

REGISTERED NUMBER: 02170634 (England and Wales)

**Report of the Directors and
Financial Statements for the year ended 31 December 2011
for
LINDEN GROUP LIMITED**



LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Contents of the Financial Statements
for the year ended 31 December 2011**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8

LINDEN GROUP LIMITED
Company Information
for the year ended 31 December 2011

DIRECTORS:	J E Billany Mrs C M Billany
SECRETARY	Mrs C M Billany
REGISTERED OFFICE:	Unit 1 Leaside North Aycliffe Industrial Park Newton Aycliffe Co Durham DL5 6DU
REGISTERED NUMBER:	02170634 (England and Wales)
AUDITORS:	King, Hope & Co Chartered Accountants Statutory Auditors Darlington
BANKERS:	Lloyds TSB 6 Park Row Leeds West Yorkshire LS1 1NX

LINDEN GROUP LIMITED (REGISTERED NUMBER 02170634)

**Report of the Directors
for the year ended 31 December 2011**

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the assembly and sale of metallic, rubber and flexible hoses, hydraulic installations and the supply of adaptors to the hydraulics industry

REVIEW OF BUSINESS

Results this year show the results of careful consolidation with much of the increased turnover beginning to flatten out as a result of the lack of global investment in new machinery. Most of this year's increases occurred at the beginning of the financial period.

Supply chains which last year were described, "at best as fragile" have now been expanded and consolidated which has led to some stabilisation of margin.

Volumes are very much dependent upon customers with healthy export markets and equipment leasing companies who, having extended renewal cycles following 2008/9, are now having to renew equipment to maintain their own viability. Our new Hartlepool branch has now moved into a profitable status and continues to grow adding to a steady growth in local distribution.

The company continues with the support of Lloyds TSB Commercial Finance.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

J E Billany
Mrs C M Billany

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank borrowings and loans repayable by instalments. The main purpose of these financial instruments is to provide finance for working capital.

The company manages its working capital by using an invoice discounting arrangement provided by its bankers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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,
- state whether applicable 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.

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.

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Report of the Directors
for the year ended 31 December 2011**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J E Billany', written over a horizontal line.

J E Billany - Director

24 September 2012

Report of the Independent Auditors to the Members of Linden Group Limited

We have audited the financial statements of Linden Group Limited for the year ended 31 December 2011 on pages five to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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

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 Report of the Directors 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 company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

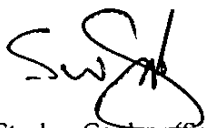
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Stephen Gardner (Senior Statutory Auditor)
for and on behalf of King, Hope & Co
Chartered Accountants
Statutory Auditors
Darlington

24 September 2012

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Profit and Loss Account
for the year ended 31 December 2011**

	Notes	2011 £	£	2010 £	£
TURNOVER	2		874,577,566		742,836,347
Cost of sales			872,813,790		741,337,567
GROSS PROFIT			1,763,776		1,498,780
Distribution costs		75,823		58,368	
Administrative expenses		1,333,287		1,145,779	
			1,409,110		1,204,147
			354,666		294,633
Other operating income	3		22,509		22,068
OPERATING PROFIT	5		377,175		316,701
Interest payable and similar charges	6		295,514		262,503
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			81,661		54,198
Tax on profit on ordinary activities	7		28,942		16,983
PROFIT FOR THE FINANCIAL YEAR			52,719		37,215

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

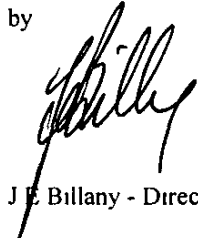
The notes form part of these financial statements

