Registered no: 1203896

A. & J. M. Sheppard Limited

Annual report
for the year ended 30 September 2011

A. & J. M. Sheppard Limited

Annual report
for the year ended 30 September 2011

A. & J. M. Sheppard Limited

Directors and Advisers

Directors

A Sheppard
D Sheppard (Appointed 7 February 2011)
J M Sheppard
J Sheppard
S J Davies
S Majed (Appointed 7 February 2011)

Secretary and registered office

J Sheppard
4 Mill Street
Trecynon
Aberdare
Rhondda Cynon Taff
CF44 8NA

Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Bankers

Barclays Bank plc
93/94 Taff Street
Pontypridd
Rhondda Cynon Taff
CF37 4XX

Directors' report
for the year ended 30 September 2011

The directors present their report and the audited financial statements for the year ended 30 September 2011

Business review and principal activities

The principal activity of the group and company is that of retailing and dispensing chemists

The profit and loss account for the year is set-out on page 6

The results for the year show a pre-tax profit of £3,072k (2010 £3,358k) on sales of £28,085k (2010 £28,403k)

The directors were pleased with the performance of the business during the year and the year-end financial position Whilst the external commercial environment is expected to remain competitive in 2012, the directors consider the group and company to be well placed to achieve further growth in sales and profits given reasonable market conditions

The management of the business and the execution of the group's strategy are subject to a number of risks The key business risks and uncertainties affecting the group are considered to relate to competition from competitors and customer retention

Given the nature of the business the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the group's finance department

Price risk

The group is exposed to commodity price risk as a result of its operations However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits The directors will revisit the appropriateness of this policy should the group's operations change in size or nature

Credit risk

The group is not exposed to any significant credit risk

Liquidity risk

The group actively utilises both long-term and short-term debt finance that is designed to ensure the group has sufficient funds for operations

Directors' report
for the year ended 30 September 2011 (continued)

Financial risk management (continued)

Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities Interest bearing assets comprise only cash balances, which earn interest at fixed and floating rates The group has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows The directors will revisit the appropriateness of this policy should the group's operations change in size or nature

Dividends

Interim dividends totalling £66 89 (2010 £66 89) per share were declared during the year

No final dividend is proposed

Property values

In the opinion of the directors there was no significant difference between market and book values of land and buildings at 30 September 2011

Directors

The directors of the company at 30 September 2011 all of whom have been directors for the whole of the year ended on that date, unless otherwise stated, are listed on page 1

Policy and practice on payment of creditors

In respect of all of the Company and Group's suppliers, it is the Company and Group's policy to abide by the terms of payment with suppliers for each transaction and to ensure that suppliers are made aware of the terms of the payment

Directors' report
for the year ended 30 September 2011 (continued)

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) The financial statements are required by law to 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

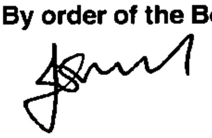
Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board



J Sheppard
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. & J. M. SHEPPARD LIMITED

We have audited the group and parent company financial statements (the "financial statements") of A & J M Sheppard Limited for the year ended 30 September 2011 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2011 and of the group's profit and cash flows 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Ellis

Mark Ellis (Senior Statutory Auditor) for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
29th June 2012

Registered no: 1203896

Group profit and loss account for the year ended 30 September 2011

		Notes	2011 £	2010 £
Turnover	- acquisitions		**46,797**	-
	- continuing operations		**28,038,489**	28,402,976
		2	**28,085,286**	28,402,976
Cost of sales	- acquisitions		**(35,467)**	-
	- continuing operations		**(19,159,178)**	(19,121,557)
			(19,194,645)	(19,121,557)
Gross profit	- acquisitions		**11,330**	-
	- continuing operations		**8,879,311**	9,281,419
			8,890,641	9,281,419
Net operating expenses	- acquisitions		**(10,291)**	-
	- continuing operations		**(5,748,647)**	(5,832,410)
		3	**(5,758,938)**	(5,832,410)
Operating profit	- acquisitions		**1,039**	-
	- continuing operations		**3,130,664**	3,449,009
			3,131,703	3,449,009
Interest receivable			**27,830**	8,253
Interest payable and similar charges		6	**(87,864)**	(99,307)
Profit on ordinary activities before taxation		7	**3,071,669**	3,357,955
Tax on profit on ordinary activities		8	**(938,337)**	(1,070,751)
Profit for the financial year		22	**2,133,332**	2,287,204

