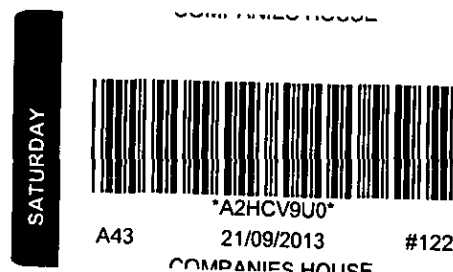


Financial Statements

A & R Cambridge Limited

For the period ended 30 April 2013



Registered number: 2880174

Company Information

Directors	C J Brennan M Golden (appointed 19 November 2012) M G Sheridan M Szpiro A C Wylie (resigned 6 November 2012)
Registered number	2880174
Registered office	The West Wing Stirling House Waterbeach Cambridge Cambridgeshire CB25 9QE
Independent auditors	Grant Thornton UK LLP Registered Auditors & Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

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Directors' Report

For the period ended 30 April 2013

The directors present their report and the financial statements for the period ended 30 April 2013

Principal activities and review of business

The principal activity of the company in the year was the design, manufacture and distribution of high quality audio and audio-visual consumer electronics equipment

The shift away from UK manufacturing and a concentration on design and development for manufacturing outside the UK is complete. There was a great deal of work required to ensure that the transition away from manufacturing was done smoothly and efficiently but there were extra costs in shutting down production and selling the old factory. There were end of line costs in writing off component stock and in moving which are reflected in the losses shown for the year.

We have remodelled our warehouse facility to incorporate our service centre and we now operating out of a new facility in Stirling House which has further contributed to a reduction in overheads.

We have continued to invest heavily in new products for the AV and hi-fi markets as well as introducing the A19 amplifier which has won critical acclaim from magazines around the world.

The company expects the new AV products developed during the year to transform the losses into a much more profitable business which can fund future development from our own operations while still enjoying the active support of Jam Industries.

We expect to return to profitable growth in the year ahead and look forward to delivering more world class products.

Results

The directors report a pre-tax loss of £435,131 for the period ended 30 April 2013 (2012 loss of £370,349) on turnover of £4,964,025 (2012 £7,594,174). The loss for the period, after taxation, amounted to £365,781 (2012 - loss £336,208). The directors do not recommend payment of a dividend (2012 £nil).

Summary of key performance indicators

The company reports on a number of key performance indicators on a monthly basis. Turnover per employee was £142,000 (2012 £181,000) a decrease of 22% over the previous financial year. Average debtor days were 52 days (2012 38 days).

Directors

The directors who served during the period were

C J Brennan
M Golden (appointed 19 November 2012)
M G Shendan
M Szpiro
A C Wylie (resigned 6 November 2012)

Directors' Report

For the period ended 30 April 2013

Directors' responsibilities statement

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 judgments 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.

Financial risk management objectives and policies

The company uses various financial instruments: these include loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance and provide working capital for the company's operations.

The main risks arising from the company's financial instruments are currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The company is exposed to transaction foreign exchange risk both in US dollars and in euros. The risk in dollars is largely hedged by a balance between sales and purchases.

Credit risk

The principal credit risk arises from trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. The majority of the foreign debtors are covered by export credit insurance.

Directors' Report

For the period ended 30 April 2013

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 23 August 2013 and signed on its behalf



C J Brennan
Director

Independent Auditors' Report to the Members of A & R Cambridge Limited

We have audited the financial statements of A & R Cambridge Limited for the period ended 30 April 2013, which comprise the Profit and loss account, the Balance sheet, the 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 April 2013 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.



