

Vascroft Contractors Limited
Financial statements
For the year ended 31 August 2005



Company No. 1293674

Company information

Company registration number	1293674
Registered office	Vascroft Estate 861 Coronation Road Park Royal London NW10 7PT
Directors	Mr A K Vekaria Mr S K Vekaria
Secretary	Mr A K Vekaria
Bankers	Bank of India 293 Harrow Road Wembley Middlesex HA9 6BD National Westminster Bank Plc PO Box 315 High Wycombe Buckinghamshire HP11 2EU
Solicitors	Clarks Solicitors Great Western House Station Road Reading RG1 1JX
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House Melton Street Euston Square London NW1 2EP

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2005.

Principal activities and business review

The principal activity of the company is that of building contractors.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends.

	2005 £	2004 £
Dividends paid on ordinary shares	<u>60,000</u>	<u>56,400</u>

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 August 2005	At 1 September 2004
Mr A K Vekaria	27,550	27,550
Mr S K Vekaria	<u>27,550</u>	<u>27,550</u>

Fixed assets

All movements are shown in note 11 to the attached financial statements.

Donations

Donations to charitable organisations amounted to £65,179 (2004: £24,909).

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Mr A K Vekaria
Secretary

Date: 10 May 2006

Report of the independent auditors to the members of Vascroft Contractors Limited

We have audited the financial statements of Vascroft Contractors Limited for the year ended 31 August 2005 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement, statement of total recognised gains and losses and notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditors to the members of Vascroft Contractors Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON

Date: *16 May 2006*

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention, modified to include the revaluation of certain fixed assets.

The directors have reviewed the principal accounting policies of the company and consider that they remain the most appropriate for the company. The policies have remained unchanged from the previous year.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a medium sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts, and has been derived from continuing operations, both this year and last.

In respect of long-term contracts, turnover represents the value of work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion of each contract, once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to the balance sheet date on each project.

Full provision is made for losses estimated by the directors on all contracts in the year in which the loss is first foreseen. Such estimates are based upon the directors' experience and relevant professional advice.

Fixed assets

All fixed assets are initially recorded at cost. Freehold properties are revalued every 5 years with an interim valuation in year 3. Further valuations are undertaken whenever there is indication of a material change in value.

Depreciation

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

Plant & Machinery	-	10%
Fixtures & Fittings	-	15%
Motor Vehicles	-	25%

Stocks

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

Hire purchase agreements

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

Finance lease agreements

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

Operating lease agreements

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

Pension costs

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Restatement of prior year figures

The previous year's balance sheet has been restated in respect of the categorisation of work in progress, as the directors believe that these are better classified as 'amounts due under contracts not yet billed'. This restatement has no impact on the company's profit for the current or prior year.

Profit and loss account

	Note	2005 £	2004 £ (restated)
Turnover	1	21,344,886	21,817,710
Cost of sales		(18,983,911)	(18,577,642)
Gross profit		2,360,975	3,240,068
Other operating charges	2	(2,419,246)	(2,975,618)
Other operating income	3	65,244	40,121
Operating profit	4	6,973	304,571
Exceptional item	7	386,680	—
		393,653	304,571
Interest receivable		12,021	21,597
Interest payable and similar charges	8	(247,498)	(43,197)
Profit on ordinary activities before taxation		158,176	282,971
Tax on profit on ordinary activities	9	(36,413)	(70,629)
Profit on ordinary activities after taxation		121,763	212,342
Dividends	10	(60,000)	(56,400)
Retained profit for the financial year	23	61,763	155,942
Balance brought forward		777,032	621,090
Balance carried forward		838,795	777,032

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

Balance sheet

	Note	2005 £	2004 £ (restated)
Fixed assets			
Tangible assets	11	8,044,505	2,570,475
Current assets			
Stocks	12	55,000	55,000
Debtors	13	4,637,874	3,444,518
Investments	14	6,234	25,100
Cash at bank and in hand		47,049	1,351,129
		<u>4,746,157</u>	<u>4,875,747</u>
Creditors: amounts falling due within one year	15	(5,688,017)	(4,530,722)
Net current (liabilities)/assets		<u>(941,860)</u>	<u>345,025</u>
Total assets less current liabilities		<u>7,102,645</u>	<u>2,915,500</u>
Creditors: amounts falling due after more than one year	16	(2,234,052)	(215,901)
		<u>4,868,593</u>	<u>2,699,599</u>
Provisions for liabilities			
Deferred taxation	18	(16,380)	(6,760)
Other provisions	19	(451,598)	(482,572)
		<u>4,400,615</u>	<u>2,210,267</u>
Capital and reserves			
Called-up equity share capital	22	55,100	55,100
Revaluation reserve	23	3,498,451	1,369,866
Other reserves	23	8,269	8,269
Profit and loss account	23	838,795	777,032
Shareholders' funds	24	<u>4,400,615</u>	<u>2,210,267</u>