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Balance Sheet
31 December 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	231,378	187,163
Investments	9	-	-
		<u>231,378</u>	<u>187,163</u>
CURRENT ASSETS			
Stocks	10	460,267	2,272,592
Debtors	11	9,809,706	4,352,014
Cash at bank		2,300	171
		<u>10,272,273</u>	<u>6,624,777</u>
CREDITORS			
Amounts falling due within one year	12	<u>9,900,887</u>	<u>6,277,066</u>
NET CURRENT ASSETS		<u>371,386</u>	<u>347,711</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>602,764</u>	<u>534,874</u>
CREDITORS			
Amounts falling due after more than one year	13	(157,536)	(157,380)
PROVISIONS FOR LIABILITIES	17	<u>(15,015)</u>	<u>-</u>
NET ASSETS		<u><u>430,213</u></u>	<u><u>377,494</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	110,550	110,550
Revaluation reserve	19	22,383	24,104
Capital redemption reserve	19	54,450	54,450
Profit and loss account	19	242,830	188,390
SHAREHOLDERS' FUNDS	23	<u><u>430,213</u></u>	<u><u>377,494</u></u>

The financial statements were approved by the Board of Directors on 24 September 2012 and were signed on its behalf by



J E Billany - Director

The notes form part of these financial statements

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Cash Flow Statement
for the year ended 31 December 2011**

	Notes	£ 2011	£ 2010
		£	£
Net cash outflow from operating activities	24	(469,251)	(3,710,324)
Returns on investments and servicing of finance	25	(295,514)	(262,503)
Taxation		(15,041)	(28,784)
Capital expenditure	25	(14,499)	764
Acquisitions and disposals	25	(25,000)	-
		<u>(819,305)</u>	<u>(4,000,847)</u>
Financing	25	(44,943)	(39,606)
Decrease in cash in the period		<u>(864,248)</u>	<u>(4,040,453)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	26		
Decrease in cash in the period		(864,248)	(4,040,453)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(10,045)</u>	<u>32,148</u>
Change in net debt resulting from cash flows		<u>(874,293)</u>	<u>(4,008,305)</u>
Movement in net debt in the period		<u>(874,293)</u>	<u>(4,008,305)</u>
Net debt at 1 January		<u>(6,062,688)</u>	<u>(2,054,383)</u>
Net debt at 31 December		<u>(6,936,981)</u>	<u>(6,062,688)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2011**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards

Preparation of consolidated financial statements

The financial statements contain information about Linden Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. As permitted by Sections 399, 402 and 405 of the Companies Act 2006 the company has not prepared consolidated financial statements as its subsidiary undertakings are not material

Turnover

Turnover represents the value of goods and services provided to customers, excluding value added tax. Where the company arranges delivery to a customer directly from a supplier the full invoice value is recognised as turnover immediately on receipt of a confirmed order

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Freehold property	- 4% on cost
Plant and machinery	- 20% on cost
Office furniture and equipment	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account as incurred

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Trade debtors

The company has an invoice discounting arrangement with its bankers to provide it with working capital. Under this agreement the company borrows funds from the invoice discounting company whilst continuing to administer its own book debts. Amounts due to the invoice discounting provider are presented as bank loans and overdrafts within creditors, with the gross debts disclosed as part of debtors

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

2 TURNOVER

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

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	874,572,835	742,834,199
Europe	4,731	2,148
	<u>874,577,566</u>	<u>742,836,347</u>

3 OTHER OPERATING INCOME

	2011 £	2010 £
Management fees receivable	<u>22,509</u>	<u>22,068</u>

4 STAFF COSTS

	2011 £	2010 £
Wages and salaries	759,414	712,178
Social security costs	75,062	74,982
Other pension costs	52,960	47,260
	<u>887,436</u>	<u>834,420</u>

The average monthly number of employees during the year was as follows

	2011	2010
Office and management	13	12
Manufacturing and production	20	16
	<u>33</u>	<u>28</u>

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation - owned assets	17,356	16,093
Depreciation - assets on hire purchase contracts	7,916	3,419
Loss/(profit) on disposal of fixed assets	25,000	(1,000)
Auditors' remuneration- audit of the accounts in question	6,300	4,000
Payments under operating leases - motor vehicles	<u>36,784</u>	<u>43,756</u>
Directors' remuneration	148,611	180,752
Directors' pension contributions to money purchase schemes	<u>26,500</u>	<u>24,000</u>

