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# Consolidated Financial Statements Barton Petroleum (Holdings)Limited

**For the year ended** 31 March 2008

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**Company No** 5073551

# Company information

| | |
|---|---|
| **Company registration number** | 5073551 |
| **Registered office** | Vaux Road<br>Finedon Road Industrial Estate<br>WELLINGBOROUGH<br>Northamptonshire<br>NN8 4TG |
| **Directors** | R J Burton<br>D J Burton |
| **Secretary** | L M Burton |
| **Bankers** | HSBC Bank plc<br>15 High Street<br>MARKET HARBOROUGH<br>Leicestershire<br>LE1 BB |
| **Solicitors** | Howes Percival<br>Oxford House<br>Cliftonville<br>NORTHAMPTON<br>NN1 5PN |
| **Auditor** | Grant Thornton UK LLP<br>Chartered Accountants<br>Registered Auditors<br>Grant Thornton House<br>Kettering Parkway<br>KETTERING<br>Northants<br>NN15 6XR |

# Index

# Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 March 2008

### Principal activities and business review

The principal activity of the company is that of a holding company It did not trade during the year

The principal activity of the group is in the distribution of petroleum products and related activities

The directors are satisfied with the operating profits of the group for the financial year despite lower margins arising from high oil prices, and remain cautiously optimistic for the coming year

### Key performance indicators - financial

The directors' main performance indicators used to manage the critical financial aspects of the business are gross margin, volume turnover and debtor days

The gross margin showed an overall slight reduction to 5 7% from last year's 6 7% due to the continued oil price volatility and trend upwards

Debtor days are used to assist the careful management of working capital On a year end count-back basis this measurement showed that debtors days remained consistent at 28 days

### Key performance indicators - non-financial

The directors' main non-financial performance indicators used to manage the business are greenhouse gas emissions and paper waste

The level of greenhouse gases is carefully monitored Approximately 7 3 tonnes per annum of heating oils are omitted and 345 tonnes of road fuels are utilised

Of the paper used within the business, 80% is recycled per annum

### Results and dividends

The profit for the year, after taxation, amounted to £527,639 (2007 - £464,382) Dividends of £100,000 have been paid during the year

### Financial risk management objectives and policies

The group uses various financial instruments including cash, 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 which are described in more detail below

The main risks arising from the group's financial instruments are price risk, liquidity risk and credit risk

#### Price risk

The group's exposure to price risk consists mainly of its exposure to movements in oil prices This risk is managed by daily monitoring of the oil prices for the group's main supplier

#### Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

## Financial risk management objectives and policies (continued)

### Credit risk

The group's principal financial assets are cash and 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

Any residual risk is covered by credit insurance

## Directors

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

R J Burton
D J Burton

## Land and Buildings

The directors are of the opinion that in aggregate the market value of the land and buildings is in excess of the book value

## Directors' responsibilities

The directors are responsible for preparing the Annual 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 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 year 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 UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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 1985 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

## Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

L M Burton

L M Burton
Secretary
25 July 2008

Grant Thornton

# Report of the independent auditor to the members of Barton Petroleum (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of Barton Petroleum (Holdings) Limited for the year ended 31 March 2008 which comprise the principal accounting policies, consolidated profit and loss account, the balance sheets, consolidated cash flow statement, statement of total recognised gains and losses and notes 1 to 28 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

Grant Thornton

# Report of the independent auditor to the members of Barton Petroleum (Holdings) Limited

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2008

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

**Kettering**
**31 July 2008**

# Principal accounting policies

### Basis of accounting

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

### Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertaking (see note 10) drawn up to 31 March 2008 Profits or losses on intra-group transactions are eliminated in full

Where advantage can be taken of merger relief rules, shares issued as consideration for acquisitions are accounted for at nominal value

Goodwill arising on consolidation representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is capitalised and is amortised on a straight line basis over its estimated useful economic life of twenty years, as shown in note 8

### Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and intra-group sales

### Fixed assets

All fixed assets are initially recorded at cost

### Depreciation

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

| | | |
|---|---|---|
| Freehold Property | - | 25 years |
| Leasehold Property | - | Period of lease |
| Plant & Machinery | - | 2 to 16 years |
| Motor Vehicles | - | 4 to 6 years |

### Stocks

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

### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

### Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included with creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### Pension costs and other post-retirement benefits

The company operates a defined benefit pension scheme for employees The assets of the scheme are held separately from those of the company

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate

Pension scheme assets are valued at market value at the balance sheet date

The pension scheme deficit is recognised in full on the balance sheet

The deferred tax relating to a defined benefit liability is offset against the defined benefit liability and not included with other deferred tax assets or liabilities

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 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 | 2008 £ | 2007 £ |
|---|---|---|---|
| Turnover | 1 | **78,353,070** | 63,684,648 |
| Cost of sales | | **73,913,951** | 59,407,342 |
| Gross profit | | **4,439,119** | 4,277,306 |
| Other operating charges | 2 | **3,873,883** | 3,655,506 |
| **Operating profit** | 3 | **565,236** | 621,800 |
| Interest receivable | | **122,028** | 100,775 |
| Interest payable and similar charges | 6 | **(23,023)** | (57,431) |
| **Profit on ordinary activities before taxation** | | **664,241** | 665,144 |
| Tax on profit on ordinary activities | 7 | **136,602** | 200,762 |
| **Profit for the financial year** | 21 | **527,639** | 464,382 |

All of the activities of the group are classed as continuing

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account The company did not trade during the year

# Consolidated balance sheet

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 8 | **369,636** | 392,738 |
| Tangible assets | 9 | **2,704,917** | 2,766,752 |
| | | **3,074,553** | 3,159,490 |
| **Current assets** | | | |
| Stocks | 11 | **886,908** | 612,158 |
| Debtors | 12 | **9,543,038** | 6,936,720 |
| Cash at bank and in hand | | **2,972,831** | 3,826,370 |
| | | **13,402,777** | 11,375,248 |
| **Creditors: amounts falling due within one year** | 13 | **9,952,356** | 8,119,345 |
| **Net current assets** | | **3,450,421** | 3,255,903 |
| **Total assets less current liabilities** | | **6,524,974** | 6,415,393 |
| **Creditors: amounts falling due after more than one year** | 14 | **116,221** | 224,659 |
| | | **6,408,753** | 6,190,734 |
| **Provisions for liabilities** | | | |
| Deferred taxation | 16 | **55,000** | 123,500 |
| **Net assets excluding pension liability** | | **6,353,753** | 6,067,234 |
| Defined benefit pension scheme liability | 17 | **101,820** | 76,700 |
| | | **6,251,933** | 5,990,534 |
| **Capital and reserves** | | | |
| Called-up equity share capital | 19 | **50** | 50 |
| Other reserves | 20 | **50** | 50 |
| Profit and loss account | 21 | **6,251,833** | 5,990,434 |
| **Shareholders' funds** | 22 | **6,251,933** | 5,990,534 |

These financial statements were approved by the directors and authorised for issue on 25 JULY 2008 and are signed on their behalf by

R J Burton

D J Burton

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

# Company balance sheet

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 10 | **793,780** | 793,780 |
| **Current assets** | | | |
| Stocks | 11 | - | - |
| Debtors due within one year | 12 | - | - |
| Debtors due after one year | 12 | - | - |
| Cash at bank and in hand | | - | - |
| | | - | - |
| **Creditors: amounts falling due within one year** | 13 | - | - |
| **Net current assets** | | - | - |
| **Total assets less current liabilities** | | **793,780** | 793,780 |
| **Creditors: amounts falling due after more than one year** | 14 | **793,730** | 793,730 |
| **Provisions for liabilities** | | | |
| Deferred taxation | 16 | - | - |
| **Pension liability** | 17 | - | - |
| | | **50** | 50 |
| **Capital and reserves** | | | |
| Called-up equity share capital | 19 | **50** | 50 |
| Profit and loss account | 20 | - | - |
| **Shareholders' funds** | | **50** | 50 |