The group has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents

Balance sheets
As at 30 September 2011

	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Fixed assets		£	£	£	£
Intangible assets	11	**2,735,675**	2,670,470	**2,735,675**	2,670,470
Tangible assets	12	**6,000,333**	5,912,959	**6,000,333**	5,912,959
Investments	13	**-**	-	**2,000**	2,000
		8,736,008	8,583,429	**8,738,008**	8,585,429
Current assets					
Stocks	14	**1,159,827**	1,203,456	**1,159,827**	1,203,456
Debtors	15	**3,384,024**	5,573,303	**3,384,024**	5,573,303
Cash at bank and in hand		**6,188,550**	3,592,892	**6,188,550**	3,592,892
		10,732,401	10,369,651	**10,732,401**	10,369,651
Creditors: amounts falling due within one year	16	**(5,917,939)**	(6,488,268)	**(5,917,939)**	(6,488,268)
Net current assets		**4,814,462**	3,881,383	**4,814,462**	3,881,383
Total assets less current liabilities		**13,550,470**	12,464,812	**13,552,470**	12,466,812
Creditors: amounts falling due after more than one year	17	**(369,662)**	(421,733)	**(740,665)**	(792,736)
Provisions for liabilities and charges	18	**(177,134)**	(170,147)	**(177,134)**	(170,147)
Accruals and deferred income	19	**(86,834)**	(89,424)	**(86,834)**	(89,424)
		(633,630)	(681,304)	**(1,004,633)**	(1,052,307)
Net assets		**12,916,840**	11,783,508	**12,547,837**	11,414,505
Capital and reserves					
Called up share capital	20	**14,950**	14,950	**14,950**	14,950
Merger reserve	22	**369,003**	369,003	**-**	-
Profit and loss account	22	**12,532,887**	11,399,555	**12,532,887**	11,399,555
Equity shareholders' funds	23	**12,916,840**	11,783,508	**12,547,837**	11,414,505

The financial statements on pages 6 to 21 were approved by the board of directors on 29 June 2012 and were signed on its behalf by

J Sheppard
Director

Group cash flow statement
for the year ended 30 September 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities		**6,195,499**	3,791,267
(reconciliation to operating profit on page 9)			
Returns on investments and servicing of finance			
Interest received		**27,830**	8,253
Interest paid		**(87,864)**	(34,983)
		(60,034)	(26,730)
Taxation			
United Kingdom corporation tax paid		**(991,759)**	(918,447)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(412,459)**	(300,774)
Sale of tangible fixed assets		**4,600**	63,950
		(407,859)	(236,824)
Acquisitions and disposals			
Purchase of unincorporated business		**(630,000)**	-
Equity dividends paid			
Dividends paid		**(1,000,000)**	(1,000,000)
Net cash inflow before the use of liquid resources and financing		**3,105,847**	1,609,266
Financing			
Repayment of loans		**(208,567)**	(343,161)
(Repayment) / receipt of directors' loan		**(248,374)**	89,100
(Repayment) / receipt of other loan		**(100,000)**	100,000
Increase in cash	24	**2,548,906**	1,455,205

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Continuing operating activities		
Operating profit	**3,131,703**	3,449,009
Amortisation of grants	**(2,590)**	(2,590)
Amortisation of goodwill	**564,795**	616,003
Depreciation of tangible fixed assets	**274,377**	262,803
Loss on disposal of tangible fixed assets	**46,108**	62,772
Decrease in stock	**43,629**	10,231
Decrease / (increase) in debtors	**2,189,279**	(172,456)
(Decrease) in creditors	**(51,802)**	(434,505)
Net cash inflow from continuing operating activities	6,195,499	3,791,267

