Grant Thornton

Financial Statements
GHL Holdings Limited

For the Year Ended 31 December 2010

Company No. 3229039

Company information

Company registration number	3229039
Registered office	Unit 10 Hewitts Industrial Estate Elmbridge Road Cranleigh Surrey GU6 8LW
Directors	D Alger S Law M Sheldon
Secretary	M Sheldon
Bankers	Royal Bank of Scotland Plc London
Solicitors	Buss Murton Solicitors Tunbridge Wells
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Central Milton Keynes

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Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2010

Principal activities and business review

The group is principally engaged in the sale, hire and maintenance of forklift trucks, plant and associated equipment

There was a profit for the year after taxation amounting to £303,271 (2009 £106,056) A dividend of £50,000 (2009 £nil) was declared in the year

Summary of key performance indicators

The group uses a variety of financial and non-financial indicators to monitor performance versus budget and prior year The principal indicators are

	2010	2009
Sales growth/(decline)	8 77%	(24 4%)
Operating profit margin	3 83%	1 95%

Sales and margins remain under pressure due to the continuing economic uncertainty and the group has responded by reducing its cost base to enable it to remain profitable

The other key performance indicators include labour efficiencies, unit sales, order intake, salesman performance and margin analysis by region and business sector, which are reviewed on a monthly basis

Future developments for the business

The group continues to look at diversification in non core activities to secure future growth It has also continued to invest in core activities to ensure the group is positioned to take advantage of any economic upturn

The group renewed its banking facilities in May 2010 and, based on a review of the group's forecasts, the directors are satisfied that the group will be able to operate within those facilities and settle its debts as they fall due for 12 months from the date of signing these financial statements

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks The directors set out below the principal risks facing the business

Competition

Competition remains very strong in the markets occupied by the group We continue to develop the product and widen the services we offer, in order to strengthen our market position

Report of the directors (continued)

Economic Downturn

The slow down in the economy has reduced the potential market for capital equipment This is being addressed through an active marketing campaign, an effective sales presence in the marketplace and competitive pricing

Cost Inflation

The group continues to review and benchmark its cost base, in order to ensure its competitiveness in the market place, through constant review of existing suppliers and by keeping an open dialogue with alternative sources of supply

Financial risk management

The group uses various financial instruments including cash, finance leases, loans and 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 for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks The main risks arising from these financial instruments are currency risk, credit risk, interest rate risk and liquidity risk

Currency risk

The group is exposed to foreign currency risk as it purchases trucks from its principal supplier in US $s It limits this exposure through the use of forward purchase contracts

Credit risk

The group's principal financial assets are cash and trade debtors The credit risk associated with cash is minimal and so the principal credit risk arises on trade debtors The group manages this risk by carrying out credit checks on new customers, setting credit limits for each customer and regular review of each debtor account The overall credit risk is limited as no customer accounts for more than 10% of the group's sales

Interest rate risk

The interest rates on the bank facilities are variable in line with the bank rate but the group's exposure to interest rate fluctuations is limited by the use of fixed rate finance leases

Liquidity risk

The group seeks to manage liquidity risk by ensuring that sufficient liquidity is available to meet forecast needs Short term flexibility is achieved through the use of an overdraft facility, letters of credit and import loans

Report of the directors (continued)

The directors

The directors who served the company during the year were as follows

D Alger
S Law
M Sheldon

Directors' responsibilities

The directors are responsible for preparing 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 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, and,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Report of the directors (continued)

Donations

During the year the group made the following contributions

	2010	2009
	£	£
Charitable	100	20

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 485 of the Companies Act 2006

ON BEHALF OF THE BOARD

D Alger
Director

Grant Thornton

Report of the independent auditor to the members of GHL Holdings Limited

We have audited the financial statements of GHL Holdings Limited for the year ended 31 December 2010 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated 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 auditor's 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 auditor

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (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 APB'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 group's and the parent company's affairs as at 31 December 2010 and of the group's 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

Report of the independent auditor to the members of GHL Holdings Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Simon Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants

Central Milton Keynes

18 July 2011

Principal accounting policies

Basis of accounting

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

The accounting policies have remained unchanged from the prior year

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2010

As a matter of accounting policy, goodwill arising on consolidation first accounted for in accounting periods ending before 23 December 1998, the implementation date of the Financial Reporting Standard No 10, was written off to reserves immediately on acquisition Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates

Turnover

Turnover shown in the consolidated profit and loss account represents income recognised during the year for goods supplied and services provided Income from truck sales is recognised on despatch Rental income from operating leases, excluding charges for services provided, is recognised on a straight line basis over the period of the lease Service income is recognised over the period of the service

Where a warranty is granted on the sale of a truck, a provision is created in respect of the warranty costs estimated to arise over the warranty period

Investment

Investments are included at cost

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

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

Freehold buildings	-	10% straight line
Short leasehold land and buildings	-	period of lease
Plant and machinery	-	10 - 50% straight line

Stocks

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

Work in progress

Work in progress is stated at the lower of cost and net realisable value

Principal accounting policies (continued)

Leased assets

Lessee

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Lessor

Assets held for use in operating leases by the group are capitalised as a fixed asset and depreciated over their useful economic life Rental income from an operating lease, excluding charges for services, is recognised on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the group The annual contributions payable are charged to the consolidated profit and loss account

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered

Deferred tax is measured on an undiscounted basis using rates of tax that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted by 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, unless covered by forward exchange contracts Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

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

Consolidated profit and loss account

	Note	2010 £	2009 £
Group turnover	1	**12,236,935**	11,250,595
Operating costs:			
Change in stock of finished goods and work in progress		**57,135**	257,276
Raw materials and consumables		**4,970,231**	3,802,963
Other external charges		**252,782**	209,756
Staff costs	2	**4,308,777**	4,394,359
Depreciation written off fixed assets	3	**597,746**	755,057
Other operating charges	3	**1,581,386**	1,611,538
Operating profit	3	**468,878**	219,646
Interest receivable		**1,894**	121
Interest payable and similar charges	5	**(66,702)**	(84,929)
Profit on ordinary activities before taxation		**404,070**	134,838
Tax on profit on ordinary activities	6	**100,799**	28,782
Retained profit transferred to reserves	20	**303,271**	106,056

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

Consolidated balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	**2,158,794**	1,573,272
Current assets			
Stocks	11	**1,234,708**	1,291,843
Debtors	12	**1,858,529**	1,742,710
Cash at bank		**166,017**	1,144
		3,259,254	3,035,697
Creditors amounts falling due within one year	13	**(2,762,182)**	(2,496,439)
Net current assets		**497,072**	539,258
Total assets less current liabilities		**2,655,866**	2,112,530
Creditors: amounts falling due after more than one year	14	**(659,399)**	(362,728)
Provisions for liabilities			
Provisions for liabilities and charges	16	**(183,473)**	(190,079)
		1,812,994	1,559,723
Capital and reserves			
Called-up share capital	19	**10,010**	10,010
Share premium account	20	**820,578**	820,578
Other reserves	20	**19,703**	19,703
Profit and loss account	20	**962,703**	709,432
Shareholders' funds	21	**1,812,994**	1,559,723

These financial statements were approved by the board on 18 July 2011 and are signed on their behalf by

D Alger
Director

Company number 3229039

Company balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investments	10	**391,000**	391,000
Current assets			
Debtors	12	**839,935**	803,376
Creditors, amounts falling due within one year	13	**(22,152)**	(19,000)
Net current assets		**817,783**	784,376
Total assets less current liabilities		**1,208,783**	1,175,376
Capital and reserves			
Called-up share capital	19	**10,010**	10,010
Share premium account	20	**820,578**	820,578
Other reserves	20	**19,703**	19,703
Profit and loss account	20	**358,492**	325,085
Shareholders' funds		**1,208,783**	1,175,376

These financial statements were approved by the directors on 18 July 2011 and are signed on their behalf by