These financial statements were approved by the directors and authorised for issue on 25 July 2008 and are signed on their behalf by

R J Burton

D J Burton

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

# Consolidated cash flow statement

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 23 | **(218,541)** | 1,528,453 |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **122,028** | 100,775 |
| Interest paid | | **(2)** | (65) |
| Interest element of finance leases and hire purchase | | **(25,021)** | (15,366) |
| **Net cash inflow from returns on investments and servicing of finance** | | **97,005** | 85,344 |
| **Taxation** | | **(207,867)** | (254,975) |
| **Capital expenditure** | | | |
| Payments to acquire tangible fixed assets | | **(121,169)** | (559,602) |
| Receipts from sale of fixed assets | | **9,211** | 35,501 |
| **Net cash outflow from capital expenditure** | | **(111,958)** | (524,101) |
| **Equity dividends paid** | | **(100,000)** | - |
| **Financing** | | | |
| Capital element of finance leases and hire purchase | | **(312,178)** | (196,031) |
| **Net cash outflow from financing** | | **(312,178)** | (196,031) |
| **(Decrease)/increase in cash** | 24 | **(853,539)** | 638,690 |

# Other primary statements

### Statement of total recognised gains and losses

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| **Profit for the financial year** | **527,639** | 464,382 |
| Actuarial (loss)/gain in respect of defined benefit pension scheme | **(227,000)** | 699,000 |
| Deferred tax in respect of defined benefit pension scheme | **60,760** | (209,700) |
| **Total recognised gains and losses for the year** | **361,399** | 953,682 |
| **Total gains and losses recognised since the last financial statements** | **361,399** | 953,682 |

**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 principal activity of the group as stated in the Report of the Directors

## 2 Other operating charges

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Distribution costs | **1,738,498** | 1,522,076 |
| Administrative expenses | **2,135,385** | 2,133,430 |
| | **3,873,883** | 3,655,506 |

## 3 Operating profit

Operating profit is stated after charging/(crediting)

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Depreciation of owned fixed assets | **288,348** | 329,045 |
| Depreciation of assets held under finance leases and hire purchase agreements | **145,566** | 82,165 |
| Amortisation of goodwill | **23,102** | 23,102 |
| Profit on disposal of fixed assets | **(5,675)** | (26,067) |
| Auditor's remuneration | | |
| Audit fees | **20,210** | 19,700 |
| Other | **4,725** | 8,500 |
| Operating lease costs | | |
| Other | **41,800** | 41,800 |

Auditor's remuneration - other fees

| | | |
|---|---|---|
| - Taxation services | **3,150** | 5,000 |
| - Accountancy services | **1,575** | 3,500 |
| | **4,725** | 8,500 |

## 4 Directors and employees

The average number of persons employed by the group during the financial year, including the directors, was as follows

| | 2008 | 2007 |
|---|---|---|
| Administration | **34** | 34 |
| Distribution and workshop | **42** | 39 |
| | **76** | 73 |

The aggregate payroll costs of the above were

| | 2008 £ | 2007 £ |
|---|---|---|
| Wages and salaries | **2,174,476** | 2,087,910 |
| Social security costs | **231,663** | 224,952 |
| Other pension costs | **255,735** | 256,131 |
| | **2,661,874** | 2,568,993 |

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 6) and amounts recognised in the statement of recognised gains and losses

## 5 Directors

Remuneration in respect of directors was as follows

| | 2008 £ | 2007 £ |
|---|---|---|
| Emoluments receivable | **79,045** | 76,949 |
| Pension scheme contributions | **13,320** | 13,320 |
| | **92,365** | 90,269 |