Notes to the financial statements for the year ended 30 September 2011

1. Principal accounting policies

These financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards A summary of the more important group accounting policies is set out below

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and of all the subsidiary undertakings made up to the period end The results of subsidiary acquired are included in the consolidated profit and loss account from the date control passes Intra company sales, profits and balances are eliminated fully on consolidation

On acquisition of a subsidiary all of the subsidiary's assets and liabilities that exist at the date of acquisition are record at their fair values reflecting their condition at that date All changes in those assets and liabilities, and the operating gains and losses that arise after the group has gained control of the subsidiary are charged to the profit and loss account

All company's included within consolidation adopt uniform accounting policies

Fixed assets

The cost of tangible and intangible fixed assets is their purchase cost, together with any incidental expenses of acquisition

Depreciation is calculated so as to write off the cost of tangible fixed assets less their residual values, on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are

	%
Fixtures and fittings	10
Equipment	20
Motor vehicles	25
Freehold buildings	2

Freehold land is not depreciated No depreciation is charged on assets in the course of construction

Short leasehold land and buildings are amortised over the period of the lease

The directors undertake reviews of the carrying value of fixed assets when trigger events occur and make such provisions for impairment as they consider necessary

Investments

Investments are valued at cost Provisions for diminution in value of investments are made where necessary against this cost

Goodwill

Goodwill arising represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired Goodwill arising on the acquisition of pharmacies is eliminated by amortisation through the profit and loss account over its useful economic life of 10 years

Notes to the financial statements for the year ended 30 September 2011 (continued)

Principal accounting policies (continued)

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases The lease rentals are treated as consisting of capital and interest elements The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

Stocks

Stocks are stated at the lower of cost and net realisable value Cost is determined by professional stocktakers Provision is made where necessary for obsolete, slow moving and defective stocks by the professional stocktakers

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 that result in an obligation to pay more tax in future, or a right to pay less tax in the future, have occurred at the balance sheet date

Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal on the underlying timing differences can be deducted

Turnover

Turnover which excludes value added tax and trade discounts, represents the value of goods and services supplied Turnover is recognised on dispatch of goods to customers

Pension scheme

The group operates a defined contribution pension scheme which is non contributory Payments made to the scheme are charged annually in these accounts as part of employment costs and represents the group's contributions payable in the period

Grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life Other grants are released to the profit and loss account in the period in which they are received

Notes to the financial statements
for the year ended 30 September 2011 (continued)

2. Turnover

Turnover consists entirely of sales made in the United Kingdom

3. Net operating expenses

	2011	2010
	£	£
Administrative expenses	5,997,416	6,081,976
Other operating income	(238,478)	(249,566)
	5,758,938	5,832,410

4. Directors' emoluments

	2011	2010
	£	£
Aggregate emoluments	325,001	333,487
Company pension contributions to money purchase schemes	5,396	5,132

	2010	2010
	£	£
Highest paid director		
Aggregate emoluments	108,716	106,411
Company pension contributions to money purchase scheme	2,896	2,632

Retirement benefits are accruing to four directors (2010 four directors) under money purchase schemes

Notes to the financial statements for the year ended 30 September 2011 (continued)

5. Employee information

The average monthly and weekly number of persons (including executive directors) employed by the group during the year was -

By activity	2011 Number	2010 Number
Selling and distribution	181	182

Staff costs (for the above persons)	2011 £	2010 £
Wages and salaries	3,464,295	3,469,112
Social security costs	283,886	297,015
Other pension costs (see note 21)	46,620	46,156
	3,794,801	3,812,283

6. Interest payable and similar charges

	2011 £	2010 £
Interest payable on overdrafts and bank loans	27,592	34,983
Interest payable on other loans	60,272	64,324
	87,864	99,307

