

Company Registration No 01292813 (England and Wales)

PEARLCASTLE LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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PEARLCASTLE LIMITED

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PEARLCASTLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be that of wholesalers and retailers of motor spare parts and accessories

The results for the year and the financial position at the year end were considered satisfactory by the directors who consider that the company is meeting its key performance indicator of ongoing profitability and will continue to do so for the foreseeable future

In common with all businesses, the company is affected by a number of risk factors, not all of which are wholly within the control of the directors. The directors are responsible for the company's system of internal control and risk management and for reviewing the effectiveness of these systems. Such systems are designed to manage rather than eliminate the risk of failure to reach business objectives

Results and dividends

The results for the year are set out on page 0

An interim ordinary dividend was paid amounting to £116,750. The directors do not recommend payment of a final dividend

Post balance sheet events

On 18 February 2013 the company completed the purchase of a property for £930,000, subsequently on 29 April 2013 the company opened another branch within this property in Park Royal London

Future developments

There are no significant plans for future developments

Directors

The following directors have held office since 1 January 2012

Mr Kantilal K Shah

Mr Avnish K Shah

Mr Sanjiv K Shah

Mr Manish K Shah

PEARLCASTLE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company bank loans are fixed at 1.25% above the base rate for the period of the loan.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditors

The auditors, Glaziers, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

PEARLCASTLE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of 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 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,
- 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr Avnish K Shah

Director

13-04-2013

PEARLCASTLE LIMITED

INDEPENDENT AUDITORS' REPORT TO PEARLCASTLE LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 5 to 20, together with the financial statements of Pearlcastle Limited for the year ended 31 December 2012 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Philippe Herszaft ACA (Senior Statutory Auditor)
for and on behalf of Glaziers

16-04-2013

Chartered Accountants
Statutory Auditor

843 Finchley Road
London
NW11 8NA

PEARLCASTLE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		4,868,701	5,178,234
Other operating income less cost of sales		(2,766,276)	(2,832,632)
Administrative expenses		(1,966,660)	(2,099,113)
Operating profit	2	135,765	246,489
Investment income	3	(297,510)	-
Other interest receivable and similar income		45,451	48,746
Interest payable and similar charges	4	(94,108)	(138,432)
(Loss)/profit on ordinary activities before taxation		(210,402)	156,803
Tax on (loss)/profit on ordinary activities	5	(18,382)	(50,157)
(Loss)/profit for the year	17	(228,784)	106,646

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

Note of historical cost profits and losses

	2012 £	2011 £
Reported (loss)/profit on ordinary activities before taxation	(210,402)	156,803
Realisation of property revaluation gains of previous years	-	1,535,618
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	-
Historical cost (loss)/profit on ordinary activities before taxation	(210,402)	1,692,421
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	(345,534)	1,466,037

PEARLCASTLE LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	7		1,751		3,501
Tangible assets	8 and 9		2,825,808		2,800,851
Investments	10		-		301,510
			<u>2,827,559</u>		<u>3,105,862</u>
Current assets					
Stocks	11	291,368		380,032	
Debtors	12	2,183,656		2,265,937	
Cash at bank and in hand		54,662		348,612	
		<u>2,529,686</u>		<u>2,994,581</u>	
Creditors amounts falling due within one year	13	(1,482,603)		(1,744,104)	
Net current assets			<u>1,047,083</u>		<u>1,250,477</u>
Total assets less current liabilities			<u>3,874,642</u>		<u>4,356,339</u>
Creditors amounts falling due after more than one year	14		(1,130,635)		(1,263,751)
Provisions for liabilities	15		(39,579)		(42,625)
			<u>2,704,428</u>		<u>3,049,963</u>
Capital and reserves					
Called up share capital	16		140		140
Share premium account	17		121,658		121,658
Revaluation reserve	17		808,668		808,669
Profit and loss account	17		1,773,962		2,119,496
Shareholders' funds	18		<u>2,704,428</u>		<u>3,049,963</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