D Alger,
Director

Company number : 3229039

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

Consolidated cash flow statement

	Note	2010 £	2009 £
Net cash inflow from operating activities	22	**1,323,470**	513,439
Returns on investments and servicing of finance			
Interest received		**1,894**	121
Interest paid		**(15,396)**	(7,277)
Interest element of finance leases and hire purchase		**(51,306)**	(77,652)
Net cash outflow from returns on investments and servicing of finance		**(64,808)**	(84,808)
Taxation		**(96,853)**	(119,143)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(418,656)**	(107,394)
Receipts from sale of fixed assets		**104,362**	47,335
Net cash outflow for capital expenditure and financial investment		**(314,294)**	(60,059)
Equity dividends paid		**(50,000)**	-
Cash inflow before financing		**797,515**	249,429
Financing			
Capital element of finance leases and hire purchase		**(499,343)**	(447,330)
Net cash outflow from financing		**(499,343)**	(447,330)
Increase/(decrease) in cash	23	**298,172**	(197,901)

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 group An analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	12,236,935	11,250,595

Turnover includes income from operating leases of £1,374,179 (2009 £1,376,635)

2 Staff costs

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

	2010	2009
	No	No
Operational	100	101
Office administration and clerical	41	43
	141	144

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	3,881,247	3,935,857
Social security costs	394,375	401,635
Other pension costs	33,155	56,867
	4,308,777	4,394,359

Notes to the financial statements (continued)

3 Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation of owned fixed assets	**316,963**	446,280
Depreciation of assets held under finance leases and hire purchase agreements	**280,783**	308,777
Profit on sale of tangible fixed assets	**(18,916)**	(21,334)
Auditor's remuneration		
Fees payable to the auditor of the company's annual accounts	**6,000**	5,500
Fees payable to the company's auditor for other services		
- The audit of the company's subsidiaries pursuant to legislation	**15,450**	15,000
- Taxation services	**4,075**	6,420
Operating lease costs		
Land and buildings	**182,539**	192,932
Plant and equipment	**8,508**	8,508

4 Directors

Remuneration in respect of directors was as follows

	2010	2009
	£	£
Emoluments receivable	**285,073**	281,581
Value of company pension contributions to money purchase schemes	**14,369**	14,304
	299,442	295,885

Emoluments of highest paid director

	2010	2009
	£	£
Total emoluments (excluding pension contributions)	**110,854**	109,213

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

	2010	2009
	No	No
Money purchase schemes	**2**	2

Notes to the financial statements (continued)

5 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	**15,396**	7,277
Finance charges	**51,306**	77,652
	66,702	84,929

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 28%)	**75,091**	99,000
Over provision in prior year	**(2,147)**	(284)
Total current tax	**72,944**	98,716
Deferred tax		
Origination and reversal of timing differences	**27,855**	(69,934)
Tax on profit on ordinary activities	**100,799**	28,782

(b) Factors affecting current tax charge

	2010 £	2009 £
Profit on ordinary activities before taxation	**404,070**	134,838
Profit on ordinary activities multiplied by rate of tax	**113,140**	37,755
Capital allowances (greater)/less than depreciation	**(27,855)**	71,005
Expenses not deductible for tax purposes	**6,448**	2,446
Marginal relief	**(9,242)**	(14,064)
Other timing differences	**(7,400)**	1,858
Adjustments in respect of previous periods	**(2,147)**	(284)
Total current tax (note 6(a))	**72,944**	98,716

7 Profit attributable to members of the parent company

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The group profit after tax for the year includes £83,407 (2009 £71,520) which is dealt with in the financial statements of the company

Notes to the financial statements (continued)

8 Dividends

	2010	2009
	£	£
Dividends on shares classed as equity		
Paid during the year		
Ordinary shares	**50,000**	-
	50,000	-