7. Profit on ordinary activities before taxation

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after (crediting) / charging		
Amortisation of grants	(2,590)	(2,590)
Loss on the disposal of fixed assets	46,108	62,772
Amortisation of goodwill	564,795	616,003
Depreciation charge for year		
- Tangible owned assets	274,377	262,803
Operating lease charges		
- Other	51,749	34,680
Services provided by the company's auditors		
Fees payable for the audit	18,000	18,000
Fees payable for other services – tax compliance	5,000	5,000

Notes to the financial statements for the year ended 30 September 2011 (continued)

8. Tax on profit on ordinary activities

	2011	2010
Current tax:	£	£
UK Corporation tax on profits of the year	938,582	1,066,989
Adjustments in respect of previous years	(7,232)	(5,624)
Total current tax	931,350	1,061,365
Deferred tax		
Origination and reversal of timing differences	19,786	15,127
Changes in tax rates or laws	(12,799)	(5,741)
Total deferred tax	6,987	9,386
Tax on profit on ordinary activities	938,337	1,070,751

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28%) The difference is explained below -

	2011	2010
	£	£
Profit on ordinary activities before tax	3,071,669	3,357,955
Profit multiplied by the standard rate of corporation tax in the UK of 26 99% (2010 28%)	829,266	940,227
Effects of		
Expenses not deductible for tax purposes	127,835	142,450
Accelerated capital allowances and other timing differences	(18,519)	(15,688)
Adjustment to tax charges in respect of previous years	(7,232)	(5,624)
Total current tax charge for the year	931,350	1,061,365

9. Profit for the financial year

Of the consolidated profit, £2,133,332 (2010 £2,287,204) is dealt with in the accounts of A & J M Sheppard Limited The directors have taken advantage of the exemptions afforded by the Companies Act 2006 and not presented a profit and loss account for the company alone

10. Dividends

Equity shares	2011	2010
	£	£
Interim paid £66 89 (2010 £66 89) per share	1,000,000	1,000,000

Notes to the financial statements for the year ended 30 September 2011 (continued)

11. Intangible fixed assets

Group and company

	Goodwill arising on purchase of retail pharmacies £
Cost	
At 1 October 2010	9,135,435
Additions	630,000
At 30 September 2011	**9,765,435**
Amortisation	
At 1 October 2010	6,464,965
Charge for the year	564,795
At 30 September 2011	**7,029,760**
Net book value	
At 30 September 2011	**2,735,675**
At 30 September 2010	2,670,470

Goodwill arose on the purchase of retail pharmacies and is being amortised over a period of 10 years which the directors consider to be the useful economic life

12. Tangible fixed assets

Group and company	Freehold land and buildings £	Short leasehold land and holdings £	Equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 October 2010	6,086,915	25,618	572,778	1,147,639	66,459	7,899,409
Additions	259,369	-	39,841	78,907	34,342	412,459
Eliminated on disposals	(45,263)	-	(191,251)	(217,372)	(21,037)	(474,923)
At 30 September 2011	**6,301,021**	**25,618**	**421,368**	**1,009,174**	**79,764**	**7,836,945**
Depreciation						
At 1 October 2010	815,758	9,389	368,706	747,970	44,627	1,986,450
Charge for year	113,162	1,832	62,975	80,062	16,346	274,377
Eliminated on disposals	(7,357)	-	(189,365)	(206,456)	(21,037)	(424,215)
At 30 September 2011	**921,563**	**11,221**	**242,316**	**621,576**	**39,936**	**1,836,612**
Net book value						
At 30 September 2011	**5,379,458**	**14,397**	**179,052**	**387,598**	**39,828**	**6,000,333**
At 30 September 2010	5,271,157	16,229	204,072	399,669	21,832	5,912,959

Notes to the financial statements for the year ended 30 September 2011 (continued)