These financial statements were approved by the directors on 10 May 2006
and are signed on their behalf by:



Mr A K Vekaria



Mr S K Vekaria

Cash flow statement

	Note	2005 £	2004 £
Net cash (outflow)/inflow from operating activities	25	(517,728)	1,801,146
Returns on investments and servicing of finance	25	(235,477)	(21,600)
Taxation	25	(69,346)	(56,284)
Capital expenditure and financial investment	25	(3,035,262)	(93,216)
Equity dividends paid		(56,400)	-
Cash (outflow)/inflow before financing		<u>(3,914,213)</u>	<u>1,630,046</u>
Management of liquid resources	25	-	(500,100)
Financing	25	2,266,516	153,687
(Decrease)/increase in cash	25	<u>(1,647,697)</u>	<u>1,283,633</u>

The accompanying accounting policies and notes form part of these financial statements.

Statement of total recognised gains and losses

Statement of total recognised gains and losses

	2005	2004
	£	£
Profit for the financial year	121,763	212,342
Unrealised profit on revaluation of certain fixed assets	2,128,585	669,775
Total gains and losses recognised since the last financial statements	<u>2,250,348</u>	<u>882,117</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2005	2004 (restated)
	£	£
United Kingdom	<u>21,344,886</u>	<u>21,817,710</u>

2 Other operating charges

	2005	2004
	£	£
Administrative expenses	<u>2,419,246</u>	<u>2,975,618</u>

3 Other operating income

	2005	2004
	£	£
Rent receivable	46,378	40,121
Dividend income	18,866	-
	<u>65,244</u>	<u>40,121</u>

4 Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	54,949	21,690
Depreciation of assets held under finance leases and hire purchase agreements	21,548	18,083
Auditors' remuneration:		
Audit fees	15,100	14,550
Non-audit fees	-	31,000
Operating lease costs:		
Plant and equipment	<u>21,402</u>	<u>13,596</u>

5 Directors and employees

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

	2005	2004
	No	No
Number of production staff	149	150
Number of administrative staff	35	23
Number of management staff	2	2
	<u>186</u>	<u>175</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	4,364,194	5,008,771
Social security costs	463,125	455,608
Other pension costs	296,370	256,600
	<u>5,123,689</u>	<u>5,720,979</u>

6 Directors

Remuneration in respect of directors was as follows:

	2005	2004
	£	£
Emoluments receivable	524,808	1,343,800
Value of company pension contributions to money purchase schemes	230,000	250,000
	<u>754,808</u>	<u>1,593,800</u>

Emoluments of highest paid director:

	2005	2004
	£	£
Total emoluments (excluding pension contributions)	262,404	671,900
Value of company pension contributions to money purchase schemes	115,000	125,000
	<u>377,404</u>	<u>796,900</u>

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

	2005	2004
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

7 Exceptional Item

	2005	2004
	£	£
Profit on disposal of fixed assets - freehold property	<u>386,680</u>	<u>-</u>

8 Interest payable and similar charges

	2005	2004
	£	£
Interest payable on bank borrowing	209,648	36,358
Finance charges	2,110	3,339
Other similar charges payable	35,740	3,500
	<u>247,498</u>	<u>43,197</u>

9 Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	<u>26,793</u>	<u>71,893</u>
Total current tax	<u>26,793</u>	<u>71,893</u>
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	9,620	(1,264)
Tax on profit on ordinary activities	<u>36,413</u>	<u>70,629</u>

9 Taxation on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005	2004
	£	£
Profit on ordinary activities before taxation	<u>158,176</u>	<u>282,971</u>
Profit on ordinary activities by rate of tax	30,053	53,764
Expenses not deductible for tax purposes	-	950
Capital allowances for period in excess of depreciation	(6,774)	(1,264)
Sundry tax adjusting items	<u>3,514</u>	<u>18,443</u>
Total current tax (note 9(a))	<u>26,793</u>	<u>71,893</u>

10 Dividends

	2005	2004
	£	£
Equity dividends:		
Dividend paid on ordinary shares	<u>60,000</u>	<u>56,400</u>

