges of a net investment in a** **foreign entity;**

(a) A description of the hedge;

(b) A description of the financial instruments designated as hedging instruments and their fair values at the balance sheet date;

(c) The nature of the risks being hedged; and

(d) For cash flow hedges, the periods in which the cash flows are expected to occur, when they are expected to affect the profit and loss account, and a description of any forecasted transaction for which hedge accounting had been previously used, but which is no longer expected to occur.

**18.** **RELATED PARTY TRANSACTIONS**

**\*\*\*\*\* Amend text in REPORTPAD relparties \*\*\*\*\***

The company was under the control of Mr \*\*\*\*\*\*\*\* throughout the current and previous year. Mr \*\*\*\*\*\*\*\*\* is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8. (\*\* Change FRS8 to FRSSE if applicable \*\*)

**19.** **SHARE CAPITAL**

**Authorised share capital:**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| 3,981,190 Ordinary shares of £1 each | **3,981,190** | 3,981,190 |
|  | ============================================== | ============================================== |

**Allotted, called up and fully paid:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2009** | | 2008 | |
|  |  |  | ***(restated)*** | |
|  | **No** | **£** | No | £ |
| 3,981,190 Ordinary shares of £1 each | **3,981,190** | **3,981,190** | 3,981,190 | 3,981,190 |
|  | ============================================== | ============================================== | ============================================== | ============================================== |

**20.** **PROFIT AND LOSS ACCOUNT**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Balance brought forward | **290,542** | 390,957 |
| Profit for the financial year | **1,416,474** | 3,134,152 |
| Equity dividends | **(700,000)** | (1,000,000) |
|  | ---------------------------------------------- | ---------------------------------------------- |
| Balance carried forward | **1,007,016** | 2,525,109 |
|  | ============================================== | ============================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**\*\*\*\*\*\*** **THERE IS AN ERROR IN THE NOTE TOTAL** **\*\*\*\*\*\***

|  |  |  |
| --- | --- | --- |
| **The opening balance in the current year is** |  | 290,542 |
| **The closing balance in the comparative year is** |  | (2,525,109) |
|  |  | ---------------------------------------------- |
| **Difference, please check:** |  | (2,234,567) |
|  |  | ============================================== |

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**21.** **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Profit for the financial year | **1,416,474** | 3,134,152 |
| Equity dividends | **(700,000)** | (1,000,000) |
|  | ---------------------------------------------- | ---------------------------------------------- |
| Net addition to shareholders' funds | **716,474** | 2,134,152 |
| Opening shareholders' funds | **4,271,732** | 4,372,147 |
|  | ---------------------------------------------- | ---------------------------------------------- |
| Closing shareholders' funds | **4,988,206** | 6,506,299 |
|  | ============================================== | ============================================== |

**22.** **NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW)**

**FROM OPERATING ACTIVITIES**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Operating profit | **1,709,673** | 3,586,625 |
| Amortisation | **40,140** | 40,000 |
| Depreciation | **446,702** | 444,000 |
| Profit on disposal of fixed assets | **(9,596)** | (2,108) |
| Decrease/(increase) in stocks | **215,725** | (2,410,817) |
| Decrease/(increase) in debtors | **1,097,617** | (5,619,820) |
| Increase in creditors | **226,023** | 3,784,394 |
|  | ---------------------------------------------- | ---------------------------------------------- |
| Net cash inflow/(outflow) from operating activities | **3,726,284** | (177,726) |
|  | ============================================== | ============================================== |

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Interest received | **372** | 1,876 |
| Interest paid | **(23,386)** | (49,178) |
| Interest element of finance leases | **(57,763)** | (67,998) |
|  | ------------------------------- | ------------------------------------ |
| Net cash outflow from returns on investments and servicing of finance | **(80,777)** | (115,300) |
|  | =============================== | ==================================== |

**TAXATION**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Taxation | **(165,982)** | (249,500) |
|  | ==================================== | ==================================== |