Emoluments of highest paid director

| | 2008 £ | 2007 £ |
|---|---|---|
| Total emoluments (excluding pension contributions) | **79,045** | 76,949 |

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

| | 2008 No | 2007 No |
|---|---|---|
| Defined benefit schemes | **1** | 1 |

## 6 Interest payable and similar charges

| | 2008 £ | 2007 £ |
|---|---|---|
| Interest payable on bank borrowing | **2** | 65 |
| Finance charges | **25,021** | 15,366 |
| Pension scheme finance costs | **(2,000)** | 42,000 |
| | **23,023** | 57,431 |

## 7 Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2008 £ | 2007 £ |
|---|---|---|
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 30% (2007 - 30%) | **160,355** | 218,000 |
| Over provision in prior year | **(10,133)** | (4,938) |
| Total current tax | **150,222** | 213,062 |
| Deferred tax | | |
| Reduction in tax rate | **(8,200)** | - |
| Origination and reversal of timing differences | **(5,420)** | **(12,300)** |
| Tax on profit on ordinary activities | **136,602** | **200,762** |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 - 30%)

| | 2008 £ | 2007 £ |
|---|---|---|
| Profit on ordinary activities before taxation | **664,241** | 665,144 |
| Profit on ordinary activities multiplied by the rate of tax | **199,272** | 199,543 |
| Expenses not deductible for tax purposes | **9,627** | 12,484 |
| Depreciation charge for the period compared to capital allowances | **18,902** | (1,989) |
| Marginal relief | **(8,646)** | (15,768) |
| Adjustment to tax charge in respect of prior periods | **(10,133)** | (4,938) |
| Defined benefit scheme operating charges adjustment for tax purposes | **(58,800)** | 16,800 |
| Other timing differences | **-** | 6,930 |
| Total current tax (note 7(a)) | **150,222** | 213,062 |

## 8 Intangible fixed assets

**The Group**

| | Goodwill on consolidation £ |
|---|---|
| Cost | |
| At 1 April 2007 and at 31 March 2008 | 462,044 |
| Amortisation | |
| At 1 April 2007 | 69,306 |
| Provided in the year | 23,102 |
| At 31 March 2008 | 92,408 |
| Net book value | |
| At 31 March 2008 | **369,636** |
| At 31 March 2007 | 392,738 |

There were no intangible fixed assets recognised by the company at 31 March 2008 and 31 March 2007

## 9 Tangible fixed assets

**The Group**

| | Freehold Property £ | Leasehold Property £ | Plant & Machinery £ | Motor Vehicles £ | Total £ |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 1 April 2007 | 1,517,228 | 114,622 | 783,452 | 2,544,764 | 4,960,066 |
| Additions | 14,654 | - | 111,000 | 249,961 | 375,615 |
| Disposals | - | - | (12,422) | (163,445) | (175,867) |
| At 31 March 2008 | 1,531,882 | 114,622 | 882,030 | 2,631,280 | 5,159,814 |
| Depreciation | | | | | |
| At 1 April 2007 | 113,790 | 80,999 | 533,222 | 1,465,303 | 2,193,314 |
| Charge for the year | 25,675 | 3,553 | 52,867 | 351,819 | 433,914 |
| On disposals | - | - | (9,885) | (162,446) | (172,331) |
| At 31 March 2008 | 139,465 | 84,552 | 576,204 | 1,654,676 | 2,454,897 |
| Net book value | | | | | |
| At 31 March 2008 | **1,392,417** | **30,070** | **305,826** | **976,604** | **2,704,917** |
| At 31 March 2007 | 1,403,438 | 33,623 | 250,230 | 1,079,461 | 2,766,752 |

Included within the net book value of £2,704,917 is £689,017 (2007 - £580,137) 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 £145,566 (2007 - £82,165)

