

Kavanagh Enterprises Limited

Report and Financial Statements

For the year ended 30 April 2009

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Kavanagh Enterprises Limited

REPORT AND FINANCIAL STATEMENTS 2009

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Kavanagh Enterprises Limited

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Campbell
A Head
D Shackleton

SECRETARY

D Shackleton

REGISTERED OFFICE

1 Arlington Square
Downshire Way
Bracknell
Berkshire
RG12 1WA

BANKERS

Barclays Bank PLC

AUDITORS

Deloitte LLP
Reading

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2009

PRINCIPAL ACTIVITIES

The principal activity of the company throughout the year was that of an investment holding company. The principal activity of the Group is the provision of IT consultancy, services, support, training and products to its corporate and public sector clients. The key services include business analysis, and the technical design, implementation and integration of enterprise class IT solutions.

The majority of products supplied by Kavanagh are manufactured by Hewlett-Packard, Cisco, Microsoft, VMWare and a number of other ISVs.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next financial year.

KEY DEVELOPMENTS AND RESULTS

Following a period of sustained growth, FY09 proved to be a very challenging year, which started with a particularly poor Q1. The company had planned for growth, and as such built up staffing levels. After the first 6 months it became apparent that these levels were unsustainable, and headcount was reduced. Overall staffing costs were contained in the year to just below that of FY08.

Competition in the marketplace put pressure on pricing with the result that sales declined by nearly 15%. However, due to the balance of product and services, overall gross margin on sales was over 21%. None the less the result for the year was a loss of £1,643k (2008 profit of £51k), resulting in net liabilities of £656k (2008 assets of £988k).

Kavanagh has always had a focus on customer satisfaction which it considers to be a vital key indicator of long term success. Numerous surveys are conducted at different points in time to assess levels of satisfaction, included post project reviews and feedback requests following support calls. These are used to drive improvements within the business.

During FY09 the average score for overall performance on projects was 8.83 (out of 10). This has improved to 9.28 during FY10. Satisfaction with our support is similarly high with over 90% of customers stating that they are very satisfied or completely satisfied.

Overall FY09 was a difficult year financially, but continued focus on customer service has resulted in a stable base of customers. This, together with careful cost management and an additional focus on new business development gives Kavanagh a platform for longer-term growth.

GOING CONCERN

The current uncertain economic environment has been challenging. The group has reported an operating loss for the year and is in a net liabilities balance sheet position at year end. Post year end trading continued to be difficult, however the directors believe that the current trading outlook recently has improved. The directors have instituted measures to reduce costs and preserve cash. Looking forward from now, revenues are expected to recover, and the directors expect the group to be profitable in the future. The directors do however recognise that the nature of the Group order intake and the difficulties in foreseeing the strength and sustainability of the general economic recovery make longer range forecasting uncertain.

The company is reliant on continued bank overdraft and supplier funding. The directors have held discussions with a key supplier about the continuation of the line of credit. The key supplier has indicated that they continue to be supportive, and based on this assurance the directors have a reasonable expectation that the line of credit will continue for the foreseeable future. The bank overdraft is due for renewal on 30 April 2010. The company has held discussions with its bankers about its future borrowing needs and they have confirmed their willingness to renew. Terms for the renewal of the bank overdraft include a requirement for certain director guarantees. In addition management have agreed a tax payment plan under the 'Time To Pay' scheme.

After considering the anticipated improvements in trading, the renewal of the bank overdraft, the assurance of support from a key supplier and the agreement of the tax payment plan, the directors have a reasonable expectation that the company will have the required resources to continue in operational existence for the foreseeable future. For these reasons, they adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS' REPORT (Continued)

RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties which could effect the Group's performance

The current economic environment or loss of customers may lead to a fall in demand for the Group's products and services. The Group has rationalised its cost base in order to mitigate the risk of decreased demand.

The group's principal financial assets are trade debtors which are exposed to credit risk. Kavanagh has always carefully selected its customers based on credit risk and predominantly sells to large listed and public sector organisations.

Kavanagh benefits from close commercial relationships with key suppliers. Damage to or loss of any of these relationships could have a detrimental effect on the group's results and ability to fund operations. Kavanagh maintains a strong and open relationship with its key suppliers obtain that appropriate levels of credit are available together with suitable payment terms.

PERSONNEL

The average number of staff employed has marginally increased from 99 in FY08 to 102 in FY09. The directors have continued to adopt a model whereby staff share in the success of the business, either through commissions for sales staff, or bonuses related to quarterly gross profit targets in the case of other staff. Where targets are not met, no bonuses are paid out. Regular updates on Kavanagh's business are given to staff by e-mail and at company and team meetings to ensure that all members are aware of their roles in achieving company targets.

