

Registration number 3546214

PERMALI GLOUCESTER LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

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PERMALI GLOUCESTER LIMITED
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PERMALI GLOUCESTER LIMITED
COMPANY INFORMATION

Directors	A J T King N J Baird P D Carter
Company secretary	N J Baird
Registered office	Bristol Road Gloucester GL1 5TT
Auditors	Hazlewoods LLP Chartered Accountants Windsor House Barnet Way Barnwood Gloucester GL4 3RT

PERMALI GLOUCESTER LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011

The directors present their report and the financial statements for the year ended 31 May 2011

Principal activity

The principal activity of the company is the design and manufacture of high specification plastic products using thermosetting and thermoplastic materials. The company supplies a wide range of market sectors.

Directors of the company

The directors who held office during the year were as follows

A J T King

N J Baird - Company secretary and director

D F Abel Smith (resigned 29 November 2010)

P D Carter (appointed 8 November 2010)

Business review

Fair review of the business

The directors are satisfied with the results for the year and consider the financial position of the company at the year end to be a firm basis for further development of the business. At the start of the year the company completed a major project, which contributed to a significant proportion of 2010 sales. As was expected and noted last year, sales and profits would fall but underlying margin and growth would be maintained. There is a strong sales pipeline and the directors continue to maintain investment in new equipment as well as research and development activities.

Principal risks and uncertainties

The cash position of the business means the business is not exposed to significant risks from interest rates and liquidity. Most trade debtors are covered by insurance. Exposure to foreign exchange rates are managed and limited using financial instruments.

The directors do not believe there are additional key performance indicators that assist in the understanding of the business.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has considerable financial resources available, has continued to trade profitably and to generate cash. The directors have prepared forecasts for the next 12 months that indicate these trends will continue. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

PERMALI GLOUCESTER LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011

Reappointment of auditors

The auditors Hazlewoods LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006

Medium sized company provisions

This report has been prepared in accordance with the special provisions relating to medium-sized companies within Part 15 of the Companies Act 2006

Approved by the Board on 17 November 2011 and signed on its behalf by



N J Baird
Company secretary and director

PERMALI GLOUCESTER LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERMALI GLOUCESTER LIMITED

We have audited the financial statements of Permal Gloucester Limited for the year ended 31 May 2011, set out on pages 7 to 20. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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

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 Directors' Report 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 the 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 May 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PERMALI GLOUCESTER 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

David Williams (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditors

Windsor House
Barnet Way
Barnwood
Gloucester
GL4 3RT

17 November 2011

PERMALI GLOUCESTER LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011

	Note	2011 £	2010 £
Turnover	2	9,579,859	19,825,426
Cost of sales		(7,013,613)	(14,481,357)
Gross profit		2,566,246	5,344,069
Distribution costs		(204,129)	(244,647)
Administrative expenses		(2,330,546)	(2,392,569)
Other operating income		161,784	157,742
Operating profit	3	193,355	2,864,595
Other interest receivable and similar income	6	3,713	250
Profit on ordinary activities before taxation		197,068	2,864,845
Tax on profit on ordinary activities	7	72,315	(795,463)
Profit for the financial year	16	269,383	2,069,382

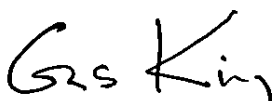
Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

PERMALI GLOUCESTER LIMITED
(REGISTRATION NUMBER 3546214)
BALANCE SHEET
AS AT 31 MAY 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible fixed assets	8	(529,200)	(542,200)
Tangible fixed assets	9	<u>2,201,886</u>	<u>2,077,062</u>
		<u>1,672,686</u>	<u>1,534,862</u>
Current assets			
Stocks	10	2,402,718	2,616,334
Debtors	11	1,730,084	3,893,414
Cash at bank and in hand		<u>2,750,665</u>	<u>2,477,290</u>
		<u>6,883,467</u>	<u>8,987,038</u>
Creditors Amounts falling due within one year	12	<u>(2,028,130)</u>	<u>(3,936,506)</u>
Net current assets		<u>4,855,337</u>	<u>5,050,532</u>
Total assets less current liabilities		<u>6,528,023</u>	<u>6,585,394</u>
Provisions for liabilities	13	<u>(261,587)</u>	<u>(250,841)</u>
Net assets		<u>6,266,436</u>	<u>6,334,553</u>
Capital and reserves			
Called up share capital	14	222,222	222,222
Capital redemption reserve	16	17,778	17,778
Profit and loss account	16	<u>6,026,436</u>	<u>6,094,553</u>
Shareholders' funds	17	<u>6,266,436</u>	<u>6,334,553</u>

Approved by the Board and authorised for issue on 17 November 2011 and signed on its behalf by