The company had no fixed assets at 31 March 2008 or 31 March 2007

## 10 Investments

**Company**

| | Shares in group undertakings £ |
|---|---|
| Net book value at 31 March 2007 and 31 March 2008 | **793,780** |

At 31 March 2008 the company held more than 20% of a class of the allotted equity share capital of the following

| | Country of registration | Class of share capital held | Proportion held | Nature of business | Capital and reserves £ | Profit for the financial year £ |
|---|---|---|---|---|---|---|
| Barton Petroleum Limited | England and Wales | Ordinary | 100% | Distribution of petroleum products | 5,786,111 | 441,879 |
| FW Abbott Limited | England and Wales | Ordinary | 100% | Maintenance and repair of commercial vehicles | 889,916 | 108,862 |

## 11 Stocks

| | The group 2008 £ | The group 2007 £ | The company 2008 £ | The company 2007 £ |
|---|---|---|---|---|
| Goods for resale | **886,908** | 612,158 | **-** | - |

## 12 Debtors

| | The group 2008 £ | The group 2007 £ | The company 2008 £ | The company 2007 £ |
|---|---|---|---|---|
| Trade debtors | **8,878,615** | 6,516,750 | **-** | - |
| Other debtors | **-** | 432 | **-** | - |
| Prepayments and accrued income | **664,423** | 419,538 | **-** | - |
| | **9,543,038** | 6,936,720 | **-** | - |

## 13 Creditors: amounts falling due within one year

| | The group | | The company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Trade creditors | **9,159,463** | 7,083,276 | **-** | - |
| Corporation tax | **160,355** | 218,000 | **-** | - |
| Other taxation and social security | **109,797** | 125,756 | **-** | - |
| Amounts due under finance leases and hire purchase agreements | **273,241** | 222,535 | **-** | - |
| Other creditors | **13,130** | 251,153 | **-** | - |
| Accruals and deferred income | **236,370** | 218,625 | **-** | - |
| | **9,952,356** | 8,119,345 | **-** | - |

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

| | The group | | The company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Amounts owed to group undertakings | **-** | - | **793,730** | 793,730 |
| Amounts due under finance leases and hire purchase agreements | **116,221** | 224,659 | **-** | - |

## 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 | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Amounts payable within 1 year | **273,241** | 222,527 | **-** | - |
| Amounts payable between 1 and 2 years | **108,483** | 187,714 | **-** | - |
| Amounts payable between 3 and 5 years | **7,738** | 36,953 | **-** | - |
| | **389,462** | 447,194 | **-** | - |

## 16 Deferred taxation

The movement in the deferred taxation provision during the year was

| **The Group** | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| Provision brought forward | **123,500** | 119,000 |
| Profit and loss account movement arising during the year | **(68,500)** | 4,500 |
| Provision carried forward | **55,000** | 123,500 |

**Deferred taxation (continued)**

The provision for deferred taxation consists of the tax effect of timing differences in respect of

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| Excess of taxation allowances over depreciation on fixed assets | **63,200** | 123,500 |
| Reduction in tax rate | **(8,200)** | - |
| | **55,000** | 123,500 |

## 17 Pension commitments

### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees The assets of the scheme are administered by trustees in funds independent from those of the company

### Defined Benefit Pension Scheme

The company operates a defined benefit pension scheme providing benefits based on final pensionable pay The assets of the scheme are administered by trustees in a fund independent from the assets of the company

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method A full actuarial valuation was carried out at 6 April 2004 and updated at 31 March 2008 The main assumptions used by the actuary were

| | **2008** | 2007 | 2006 |
|---|---|---|---|
| | **%** | % | % |
| Rate of increase in salaries | 4.6 | 4.3 | 4.5 |
| Rate of increase in pensions in payment | 3.6 | 3.3 | 3.4 |
| Discount rate | 6.2 | 5.3 | 4.9 |
| Inflation assumption | 3.6 | 3.3 | 3.0 |