All employees are eligible to join a contributory defined contribution pension scheme. There are no unfunded liabilities relating to this scheme.

OUTLOOK

At the time of writing this report, FY10 is nearing its conclusion. One of Kavanagh's key differentiators is its ability and track record in delivering large projects (often based around the data centre). Due to the continued difficulties in with the economic environment, the number of these larger projects significantly declined. The plan for FY10 was to focus on market share growth. During the year, Kavanagh has indeed won a significant number of new customers, which has partly offset this decline in large project work. During Q4 there has been a significant increase in the number of larger orders and the sales forecasting tools indicate that this trend is likely to continue. However, the directors felt that it was important to reduce the cost base to enable the company to return to profitability during FY11 and have been able to structure the business to allow the costs to be more responsive to the peaks and troughs of the business.

DIVIDEND

The directors do not recommend the payment of a dividend (2008 £200,070 interim dividend paid).

DIRECTORS

The directors who served throughout the year to the date of signing the accounts were as follows:

R Campbell
A Head
D Shackleton

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Kavanagh Enterprises Limited

DIRECTORS' REPORT (Continued)

By Order of the Board

A handwritten signature in black ink, appearing to read 'R Campbell', is written over the printed name.

R Campbell

Director

13th April 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements in accordance with applicable laws and regulations

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

- select suitable accounting policies and then apply them consistently,
- make 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 to 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 AUDITORS' REPORT TO THE MEMBERS OF KAVANAGH ENTERPRISES LIMITED

We have audited the financial statements of Kavanagh Enterprises Limited for the year ended 30 April 2009 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 group's and the parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2009 and of the group's loss 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 AUDITORS' REPORT TO THE MEMBERS OF KAVANAGH ENTERPRISES LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us,
- the parent company financial statements are not in agreement with the accounting records and returns,
- certain disclosures of directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit



Gregory Culshaw (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
13th April 2010

Kavanagh Enterprises Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 April 2009

	Note	2009 £	Restated 2008* £
TURNOVER	2	24,855,241	29,084,045
Cost of sales		(19,618,041)	(22,068,510)
Gross profit		5,237,200	7,015,535
Administrative expenses		(6,976,005)	(6,947,354)
OPERATING (LOSS) / PROFIT	3	(1,738,805)	68,181
Interest receivable and similar income	4	14,982	44,331
Interest payable and similar charges	5	(35,144)	(20,927)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,758,967)	91,585
Tax charge on (loss)/profit on ordinary activities	6	115,630	(40,994)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	15, 16	(1,643,337)	50,591

All results derive from continuing operations

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current year (2008 profit). Accordingly, no statement of total recognised gains and losses is shown

* There is a restatement of Turnover and Cost of sales in 2008, which has no impact on gross profit (see note 2)

Kavanagh Enterprises Limited

CONSOLIDATED BALANCE SHEET 30 April 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	9	980,167	1,231,268
CURRENT ASSETS			
Stocks	10	176,123	427,077
Debtors	11	4,283,241	7,075,782
Cash at bank and in hand		2,301,934	1,055,552
		<u>6,761,298</u>	<u>8,558,411</u>
CREDITORS: amounts falling due within one year	12	<u>(6,886,458)</u>	<u>(6,718,658)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(125,160)</u>	<u>1,839,753</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		855,007	3,071,021
Provisions for liabilities and charges	13	-	(56,364)
Accruals and deferred income		<u>(1,510,848)</u>	<u>(2,027,161)</u>
NET (LIABILITIES) / ASSETS		<u>(655,841)</u>	<u>987,496</u>
CAPITAL AND RESERVES			
Called up share capital	14	81	81
Other reserves, capital redemption reserve	16	14	14
Profit and loss account	15	<u>(655,936)</u>	<u>987,401</u>
SHAREHOLDERS' (DEFICIT) / FUNDS	16	<u>(655,841)</u>	<u>987,496</u>

These financial statements of Kavanagh Enterprises Limited, registered number 05131092, were approved by the Board of Directors on 13th April 2010

Signed on behalf of the Board of Directors



R Campbell

Director

Kavanagh Enterprises Limited

COMPANY BALANCE SHEET 30 April 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Investments	8	225,000	225,000
CREDITORS: amounts falling due within one year	12	(820)	(820)
NET CURRENT LIABILITIES		(820)	(820)
TOTAL ASSETS LESS CURRENT LIABILITIES		224,180	224,180
CAPITAL AND RESERVES			
Called up share capital	14	81	81
Other reserves, capital redemption reserve	16	14	14
Profit and loss account	15	224,085	224,085
SHAREHOLDERS' FUNDS	16	224,180	224,180