11 Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation					
At 1 September 2004	2,362,603	161,723	86,925	299,579	2,910,830
Additions	4,239,808	204,468	38,996	56,740	4,540,012
Disposals	(1,113,393)	—	—	(9,501)	(1,122,894)
Revaluation	2,128,585	—	—	—	2,128,585
At 31 August 2005	<u>7,617,603</u>	<u>366,191</u>	<u>125,921</u>	<u>346,818</u>	<u>8,456,533</u>
Depreciation					
At 1 September 2004	—	77,065	61,058	202,232	340,355
Charge for the year	—	28,913	9,730	37,854	76,497
On disposals	—	—	—	(4,824)	(4,824)
At 31 August 2005	<u>—</u>	<u>105,978</u>	<u>70,788</u>	<u>235,262</u>	<u>412,028</u>
Net book value					
At 31 August 2005	<u>7,617,603</u>	<u>260,213</u>	<u>55,133</u>	<u>111,556</u>	<u>8,044,505</u>
At 31 August 2004	<u>2,362,603</u>	<u>84,658</u>	<u>25,867</u>	<u>97,347</u>	<u>2,570,475</u>

Included within the net book value of £8,044,505 is £64,644 (2004 - £54,250) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,548 (2004 - £18,083).

Freehold properties with an historical cost of £4,121,549 (2004 - £995,134) were revalued during the year.

An external valuation was carried out in respect of the freehold property at 861 Coronation Road, by Atisreal Limited, chartered surveyors and International Real Estate Consultants, on 29 April 2005. Another external valuation was carried out in respect of the freehold property at 7a Coronation Road, by Rogers Chapman LLP, property advisors, on 17 January 2006. The basis of both of the valuations was open market value which was deemed to equate to existing use value at 31 August 2005. The surplus has been transferred to the revaluation reserve.

Additionally, an internal valuation was carried out on the remaining assets of the same class of the company, so as to comply with the requirements of Financial Reporting Standard 15 "Tangible Fixed Assets". The valuation was carried out by M S Vekaria BSc (Hons), MRICS, IOD, in his capacity as a chartered surveyor.

12 Stocks

	2005 £	2004 (restated) £
Raw materials	<u>55,000</u>	<u>55,000</u>

13 Debtors

	2005	2004 (restated)
	£	£
Trade debtors	2,841,853	1,131,697
Retention accounts	1,038,206	1,084,318
Amounts due under contracts not yet billed	591,202	347,534
Other debtors	151,714	458,178
Prepayments and accrued income	14,899	422,791
	<u>4,637,874</u>	<u>3,444,518</u>

The trade debtors and retention accounts are amounts recoverable on contracts. Included in the above amounts are debtors totalling £461,964 (2004: £545,507) which are due after more than one year.

14 Investments

	2005	2004
	£	£
Other investments	<u>6,234</u>	<u>25,100</u>

During the previous year, the company subscribed for the entire 'A' ordinary and fixed dividend preference shares in an unlimited investment company ("UIC") A Lipes No. 48 for a total consideration of £100 and £500,000 and awarded the preference shares as remuneration to its employees. The UIC declared a dividend of £18,866 (2004: £475,000) on these shares during the period. At the balance sheet date the net assets of the UIC amounts to £6,234 (2004: £25,100).

15 Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	1,889,680	1,298,983
Trade creditors	1,709,771	1,385,937
Corporation tax	26,127	68,680
Social Security and other taxes	430,591	128,664
Amounts due under finance leases and hire purchase agreements	10,563	9,278
Proposed dividends	60,000	56,400
Other creditors	5,045	7,985
Accruals and deferred income	1,556,240	1,574,795
	<u>5,688,017</u>	<u>4,530,722</u>

16 Creditors: amounts falling due after more than one year

	2005	2004
	£	£
Bank loans and overdrafts	2,222,200	214,590
Amounts due under finance leases and hire purchase agreements	11,852	1,311
	<u>2,234,052</u>	<u>215,901</u>

The bank loans and overdrafts amounting to £4,040,354 (2004: £1,489,444) are secured by a charge on the freehold properties.

Also included within bank loans is a loan amounting to £17,198 (2004: £17,198) from the directors of the company.

17 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	10,563	9,278
Amounts payable between 1 and 2 years	8,865	1,311
Amounts payable between 3 and 5 years	2,987	-
	<u>22,415</u>	<u>10,589</u>

18 Deferred taxation

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

	2005	2004
	£	£
Provision brought forward	6,760	8,024
Profit and loss account movement arising during the year	9,620	(1,264)
Provision carried forward	<u>16,380</u>	<u>6,760</u>

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

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>16,380</u>	<u>6,760</u>

19 Other provisions

	2005 £
Other provisions:	
At 1 September 2004	482,572
Movement for the year	(30,974)
At 31 August 2005	<u>451,598</u>

The other provisions relate to the anticipated liquidated damages in respect of contract extensions. These provisions are the directors best estimate of the amount payable. The timing of their resolution is uncertain.

20 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 August 2005 or 31 August 2004.

21 Related party transactions

Other than those transactions disclosed under notes 15 and 16 above there were no other related party transactions during the year.