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are

| | | **2008** | | 2007 | | 2006 |
|---|---|---|---|---|---|---|
| | **Long-term rate of return expected** | **Value** | Long-term rate of return expected | Value | Long-term rate of return expected | Value |
| | **%** | **£** | % | £ | % | £ |
| Equities | **6.2** | **1,654,000** | 6.2 | 1,678,000 | 5.0 | 888,000 |
| Bonds | **4.6** | **968,000** | 4.5 | 914,000 | 4.7 | 1,241,000 |
| Cash | **5.0** | **200,000** | 4.5 | - | 4.0 | 268,000 |
| Total market value of assets | | **2,822,000** | | 2,592,000 | | 2,397,000 |
| Present value of scheme liabilities | | **(2,962,000)** | | (2,701,000) | | (3,149,000) |
| Deficit in the scheme | | **(140,000)** | | (109,000) | | (752,000) |
| Related deferred tax asset | | **38,180** | | 32,300 | | 225,200 |
| Net pension liability | | **(101,820)** | | (76,700) | | (526,800) |

## 17 Pension commitments (continued)

An analysis of the movements in deficit during the year are shown below

| | 2008 £ | 2007 £ |
|---|---|---|
| At 1 April 2007 | **(109,000)** | (752,000) |
| Total operating charge | **(227,000)** | (220,000) |
| Total other finance costs | **2,000** | (42,000) |
| Actuarial (loss)/gain recognised in the statement of total recognised gains and losses | **(227,000)** | 699,000 |
| Contributions | **421,000** | 206,000 |
| At 31 March 2008 | **(140,000)** | (109,000) |

An analysis of the defined benefit cost follows

*Analysis of the amount charged to operating profit*

| | 2008 £ | 2007 £ |
|---|---|---|
| Current service cost | **(227,000)** | (220,000) |
| Total operating charge | **(227,000)** | (220,000) |

*Analysis of the amount charged to finance costs*

| | 2008 £ | 2007 £ |
|---|---|---|
| Expected return on pension scheme assets | **151,000** | 112,000 |
| Interest on pension scheme liabilities | **(149,000)** | (154,000) |
| Total finance costs | **2,000** | (42,000) |

*Analysis of the amount recognised in statement of total recognised gains and losses*

| | 2008 £ | 2007 £ |
|---|---|---|
| Actual return less expected and actual return on pension scheme assets | **(342,000)** | 105,000 |
| Experience (losses)/gains arising from scheme liabilities | **(148,000)** | 195,000 |
| Gain arising from changes in assumptions underlying the present value of scheme liabilities | **263,000** | 399,000 |
| Actuarial (loss)/gain | **(227,000)** | 699,000 |

## 17 Pension commitments (continued)

A history of experience gains and losses is shown below

| | **2008** | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Difference between the expected and actual return on scheme assets | | | | |
| - amount (£) | **(342,000)** | 105,000 | 145,000 | (15,000) |
| - % of scheme assets | **(12)** | 4 | 6 | (1) |
| Experience (losses)/gains on scheme liabilities | | | | |
| - amount (£) | **(148,000)** | 195,000 | (89,000) | 108,000 |
| - % of the present value of scheme liabilities | **(5)** | 7 | (3) | 4 |
| Total amount recognised in statement of total recognised gains and losses | | | | |
| - amount (£) | **(227,000)** | 699,000 | (264,000) | 47,000 |
| - % of the present value of scheme liabilities | **(8)** | 26 | (8) | 2 |

## 18 Leasing commitments

At 31 March 2008 the group had annual commitments under non-cancellable operating leases as set out below

| | **2008 Land & Buildings £** | 2007 Land & Buildings £ |
|---|---|---|
| Operating leases which expire | | |
| After more than 5 years | **41,480** | 41,480 |
| | **41,480** | 41,480 |

The company did not have any annual commitments under non-cancellable operating leases as at 31 March 2008 and 31 March 2007