PEARLCASTLE LIMITED

ABBREVIATED BALANCE SHEET (CONTINUED)

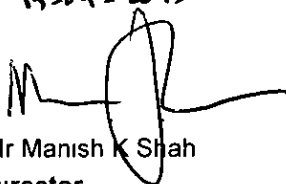
AS AT 31 DECEMBER 2012

Approved by the Board and authorised for issue on

13-01-2013



Mr Avnish K Shah
Director



Mr Manish K Shah
Director

Company Registration No 01292813

PEARLCASTLE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	£	2011 £
Net cash inflow from operating activities	23		145,540		262,476
Returns on investments and servicing of finance					
Interest received		45,451		48,746	
Interest paid		(94,076)		(138,432)	
Net cash outflow for returns on investments and servicing of finance			(48,625)		(89,686)
Taxation			(43,133)		(95,239)
Capital expenditure and financial investment					
Payments to acquire tangible assets		(10,997)		(63,469)	
Receipts from sales of tangible assets		6,800		1,855,522	
Receipts from sales of investments		4,000		-	
Net cash (outflow)/inflow for capital expenditure			(197)		1,792,053
Equity dividends paid			(116,750)		(176,227)
Net cash (outflow)/inflow before management of liquid resources and financing			(63,165)		1,693,377
Financing					
Other new short term loans		-		100,000	
Repayment of long term bank loan		(157,594)		(227,093)	
Repayment of other short term loans		(13,851)		(1,117,051)	
Capital element of hire purchase contracts		(44,261)		(17,427)	
Net cash outflow from financing			(215,706)		(1,261,571)
(Decrease)/increase in cash in the year	24, 25		(278,871)		431,806

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period.

Goodwill is amortised on a straight line method over 20 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Nil
Land and buildings Leasehold	Straight line over the life of the lease
Fixtures, fittings & equipment	15% per annum reducing balance method
Motor vehicles	25% per annum reducing balance method

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Freehold property is not depreciated on the basis that the estimated residual value of the property at the end of its estimated useful life is such that any depreciation would be immaterial.

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1 6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1 7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1 8 Stock

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

1 9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised only to the extent that the director considers 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.

1 10 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 Operating profit	2012 £	2011 £
Operating profit is stated after charging		
Amortisation of intangible assets	1,750	1,750
Depreciation of tangible assets	78,887	67,732
Loss on disposal of tangible assets	692	30,185
Operating lease rentals	290,878	291,348
Auditors' remuneration (including expenses and benefits in kind)	11,495	11,170

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

3	Investment income	2012	2011
		£	£
	Income from fixed asset investments	(297,510)	-
	Other interest	45,451	48,746
		<u>(252,059)</u>	<u>48,746</u>
4	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	90,707	136,065
	On other loans wholly repayable within five years	32	-
	Hire purchase interest	3,369	2,367
		<u>94,108</u>	<u>138,432</u>

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	21,428	43,133
	Adjustment for prior years	-	553
	Total current tax	21,428	43,686
	Deferred tax		
	Deferred tax charge/credit current year	(3,046)	6,471
		18,382	50,157
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(210,402)	156,803
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	(50,496)	40,769
	Effects of		
	Non deductible expenses	72,438	8,930
	Depreciation add back	19,353	18,065
	Capital allowances	(15,957)	(20,463)
	Other tax adjustments	(3,910)	(3,615)
		71,924	2,917
	Current tax charge for the year	21,428	43,686
6	Dividends	2012	2011
		£	£
	Ordinary interim paid	116,750	176,227

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 & at 31 December 2012	37,000
Amortisation	
At 1 January 2012	33,499
Charge for the year	1,750
At 31 December 2012	35,249
Net book value	
At 31 December 2012	1,751
At 31 December 2011	3,501

