A. Algeo Limited

Annual report and financial statements
16 month period ended 31 December 2015

Registered number 00437100

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Contents

Company information

Directors	M Cameron J Fisher (appointed 12/10/2015) M Guixe (appointed 01/09/2015, resigned 31/08/2016) C W Howard (resigned 19/08/2015) D V Sheridan H J Sheridan (resigned 4/10/2016) J A Sheridan M Sheridan
Company Secretary	D V Sheridan
Registered Office	Sheridan House Bridge Industrial Estate Speke Hall Road Liverpool L24 9HB
Banker	Natwest 22 Castle Street Liverpool L2 0UP
Auditor	KPMG LLP 8 Princes Parade Liverpool L3 1QH
Solicitor	O'Connors The Plaza 100 Old Hall Street Liverpool L3 9QJ

Strategic report

Principal activity

The company's principal activity is the supply of materials to the medical, orthopaedic, physiotherapy and chiropody professions and shoe making industries.

Business review and results

The turnover in the period was £14.2m *(2014: £10.7m)*. The financial period is 16 months as a result of a change in year end to December.

The UK sales are lower in the comparative period due to a decision to relinquish some low margin business particularly in the footwear component and health and safety sectors. There were increases in sales from the NHS and Allied Health professionals in private practices across the UK. This is in line with expectations following an investment in the prior year in marketing to increase growth in private practice.

The export sales are stable after taking into account the award of GCC Rehabilitation tender in the Middle East which impacted the sales in the year ending December 2014.

During the period, the company has made an operating loss of £485k *(2014: operating profit of £429k)*. This is mainly due to non-cash provisions relating to the Algeos USA LLC (Algeos US) and to stock.

Algeos US has a significant trading balance with the company. Algeos US has not been performing well in a difficult and highly competitive market. The board have therefore decided it is appropriate to provide for £300k *(2014: £nil)* of the trading loan held with Algeos US.

During the period, a review has been taken of our stocks following a decision to discontinue a number of low margin lines. This has resulted in £95k being written off and an additional provision being made of £250k.

There were also one off costs in the year of £125k associated with a proposed acquisition which did not take place.

At the period end, the company had net assets of £1,080k *(2014: £1,940k)*.

The company repaid £389k of its external financing during the period *(2014: an increase in external funding of £669k)*.

Future developments

During 2016, there has been a reorganisation within the management team and a restructure of internal departments. This has already shown significant improvements in the results of 2016 to date.

The result for 2016 are also positively impacted by the company being awarded the GCC Rehabilitation tender in the Middle East for the fifth time running. This contract at a value of £1.7m is the largest award in the history of the company.

Key performance indicators

The key performance indicators monitored by the senior management have been selected to ensure the business is profitable and able to grow in a sustained manner.

Turnover for the 16 month period was £14.2m compared to £10.7m for the previous 12 month period.

Gross margin for the financial period was 41% *(2014: 43%)*. The decrease is due to mix of sales in the period. This is calculated by dividing the gross profit by the turnover.

The company's current ratio at the end of the period was 1.17:1 *(2014: 1.34:1)*. This demonstrates the company's ability to meet creditor demands. It compares the company's current assets to its current liabilities.

The company's debt ratio at the end of the period was 35% *(2014: 33%)*. This ratio shows the percentage of the assets funded by debt. The debt ratio is calculated by dividing total debt by total assets.

Strategic report *(continued)*

Principal risks and uncertainties

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation. The following are considered to be the key risks facing the company:

Foreign exchange rates
The company sells and buys in foreign currencies. The sterling value of these transactions alter when exchange rates move. The company does not use hedge accounting and does not have any forward contracts in place at year end. The company minimises the risk by a natural hedge where possible in selling and buying in the same foreign currencies.

Economic and political unrest
The company has a small number of customers in parts of the world which are heavily influenced by the movement in oil prices. The situation is closely monitored and mitigated by the majority of customers being based in the UK.

Changes in law, regulation and policy decisions by government bodies
There are a wide range of laws, regulations and policy decisions by government which could have an impact on the company. The company has a quality manager, dedicated human resource manager and regular briefing updates to monitor changes and notifications.

Major failure of IT systems
There is always a risk of interruption and failure. The company has well developed systems and back up plans.

