

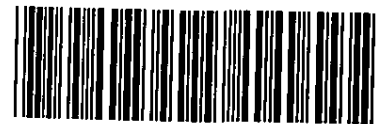
**The Royal Crown Derby Porcelain Company  
Limited**

**Directors' report and financial  
statements**

**Registered number 3981291**

**For the 18 month period to 26 December  
2009**

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## Directors' report

The directors present their annual report and the audited financial statements for the 18 month period to 26 December 2009

### Principal activities, business review and future developments

The principal activity of the company during the period was the manufacture, distribution and retailing of ceramic tableware, giftware and collectables. The company operates a US branch to distribute its products in that market.

Turnover for the 18 month period of £10,469,000 compares to £8,092,000 for a 12 month period to 28 June 2008.

The directors have considered the carrying value of goodwill in light of recent trading conditions and losses. This review has resulted in an additional impairment amortisation charge for this period of £1,700,000. This is the major element of the operating loss for the period of £2,595,000 (2008 (12 months) £801,000).

During the period under review we saw the full effects of the banking crisis unravel and its consequent impact upon general business, but in particular on our core UK high street business and in the US market. Early in 2009 major business failures in our sector impacted on the business. The company reacted by implementing a short time working programme, designed to save substantial cost but at the same time retaining our skilled workforce for the future. Other cost saving measures were also introduced. The remainder of 2009 remained extremely difficult with both the UK high street and US markets in recession.

During 2010, conditions in the UK high street have not improved. Store closures and heavy discounting are prevalent. We feel that the US market is over the worst and we have seen encouraging signs that trade is moving back to earlier years. Other export markets have held up well during this period, Japan in particular, where we have appointed a new distributor. Australia and Canada, two countries not too affected in this global recession have also remained buoyant for us. Nevertheless, we continue to operate below capacity with cost saving measures still in place. The impact on funding has been difficult but the company has had full support from its external funders and the major shareholder.

Looking forward we are confident about our export markets and believe there is still potential for new markets to be opened. In the UK market, which is predominately gift and collectable product, we have put focus into our internet business and are working with new partners in department stores. We continue to develop new product for this market with the addition in the coming year of Royal Wedding commemoratives which should be the boost that the UK high street is looking for. The workforce have remained loyal despite the short time working arrangement but it does mean we have the skilled workforce and product available to meet our customer demands.

The support of our external funders and the major shareholder has also been confirmed.

The Board is ultimately responsible for risk management and continues to develop policies and procedures that reflect the nature and scale of the company's business. These are designed to identify, mitigate and manage risk, but they cannot entirely eliminate it.

The company also recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

### Proposed dividend

The directors do not recommend the payment of a dividend (*period ended 28 June 2008 £Nil*).

## Directors' report *(continued)*

### Directors

The directors who held office during the period were as follows

RH Boissier CBE (resigned 19 May 2009)  
The Hon HMT Gibson  
SJ Hughes  
SR Willis  
Miss AL Adams  
The Hon PN Gibson (resigned 27 April 2010)  
P Allen  
JGI Moore  
J Poyser

### Employees

Employees are provided with information and consulted on matters about current activities and progress within the company, and with training to improve the skills of the individual and operational efficiency of the company

It is company policy to provide equal employment opportunities without regard to race, religion, gender, national origin or age. The company supports the employment of disabled people wherever possible, both in recruitment and by retaining employees who become disabled whilst in employment of the company, as well as generally through training and career development

Health and safety remains core to our business principles. We continued the development of our formal health and safety management and policies to reflect changing regulatory requirements

### Political and charitable contributions

During the period the company made no political and no charitable contributions (*period ended 28 June 2008 £Nil*)

### Disclosure of information to auditors

The directors who held office, at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

By order of the board



**SJ Hughes**  
Secretary

194 Osmaston Road  
Derby  
England  
DE23 8JZ

30 December 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent,
- state whether applicable UK 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

## **Independent auditors' report to the members of The Royal Crown Derby Porcelain Company Limited**

We have audited the financial statements of The Royal Crown Derby Porcelain Company Limited for the period ended 26 December 2009 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 directors' responsibilities statement set out on page 3, 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 26 December 2009 and of its loss for the period then ended,
- have been properly prepared in accordance with UK 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 auditors' report to the members of The Royal Crown Derby Porcelain Company 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, 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

## **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 – Basis of preparation to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £3.1 million during the 18 month period ended 26 December 2009 and, breached certain covenants on its facilities. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the ability of the company to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.