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2012	2,013,858	88,182	672,549	145,639	2,920,228
Additions	-	-	10,997	100,342	111,339
Disposals	-	-	-	(26,530)	(26,530)
At 31 December 2012	2,013,858	88,182	683,546	219,451	3,005,037
Depreciation					
At 1 January 2012	-	74,120	489,855	95,405	659,380
On disposals	-	-	-	(19,038)	(19,038)
Charge for the year	-	14,062	29,054	35,771	78,887
At 31 December 2012	-	88,182	518,909	112,138	719,229
Net book value					
At 31 December 2012	2,013,858	-	164,637	107,313	2,285,808
At 31 December 2011	2,013,858	14,063	182,696	50,234	2,260,851

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

9 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 January 2012 & at 31 December 2012	540,000
Net book value	
At 31 December 2012	540,000
At 31 December 2011	540,000

The freehold investment properties were valued at their open market value on 31 December 2012 by A Shah, a director and shareholder of the company, based on his local market knowledge. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £215,000 (2011 - £556,003).

10 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2012	301,510
Disposals	(301,510)
At 31 December 2012	-
Net book value	
At 31 December 2012	-
At 31 December 2011	301,510

11 Stocks

	2012 £	2011 £
Finished goods and goods for resale	291,368	380,032

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

12 Debtors	2012 £	2011 £
Trade debtors	407,531	472,018
Amounts owed by subsidiary undertakings	144,848	88,500
Other debtors	1,509,952	1,563,879
Prepayments and accrued income	121,325	141,540
	<u>2,183,656</u>	<u>2,265,937</u>

13 Creditors amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	441,517	470,447
Net obligations under hire purchase contracts	50,316	18,715
Trade creditors	696,004	829,740
Corporation tax	21,428	43,133
Other taxes and social security costs	127,255	117,891
Directors' current accounts	144	110,394
Other creditors	8,600	12,495
Accruals and deferred income	137,339	141,289
	<u>1,482,603</u>	<u>1,744,104</u>

The banks loan and overdraft are secured by a debenture and first legal charge over the company's assets. Interest on these bank loans is charged at 1.25% per annum above the Bank's Base Rate. The loans are repayable by monthly installments, with the last installment due in March 2028. The hire purchase and finance lease agreements are secured on the assets concerned. The total amount secured is £441,517 (2011 - £470,447).

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Creditors amounts falling due after more than one year	2012 £	2011 £
Bank loans	1,103,834	1,261,428
Net obligations under hire purchase contracts	26,801	2,323
	<u>1,130,635</u>	<u>1,263,751</u>
Analysis of loans		
Not wholly repayable within five years by instalments	461,445	558,390
Wholly repayable within five years	889,893	964,393
	<u>1,351,338</u>	<u>1,522,783</u>
Included in current liabilities	(247,504)	(261,355)
	<u>1,103,834</u>	<u>1,261,428</u>
Instalments not due within five years	<u>461,445</u>	<u>558,390</u>
Loan maturity analysis		
In more than one year but not more than two years	160,597	221,246
In more than two years but not more than five years	481,792	481,792
In more than five years	<u>461,445</u>	<u>558,390</u>

The bank loans are secured by a debenture and first legal charge over the company's assets. The hire purchase and finance lease agreements are secured on the assets concerned. Interest on these bank loans is charged at 1.25% per annum above the Bank's Base Rate. The loans are repayable by monthly installments, with the last installment due in March 2028. The total amount secured is £1,103,834 (2011 - £1,261,428).