## 19 Share capital

Authorised share capital

| | 2008 | 2007 |
|---|---|---|
| | **£** | £ |
| 50 Ordinary shares of £1 each | **50** | 50 |

Allotted, called up and fully paid

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **No** | **£** | No | £ |
| Ordinary shares of £1 each | **50** | **50** | 50 | 50 |
| Equity shares | | | | |
| Ordinary shares of £1 each | **50** | **50** | 50 | 50 |

## 20 Other reserves

**The Group**

| | 2008 | 2007 |
|---|---|---|
| | **£** | £ |
| Capital redemption reserve | **50** | 50 |

The company had no other reserves at 31 March 2008 or 31 March 2007

## 21 Profit and loss account

**The Group**

| | 2008 | 2007 |
|---|---|---|
| | **£** | £ |
| Balance brought forward | **5,990,434** | 5,036,752 |
| Profit for the financial year | **527,639** | 464,382 |
| Defined pension benefit scheme | **(166,240)** | 489,300 |
| Equity dividends | **(100,000)** | - |
| Balance carried forward | **6,251,833** | 5,990,434 |

**The Company**

| | 2008 | 2007 |
|---|---|---|
| | **£** | £ |
| Balance brought forward | - | - |
| Profit for the financial year | **100,000** | - |
| Equity dividends | **(100,000)** | - |
| Balance carried forward | - | - |

## 22 Reconciliation of movements in shareholders' funds

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Profit for the financial year | **527,639** | 464,382 |
| Defined benefit pension scheme | **(166,240)** | 489,300 |
| Equity dividends paid | **(100,000)** | - |
| Net addition to shareholders' funds | **261,399** | 953,682 |
| Opening shareholders' funds | **5,990,534** | 5,036,852 |
| Closing shareholders' funds | **6,251,933** | 5,990,534 |

## 23 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Operating profit | **565,236** | 621,800 |
| Depreciation | **433,914** | 411,210 |
| Amortisation | **23,102** | 23,102 |
| Profit on disposal of fixed assets | **(5,675)** | (26,067) |
| (Increase)/decrease in stocks | **(274,750)** | 154,696 |
| (Increase)/decrease in debtors | **(2,606,318)** | 710,401 |
| Increase/(decrease)in creditors | **1,839,950** | (380,689) |
| Provision for service cost of defined benefit pension scheme | **227,000** | 220,000 |
| Defined benefit pension scheme contributions paid | **(421,000)** | (206,000) |
| Net cash (outflow)/inflow from operating activities | **(218,541)** | 1,528,453 |

## 24 Reconciliation of net cash flow to movement in net funds

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| (Decrease)/increase in cash in the period | **(853,539)** | 638,690 |
| Cash outflow in respect of finance leases and hire purchase | **312,178** | 196,031 |
| Change in net funds resulting from cash flows | **(541,361)** | 834,721 |
| New finance leases | **(254,446)** | (472,600) |
| Movement in net funds in the period | **(795,807)** | 362,121 |
| Net funds at 1 April 2007 | **3,379,176** | 3,017,055 |
| Net funds at 31 March 2008 | **2,583,369** | 3,379,176 |

## 25 Analysis of changes in net funds

| | At 1 Apr 2007 £ | Cash flows £ | Other changes £ | At 31 Mar 2008 £ |
|---|---|---|---|---|
| Net cash | | | | |
| Cash in hand and at bank | 3,826,370 | (853,539) | - | **(2,972,831)** |
| Debt | | | | |
| Finance leases and hire purchase agreements | (447,194) | 57,732 | - | **(389,462)** |
| Net funds | 3,379,176 | (795,807) | - | **2,583,369** |

## 26 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £ 320,000 (2007 - £220,000)

## 27 Contingent liabilities

There were no contingent liabilities at 31 March 2008 or 31 March 2007

## 28 Ultimate parent company

The directors were the group and company's controlling related party at 31 March 2008 by virtue of their shareholdings