SC Wood (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

30 December 2010

**Profit and loss account**  
*for the 18 month period ended 26 December 2009*

	<i>Note</i>	<b>Period ended 26 December 2009 £000</b>	<b>Period ended 28 June 2008 £000</b>
<b>Turnover</b>	2	<b>10,469</b>	<b>8,092</b>
Cost of sales		<b>(6,212)</b>	<b>(4,805)</b>
<b>Gross profit</b>		<b>4,257</b>	<b>3,287</b>
Distribution costs		<b>(278)</b>	<b>(249)</b>
Administrative expenses		<b>(6,574)</b>	<b>(3,839)</b>
<b>Operating loss</b>		<b>(2,595)</b>	<b>(801)</b>
Operating loss before goodwill amortisation and exceptional items		<b>(169)</b>	<b>(47)</b>
Less goodwill amortisation		<b>(2,426)</b>	<b>(484)</b>
Less exceptional items		<b>-</b>	<b>(270)</b>
<b>Operating loss</b>		<b>(2,595)</b>	<b>(801)</b>
Other interest receivable and similar income	6	<b>-</b>	<b>2</b>
Interest payable and similar charges	7	<b>(502)</b>	<b>(349)</b>
<b>Loss on ordinary activities before taxation</b>	3	<b>(3,097)</b>	<b>(1 148)</b>
Tax on loss on ordinary activities	8	<b>-</b>	<b>89</b>
<b>Loss for the financial period</b>	17	<b>(3,097)</b>	<b>(1,059)</b>

The company has no recognised gains or losses in either the current or preceding period other than those disclosed in the profit and loss account

All activities arise from continuing operations



**Balance sheet**  
*at 26 December 2009*

	<i>Note</i>	<b>26 December 2009</b>		<b>28 June 2008</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Intangible assets	9		3,384		5,810
Tangible assets	10		2,219		2,579
			<hr/>		<hr/>
			5,603		8,389
<b>Current assets</b>					
Stocks	11	1,916		2,449	
Debtors	12	1,071		1,228	
Cash at bank and in hand		15		111	
		<hr/>		<hr/>	
		3,002		3,788	
<b>Creditors: amounts falling due within one year</b>	13	(2,878)		(3,030)	
		<hr/>		<hr/>	
<b>Net current assets</b>			124		758
<b>Creditors</b> Amounts falling due after more than one year	14		(2,512)		(2 835)
			<hr/>		<hr/>
<b>Net assets</b>			3,215		6 312
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16	10,300		10,300	
Profit and loss account	17	(7,085)		(3,988)	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>			3,215		6 312
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 30 December 2010 and were signed on its behalf by



**The Hon HMT Gibson**  
*Director*



**SJ Hughes**  
*Director*

Company number 3981291

## Cash flow statement

for the 18 month period ended 26 December 2009

	Note	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
<b>Reconciliation of operating loss to net cash flow from operating activities</b>			
Operating loss		(2,595)	(801)
Depreciation charges		373	257
Amortisation		2,426	484
Decrease in stocks		533	59
Decrease in debtors		157	280
(Decrease)/increase in creditors		(686)	78
		<hr/>	<hr/>
Net cash inflow from operating activities		208	357
		<hr/>	<hr/>

## Cash flow statement

Cash flow from operating activities		208	357
Returns on investments and servicing of finance	20	(502)	(347)
Taxation		-	-
Capital expenditure	20	(13)	(26)
		<hr/>	<hr/>
Cash outflow before financing		(307)	(16)
Financing	20	642	130
		<hr/>	<hr/>
Increase in cash in the period		335	114
		<hr/>	<hr/>

## Reconciliation of net cash flow to movement in net debt

Increase in cash in the period	21	335	114
Increase in debt in the period	21	(642)	(130)
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(307)	(16)
		<hr/>	<hr/>
Movement in net debt in the period		(307)	(16)
Net debt at the start of the period	21	(4,203)	(4,187)
		<hr/>	<hr/>
Net debt at the end of the period	21	(4,510)	(4,203)
		<hr/>	<hr/>