9 Tangible fixed assets

Group

	Freehold land and buildings	Short leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2010	281,241	73,949	4,527,246	4,882,436
Additions	25,837	-	1,242,877	1,268,714
Disposals	-	-	(693,612)	(693,612)
At 31 December 2010	307,078	73,949	5,076,511	5,457,538
Depreciation				
At 1 January 2010	90,273	73,466	3,145,425	3,309,164
Charge for the year	5,600	483	591,663	597,746
On disposals	-	-	(608,166)	(608,166)
At 31 December 2010	95,873	73,949	3,128,922	3,298,744
Net book value				
At 31 December 2010	**211,205**	-	**1,947,589**	**2,158,794**
At 31 December 2009	190,968	483	1,381,821	1,573,272

The figures stated above include assets for use in operating leases as follows

	2010	2009
	£	£
Cost	**2,705,412**	2,483,562
Accumulated depreciation	**1,518,095**	1,549,763
Net book amount	**1,187,317**	933,799

Included within the net book value of £2,158,794 is £1,686,816 (2009 £1,080,295) 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 £280,783 (2009 £308,777)

Notes to the financial statements (continued)

10 Investments

Company	Investment in subsidiaries £
Cost and net book value	
At 1 January 2010 and 31 December 2010	**391,000**

At 31 December 2010, the company held investments in the share capital of the following subsidiary undertakings

Name of subsidiary undertaking	**Country of registration**	**Class of share**	**Amount held**	**Nature of business**
GHL Liftrucks Limited	England and Wales	Ordinary £1	100%	Sale, hire, and maintenance of forklift trucks
*Panther Lift Trucks Limited	England and Wales	Ordinary £1	100%	Dormant
*Puma Forklifts Limited	England and Wales	Ordinary £1	100%	Dormant
*Grant Handling Limited	England and Wales	Ordinary £1	100%	Dormant
*Heli Liftrucks Limited	England and Wales	Ordinary £1	100%	Dormant
*GHL Engineering Services Limited	England and Wales	Ordinary £1	100%	Dormant

* Held by GHL Liftrucks Limited

All of the subsidiary undertakings have been consolidated in the group financial statements

11 Stocks

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Fuel and spares	**325,553**	308,394	**–**	–
Work in progress	**181,526**	58,371	**–**	–
Finished goods	**727,629**	925,078	**–**	–
	1,234,708	1,291,843	**–**	–

Notes to the financial statements (continued)

12 Debtors

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade debtors	**1,549,112**	1,435,989	**–**	–
Amounts owed by group undertakings	**–**	–	**839,935**	803,376
Other debtors	**8,438**	7,320	**–**	–
Deferred tax asset	**61,528**	89,382	**–**	–
Prepayments and accrued income	**239,451**	210,019	**–**	–
	1,858,529	1,742,710	**839,935**	803,376

The amounts owed by group undertakings are due in more than one year

The deferred tax asset consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Capital allowances less than depreciation	**61,528**	89,382

13 Creditors: amounts falling due within one year

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Bank overdraft	**50,435**	183,734	**–**	–
Trade creditors	**1,370,181**	1,022,663	**–**	–
Amounts due under finance leases and hire purchase agreements	**557,489**	503,445	**–**	–
Corporation tax	**75,091**	99,000	**22,152**	19,000
Other taxation and social security	**290,587**	284,833	**–**	–
Other creditors	**898**	1,200	**–**	–
Pension contributions	**8,496**	8,842	**–**	–
Accruals and deferred income	**409,005**	392,722	**–**	–
	2,762,182	2,496,439	**22,152**	19,000

The overdraft is secured by a fixed and floating charge over the assets of the company Finance leases are secured on the assets to which they relate

Notes to the financial statements (continued)

14 Creditors: amounts falling due after more than one year

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Amounts due under finance leases and hire purchase agreements	**659,399**	362,728	–	–

15 Commitments under finance leases and hire purchase agreements

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

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Amounts payable within 1 year	**557,489**	503,445	–	–
Amounts payable between 1 and 2 years	**354,893**	283,650	–	–
Amounts payable between 3 and 5 years	**304,506**	79,078	–	–
	1,216,888	866,173	–	–