These financial statements of Kavanagh Enterprises Limited, registered number 05131092, were approved by the Board of Directors on 13th April 2010

Signed on behalf of the Board of Directors



R Campbell

Director

Kavanagh Enterprises Limited

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 April 2009

	Note	2009 £	2008 £
NET CASH INFLOW FROM OPERATING ACTIVITIES			
	17	1,421,866	684,785
Interest received		14,982	44,331
Interest paid		(35,144)	(20,927)
Taxation paid		(38,265)	(11,275)
Capital expenditure on acquisition of tangible fixed assets		(129,180)	(306,021)
Sale of tangible fixed asset		12,123	-
Dividends paid		-	(200,070)
		<u>(175,484)</u>	<u>(493,962)</u>
Net cash outflow before management of liquid resources			
Management of liquid resources			
Cash transferred from/(to) deposit account		1,000,000	(1,000,000)
		<u>2,246,382</u>	<u>(809,177)</u>
Increase/(decrease) in cash in the year	18		
		<u>2,246,382</u>	<u>(809,177)</u>
Increase/(decrease) in cash			
Cash transferred (from)/to deposit account		(1,000,000)	1,000,000
		<u>1,246,382</u>	<u>190,823</u>
Increase in cash and cash deposits	18		

Cash held on deposit

On 30 April 2008 an amount of £1,000,000 was held on deposit, maturing on 2 May 2008. This amount was available within 24 hours of the year end date at the expense of interest foregone.

NOTES TO THE ACCOUNTS

Year ended 30 April 2009

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in dealing with items which are considered material in relation to both the company and the Group's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Going concern

The current uncertain economic environment has been challenging. The group has reported an operating loss for the year and is in a net liabilities balance sheet position at year end. Post year end trading continued to be difficult, however the directors believe that the current trading outlook recently has improved. The directors have instituted measures to reduce costs and preserve cash. Looking forward from now, revenues are expected to recover, and the directors expect the group to be profitable in the future. The directors do however recognise that the nature of the Group order intake and the difficulties in foreseeing the strength and sustainability of the general economic recovery make longer range forecasting uncertain.

The company is reliant on continued bank overdraft and supplier funding. The directors have held discussions with a key supplier about the continuation of the line of credit. The key supplier has indicated that they continue to be supportive, and based on this assurance the directors have a reasonable expectation that the line of credit will continue for the foreseeable future. The bank overdraft is due for renewal on 30 April 2010. The company has held discussions with its bankers about its future borrowing needs and they have confirmed their willingness to renew. Terms for the renewal of the bank overdraft include a requirement for certain director guarantees. In addition management have agreed a tax payment plan under the 'Time To Pay' scheme.

After considering the anticipated improvements in trading, the renewal of the bank overdraft, the assurance of support from a key supplier and the agreement of the tax payment plan, the directors have a reasonable expectation that the company will have the required resources to continue in operational existence for the foreseeable future. For these reasons, they adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents amounts receivable for products and services delivered or held to customer order, net of trade discounts, VAT and other sales related taxes. Revenue in relation to products and services is recognised when it is delivered to the customer. Revenue in relation to vendor maintenance contracts represents amounts received for acting as a selling agent.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, net of depreciation and any provision for impairment.

Depreciation on fixed assets is provided at rates estimated to write off the cost, less residual value, of each asset evenly over its expected useful life, as follows:

Furniture, fixtures, fittings and machinery	-	5 years
Office and demonstration equipment	-	4 years

Leasehold improvements are depreciated over the term of the lease.

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE ACCOUNTS

Year ended 30 April 2009

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leasing and hire purchase obligations

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. In the case of property leases, rental up to the first rent review date includes the total cost of rentals to that date, plus the costs of establishing the lease less the benefit of any incentives, these are charged on a straight line basis from the date of first occupation.

Pension costs

The company provides pensions to employees through a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. These translation differences are dealt with in the profit and loss account.

Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

2. TURNOVER

Prior to the fiscal year ending 30 April 2009 the Group recorded revenue for the sale of vendor maintenance contracts on a gross basis. During the year the company performed additional analysis on certain maintenance contracts and concluded that the vendors were primary obligators as the company makes clear to customers that the vendor is supplying the maintenance. In accordance with FRS 5 application note G the group has therefore applied agency treatment of revenue relating to these maintenance contracts.

The effect of this change is a decrease in revenue and cost of goods sold of £4,559k (2008: £4,378k). There is no impact on gross profit or net income.