**Reconciliation of movements in shareholders' funds**  
*for the 18 month period ended 26 December 2009*

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
<b>Loss for the financial period</b>	<b>(3,097)</b>	<b>(1,059)</b>
<b>Net reduction in shareholders' funds</b>	<b>(3,097)</b>	<b>(1,059)</b>
Opening shareholders' funds	6,312	7,371
<b>Closing shareholders' funds</b>	<b>3,215</b>	<b>6,312</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

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

#### ***Going concern***

The Company reported a loss for the period ended 26 December 2009 of £3.1 million and breached certain of its facilities covenants, which were waived by the provider. The Company is dependent for its day to day working capital requirements on expected trading receipts and the continued support of the invoice discounting and loan facility provider, who has provided support up to the date of signing and has shown intention to continue going forward. In addition, it is dependent on the continued support from its major shareholder, who has continued to support the company to the date of signing and has confirmed that he will not seek repayment of the existing loan and confirmed his willingness to provide further support for at least the next twelve months for its additional working capital requirements. If any of these sources of funds cease to be available or sufficient to meet the Company's needs, it may cast significant doubt over the Company's ability to continue to operate as a going concern. The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons,

The company has continued to trade during 2010, through difficult trading conditions, with the continued support of the invoice discounting and loan facility provider, and the major shareholder who has advanced a further £470,000 during 2010. The directors have prepared projected cash flow information and forecasts for the period to 31 December 2011. The forecasts include expected sales income only from existing customers and the injection of sufficient funds from the major shareholder to cover a projected seasonal shortfall in the facilities.

On the basis of cash flow forecasts, the directors consider that the Company can remain within its existing facilities after allowing for the further forecast injection of funds from the major shareholder, for operational purposes for the period to 31 December 2011 and have no reason to believe that the facilities will be withdrawn or that the further funding from the major shareholder will not be obtained. However, there can be no certainty as to whether the forecasts will be achieved, the Company's facilities remain available or be sufficient, or the necessary additional funding will be available from the major shareholder. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result from the going concern basis of preparation no longer being appropriate.

#### ***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	25 years
Plant and machinery	-	2 to 20 years
Fixtures, fittings, tools and equipment	-	2 to 10 years

No depreciation is provided on freehold land

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual cost is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### Taxation

The charge or credit for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 otherwise required by FRS 19.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the delivery of goods and services to customers.

#### Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

### 2 Analysis of turnover

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
<i>By geographical market</i>		
UK	7,545	6,037
USA	1,517	1,018
Rest of the world	1,407	1,037
	<hr/> 10,469 <hr/>	<hr/> 8,092 <hr/>

In the opinion of the directors there is only one class of business.

## Notes (continued)

### 3 Notes to the profit and loss account

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	373	257
Amortisation of goodwill	2,426	484
Hire of other assets – operating leases	100	47
	<hr/>	<hr/>
Auditors' remuneration		
Audit of the financial statements	43	32
	<hr/>	<hr/>

### 4 Remuneration of directors

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
Directors' emoluments	473	404
Company contributions to money purchase pension scheme	16	23
	<hr/>	<hr/>
	489	427
	<hr/>	<hr/>

The aggregate emoluments of the highest paid director were £107,000 (*period ended 28 June 2008 £95,000*) and company pension contributions of £3,500 (*period ended 28 June 2008 £5,500*) were made to a money purchase scheme on his behalf

	Number of directors	
	Period ended 26 December 2009	Period ended 28 June 2008
Retirement benefits are accruing to the following number of directors under a defined contribution pension scheme	6	6
	<hr/>	<hr/>

### 5 Staff numbers and costs

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

	Number of employees	
	Period ended 26 December 2009	Period ended 28 June 2008
Production	144	174
Distribution	10	11
Administration and commercial	44	58
	<hr/>	<hr/>
	198	243
	<hr/>	<hr/>

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
Wages and salaries	4,636	4,066
Social security costs	386	370
Other pension costs	69	116
	<u>5,091</u>	<u>4,552</u>

### 6 Other interest receivable and similar income

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
Bank interest	-	2
	<u>-</u>	<u>2</u>

### 7 Interest payable and similar charges

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
On bank loans and overdrafts	186	258
On director's loan	55	54
Other loans	20	25
Exchange losses	241	12
	<u>502</u>	<u>349</u>