By order of the board

J A Sheridan
Director
Date: 15 December 2016

Directors' report

The directors present their report and the financial statements of the company for the period ended 31 December 2015.

Directors

The directors who served the company during the period and to the date of this report were as follows:

M Cameron

J Fisher *(appointed 12/10/2015)*

M Guixe *(appointed 01/09/2015, resigned 31/08/2016)*

C W Howard *(resigned 19/08/2015)*

D V Sheridan

H J Sheridan *(resigned 4/10/2016)*

J A Sheridan

M A Sheridan

Political donations

There have been no political donations in the year *(2014: £nil)*.

Dividends

Dividends paid in the period were £265,609 *(2014: £202,951)*.

Going Concern

The Company's latest cash flow forecasts covering the period to 31 December 2017, which the directors consider have been prepared on a reasonable basis, indicate that the Company is expected to operate within the level of its current facilities for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

J A Sheridan
Director

Date: 15 December 2016

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Independent auditor's report to the members of A.Algeo Limited

We have audited the financial statements of A.Algeo Limited for the period ended 31 December 2015 set out on page 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of A.Algeo 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, 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.

Ailsa Gr

Ailsa Griffin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Date: 15 December 2016

Profit and loss account
for the 16 month period ended 31 December 2015

	Note	**16 months ended 31 December 2015 £'000**	Year ended 31 August 2014 £'000
Turnover	*2*	**14,199**	10,698
Cost of sales		**(8,410)**	(6,120)
Gross profit		**5,789**	4,578
Distribution costs		**(1,465)**	(1,505)
Administrative expenses		**(4,809)**	(2,644)
Operating (loss) / profit	*3*	**(485)**	429
Interest payable and similar charges	*6*	**(151)**	(57)
(Loss) / profit on ordinary activities before taxation		**(636)**	372
Tax on profit on ordinary activities	7	**42**	(80)
(Loss) / profit for the financial year		**(594)**	292

All amounts relate to continuing operations.

There are no recognised gains or losses other than the results for the period.

The notes on pages 11 to 19 form an integral part of these financial statements.

Balance sheet
at 31 December 2015

	Note	**31 December 2015 £'000**	31 August 2014 £'000
Fixed assets			
Tangible assets	*9*	**533**	634
		533	634
Current assets			
Stocks	*10*	**1,566**	1,869
Debtors	*11*	**2,805**	3,777
Cash at bank and in hand	*12*	**83**	83
		4,454	5,729
Creditors: amounts falling due within one year	*13*	**(3,837)**	(4,263)
Net current assets		**617**	1,466
Total assets less current liabilities		**1,150**	2,100
Creditors: amounts falling due after one year	*14*	**(70)**	(134)
Provisions for liabilities	*15*	**-**	(26)
Net assets		**1,080**	1,940
Capital and Reserves			
Called up share capital	*16*	**4**	4
Profit and loss account	*18*	**1,076**	1,936
Shareholders' funds	*17*	**1,080**	1,940

The notes on pages 11 to 19 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15/12/16 and were signed on its behalf by:

Mr J A Sheridan
Director

Registered number: 00437100

Cash flow statement

for the period ended 31 December 2015

	Note	**16 month ended 31 December 2015 £'000**	Year ended 31 August 2014 £'000
Net cash inflow from operating activities	*20*	**941**	94
Returns on investments and servicing of finance	*21*	**(151)**	(57)
Taxation		**(89)**	(92)
Capital expenditure and financial investment	*21*	**(44)**	(56)
Cash inflow/(outflow) before financing		**657**	(111)
Financing	*21*	**(391)**	669
Dividends	*8*	**(266)**	(203)
Increase in cash in the period	*22*	**-**	355

Reconciliation of net cash flow to movement in net debt

Increase in cash in the period		**-**	355
Cash outflow/(inflow) from debt and lease financing	*21*	**391**	(669)
Movement in net debt in the period		**391**	(314)
Net debt at the start of the period	*22*	**(2,034)**	(1,720)
Net debt at the end of the period	*22*	**(1,643)**	(2,034)

The notes on pages 11 to 19 form part of the financial statements.