13. Investments

Company	Interests in group undertakings £
Cost	
At 1 October 2010 and 30 September 2011	3,216,471
Amounts written off	
At 1 October 2010 and 30 September 2011	3,214,471
Net book value	
At 30 September 2010 and 30 September 2011	2,000

Details of group undertakings are:

Name of company	Country of incorporation	Class of share	Proportion of nominal value of shares held	Principal activities
A & J M Sheppard (Pencoed) Limited	United Kingdom	Ordinary	100%	Non trading
J G Fletcher (Chemists) Co Ltd	United Kingdom	Ordinary	100%	Non trading

14. Stocks

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Goods for resale	1,159,827	1,203,456	1,159,827	1,203,456

15. Debtors

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Amounts falling due within one year				
Trade debtors	2,695,445	4,976,001	2,695,445	4,976,001
Other debtors	607,518	555,694	607,518	555,694
Prepayments and accrued income	81,061	41,608	81,061	41,608
	3,384,024	5,573,303	3,384,024	5,573,303

Notes to the financial statements
for the year ended 30 September 2011 (continued)

16. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank overdrafts and loans (see below)	**548,784**	658,528	**548,784**	658,528
Trade creditors	**3,837,413**	3,839,299	**3,837,413**	3,839,299
Other creditors	**204**	107,838	**204**	107,838
Directors' loan	**629,453**	877,827	**629,453**	877,827
Corporation tax	**443,582**	503,991	**443,582**	503,991
Other taxation and social security	**87,793**	87,759	**87,793**	87,759
Accruals and deferred income	**370,710**	413,026	**370,710**	413,026
	5,917,939	6,488,268	**5,917,939**	6,488,268

The bank overdrafts and loans are secured by a fixed charge over the company's freehold properties and by a fixed and floating charge over the assets of the company

Details concerning the Directors' loan are provided in note 26 to the financial statements

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

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Amounts owed to group undertakings	**-**	-	**371,003**	371,003
Bank loans	**369,662**	421,733	**369,662**	421,733
	369,662	421,733	**740,665**	792,736

Bank overdrafts and loans are repayable as follows -

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
In one year or less	**548,784**	658,528	**548,784**	658,528
Between one and two years	**369,662**	355,331	**369,662**	355,331
Between two and five years	**-**	66,402	**-**	66,402
In five years or more	**-**	-	**-**	-
	918,446	1,080,261	**918,446**	1,080,261

Bank loans are subject to interest at 1 25% above bank base rate

The bank loans are secured by a fixed charge over the company's freehold properties and by a fixed and floating charge over the assets of the company

Notes to the financial statements for the year ended 30 September 2011 (continued)

18. Provisions for liabilities and charges

Provisions for liabilities and charges consist entirely of a provision for deferred tax The movement on the deferred tax provision can be analysed as follows

Group and company	Deferred taxation
	£
At 1 October 2010	170,147
Charged to profit and loss account	6,987
At 30 September 2011	**177,134**

Provision for deferred tax comprises:

	2011	2010
	£	£
Accelerated capital allowances	**177,134**	170,147

19. Accruals and deferred income

Group and company	£
Government Grants	
At 1 October 2010	89,424
Credited to profit and loss account	(2,590)
At 30 September 2011	**86,834**

20. Called up share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
14,950 ordinary shares of £1 each	**14,950**	14,950

21. Pension obligations

The group operates a pension scheme in respect of the directors and contributes to other schemes in respect of certain employees All of these schemes are defined contribution schemes and the group has no further obligations over and above the amounts paid into the schemes The total pension cost for the year was £46,620 (2010 £46,156)

Notes to the financial statements for the year ended 30 September 2011 (continued)

22. Reserves

	Group Merger reserve £	Group Profit & loss £	Company Profit & loss £
At 1 October 2010	369,003	11,399,555	11,399,555
Profit for the financial year	-	2,133,332	2,133,332
Dividend	-	(1,000,000)	(1,000,000)
At 30 September 2011	**369,003**	**12,532,887**	**12,532,887**