Independent Auditors' Report to the Members of A & R Cambridge Limited

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

Grant Thornton UK LLP

Alison Seekings (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

23 August 2013

Profit and Loss Account

For the period ended 30 April 2013

	Note	11 months ended 30 April 2013 £	Year 31 May 2012 £
Turnover	1,2	4,964,025	7,594,174
Cost of sales		<u>(3,227,264)</u>	<u>(5,217,169)</u>
Gross profit		1,736,761	2,377,005
Administrative expenses		<u>(2,309,814)</u>	<u>(2,455,664)</u>
Operating loss	3	(573,053)	(78,659)
Exceptional items			
Net profit on sale of tangible fixed assets	7	<u>241,206</u>	<u>-</u>
Loss on ordinary activities before interest		(331,847)	(78,659)
Interest payable and similar charges	6	<u>(103,284)</u>	<u>(291,690)</u>
Loss on ordinary activities before taxation		(435,131)	(370,349)
Tax on loss on ordinary activities	8	<u>69,350</u>	<u>34,141</u>
Loss for the financial period	17	<u>(365,781)</u>	<u>(336,208)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

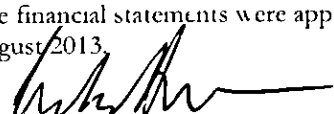
The notes on pages 9 to 21 form part of these financial statements

Balance Sheet

As at 30 April 2013

	Note	£	30 April 2013 £	£	31 May 2012 £
Fixed assets					
Intangible assets	9		6,771		12,500
Tangible assets	10		42,388		831,806
			<u>49,159</u>		<u>844,306</u>
Current assets					
Stocks	11	1,276,706		1,192,907	
Debtors	12	826,023		1,100,675	
Cash at bank and in hand		391,695		45,179	
		<u>2,494,424</u>		<u>2,338,761</u>	
Creditors amounts falling due within one year	13	(639,668)		(1,881,551)	
Net current assets			<u>1,854,756</u>		<u>457,210</u>
Total assets less current liabilities			<u>1,903,915</u>		<u>1,301,516</u>
Creditors amounts falling due after more than one year	14		(2,316,217)		(1,332,037)
Provisions for liabilities					
Other provisions	15		(232,000)		(248,000)
Net liabilities			<u>(644,302)</u>		<u>(278,521)</u>
Capital and reserves					
Called up share capital	16		500,000		500,000
Capital redemption reserve	17		400,000		400,000
Merger reserve	17		62,741		62,741
Profit and loss account	17		(1,607,043)		(1,241,262)
Shareholders' deficit	18		<u>(644,302)</u>		<u>(278,521)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2013.


C J Brennan
 Director

The notes on pages 9 to 21 form part of these financial statements

Cash Flow Statement

For the period ended 30 April 2013

		11 months ended 30 April 2013 £	Year 31 May 2012 £
	Note		
Net cash flow from operating activities	19	392,203	405,007
Returns on investments and servicing of finance	20	(89,826)	(247,520)
Taxation		69,350	34,141
Capital expenditure and financial investment	20	964,968	(50,422)
Cash inflow before financing		1,336,695	141,206
Financing	20	(587,741)	(129,160)
Increase in cash in the period		748,954	12,046

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the period ended 30 April 2013

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Increase in cash in the period	748,954	12,046
Cash outflow from decrease in debt	587,741	129,160
Movement in net debt in the period	1,336,695	141,206
Net debt at 1 June 2012	(945,000)	(1,086,206)
Net funds/(debt) at 30 April 2013	391,695	(945,000)

The notes on pages 9 to 21 form part of these financial statements

Notes to the Financial Statements

For the period ended 30 April 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue trading for the foreseeable future. During the period the company made a loss after taxation of £365,781 (year ended 31 May 2012: loss of £336,208)

During the period the directors secured the support and investment to enable the group to develop products that will restore the profitability of the brand and provide a much more stable platform. This has included the transfer of all the shares held by the Arcam management team to Jam Industries Limited so that we could become a wholly owned subsidiary of Jam Industries and benefit from being part of a much larger organisation.

The group is dependent on funding from Jam Industries Limited, who had indicated that funding will be made available to allow the group to meet its debts as they fall due for the foreseeable future.

1.3 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. No goods are sold on sale or return. Revenue is recognised in full on dispatch with the warranty obligation on sales provided for within the warranty provision.

1.4 Intangible fixed assets and amortisation

Intangible fixed assets relate to licence fees paid.