A J T King
Director

PERMALI GLOUCESTER LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2011

Cash flow statement

	Note	2011 £	2010 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		193,355	2,864,595
Depreciation of tangible assets		219,463	181,091
Amortisation of negative goodwill		(13,000)	(14,000)
Decrease/(increase) in stocks		213,616	(23,136)
Decrease/(increase) in debtors		2,175,518	(1,032,044)
Decrease in creditors		(609,665)	(244,449)
Net cash inflow from operating activities		<u>2,179,287</u>	<u>1,732,057</u>
Returns on investments and servicing of finance			
Interest received		3,713	250
Taxation paid		(370,939)	(627,431)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(344,287)	(172,449)
Equity dividends paid		<u>(499,999)</u>	<u>(1,034,731)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		<u>967,775</u>	<u>(102,304)</u>
Increase/(decrease) in cash	20	<u>967,775</u>	<u>(102,304)</u>
Reconciliation of net cash flow to movement in net debt			
	Note	2011 £	2010 £
Increase/(decrease) in cash		<u>967,775</u>	<u>(102,304)</u>
Movement in net debt	20	967,775	(102,304)
Net funds at 1 June	20	<u>1,782,890</u>	<u>1,885,194</u>
Net funds at 31 May	20	<u>2,750,665</u>	<u>1,782,890</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Negative goodwill

Acquired negative goodwill is recognised in the profit and loss account in line with the periods over which the non-monetary assets are recovered, whether through depreciation or sale

Purchased goodwill

Purchased goodwill is capitalised and is to be written off over a period of five years. This period is considered by the directors to be its useful economic life

Tangible fixed assets and depreciation

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

Long leasehold land and buildings	Over 54 years straight line
Plant and machinery	10 - 33% straight line

No depreciation is charged on freehold land in accordance with FRS 15 "Tangible Fixed Assets"

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit

Stocks and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs to completion and disposal

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

2 Turnover

An analysis of turnover by geographical location is given below:

	2011	2010
	£	£
UK	5,605,589	9,815,968
EU	2,383,349	2,454,663
Rest of Europe	16,435	32,278
Rest of World	1,574,486	7,522,517
	<u>9,579,859</u>	<u>19,825,426</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of owned assets	219,463	181,091
Operating leases - land & buildings	15,386	15,386
Operating leases - other assets	17,852	17,852
Auditor's remuneration - Audit fees	10,975	11,400
Auditor's remuneration - Non audit fees	2,500	9,622
Amortisation	(13,000)	(14,000)
Foreign currency losses/(gains)	<u>29,958</u>	<u>(108,943)</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2011 No.	2010 No.
Production	76	80
Administration	11	11
	<u>87</u>	<u>91</u>

The aggregate payroll costs were as follows

	2011 £	2010 £
Wages and salaries	2,275,237	2,382,375
Social security costs	224,889	227,262
Pension costs	133,231	129,742
	<u>2,633,357</u>	<u>2,739,379</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2011 £	2010 £
Remuneration	224,492	220,609
Company contributions paid to money purchase schemes	<u>16,399</u>	<u>16,621</u>

During the year the number of directors who were receiving benefits and share incentives was as follows

	2011 No.	2010 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

6 Other interest receivable and similar income

	2011 £	2010 £
Bank interest receivable	<u>3,713</u>	<u>250</u>

7 Taxation

Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
Corporation tax charge	-	788,457
Adjustments in respect of previous years	(83,061)	2,599
UK Corporation tax	<u>(83,061)</u>	<u>791,056</u>
Deferred tax		
Deferred tax charge/(credit) in year	<u>10,746</u>	<u>4,407</u>
Total tax on profit on ordinary activities	<u>(72,315)</u>	<u>795,463</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 20.83% (2010 - 28%)

The differences are reconciled below

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>197,068</u>	<u>2,864,845</u>
Corporation tax at standard rate	41,056	802,157
Non deductible expenses	589	46,483
Capital allowances in excess of depreciation	(15,620)	(14,836)
Adjustments to previous periods	(83,061)	2,599
Movements in provision	(1,695)	7,363
Research and development deduction	(75,369)	(52,710)
Tax losses carried back	<u>51,039</u>	<u>-</u>
Total current tax	<u>(83,061)</u>	<u>791,056</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

8 Intangible fixed assets

	Negative goodwill £	Purchased goodwill £	Total £
Cost			
At 1 June 2010	(1,901,199)	464,028	(1,437,171)
At 31 May 2011	(1,901,199)	464,028	(1,437,171)
Amortisation			
At 1 June 2010	(1,358,999)	464,028	(894,971)
Charge for the year	(13,000)	-	(13,000)
At 31 May 2011	(1,371,999)	464,028	(907,971)
Net book value			
At 31 May 2011	(529,200)	-	(529,200)
At 31 May 2010	(542,200)	-	(542,200)

9 Tangible fixed assets

	Freehold land and buildings £	Long leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation				
At 1 June 2010	18,210	1,373,600	2,514,657	3,906,467
Additions	-	2,150	342,137	344,287
At 31 May 2011	18,210	1,375,750	2,856,794	4,250,754
Depreciation				
At 1 June 2010	-	337,015	1,492,390	1,829,405
Charge for the year	-	34,409	185,054	219,463
At 31 May 2011	-	371,424	1,677,444	2,048,868
Net book value				
At 31 May 2011	18,210	1,004,326	1,179,350	2,201,886
At 31 May 2010	18,210	1,036,585	1,022,267	2,077,062