All turnover is generated from the company's principal activities, and arises principally in the UK.

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED) Year ended 30 April 2009

3. OPERATING (LOSS) / PROFIT

	2009 £	2008 £
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation of tangible assets	366,979	317,241
Loss on disposal of tangible assets	1,179	4,503
Loss/(profit) on foreign exchange transactions	73	(388)
Operating lease rentals	604,992	604,992
Auditor's remuneration		
- audit services	27,800	27,800
- tax compliance services	8,500	17,700
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Bank interest	2,982	29,076
Other interest	12,000	15,255
	<u> </u>	<u> </u>
	14,982	44,331
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
On bank loans and overdrafts	35,144	20,927
	<u> </u>	<u> </u>

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 30 April 2009

6. TAXATION

	2009 £	2008 £
The tax charge comprises		
Current tax		
UK corporation tax	(61,012)	36,519
Adjustment for prior years	1,746	-
	<u>(59,266)</u>	<u>36,519</u>
Deferred tax		
Origination of timing differences	(57,216)	1,798
Effect of decrease in tax rate on opening liability	852	2,677
	<u>(56,364)</u>	<u>4,475</u>
Total deferred tax (note 13)		
	<u>(115,630)</u>	<u>40,994</u>
Total tax on (loss)/profit on ordinary activities		
	<u>(1,758,967)</u>	<u>91,585</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation		
	<u>(369,383)</u>	<u>18,392</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2008 18.08%)		
	<u>(369,383)</u>	<u>18,392</u>
Effects of:		
Expenses not deductible for tax purposes	20,914	19,925
Capital allowances less than/(in excess of) depreciation	60,971	(1,839)
Other timing differences	1,041	41
Excess losses carried forward	225,445	-
Prior year adjustment	1,746	-
	<u>(59,266)</u>	<u>36,519</u>
Current tax (credit)/charge		

7. DIVIDENDS

	2009 £	2008 £
Ordinary interim paid	-	200,070

8. FIXED ASSET INVESTMENTS

	2009 £	2008 £
Company		
Cost and net book value at 1 May and 30 April	<u>225,000</u>	<u>225,000</u>

The company holds 100% (2008 100%) of the ordinary share capital of Kavanagh Systems Limited ("Kavanagh Systems"), a company incorporated and trading in the United Kingdom. Kavanagh Systems provides IT consultancy, services, support, training and products to its corporate and public sector clients. The key services include business analysis, and the technical design, implementation and integration of enterprise class IT solutions.

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED) Year ended 30 April 2009

9. TANGIBLE FIXED ASSETS

Group	Leasehold Improvements £	Office and demonstration equipment £	Furniture, fixtures, fittings & machinery £	Total £
Cost				
At 1 May 2008	640,957	1,215,286	319,869	2,176,112
Additions	29,805	83,908	15,467	129,180
Transfers	(16,400)	-	16,400	-
Disposals	-	(164,013)	-	(164,013)
At 30 April 2009	<u>654,362</u>	<u>1,135,181</u>	<u>351,736</u>	<u>2,141,279</u>
Accumulated depreciation				
At 1 May 2008	124,241	652,876	167,727	944,844
Charge for the year	66,242	248,552	52,185	366,979
Transfers	(1,047)	-	1,047	-
Disposals	-	(150,711)	-	(150,711)
At 30 April 2009	<u>189,436</u>	<u>750,717</u>	<u>220,959</u>	<u>1,161,112</u>
Net book value				
At 30 April 2009	<u>464,926</u>	<u>384,464</u>	<u>130,777</u>	<u>980,167</u>
At 30 April 2008	<u>516,716</u>	<u>562,410</u>	<u>152,142</u>	<u>1,231,268</u>

10. STOCKS

Group	2009 £	2008 £
Finished goods and goods for resale	<u>176,123</u>	<u>427,077</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

11. DEBTORS

Group	2009 £	2008 £
Trade debtors	2,795,316	5,785,789
Other debtors	879,535	575,435
Prepayments and accrued income	547,378	714,558
Corporation tax	61,012	-
	<u>4,283,241</u>	<u>7,075,782</u>

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 30 April 2009

12. CREDITORS: Amounts falling due within one year

	2009	2008
Group	£	£
Trade creditors	6,482,739	6,053,609
Corporation tax	-	36,519
Other taxes and social security costs	403,719	628,530
	<u>6,886,458</u>	<u>6,718,658</u>

	2009	2008
Company	£	£
Amounts due to group companies	<u>820</u>	<u>820</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred tax liability £
Balance as at 1 May 2008	56,364
Profit and loss account	(56,364)
Balance as at 30 April 2009	<u>-</u>