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

5 OPERATING PROFIT - continued

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Recognition of a sale immediately on receipt of a confirmed order represents a change in previous practice, which was recognition on delivery. The effect of this change is to increase profit before taxation by £42,000

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Bank interest	1,963	288
Invoice discounting charges	288,146	256,954
Mortgage interest	3,625	4,384
Hire purchase interest	1,780	877
	<u>295,514</u>	<u>262,503</u>

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011	2010
	£	£
Current tax		
UK corporation tax	13,074	15,041
Deferred tax		
Origination and reversal of timing differences	15,868	1,942
Tax on profit on ordinary activities	<u>28,942</u>	<u>16,983</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>81,661</u>	<u>54,198</u>
Profit on ordinary activities		
multiplied by the standard rate of corporation tax		
in the UK of 26% (2010 - 28%)	21,232	15,175
Effects of		
Expenses not deductible for tax purposes	11,365	6,822
Depreciation for the period in excess of capital allowances	(15,868)	(1,942)
Benefit of lower Corporation Tax rate	<u>(3,655)</u>	<u>(5,014)</u>
Current tax charge	<u>13,074</u>	<u>15,041</u>

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office furniture and equipment £
COST OR VALUATION			
At 1 January 2011	304,101	91,780	16,483
Additions	-	45,695	-
Disposals	-	-	(11,743)
At 31 December 2011	304,101	137,475	4,740
DEPRECIATION			
At 1 January 2011	133,804	87,272	13,502
Charge for year	12,164	5,741	494
Eliminated on disposal	-	-	(11,743)
At 31 December 2011	145,968	93,013	2,253
NET BOOK VALUE			
At 31 December 2011	158,133	44,462	2,487
At 31 December 2010	170,297	4,508	2,981
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 January 2011	24,294	44,836	481,494
Additions	12,970	10,822	69,487
Disposals	-	(26,004)	(37,747)
At 31 December 2011	37,264	29,654	513,234
DEPRECIATION			
At 1 January 2011	14,918	44,835	294,331
Charge for year	5,520	1,353	25,272
Eliminated on disposal	-	(26,004)	(37,747)
At 31 December 2011	20,438	20,184	281,856
NET BOOK VALUE			
At 31 December 2011	16,826	9,470	231,378
At 31 December 2010	9,376	1	187,163

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

8 TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2011 is represented by

	Freehold property £	Plant and machinery £	Office furniture and equipment £
Valuation in 1994	165,000	-	-
Cost	139,101	137,475	4,740
	<u>304,101</u>	<u>137,475</u>	<u>4,740</u>
	Motor vehicles £	Computer equipment £	Totals £
Valuation in 1994	-	-	165,000
Cost	37,264	29,654	348,234
	<u>37,264</u>	<u>29,654</u>	<u>513,234</u>

If freehold property had not been revalued it would have been included at the following historical cost

	2011 £	2010 £
Cost	261,066	261,066
Aggregate depreciation	<u>125,316</u>	<u>114,873</u>

Freehold property was valued on an open market basis on 25 April 1994 by Dollery Waller and Partners, surveyors

The transitional provisions of FRS15 have been followed and the valuation in 1994 has not been updated

The net book value of tangible fixed assets includes £58,357 (2010 - £9,377) in respect of assets held under hire purchase contracts

9 FIXED ASSET INVESTMENTS

	Interest in associated undertakings £
COST	
Additions	25,000
Disposals	<u>(25,000)</u>
At 31 December 2011	<u>-</u>
NET BOOK VALUE	
At 31 December 2011	<u><u>-</u></u>

LINDEN GROUP LIMITED (REGISTERED NUMBER 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

9 FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Linden Hose and Hydraulics Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Linden Hydrapower Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Associated Company