Amortisation is provided at the following rates:

Licence Fees	- 25%
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1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2%
Plant & machinery	- 20-25%
Office equipment	- 20%
Computer equipment	- 25%
Tooling	- 50-100%
Fixtures & Fittings	- 15-25%

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Notes to the Financial Statements

For the period ended 30 April 2013

1. Accounting Policies (continued)

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

1.12 Warranty provision

Provision is made for the expected future cost of repairs under warranty for sales made during the year.

Notes to the Financial Statements

For the period ended 30 April 2013

1. Accounting Policies (continued)

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

An analysis of turnover by geographical market is given below

	11 months ended 30 April 2013 £	Year 31 May 2012 £
United Kingdom & Europe	2,847,293	5,217,975
North America	1,205,137	1,629,485
Rest of World	911,595	746,714
	<u>4,964,025</u>	<u>7,594,174</u>

Notes to the Financial Statements

For the period ended 30 April 2013

3. Operating loss

The operating loss is stated after charging/(crediting)

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Amortisation - intangible fixed assets	5,729	6,250
Depreciation of tangible fixed assets		
- owned by the company	65,656	131,115
Auditors' remuneration	17,000	17,000
Auditors' remuneration - non-audit	3,550	2,600
Operating lease rentals		
- plant and machinery	54,314	68,550
- other operating leases	26,032	29,950
Difference on foreign exchange	16,634	24,170
	<u>116,615</u>	<u>240,475</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Wages and salaries	1,028,266	1,198,888
Social security costs	107,589	130,960
Other pension costs	31,208	31,025
	<u>1,167,063</u>	<u>1,360,873</u>

The average monthly number of employees, including the directors, during the period was as follows

	11 months ended 30 April 2013 No.	Year 31 May 2012 No.
Production	10	12
Office and management	25	30
	<u>35</u>	<u>42</u>

Notes to the Financial Statements

For the period ended 30 April 2013

5. Directors' remuneration

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Remuneration	163,991	216,626
Company pension contributions to defined contribution pension schemes	14,765	19,561

During the period retirement benefits were accruing to 3 directors (2012 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £68,365 (2012 - £74,580)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,323 (2012 - £6,898)

6. Interest payable

	11 months ended 30 April 2013 £	Year 31 May 2012 £
On bank loans and overdrafts	39,609	55,005
On other borrowings	31,466	131,691
Loss on foreign exchange on borrowings	31,992	79,217
Other charges	-	8,183
Other interest payable on debt factoring	217	17,594
	103,284	291,690

7. Exceptional items

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Profit on disposal of tangible fixed assets	241,206	-

Notes to the Financial Statements

For the period ended 30 April 2013

8. Taxation

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Research and development tax credit	<u>(69,350)</u>	<u>(34,141)</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.91% (2012 - 25.67%). The differences are explained below

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Loss on ordinary activities before tax	<u>(435,131)</u>	<u>(370,349)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.91% (2012 - 25.67%)	(104,040)	(95,069)
Effects of:		
Expenses not deductible for tax purposes	8,843	17,288
Capital allowances for period/year in excess of depreciation	101,266	9,878
Fixed asset differences	(163,273)	-
Adjustments to tax charge in respect of prior periods	(69,350)	(34,141)
Short term timing difference leading to an increase (decrease) in taxation	15,772	(51)
Unrelieved tax losses carried forward	135,833	67,954
Group relief	5,599	-
Current tax credit for the period/year (see note above)	<u>(69,350)</u>	<u>(34,141)</u>

Factors that may affect future tax charges

Unrelieved UK tax losses of approximately £1,891,000 (2012 £1,508,000) remain available to offset against future taxable trading profits subject to approval by HM Revenue and Customs. A deferred tax asset has not been recognised in respect of such losses given the uncertainty as to the availability of future taxable profits against which such losses could be offset.