Notes
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation
The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern
The company's latest cash flow forecasts covering the period to 31 December 2017, which the directors consider have been prepared on a reasonable basis, indicate that the company is expected to operate within the level of its current facilities for the foreseeable future. The directors have therefore concluded that it is appropriate to prepare the accounts on a going concern basis.

Turnover
The turnover in the profit and loss account represents the value of all goods sold and services provided during the year, less returns received, and at selling price exclusive of value added tax and trade discounts. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the products have been transferred to the customer. The point at which the company fulfils its contractual obligations depends upon the shipping terms which have been agreed with the customer.

Fixed assets and depreciation
Tangible fixed assets are stated at cost less accumulated depreciation. Cost is defined as all expenditure incurred in bringing the asset to a usable condition.

Depreciation is calculated to write off the cost over the estimated useful economic lives as follows:

Land & Buildings	2% straight line
Plant & Machinery	15% reducing balance
Fixtures & Fittings	15% reducing balance
Motor Vehicles	25% straight line
Equipment	33% straight line

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In determining the cost of stock the weighted average purchase price is used and delivery charges are also included.

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 capitalised in the balance sheet as a tangible fixed asset at its fair value 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 using the effective interest method, 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 and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions. Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial instruments
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.

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:

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
United Kingdom	**11,890**	9,254
Overseas	**2,309**	1,444
Total	**14,199**	10,698

3. Operating profit

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned fixed assets	**118**	95
Depreciation of assets held under finance lease agreements	**39**	31
(Profit) / loss on disposal of fixed assets	**(12)**	1
Auditors remuneration in respect of:		
Audit services	**18**	7
Taxation services	**7**	-
Operating leases:		
Land and buildings	**63**	-
Other	**80**	46

Notes *(continued)*

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:

	16 month ended 31 December 2015 No	Year ended 31 August 2014 No
Number of distribution staff	**79**	76
Number of management staff	**6**	7
	85	83

The aggregate payroll costs of the above were:

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
Wages and salaries	**2,848**	1,958
Social security costs	**246**	176
Other pension costs	**131**	73
	3,225	2,207

The accrued pension costs at the period end were:

	31 December 2015 £'000	31 August 2014 £'000
Accrued pension costs	**4**	8

5. Directors' remuneration

The remuneration paid to the directors of the company was:

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
Directors' emoluments	**243**	203
Pension contributions	**9**	17
	252	220

The remuneration of the highest paid director:

Director's emoluments	**79**	52
Pension contributions	**3**	5
	82	57

6. Interest payable and similar charges

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
Bank interest	**42**	35
Finance charges on finance leases	**10**	8
Bank loan	**5**	5
Factoring charges	**69**	-
Other interest	**25**	9
	151	57

Notes *(continued)*

7. Taxation on ordinary activities

Analysis of charge in the period	16 month ended 31 December 2015	Year ended 31 August 2014
UK corporation tax	**£'000**	£'000
UK corporation tax at 20.44% *(2014: 21%)*	-	93
Adjustments with respect to prior periods	(8)	2
Total current tax	(8)	95
Deferred tax		
Origination and reversal of timing differences (note 15)	(34)	(15)
Tax on profit on ordinary activities	(42)	80

Factors affecting the current tax charge for the current period

The current tax charge for the period is higher *(2014: higher)* than the standard rate of corporation tax in the UK of 20.44% *(2014: 21%)*. The differences are explained below:

	16 month ended 31 December 2015	Year ended 31 August 2014
Current tax reconciliation	**£'000**	£'000
(Loss)/profit on ordinary activities before tax	(636)	372
Profit on the ordinary activities multiplied by the effective rate of corporation tax in the UK for the period ended 31 December 2015 of 20.44% (*2014: 21%)*.	(130)	78
Effects of:		
Expenses not deductible for tax purposes	75	9
Difference between capital allowances and depreciation	12	1
Tax chargeable at higher rates	-	5
Losses carried back	19	-
Adjustments to tax charge in respect of prior periods	(8)	2
Unrelieved tax losses	7	-
Other short term timing differences	17	-
Total current tax (see above)	(8)	95

Deferred tax assets and liabilities on all timing differences have been calculated at 20%, being the rate of UK corporation tax that was substantially enacted on 2 July 2013.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015has been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge and deferred tax liability accordingly.