Net obligations under hire purchase contracts

Repayable within one year	50,316	18,715
Repayable between one and five years	26,802	2,323
	<u>77,118</u>	<u>21,038</u>
Included in liabilities falling due within one year	(50,316)	(18,715)
	<u>26,802</u>	<u>2,323</u>

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	42,625
Profit and loss account	(3,046)
	<u>39,579</u>
Balance at 31 December 2012	<u>39,579</u>

The deferred tax liability is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>39,579</u>	<u>42,625</u>

16 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
140 'A' to 'M' Ordinary shares of £1 each	<u>140</u>	<u>140</u>

The 'A' to 'N' ordinary shares carry the same rights and rank Pari-Passu with each other

17 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2012	121,658	808,668	2,119,496
Loss for the year	-	-	(228,784)
Dividends paid	-	-	(116,750)
	<u>121,658</u>	<u>808,668</u>	<u>1,773,962</u>
Balance at 31 December 2012	<u>121,658</u>	<u>808,668</u>	<u>1,773,962</u>

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

18 Reconciliation of movements in shareholders' funds	2012 £	2011 £
(Loss)/Profit for the financial year	(228,784)	106,646
Dividends	(116,750)	(176,227)
Net depletion in shareholders' funds	(345,534)	(69,581)
Opening shareholders' funds	3,049,963	3,119,544
Closing shareholders' funds	2,704,428	3,049,963

19 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire				
Between two and five years	192,000	192,000	3,752	3,752

20 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	109,994	100,510

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Directors	4	4
Employees	43	47
	<u>47</u>	<u>51</u>

Employment costs

	2012 £	2011 £
Wages and salaries	902,983	985,442
Social security costs	77,865	86,447
	<u>980,848</u>	<u>1,071,889</u>

22 Post balance sheet events

On 18 February 2013 the company completed the purchase of a property for £930,000, subsequently on 29 April 2013 the company opened another branch within this property in Park Royal London

23 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	135,765	246,489
Depreciation of tangible assets	78,887	67,732
Amortisation of intangible assets	1,750	1,750
Loss on disposal of tangible assets	692	30,185
Decrease/(increase) in stocks	88,664	(1,300)
Decrease in debtors	82,281	62,725
Decrease in creditors within one year	(242,499)	(145,105)
Net cash inflow from operating activities	<u>145,540</u>	<u>262,476</u>

PEARLCASTLE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

24 Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Net cash				
Cash at bank and in hand	348,612	(293,950)	-	54,662
Bank overdrafts	(209,092)	15,079	-	(194,013)
	<u>139,520</u>	<u>(278,871)</u>	<u>-</u>	<u>(139,351)</u>
Debt				
Finance leases	(21,038)	(56,079)	-	(77,117)
Debts falling due within one year	(261,355)	13,851	-	(247,504)
Debts falling due after one year	(1,261,428)	157,594	-	(1,103,834)
	<u>(1,543,821)</u>	<u>115,366</u>	<u>-</u>	<u>(1,428,455)</u>
Net debt	(1,404,301)	(163,505)	-	(1,567,806)

25 Reconciliation of net cash flow to movement in net debt	2012	2011
	£	£
(Decrease)/increase in cash in the year	(278,871)	431,806
Cash outflow from decrease in debt and lease financing	115,366	1,223,106
Movement in net debt in the year	(163,505)	1,654,912
Opening net debt	(1,404,301)	(3,059,213)
Closing net debt	(1,567,806)	(1,404,301)

26 Related party relationships and transactions

As at 31 December 2012, £1,463,048 (2011 - £1,538,126) was owed by Castlepearl Limited, the parent company. During the year, interest totalling £45,250 (2011 - £45,250) was receivable, interest is charged at 2% above the base rate. A management charge of £150,000 (2011 - £150,000) has been made by Castlepearl Limited during the year. During the year, the 100% investment in Headbuild Limited was transferred to Castlepearl Limited at the nominal par value of £4,000.

As at 31 December 2012, £144,848 (2011 - £88,500) was owed by Headbuild Limited, a fellow subsidiary. During the year the company paid rent totalling £174,000 (2011 - £174,00) to Headbuild Limited.

At the year end the company owed the following balances to the directors, K K Shah £144 (2011 - £144), A K Shah £0 (2011 - £36,750), M K Shah £0 (2011 - £36,750), S K Shah £0 (2011 - £36,750). There are no terms of repayment or interest in respect of these amounts.