Notes to the Financial Statements

For the period ended 30 April 2013

9. Intangible fixed assets

	Licence Fees £
Cost	
At 1 June 2012 and 30 April 2013	624,951
Amortisation	
At 1 June 2012	612,451
Charge for the period	5,729
At 30 April 2013	618,180
Net book value	
At 30 April 2013	6,771
At 31 May 2012	12,500

10. Tangible fixed assets

	Freehold property £	Tooling, plant & machinery £	Fixtures, fittings and office equipment £	Total £
Cost				
At 1 June 2012	1,048,430	1,544,515	1,769,675	4,362,620
Additions	-	7,932	22,844	30,776
Disposals	(1,048,430)	(1,126,193)	(777,636)	(2,952,259)
At 30 April 2013	-	426,254	1,014,883	1,441,137
Depreciation				
At 1 June 2012	289,296	1,485,343	1,756,175	3,530,814
Charge for the period	15,099	40,942	9,615	65,656
On disposals	(304,395)	(1,118,376)	(774,950)	(2,197,721)
At 30 April 2013	-	407,909	990,840	1,398,749
Net book value				
At 30 April 2013	-	18,345	24,043	42,388
At 31 May 2012	759,134	59,172	13,500	831,806

Notes to the Financial Statements

For the period ended 30 April 2013

11. Stocks

	30 April 2013	31 May 2012
	£	£
Raw materials	198,133	531,232
Work in progress	853	6,411
Finished goods and goods for resale	1,077,720	655,264
	<u>1,276,706</u>	<u>1,192,907</u>

12. Debtors

	30 April 2013	31 May 2012
	£	£
Trade debtors	718,395	916,485
Amounts owed by group undertakings	6,715	-
Amounts due from associated undertakings	-	30,751
Other debtors	40,388	29,070
Prepayments and accrued income	60,525	124,369
	<u>826,023</u>	<u>1,100,675</u>

13. Creditors:

Amounts falling due within one year

	30 April 2013	31 May 2012
	£	£
Other borrowings	-	587,741
Trade creditors	371,970	619,658
Amounts owed to group undertakings	2,468	-
Other taxation and social security	35,469	42,423
Proceeds of factored debts	-	402,438
Other creditors	82,908	61,475
Accruals and deferred income	146,853	167,816
	<u>639,668</u>	<u>1,881,551</u>

Notes to the Financial Statements

For the period ended 30 April 2013

13. Creditors:

Amounts falling due within one year (continued)

At 31 May 2012 the company had entered into an invoice discounting agreement for certain trade debtors with Lloyds TSB Bank plc Commercial Finance. The terms of the agreement are such that the company may receive proceeds of up to 80% of the relevant debts at any time, with the remainder available for draw down once payment is made by the customer. Failure to pay by a customer results in amounts previously drawn down against the balance becoming repayable by the company. Administration fees are charged based on the number of transactions and interest is charged based on the time and amount drawn down. At 31 May 2012, the balance drawn down against the company's debts amounted to £402,438. The debt factor has first charge over the debtors of the company, in addition to fixed and floating charges over the assets of the company and the company's property.

'Other borrowings' is a facility available to the company whereby letters of credit, bills of exchange and forward contracts can be offered to suppliers on behalf of the company. This facility is secured by way of fixed and floating charges over the company's property.

The company ended both these facilities during the period with no amounts outstanding at 30 April 2013.

14. Creditors:

Amounts falling due after more than one year

	30 April 2013	31 May 2012
	£	£
Amounts owed to group undertakings	2,316,217	1,332,037

15. Provisions

	Warranty provision £
At 1 June 2012	248,000
Amounts utilised during the period	(105,484)
Amounts arising during the period	89,484
At 30 April 2013	232,000

Warranty provision

On some of the company's products, the company warrants at the time the sale is made that it will make good by repair or replacement manufacturing defects that become apparent within two years from the date of sale. The company makes a provision for warranty claims based on the percentage of sales returned in prior years, the actual number of sales made within the last two years, and an estimate of the average cost per warranty repair during the last year.