8. Dividends

	16 month ended 31 December 2015	Year ended 31 August 2014
Dividends on ordinary shares	**£'000**	£'000
Paid and proposed during the period	266	203

Notes *(continued)*

9. Tangible fixed assets

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Equipment	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At the beginning of the period	368	305	227	114	345	**1,359**
Additions	-	-	20	-	41	**61**
Disposals	-	-	(16)	(67)	(15)	**(98)**
As at 31 December 2015	**368**	**305**	**231**	**47**	**371**	**1,322**
Depreciation						
At the beginning of the period	80	209	135	79	222	**725**
Charge for the period	10	18	20	21	88	**157**
Disposals	-	-	(16)	(61)	(16)	**(93)**
As at 31 December 2015	**90**	**227**	**139**	**39**	**294**	**789**
Net book value						
As at 31 August 2014	288	96	92	35	123	**634**
As at 31 December 2015	**278**	**78**	**92**	**8**	**77**	**533**

The net book value of tangible fixed assets includes £36,738 *(2014: £43,865)* and depreciation charged in the period in respect includes £38,926 *(2014: £30,811)* in respect of assets held under finance leases.

The net book value of land at year end is £nil *(2014: £nil)*.

10. Stock

	31 December 2015 £'000	31 August 2014 £'000
Finished goods	**1,566**	1,869

11. Debtors

	31 December 2015 £'000	31 August 2014 £'000
Trade debtors	**1,263**	2,115
Amounts owed by associated companies	**1,428**	1,558
Deferred tax asset	**8**	-
Prepayments and other debtors	**106**	104
	2,805	3,777

12. Cash in bank and in hand

	31 December 2015 £'000	31 August 2014 £'000
Cash at bank	**83**	83

Notes *(continued)*

13. Creditors: Amounts falling due within one year

	31 December 2015 £'000	31 August 2014 £'000
Trade creditors	**1,496**	1,712
Revolving credit facility	**1,597**	1,759
Corporation tax	**-**	93
Taxation and social security	**340**	230
Bank loans	**44**	41
Bank overdraft	**-**	158
Accruals and sundry creditors	**260**	156
Finance lease creditor	**15**	25
Amounts owed to related parties	**85**	85
Director's current account	**-**	4
	3,837	4,263

The revolving credit facility is secured on a fixed and floating charge on company's non-vesting debts and debentures incorporating full fixed and floating charge over all UK assets.

The bank loan amounting to £99,831 *(2014: 155,312)* is secured by a first legal charge over the company's land and buildings. The bank loan is repayable by 120 monthly instalments which commenced January 2009 at an interest rate of 2.5% above the Bank of England.

The total secured debt can be split as follows:

	31 December 2015 £'000	31 August 2014 £'000
Less than one year	**44**	199
Between 1 and 2 years	**56**	41
Over 2 years	**-**	73
	100	313

The bank overdraft was repaid during the period.

The total finance lease obligation can be split as follows:

	31 December 2015 £'000	31 August 2014 £'000
Less than one year	**15**	25
Between 1 and 2 years	**13**	-
Over 2 years	**1**	20
	29	45

14. Creditors: Amounts falling due after more than one year

	31 December 2015 £'000	31 August 2014 £'000
Bank loan	**56**	114
Finance lease creditor	**14**	20
	70	134

Notes *(continued)*

15. Provision for liabilities

The provision for liabilities consists solely of deferred taxation as follows:

Deferred taxation	**31 December 2015 £'000**	31 August 2014 £'000
Opening balance	**26**	41
Charge / (credit) to the profit and loss account for the year	**(34)**	(15)
Closing balance	**(8)**	26

The elements of deferred taxation are as follows:

Accelerated capital allowances	**14**	26
Short term timing differences	**(16)**	-
Tax losses carried forward and other deductions	**(6)**	-
	(8)	26

16. Share capital

Allocated, issued and fully paid	**31 December 2015 £'000**	31 August 2014 £'000
Ordinary shares of £1 each	**4**	4