Deferred taxation comprises

	2009	2008
	£	£
Timing differences between depreciation and capital allowances	5,580	57,216
Other timing differences	(1,893)	(852)
Trading losses	(225,445)	-
Provision for deferred tax	<u>(221,758)</u>	<u>56,364</u>

A deferred tax asset balance of £222,000 (2008 £nil) has not been recognised because in the opinion of the directors there will be no suitable taxable gains available in the foreseeable future

14. SHARE CAPITAL

	2009	2008
	£	£
Authorised 100,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid 810 ordinary shares of 10p each	<u>81</u>	<u>81</u>

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 30 April 2009

15. PROFIT AND LOSS ACCOUNT

	Group £	Company £
Balance as at 1 May 2008	987,401	224,085
Loss for the year	(1,643,337)	-
Balance as at 30 April 2009	(655,936)	224,085

In accordance with section 408 of the Companies Act 2006 the company does not present its own profit and loss account. At 30 April 2009 the profit for the year available for distribution by the company was £nil (2008 £200,070)

16. RECONCILIATION OF RESERVES AND MOVEMENT IN SHAREHOLDERS' FUNDS

Group	Share capital £	Other reserves £	Profit and loss £	2009 Total £	2008 Total £
Loss for the year	-	-	(1,643,337)	(1,643,337)	50,591
Balance as at 1 May	81	14	987,401	987,496	936,905
Balance as at 30 April 2009	81	14	(655,936)	(655,841)	987,496

Company	Share capital £	Other reserves £	Profit and loss £	2009 Total £	2008 Total £
Profit for the year	-	-	-	-	200,070
Dividends	-	-	-	-	(200,070)
Balance as at 1 May 2008	81	14	224,085	224,180	224,180
Balance as at 30 April 2009	81	14	224,085	224,180	224,180

17. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating (loss)/ profit	(1,738,805)	68,181
Depreciation of tangible assets	366,979	317,241
Loss on disposal of tangible assets	1,179	4,503
Decrease/(increase) in stocks	250,954	(370,730)
Decrease/(increase) in debtors	2,853,553	(2,692,501)
(Decrease)/increase in creditors within one year	(311,994)	3,358,091
Net cash inflow from operating activities	1,421,866	684,785

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 April 2009

18. ANALYSIS OF NET FUNDS

	1 May 2008 £	Cash Flow £	30 April 2009 £
(a) Analysis of net funds			
Net cash			
Cash at bank and in hand	55,552	2,246,382	2,301,934
Cash held on deposit	1,000,000	(1,000,000)	-
	<u>1,055,552</u>	<u>1,246,382</u>	<u>2,301,934</u>

Cash held on deposit

On 30 April 2008 an amount of £1,000,000 was held on deposit, maturing on 2 May 2008. This amount was available within 24 hours of the year end date at the expense of interest foregone.

	2009 £	2008 £
(b) Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the year	2,246,382	(809,177)
Cash (outflow)/inflow from increase in liquid resources	<u>(1,000,000)</u>	<u>1,000,000</u>
Change in net funds resulting from cash flows	1,246,382	190,823
Opening net funds	1,055,552	864,729
Closing net funds	<u>2,301,934</u>	<u>1,055,552</u>

19. FINANCIAL COMMITMENTS

At 30 April 2009 the group was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2010:

	Land and Buildings 2009 £	2008 £
Operating leases which expire In over five years	<u>732,544</u>	<u>732,544</u>

20. DIRECTORS' EMOLUMENTS

	2009 £	2008 £
Emoluments for qualifying services	1,056,479	1,186,536
Company contributions to personal pension plans	<u>4,771</u>	<u>5,964</u>
	<u>1,061,250</u>	<u>1,192,500</u>
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	<u>356,500</u>	<u>400,000</u>

Kavanagh Enterprises Limited

NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 30 April 2009

21. EMPLOYEES

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Directors	3	3
Finance and administrative staff	17	17
Projects and consultants	39	37
Sales, sales support and pre-sales consultants	43	42
	<u>102</u>	<u>99</u>
Employment costs	£	£
Wages and salaries	6,567,214	6,600,471
Social security costs	764,149	792,135
Other pension costs	50,214	54,498
	<u>7,381,577</u>	<u>7,447,104</u>

22. PENSION COSTS

	2009 £	2008 £
Defined contribution		
Contributions payable by the company for the year	<u>50,214</u>	<u>54,498</u>

23. ULTIMATE CONTROLLING PARTIES

In the opinion of the directors the ultimate controlling parties are R Campbell, A Head and D Shackleton, directors of the company