Notes to the Financial Statements

For the period ended 30 April 2013

16. Share capital

	30 April 2013 £	31 May 2012 £
Authorised		
925,000 Ordinary shares of £1 each	925,000	925,000
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000

17. Reserves

	Capital redempt'n reserve £	Merger reserve £	Profit and loss account £
At 1 June 2012	400,000	62,741	(1,241,262)
Loss for the period	-	-	(365,781)
At 30 April 2013	400,000	62,741	(1,607,043)

18. Reconciliation of movement in shareholders' deficit

	30 April 2013 £	31 May 2012 £
Opening shareholders' (deficit)/funds	(278,521)	57,687
Loss for the financial period/year	(365,781)	(336,208)
Closing shareholders' deficit	(644,302)	(278,521)

Notes to the Financial Statements

For the period ended 30 April 2013

19. Net cash flow from operating activities

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Operating loss	(573,053)	(78,659)
Amortisation of intangible fixed assets	5,729	6,250
Depreciation of tangible fixed assets	65,656	131,115
Foreign exchange loss on loans	(31,992)	(79,217)
(Increase)/decrease in stocks	(83,799)	437,204
Decrease in debtors	250,617	212,681
Increase in amounts owed by group undertakings	(6,715)	-
Decrease in amounts owed by associates	30,751	189,312
Decrease in creditors	(235,639)	(279,793)
Increase/(decrease) in amounts owed to group undertakings	986,648	(98,886)
Decrease in provisions	(16,000)	(35,000)
Net cash inflow from operating activities	392,203	405,007

20. Analysis of cash flows for headings netted in cash flow statement

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Returns on investments and servicing of finance		
Interest paid	(89,826)	(247,520)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(30,776)	(50,422)
Sale of tangible fixed assets	995,744	-
Net cash inflow/(outflow) from capital expenditure	964,968	(50,422)

Notes to the Financial Statements

For the period ended 30 April 2013

20. Analysis of cash flows for headings netted in cash flow statement (continued)

	11 months ended 30 April 2013 £	Year 31 May 2012 £
Financing		
Repayment of borrowings	<u>(587,741)</u>	<u>(129,160)</u>

21. Analysis of changes in net debt

	1 June 2012 £	Cash flow £	30 April 2013 £
Cash at bank and in hand	45,179	346,516	391,695
Proceeds of factored debts	(402,438)	402,438	-
Debt.			
Debts due within one year	<u>(587,741)</u>	<u>587,741</u>	<u>-</u>
Net debt	<u>(945,000)</u>	<u>1,336,695</u>	<u>391,695</u>

22. Contingent liabilities

The company has provided security in respect of the borrowing of its parent company, Arcam Limited. At 30 April 2013 this amounted to bank borrowings of £nil (2012 £518,074), borrowings from Jam Industries Limited of \$4,265,569 (2012 \$1,857,143) and borrowings from directors of £50,000 (2012 £117,500)

23. Operating lease commitments

At 30 April 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	30 April 2013 £	31 May 2012 £	30 April 2013 £	31 May 2012 £
Expiry date				
Within 1 year	-	-	1,009	7,330
Between 2 and 5 years	27,000	27,000	31,630	50,958
After more than 5 years	<u>38,216</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the period ended 30 April 2013

24. Related party transactions

As a wholly owned subsidiary of Arcam Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group

During the period the company made sales totalling £232,070 (2012 £430,548) to Jam Industries Limited, a related party by virtue of owning 100% of the ordinary share capital of Arcam Limited, the company's parent undertaking. At 30 April 2013 the company was owed £6,715 by Jam Industries Limited (2012 £18,267 owed by Jam Industries Limited)

During the period the company made sales totalling £705,660 (2012 £1,098,556) to American Audio & Visual Limited, a related party by virtue of Jam Industries Limited owning their entire share capital. At 30 April 2013 the company owed £2,468 to American Audio & Visual Limited (2012 £12,484 owed by American Audio & Visual Limited)

At 30 April 2013 Arcam Limited has borrowings owed to Jam Industries Limited of £2,740,664 (2012 £1,206,564). Movement in the year relates to further draw downs and foreign exchange movements. At the 30 April 2013 there was accrued interest payable of £nil (2012 £14,418)

There were no other related party transactions during the year requiring disclosure

25. Controlling party

Arcam Limited is the company's immediate controlling related party by virtue of its ownership of the entire share capital of the company

On 19 November 2012, Jam Industries Limited, a company incorporated in Canada, acquired the remaining 60% of the parent company's issued share capital becoming the company's ultimate controlling party