22 Share capital

Authorised share capital:

	2005 £	2004 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>55,100</u>	<u>55,100</u>	<u>55,100</u>	<u>55,100</u>

23 Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 September 2004	1,369,866	8,269	777,032
Profit for the year	-	-	61,763
Revaluation of fixed assets	2,128,585	-	-
At 31 August 2005	<u>3,498,451</u>	<u>8,269</u>	<u>838,795</u>

24 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	121,763	212,342
Dividends	(60,000)	(56,400)
	<u>61,763</u>	<u>155,942</u>
Other net recognised gains and losses	2,128,585	669,775
Net addition to shareholders' equity funds	<u>2,190,348</u>	<u>825,717</u>
Opening shareholders' equity funds	2,210,267	1,384,550
Closing shareholders' equity funds	<u>4,400,615</u>	<u>2,210,267</u>

25 Notes to the statement of cash flows**Reconciliation of operating profit to net cash (outflow)/inflow from operating activities**

	2005 £	2004 £
Operating profit	6,973	304,571
Depreciation	76,497	39,773
Decrease in stocks	-	5,680
Increase in debtors	(1,193,356)	(192,193)
Increase in creditors	604,266	1,216,315
Decrease in provisions	(30,974)	(48,000)
Reduction of current asset investment	18,866	475,000
Net cash (outflow)/inflow from operating activities	<u>(517,728)</u>	<u>1,801,146</u>

Returns on investments and servicing of finance

	2005 £	2004 £
Interest received	12,021	21,597
Interest paid	(245,388)	(39,858)
Interest element of finance leases and hire purchase	(2,110)	(3,339)
Net cash outflow from returns on investments and servicing of finance	<u>(235,477)</u>	<u>(21,600)</u>

25 Notes to the statement of cash flows (continued)

Taxation

	2005	2004
	£	£
Taxation	<u>(69,346)</u>	<u>(56,284)</u>

Capital expenditure and financial investment

	2005	2004
	£	£
Payments to acquire tangible fixed assets	(4,540,012)	(93,216)
Receipts from sale of fixed assets	1,504,750	-
Net cash outflow for capital expenditure and financial investment	<u>(3,035,262)</u>	<u>(93,216)</u>

Management of liquid resources

	2005	2004
	£	£
Payment to acquire other current asset investments	<u>-</u>	<u>500,100</u>

Financing

	2005	2004
	£	£
Increase in bank loans	2,254,690	178,112
Capital element of finance leases and hire purchase agreement	11,826	(24,425)
Net cash inflow from financing	<u>2,266,516</u>	<u>153,687</u>

Reconciliation of net cash flow to movement in net debt

	2005	2004
	£	£
(Decrease)/increase in cash in the period	(1,647,697)	1,283,633
Net cash (inflow) from bank loans	(2,254,690)	(178,112)
Cashflow in respect of finance leases and hire purchase agreement	(43,243)	24,425
Change in net debt	<u>(3,945,630)</u>	<u>1,129,946</u>
New finance leases and hire purchase agreement	31,417	-
Net debt at 1 September 2004	<u>(173,033)</u>	<u>(1,302,979)</u>
Net debt at 31 August 2005	<u>(4,087,246)</u>	<u>(173,033)</u>

25 Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 Sep 2004	Cash flows	Other non- cash changes	At 31 Aug 2005
	£	£	£	£
Net cash:				
Cash in hand and at bank	1,351,129	(1,304,080)	-	47,049
Overdrafts	(1,268,263)	(343,617)	-	(1,611,880)
	<u>82,866</u>	<u>(1,647,697)</u>	<u>-</u>	<u>(1,564,831)</u>
Debt:				
Debt due within 1 year	(30,720)	(247,080)	-	(277,800)
Debt due after 1 year	(214,590)	(2,007,610)	-	(2,222,200)
Finance leases and hire purchase agreements	(10,589)	(43,243)	31,417	(22,415)
	<u>(255,899)</u>	<u>(2,297,933)</u>	<u>31,417</u>	<u>(2,522,415)</u>
Net debt	<u>(173,033)</u>	<u>(3,945,630)</u>	<u>31,417</u>	<u>(4,087,246)</u>

26 Pensions

The company operates a money purchase pension scheme for the benefit of its employees. The pension costs for the year have been disclosed in note 5.

27 Capital commitments

The directors have confirmed that there were no capital commitments at 31 August 2005. At 31 August 2004, the company had capital commitments to purchase freehold property for £3.4m.

28 Post balance sheet events

The company has set up a small self administered scheme for the benefit of the two directors. On 3 April 2006 the freehold property at 7a Coronation Road was transferred into the pension scheme.