**CAPITAL EXPENDITURE**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Payments to acquire intangible fixed assets | **(82,565)** | – |
| Payments to acquire tangible fixed assets | **(197,350)** | – |
| Receipts from sale of fixed assets | **9,596** | 2,108 |
|  | ------------------------------------ | ------------------------------------ |
| Net cash (outflow)/inflow from capital expenditure | **(270,319)** | 2,108 |
|  | ==================================== | ==================================== |

**FINANCING**

|  |  |  |
| --- | --- | --- |
|  | **2009** | 2008 |
|  |  | ***(restated)*** |
|  | **£** | £ |
| Capital element of finance leases | **(333,277)** | 1,389,064 |
|  | ------------------------------------ | ---------------------------------------------- |
| Net cash (outflow)/inflow from financing | **(333,277)** | 1,389,064 |
|  | ==================================== | ============================================== |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET** **DEBT**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2009** | | 2008 |
|  |  |  | ***(restated)*** |
|  | **£** | **£** | £ |
| Increase/(decrease) in cash in the period | **2,175,929** |  | (151,354) |

|  |  |  |  |
| --- | --- | --- | --- |
| Cash outflow in respect of finance leases | **333,277** |  | (1,389,064) |
|  | ---------------------------------------------- |  | ---------------------------------------------- |
|  |  | **2,509,206** | (1,540,418) |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Change in net debt |  | **2,509,206** | (1,540,418) |

|  |  |  |  |
| --- | --- | --- | --- |
| Net debt at 1 January 2009 |  | **(1,595,797)** | (55,379) |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Net debt at 31 December 2009 |  | **(1,321,158)** | (1,595,797) |
|  |  | ============================================== | ============================================== |

**ANALYSIS OF CHANGES IN NET** **DEBT**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **At 1 Jan 2009 (restated)** | **Cash flows** | **At 31 Dec 2009** |
|  | **£** | **£** | **£** |

Net cash:

|  |  |  |  |
| --- | --- | --- | --- |
| Overdrafts | **(206,733)** | **(58,638)** | **(265,371)** |

Debt:

|  |  |  |  |
| --- | --- | --- | --- |
| Finance lease agreements | **(1,389,064)** | **333,277** | **(1,055,787)** |
|  | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- |
| Net debt | **(1,595,797)** | **274,639** | **(1,321,158)** |
|  | ============================================== | ==================================== | ============================================== |

Explaining why debtors gone up by £2,234,567.

**The following pages do not form part of the statutory** **financial statements**

**which are the subject of the** **independent auditor's** **report on pages 4 to 5**.

|  |  |  |  |
| --- | --- | --- | --- |
| **TURNOVER** |  | **16,613,551** | 21,429,580 |

**COST OF SALES**

|  |  |  |  |
| --- | --- | --- | --- |
| Opening stock - raw materials | **182,290** |  | – |
| Opening stock and work-in-progress | **2,227,691** |  | – |
| Opening stock - finished goods | **836** |  | – |
| Purchases | **8,826,243** |  | 14,067,849 |
| Direct wages | **3,824,051** |  | 3,878,057 |
| National insurance contributions on direct labour | **377,842** |  | 410,836 |
| Pension contributions - direct labour | **138,676** |  | 144,565 |
| Amortisation of cost of sales intangible assets - Type 1 | **40,140** |  | 40,000 |
| Depreciation of motor vehicles | **346,311** |  | 346,000 |
| Depreciation of office equipment | **31,988** |  | 30,000 |
| Depreciation of spare | **18,403** |  | 18,000 |
|  | --------------------------------------------------- |  | --------------------------------------------------- |
|  | **16,014,471** |  | 18,935,307 |

|  |  |  |  |
| --- | --- | --- | --- |
| Closing stock - raw materials | **(147,996)** |  | (182,290) |
| Closing stock and work-in-progress | **(2,046,481)** |  | (2,227,691) |
| Closing stock - finished goods | **(615)** |  | (836) |
|  | --------------------------------------------------- |  | --------------------------------------------------- |
|  |  | **13,819,379** | 16,524,490 |
|  |  | --------------------------------------------------- | --------------------------------------------------- |
| **GROSS PROFIT** |  | **2,794,172** | 4,905,090 |
|  |  | --------------------------------------------------- | --------------------------------------------------- |