16 Provisions for liabilities and charges

	Warranty
	£
Balance brought forward	190,079
Profit and loss account movement arising during the year	(6,606)
Balance carried forward	**183,473**

	Warranty
	£
Balance brought forward	190,079
Provided during the year	85,288
Utilised	(61,308)
Released during the year	(30,586)
Balance carried forward	**183,473**

The warranty provision is in respect of trucks The directors consider the provision to be adequate in the light of experience

Notes to the financial statements (continued)

17 Commitments under operating leases

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

The group	2010		2009	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	38,600	8,508	61,700	8,508
Within 2 to 5 years	12,600	–	32,000	–
After more than 5 years	131,339	–	88,839	–
	182,539	8,508	182,539	8,508

18 Contingent liability

The company

The company has given a cross guarantee in respect of the bank overdraft of GHL Liftrucks Limited At the year end the overdraft amounted to £50,435 (2009 £183,734)

19 Share capital

Authorised share capital

	2010	2009
	£	£
920,000 Cumulative preference shares of £0 01 each	9,200	9,200
80,000 'A' ordinary shares of £0 10 each	8,000	8,000
130,714 Ordinary shares of £0 10 each	13,071	13,071
	30,271	30,271

Allotted and called up

	2010		2009	
	No	£	No	£
Ordinary shares of £0 10 each	100,104	10,010	100,104	10,010

Notes to the financial statements (continued)

20 Reserves

The Group:

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	820,578	19,703	709,432
Profit for the financial year	–	–	303,271
Equity dividends paid	–	–	(50,000)
At 31 December 2010	820,578	19,703	962,703

The Company:

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	820,578	19,703	325,085
Profit for the financial year	–	–	83,407
Equity dividends paid	–	–	(50,000)
At 31 December 2010	820,578	19,703	358,492

21 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	303,271	106,056
Dividends	(50,000)	–
Net addition to shareholders' funds	253,271	106,056
Opening shareholders' funds	1,559,723	1,453,667
Closing shareholders' funds	1,812,994	1,559,723

Notes to the financial statements (continued)

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

	2010 £	2009 £
Operating profit	**468,878**	219,646
Depreciation	**597,746**	755,057
Profit on sale of tangible fixed assets	**(18,916)**	(21,334)
Decrease in stocks	**57,135**	257,276
(Increase)/decrease in debtors	**(143,673)**	78,480
Increase/(decrease) in creditors	**368,906**	(741,846)
(Decrease)/increase in provisions	**(6,606)**	(33,840)
Net cash inflow from operating activities	**1,323,470**	513,439

23 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Increase/(decrease) in cash in the year	**298,172**	(197,601)
Cash outflow in respect of finance leases and hire purchase	**499,343**	542,010
Change in net debt resulting from cash flows	**797,515**	344,109
New finance leases	**(850,058)**	(280,631)
Movement in net debt in the year	**(52,543)**	63,478
Net debt at 1 January 2010	**(1,048,763)**	(1,112,241)
Net debt at 31 December 2010	**(1,101,306)**	(1,048,763)

24 Analysis of changes in net debt

	At 1 Jan 2010 £	Cash flows £	Non-cash £	At 31 Dec 2010 £
Net cash				
Cash in hand and at bank	1,144	164,873	–	**166,017**
Bank overdraft	(183,734)	133,299	–	**(50,435)**
	(182,590)	298,172	–	**115,582**
Debt				
Finance leases and hire purchase agreements	(866,173)	499,343	(850,058)	**(1,216,888)**
	(1,048,763)	797,515	(850,058)	**(1,101,306)**

25 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £488,042 (2009 £476,027)

Notes to the financial statements (continued)

26 Related party transactions

Durmg the year, the Group has paid out a dividend to directors based on their shareholdings in the business This is split as £25k (2009 £nil) for D Alger, £12 5k (2009 £nil) for S Law and £12 5k (2009 £nil) for M Sheldon

There have been no other related party transactions during the year