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

10 Stocks and work in progress

	2011	2010
	£	£
Raw materials and consumables	683,895	506,036
Work in progress	1,442,694	1,880,567
Finished goods and goods for resale	276,129	229,731
	<u>2,402,718</u>	<u>2,616,334</u>

11 Debtors

	2011	2010
	£	£
Trade debtors	1,599,203	3,774,351
Other debtors	12,472	1,835
Prepayments and accrued income	118,409	117,228
	<u>1,730,084</u>	<u>3,893,414</u>

12 Creditors Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,525,934	1,521,924
Bank overdraft	-	694,400
Corporation tax	-	441,812
Other taxes and social security	114,954	415,531
Other creditors	29,351	49,332
Accruals and deferred income	357,891	651,008
Ordinary 'A' participating dividend	-	162,499
	<u>2,028,130</u>	<u>3,936,506</u>

13 Provisions

	Deferred tax liability	Warranty provision	Total
	£	£	£
At 1 June 2010	140,841	110,000	250,841
Charged to the profit and loss account	<u>10,746</u>	<u>-</u>	<u>10,746</u>
At 31 May 2011	<u>151,587</u>	<u>110,000</u>	<u>261,587</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

Analysis of deferred tax

	2011 £	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	220,758	217,611
Other timing differences	(69,171)	(76,770)
	<u>151,587</u>	<u>140,841</u>

14 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary shares of £1 each	150,000	150,000	150,000	150,000
'A' Ordinary shares of £1 each	<u>72,222</u>	<u>72,222</u>	<u>72,222</u>	<u>72,222</u>
	<u>222,222</u>	<u>222,222</u>	<u>222,222</u>	<u>222,222</u>

The rights attaching to the £1 A Ordinary class of shares are as follows

Dividend

The shares carry the right to a fixed dividend of 8% of nominal value of the shares which is cumulative should the company be unable to make a distribution legally for any financial year. The dividend will be adjusted to 12% of profit before taxation as shown in the profit and loss account if higher, allocated to each share on a pro rata basis. The shares also carry the right to a compensatory dividend equal to any benefits paid to the share-holding directors over an index-linked figure of £250,000 per annum.

Redemption

There are no fixed redemption terms.

On winding up

On winding up, shareholders are entitled to the subscription price paid. This is before the right of ordinary shareholders to have the subscription price paid. The shareholders are entitled to any surplus remaining in equal proportion to ordinary shareholders.

Voting rights

Each share carries the voting rights of one.

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

15 Dividends

	2011 £	2010 £
Dividends paid		
Ordinary 'A' fixed	5,779	5,779
Ordinary	331,721	698,443
Ordinary 'A' final	-	324,999
	<u>337,500</u>	<u>1,029,221</u>

The directors propose an ordinary dividend of £230,000 (2010 - £nil) in relation to the financial year ended 31 May 2011. In accordance with FRS 21 no provision was made for the dividends in the financial statements.

16 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 June 2010	17,778	6,094,553	6,112,331
Profit for the year	-	269,383	269,383
Dividends	-	(337,500)	(337,500)
At 31 May 2011	<u>17,778</u>	<u>6,026,436</u>	<u>6,044,214</u>

17 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Profit attributable to the members of the company	269,383	2,069,382
Dividends	(337,500)	(1,029,221)
Net (reduction)/addition to shareholders' funds	<u>(68,117)</u>	<u>1,040,161</u>
Shareholders' funds at 1 June	6,334,553	5,294,392
Shareholders' funds at 31 May	<u>6,266,436</u>	<u>6,334,553</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

18 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £133,231 (2010 - £129,742)

19 Commitments

Operating lease commitments

As at 31 May 2011 the company had annual commitments under non-cancellable operating leases as follows
Operating leases which expire

	2011 £	2010 £
Land and buildings		
Over five years	<u>15,386</u>	<u>15,386</u>
Other		
Within one year	6,343	7,952
Within two and five years	<u>9,106</u>	<u>9,900</u>
	<u>15,449</u>	<u>17,852</u>

20 Analysis of net debt

	At 1 June 2010 £	Cash flow £	At 31 May 2011 £
Cash at bank and in hand	2,477,290	273,375	2,750,665
Bank overdraft	(694,400)	694,400	-
	<u>1,782,890</u>	<u>967,775</u>	<u>2,750,665</u>
Net funds	<u>1,782,890</u>	<u>967,775</u>	<u>2,750,665</u>

PERMALI GLOUCESTER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

21 Related party transactions

During the year, payments of £6,500 (2010 £13,000) were made to Abel Smith Consulting for the consultancy services of Mr D F Abel Smith, a director of the company until his resignation on 29 November 2010. Included within accruals at 31 May 2011 is £nil (2010 £2,214) in relation to these fees. The directors consider the payment of these fees to have been made on arms length terms.

During the year, payments of £12,800 (2010 £nil) were made to Mr P D Carter, a director of the company. There were no amounts owing at the year end in relation to these fees. The directors consider the payment of these fees to have been made on arms length terms.

22 Control

The company is controlled by the directors as listed on page 2.