23. Reconciliation of movements in shareholders' funds

	Group		Company	
	2011 £	2010 £	**2011** £	2010 £
Profit for the financial year	**2,133,332**	2,287,204	**2,133,332**	2,287,204
Dividends	**(1,000,000)**	(1,000,000)	**(1,000,000)**	(1,000,000)
	1,133,332	1,287,204	**1,133,332**	1,287,204
Opening shareholders' funds	**11,783,508**	10,496,304	**11,414,505**	10,127,301
Closing shareholders' funds	**12,916,840**	11,783,508	**12,547,837**	11,414,505

Notes to the financial statements for the year ended 30 September 2011 (continued)

24. Reconciliation of net cash flow to movement in net funds / (debt)

	2011 £	2010 £
Increase in cash in period	**2,548,906**	1,455,205
Movement in borrowings	**556,941**	154,061
	3,105,847	1,609,266
Net funds / (debt) at 1 October 2010	**1,534,804**	(74,462)
Net funds at 30 September 2011	**4,640,651**	1,534,804

25. Analysis of net (debt) / funds

	At 1 October 2010 £	Cash flow £	Non cash changes £	**At 30 September 2011 £**
Net (debt) / funds				
Cash at bank and in hand	3,592,892	2,595,658	-	**6,188,550**
Overdrafts	(309,532)	(46,752)	-	**(356,284)**
	3,283,360	2,548,906	-	**5,832,266**
Bank loans	(770,729)	208,567	-	**(562,162)**
Directors' loans	(877,827)	248,374	-	**(629,453)**
Other loans	(100,000)	100,000	-	**-**
	1,534,804	3,105,847	-	**4,640,651**

Liquid resources and net debt are analysed in the balance sheet as follows –

	2011 £	2010 £
Cash at bank and in hand	**6,188,550**	3,592,892
Bank overdrafts and loans due within one year	**(548,784)**	(608,528)
Bank loans falling due after more than one year	**(369,662)**	(421,733)
Directors' loans repayable within one year	**(629,453)**	(877,827)
Other loans repayable within one year	**-**	(100,000)
	4,640,651	1,534,804

Notes to the financial statements for the year ended 30 September 2011 (continued)

26. Related party transactions

During the year interest of £28,262 (2010 £30,287) was declared on the directors' loan account due to A Sheppard The interest payable was unpaid at the year-end and is included within accruals and deferred income in note 16

During the year interest of £28,262 (2010 £30,287) was declared on the directors' loan account due to J M Sheppard The interest payable was unpaid at the year-end and is included within accruals and deferred income in note 16

During the year Interest of £3,750 (2010 £3,750) was declared in respect of the loan account due to F Sheppard, the spouse of J Sheppard, a director of the company The interest payable was unpaid at the year-end and is included within accruals and deferred income in note 16 The loan was repaid in full prior to the year-end

The loans advanced by A Sheppard, J M Sheppard are unsecured and repayable on demand

The company has taken advantage of the exemption provided by Financial Reporting Standard Number 8 not to disclose any transactions or balances between group entities that are eliminated on consolidation

27. Operating lease commitments

At 30 September 2011 the group and the company has annual commitments under non cancellable operating leases as follows -

	2011		2010	
	Land and Buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Expiring within one year	-	-	-	-
Expiring within two to five years	-	**4,015**	-	4,015
Expiring in over five years	**34,680**	-	34,680	-
	34,680	**4,015**	34,680	4,015

28. Contingent liabilities

Certain grants received by the company have conditions attached and if these are not met, the company may have a liability to repay these grants or a part thereof The potential liability to repay one of the grants is secured by a fixed charge over certain of the company's freehold properties

29. Ultimate controlling party

The company is ultimately controlled by A Sheppard and J M Sheppard who have a 52% direct interest in the equity share capital A Sheppard and J M Sheppard also jointly hold 7,176 (2010 7,176) ordinary shares of £1 each in a non beneficial capacity