## Notes (continued)

### 8 Taxation

	Period ended 26 December 2009		Period ended 28 June 2008	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax credit on income for the period	-		(29)	
Adjustments in respect of prior periods	-		4	
Total current tax		-		(25)
<i>Deferred tax</i>				
Origination/reversal of timing differences	(2)		(50)	
Adjustments in respect of prior periods	-		(14)	
Effect of law changes	2		-	
Total deferred tax (see note 15)		-		(64)
Tax credit on loss on ordinary activities		-		(89)

#### *Factors affecting the tax (credit)/charge for the current period*

The current tax credit for the period is lower (*period ended 28 June 2008 lower*) than the small company rate of corporation tax in the UK of 21% (*period ended 28 June 2008 20.25%*). The differences are explained below

	Period ended 26 December 2009 £000	Period ended 28 June 2008 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(3,097)	(1,148)
Current tax at 21% ( <i>period ended 28 June 2008 20.25%</i> )	(650)	(232)
<i>Effects of</i>		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	511	98
Capital allowances for period less than depreciation	32	15
Other timing differences	1	16
Carried forward/(utilisation) tax losses	86	74
Adjustments in respect of prior periods	-	4
Depreciation on ineligible less IBAs	20	-
Total current tax (credit)/charge (see above)	-	(25)

#### *Factors that may affect future current and total tax charges/(credits)*

The deferred tax asset arising in the period under review has not been recognised due to the uncertainty of the period in which the losses would be utilised

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.



## Notes (continued)

### 9 Intangible fixed assets

	<b>Goodwill £000</b>
<i>Cost</i>	
At beginning and end of period	9,671
<i>Amortisation</i>	
At beginning of period	3,861
Charge in period	2,426
At end of period	6,287
<i>Net book value</i>	
At 26 December 2009	3,384
At 28 June 2008	5,810

The goodwill is being amortised over 20 years

During the period an additional £1.7 million impairment amortisation was taken against the goodwill value

### 10 Tangible fixed assets

	<b>Freehold land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Fixtures, fittings, tools and equipment £000</b>	<b>Total £000</b>
<i>Cost</i>				
At beginning of period	2,576	1,916	605	5,097
Additions	-	7	6	13
At end of period	2,576	1,923	611	5,110
<i>Depreciation</i>				
At beginning of period	574	1,385	559	2,518
Charge for period	109	237	27	373
At end of period	683	1,622	586	2,891
<i>Net book value</i>				
At 26 December 2009	1,893	301	25	2,219
At 28 June 2008	2,002	531	46	2,579

## Notes (continued)

### 11 Stocks

	26 December 2009 £000	28 June 2008 £000
Raw materials and consumables	461	538
Work in progress	711	852
Finished goods and goods for resale	744	1,059
	<u>1,916</u>	<u>2,449</u>

### 12 Debtors

	26 December 2009 £000	28 June 2008 £000
Trade debtors	960	1,073
Other debtors	20	50
Prepayments and accrued income	91	105
	<u>1,071</u>	<u>1,228</u>

Trade debtors are stated gross of amounts advanced through the company's invoice discounting facility

### 13 Creditors: Amounts falling due within one year

	26 December 2009 £000	28 June 2008 £000
Bank loan and overdrafts (secured)	2,013	1,479
Trade creditors	318	582
Other taxation and social security	239	322
Other creditors	106	143
Accruals and deferred income	202	504
	<u>2,878</u>	<u>3,030</u>

The bank loan and overdraft comprises three elements, an invoice discounting facility, a revolving stock facility and the property loan. Due to breaches of covenants, the entire property loan is shown in the accounts as amounts falling due within one year. Following the balance sheet date, the bank has confirmed they will be taking no further action and the loan will remain payable based on the original contract.

Bank overdrafts relating to invoice discounting and the stock facility are secured by fixed and floating charges on certain operating assets of the company. Interest is charged at 2.5% over the bank's base rate.

The directors have considered the company value of goodwill in light of the recent difficult trading conditions and losses. This review has resulted in an additional impairment/amortisation charge for the period of £1,700,000. This is the major element of the operating loss for the period of £2,595,000 (12 month period 2008: £801,000).