**OVERHEADS**

|  |  |  |  |
| --- | --- | --- | --- |
| Distribution costs | **221,780** |  | 260,471 |
| Administrative expenses | **862,719** |  | 1,057,994 |
|  | ---------------------------------------------- |  | ---------------------------------------------- |
|  |  | **1,084,499** | 1,318,465 |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **OPERATING PROFIT** |  | **1,709,673** | 3,586,625 |

|  |  |  |
| --- | --- | --- |
| Bank interest receivable | **372** | 1,876 |
|  | ---------------------------------------------- | ---------------------------------------------- |
|  | **1,710,045** | 3,588,501 |

|  |  |  |
| --- | --- | --- |
| Interest payable | **(81,149)** | (117,176) |
|  | ---------------------------------------------- | ---------------------------------------------- |
| **PROFIT ON ORDINARY ACTIVITIES** | **1,628,896** | 3,471,325 |
|  | ============================================== | ============================================== |

**DISTRIBUTION COSTS**

|  |  |  |  |
| --- | --- | --- | --- |
| Distribution and sales wages |  | **169,160** | 128,161 |
| National insurance contributions on distribution labour |  | **16,714** | 13,577 |
| Pension contributions - distribution labour |  | **6,135** | 4,778 |
| Other distribution costs |  | **3,771** | 87,955 |
| Depreciation of plant and machinery |  | **20,000** | 20,000 |
| Depreciation of office equipment |  | **3,000** | 3,000 |
| Depreciation of spare |  | **3,000** | 3,000 |
|  |  | ------------------------------------ | ------------------------------------ |
|  |  | **221,780** | 260,471 |
|  |  | ==================================== | ==================================== |

**ADMINISTRATIVE EXPENSES**

**Personnel costs**

|  |  |  |  |
| --- | --- | --- | --- |
| Directors salaries | **240,321** |  | 267,040 |
| Directors pension contributions | **47,956** |  | 79,600 |
| Wages and salaries | **184,539** |  | 170,881 |
| Staff national insurance contributions | **18,233** |  | 18,103 |
| Staff pension contributions | **6,692** |  | 6,370 |
|  | ------------------------------------ |  | ------------------------------------ |
|  |  | **497,741** | 541,994 |
|  |  |  | ------------------------------------ |

**General expenses**

|  |  |  |  |
| --- | --- | --- | --- |
| General expenses | **327,152** |  | 467,163 |
| Auditors remuneration | **16,500** |  | 16,500 |
| Depreciation | **2,000** |  | 2,000 |
| Depn of plant and machinery | **10,000** |  | 10,000 |
| Depreciation of office equipment | **12,000** |  | 12,000 |
| Profit on disposal of fixed assets | **(9,596)** |  | (2,108) |
|  | ------------------------------------ |  | ------------------------------------ |
|  |  | **358,056** | 505,555 |
|  |  |  | ------------------------------------ |

**Financial costs**

|  |  |  |  |
| --- | --- | --- | --- |
| Operating lease: Equipment |  | **6,922** | 10,445 |
|  |  | ------------------------------------ | ---------------------------------------------- |
|  |  | **862,719** | 1,057,994 |
|  |  | ==================================== | ============================================== |

**INTEREST RECEIVABLE**

|  |  |  |
| --- | --- | --- |
| Bank interest receivable | **372** | 1,876 |
|  | =============== | ========================== |

**INTEREST PAYABLE**

|  |  |  |
| --- | --- | --- |
| Bank interest payable | **23,386** | 49,178 |
| Hire purchase and finance lease charges | **57,763** | 67,998 |
|  | ------------------------------- | ------------------------------------ |
|  | **81,149** | 117,176 |
|  | =============================== | ==================================== |