Advanced Engineering (Driffield) Limited

Nature of business Provision of hydraulic supplies

	%
Class of shares	holding
Ordinary	45 00

Liquidators were appointed to Advanced Engineering (Driffield) Limited in March 2011

10 STOCKS

	2011	2010
	£	£
Raw materials and consumables	460,267	354,766
Finished goods	-	1,917,826
	<u>460,267</u>	<u>2,272,592</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	9,796,793	4,317,963
Other debtors	-	22,658
Deferred tax asset		
Accelerated capital allowances	-	853
Prepayments and accrued income	12,913	10,540
	<u>9,809,706</u>	<u>4,352,014</u>

The company has financed debts having a total value of £9,796,793 (2010 £4,317,963) under a with recourse debt factoring arrangement

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Bank loans and overdrafts (see note 14)	6,731,616	5,865,239
Other loans (see note 14)	36,645	36,081
Hire purchase contracts (see note 15)	13,484	4,159
Trade creditors	3,038,729	297,262
Corporation tax	13,074	15,041
Social security and other taxes	44,714	47,978
Directors' current accounts	1,498	1,498
Accruals and deferred income	21,127	9,808
	<u>9,900,887</u>	<u>6,277,066</u>

The company's bankers have granted an invoice discounting rather than a bank overdraft facility. Under this arrangement funds are advanced to the company based on an agreed proportion of their book debts. The figures shown above as bank loans and overdrafts represents the amount due under this arrangement.

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£	£
Other loans (see note 14)	117,508	154,065
Hire purchase contracts (see note 15)	40,028	3,315
	<u>157,536</u>	<u>157,380</u>

14 LOANS

An analysis of the maturity of loans is given below

	2011	2010
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	6,731,616	5,865,239
Mortgage loans	36,645	36,081
	<u>6,768,261</u>	<u>5,901,320</u>
Amounts falling due between one and two years		
Mortgage loans	<u>18,646</u>	<u>17,880</u>
Amounts falling due between two and five years		
Mortgage loans	<u>55,939</u>	<u>53,641</u>
Amounts falling due in more than five years		
Repayable by instalments		
Mortgage loans	<u>42,923</u>	<u>82,544</u>

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2011	2010
	£	£
Gross obligations repayable		
Within one year	16,063	4,611
Between one and five years	48,215	3,937
	<u>64,278</u>	<u>8,548</u>
Finance charges repayable		
Within one year	2,579	452
Between one and five years	8,187	622
	<u>10,766</u>	<u>1,074</u>
Net obligations repayable		
Within one year	13,484	4,159
Between one and five years	40,028	3,315
	<u>53,512</u>	<u>7,474</u>

The following operating lease payments are committed to be paid within one year

	Other operating leases	
	2011	2010
	£	£
Expiring		
Within one year	5,484	9,038
Between one and five years	28,261	16,168
	<u>33,745</u>	<u>25,206</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	2011	2010
	£	£
Mortgage loans	154,153	190,146
Hire purchase contracts	53,512	7,474
	<u>207,665</u>	<u>197,620</u>

Mortgage loans are secured by a legal charge on the company's freehold property and are repayable by instalments over seven years and one month at an interest rate of 1.6% above the bank's base rate

Hire purchase creditors are secured on the assets concerned

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

17 PROVISIONS FOR LIABILITIES

	2011 £	
Deferred tax		
Accelerated capital allowances	<u>15,015</u>	
		Deferred tax
		£
Balance at 1 January 2011		(853)
Profit and loss account		<u>15,868</u>
Balance at 31 December 2011		<u>15,015</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
		£1		
110,550	Ordinary		<u>110,550</u>	<u>110,550</u>

19 RESERVES

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2011	188,390	24,104	54,450	266,944
Profit for the year	52,719	-	-	52,719
Transfer	<u>1,721</u>	<u>(1,721)</u>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>242,830</u>	<u>22,383</u>	<u>54,450</u>	<u>319,663</u>