The bank loan at 26 December 2009 is secured by a fixed charge on the freehold property of the company. Interest is charged at 3.0% over the bank's base rate. The loan is repayable in monthly instalments over a period of 60 months.

## Notes (continued)

### 14 Creditors: Amounts falling due after more than one year

	26 December 2009 £000	28 June 2008 £000
Bank loan (see note 13)	-	1,385
Other loans	2,512	1,450
	<u>2,512</u>	<u>2,835</u>

Other loans comprise

- an amount of £2,112,000 (28 June 2008 £1,050,000), owing to one of the company's directors, the Hon HMT Gibson. Interest is charged at 1.5% above the bank base rate. At 26 December 2009 the loan is not due for repayment within 12 months of the balance sheet date,
- a loan of £400,000 (28 June 2008 £400,000). Interest is charged at 1.5% above the bank base rate. The loan is secured by a second floating charge over all assets of the company. Since the balance sheet date, this loan has been assigned to the Hon HMT Gibson. This loan will not be repayable within 12 months of the balance sheet date.

### 15 Deferred taxation

The movement in deferred taxation during the period was

	26 December 2009 £000	28 June 2008 £000
At beginning of period – liability	-	64
Credit to the profit and loss for the period	-	(64)
	<u>-</u>	<u>-</u>
At end of period	-	-

The elements of deferred taxation are as follows

	26 December 2009		28 June 2008	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	-	16	-	51
Other timing differences	-	(7)	-	(13)
Loss carried forward	-	(167)	-	(78)
	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>(40)</u>
Deferred tax (asset)/liability	-	(158)	-	(40)

Unprovided deferred tax is calculated at 21% which is the rate applicable at 1 April 2010

## Notes (continued)

### 16 Called up share capital

	26 December 2009 £000	28 June 2008 £000
<i>Allotted, called up and fully paid.</i>		
10,300,000 ordinary shares of £1 each	10,300	10,300

### 17 Profit and loss account

	£000
At beginning of period	(3,988)
Loss for the period	(3,097)
<b>At end of period</b>	<b>(7,085)</b>

### 18 Commitments

(a) Capital commitments contracted for at the end of the financial period, for which no provision has been made, were £15,000 (28 June 2008 £Nil)

(b) Annual commitments under non-cancellable operating leases are as follows

	26 December 2009 £000	Other 28 June 2008 £000
<i>Operating leases which expire</i>		
Within one year	13	8
Between two and five years inclusive	26	29
	<b>39</b>	<b>37</b>

### 19 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £69,000 (28 June 2008 £116,000)

Contributions amounting to £Nil (28 June 2008 £9,000) were payable to the scheme at the period end and are included in creditors

## Notes (continued)

### 20 Analysis of cash flows

	26 December 2009 £000	28 June 2008 £000
<b>Returns on investment and servicing of finance</b>		
Interest received and similar income	-	2
Interest paid	(502)	(349)
	<u>(502)</u>	<u>(347)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(13)	(26)
	<u>(13)</u>	<u>(26)</u>
<b>Financing</b>		
New loans	1,062	350
Loan repayment to bank	(420)	(220)
	<u>642</u>	<u>130</u>

### 21 Analysis of net debt

	At beginning of period £000	Cash flow £000	Transfer £000	At end of period £000
Cash at bank and in hand	111	(96)	-	15
Bank overdraft	(1,239)	431	-	(808)
	<u>(1,128)</u>	<u>335</u>	<u>-</u>	<u>(793)</u>
Debt due within one year				
Bank loan	(240)	-	(965)	(1,205)
Debt due after one year				
Bank loan	(1,385)	420	965	-
Other loans	(1,450)	(1,062)	-	(2,512)
	<u>(3,075)</u>	<u>(642)</u>	<u>-</u>	<u>(3,717)</u>
Total	<u>(4,203)</u>	<u>(307)</u>	<u>-</u>	<u>(4,510)</u>

### 22 Related party transactions

The Hon HMT Gibson is a director of the company and has loaned the business £2,112,000 (28 June 2008 £1,050,000). During the period, interest of £55,000 (28 June 2008 £53,600) was paid to the Hon HMT Gibson in respect of this loan.

### 23 Ultimate controlling party

The ultimate controlling party is The Hon HMT Gibson, by virtue of his shareholding.