17. Reconciliation of movements in shareholders' funds

	31 December 2015 £'000	31 August 2014 £'000
(Loss) / profit for the period	**(594)**	292
Dividends	**(266)**	(203)
Net (decrease) / increase in shareholders' funds	**(860)**	89
Opening shareholders' funds	**1,940**	1,851
Closing shareholders' funds	**1,080**	1,940

18. Profit and loss account

	31 December 2015 £'000	31 August 2014 £'000
At the beginning of the period	**1,936**	1,847
(Loss) / profit for the period	**(594)**	292
Dividends	**(266)**	(203)
At the end of the year	**1,076**	1,936

19. Commitments

At 31 December 2015 the company had annual commitments under non-cancellable operating leases at set out below. There are no other capital commitments at 31 December 2015 *(2014: £nil)*.

	31 December 2015 £'000	31 August 2014 £'000
Less than one year	**30**	5
Between 1 and 2 years	**14**	-
Over 2 years	**62**	33
	106	38

Notes *(continued)*

20. Reconciliation of operating profit to operating cash flows

	16 month ended 31 December 2015 £'000	Year ended 31 August 2014 £'000
Operating (loss)/profit	(485)	429
Depreciation	157	125
(Profit) / loss on disposal of fixed assets	(12)	1
Decrease in stocks	303	117
Decrease / (increase) in debtors	980	(998)
(Decrease) /increase in creditors	(2)	420
Net cash inflow from operating activities	941	94

21. Analysis of cash flows

Return on investments and servicing of finance	**16 month ended 31 December 2015 £'000**	Year ended 31 August 2014 £'000
Interest paid	(67)	(48)
Factoring charges	(69)	-
Finance lease interest	(10)	(9)
Bank loan interest	(5)	-
Net cash outflow from returns on investments and servicing of finance	(151)	(57)

Capital expenditure and financial investments	**16 month ended 31 December 2015 £'000**	Year ended 31 August 2014 £'000
Payments to acquire tangible fixed assets	(61)	(104)
Receipts on sale of fixed assets	17	48
Net cash outflow from capital expenditure and financial investments	(44)	56

Financing	**16 month ended 31 December 2015 £'000**	Year ended 31 August 2014 £'000
Repayment of bank loan	(55)	(74)
Repayment of overdraft	(158)	-
Payments to revolving credit facility	(15,557)	(11,514)
Receipts from revolving credit facility	15,395	12,305
Capital element of finance lease rental payments	(16)	(49)
Net cash (outflow)/inflow from financing	(391)	669

Notes *(continued)*

22. Analysis of cash flows

	At 1 September 2014	Cash movement	**At 31 December 2015**
Cash	£'000	£'000	**£'000**
Cash at bank and in hand	83	-	**83**
	83	-	**83**
Debt			
Revolving credit facility	1,759	(162)	**1,597**
Bank Loan	155	(55)	**100**
Bank overdrafts	158	(158)	**-**
Finance Lease	45	(16)	**29**
	2,117	(391)	**1,727**
Net Debt	2,034	(391)	**1,643**

23. Related party disclosures

At 31 December 2015, the company was owed the sum of £959,405 *(2014: £928,974)* by A. Algeo (Aust) Pty Limited, a company related to A. Algeo Limited by common control. Sales made by the company to A. Algeo (Aust) Pty Limited during the period amounted to £469,988 (2014: £362,759).

At 31 December 2015, the company was owed the sum of £469,092 *(2014: £629.177)* by Algeos USA Inc, a company related to A. Algeos Limited by common control. Sales made by the company to Algeos USA Inc during the period amounted to £171,620 *(2014: £158,157).*

During the period the company paid dividends of £265,609 *(2014: £202,951)* to The John Joseph Trust.

At 31 December 2015, the company owed £85,000 *(2014: £85,000)* to The John Joseph Trust, which is the majority shareholder of ALG International Holdings Limited, the majority shareholder in the company. No interest is paid on this loan.

24. Transactions with directors

At the balance sheet date, the company owed £nil *(2014: £4,117)* to Mr J A Sheridan.

25. Contingent Liabilities

There were no contingent liabilities at the balance sheet date *(2014: £nil).*

26. Controlling party

The company is a subsidiary of ALG Holdings Ltd, a company incorporated in the Isle of Man.

The company is ultimately controlled by The John Joseph Trust