20 PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,960 (2010 £47,260).

21 RELATED PARTY DISCLOSURES

During the year the following transactions took place with related parties

Landfall Management Limited
a company of which Mr J E Billany is a director

During the year the following transactions took place with this company

	2011 £	2010 £
Purchase of investment	25,000	-
Management charges paid	46,718	31,827
Purchases	86,403	78,282
Sales	<u>7,838</u>	<u>9,682</u>

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

21 RELATED PARTY DISCLOSURES - continued

Linden Fluid Power Limited

a company of which Mr J E Billany is a director

During the year purchases of £nil (2010 £5,607) and sales of £65,128 (2010 £53,916) were made on normal trade terms

Linden Hydraulic Services Limited

a company controlled by a member of Mr J E Billany's immediate family

During the year purchases of £26,909 (2010 £36,311) and sales including recharges of £73,076 (2010 £57,265) were made on normal trade terms. During the year management charges of £22,509 (2010 £22,068) were made to that company

	2011 £	2010 £
Amount due from/(to) related party at balance sheet date		
J E Billany		
a director	(1,498)	(1,498)
Landfall Management Limited		
a company of which Mr J E Billany is a director	(3,732)	1,497
Linden Fluid Power Limited		
a company of which Mr J E Billany is a director	8,657	35,967
Linden Hydraulic Services Limited		
a company controlled by a member of Mr J E Billany's immediate family	<u>23,351</u>	<u>19,608</u>

22 ULTIMATE CONTROLLING PARTY

The controlling party is J E Billany

This is by virtue of his family's controlling interest in the company's equity share capital

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	<u>52,719</u>	<u>37,215</u>
Net addition to shareholders' funds	52,719	37,215
Opening shareholders' funds	<u>377,494</u>	<u>340,279</u>
Closing shareholders' funds	<u>430,213</u>	<u>377,494</u>

24 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	377,175	316,701
Depreciation charges	25,272	19,512
Loss/(profit) on disposal of fixed assets	25,000	(1,000)
Decrease in stocks	1,812,325	236,057
Increase in debtors	(5,458,545)	(922,276)
Increase/(decrease) in creditors	<u>2,749,522</u>	<u>(3,359,318)</u>
Net cash outflow from operating activities	<u>(469,251)</u>	<u>(3,710,324)</u>

LINDEN GROUP LIMITED (REGISTERED NUMBER: 02170634)

**Notes to the Financial Statements - continued
for the year ended 31 December 2011**

25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest paid	(293,734)	(261,626)
Interest element of hire purchase payments	(1,780)	(877)
Net cash outflow for returns on investments and servicing of finance	<u>(295,514)</u>	<u>(262,503)</u>
Capital expenditure		
Purchase of tangible fixed assets	(14,499)	(236)
Sale of tangible fixed assets	-	1,000
Net cash (outflow)/inflow for capital expenditure	<u>(14,499)</u>	<u>764</u>
Acquisitions and disposals		
Purchase of investment in associated undertaking	(25,000)	-
Net cash outflow for acquisitions and disposals	<u>(25,000)</u>	<u>-</u>
Financing		
Loan repayments in year	(35,993)	(35,237)
Capital element of hire purchase payment	(8,950)	(4,369)
Net cash outflow from financing	<u>(44,943)</u>	<u>(39,606)</u>

26 ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/11 £	Cash flow £	At 31/12/11 £
Net cash			
Cash at bank	171	2,129	2,300
Bank overdraft	(5,865,239)	(866,377)	(6,731,616)
	<u>(5,865,068)</u>	<u>(864,248)</u>	<u>(6,729,316)</u>
Debt			
Hire purchase	(7,474)	(46,038)	(53,512)
Debts falling due within one year	(36,081)	(564)	(36,645)
Debts falling due after one year	(154,065)	36,557	(117,508)
	<u>(197,620)</u>	<u>(10,045)</u>	<u>(207,665)</u>
Total	<u>(6,062,688)</u>	<u>(874,293)</u>	<u>(6,936,981)</u>