

AMENDING

**KIRIL MISCHEFF (TRADING) LIMITED**

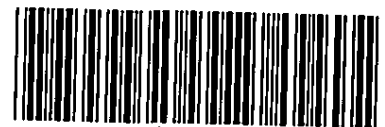
**Company Registration Number 5486353**

**Amended Annual Report and Financial Statements**

**Year ended 30 September 2008**

Brown Butler  
Chartered Accountants  
Leeds

THURSDAY



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PC3 13/08/2009 788

COMPANIES HOUSE

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PC2 28/07/2009 952

COMPANIES HOUSE

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Officers and Professional Advisers

Directors	R A R Mischeff A V Charlton T A Davies M K L Jackson I R Marlow D A Mirchev V G Morrell W R S Neill
Secretary	T A Davies
Registered Office	Broadwall House 21 Broadwall London SE1 9PL
Company Registration Number	5486353
Registered Auditor	Brown Butler Chartered Accountants Apsley House 78 Wellington Street Leeds LS1 2JT
Bankers	Royal Bank of Scotland plc 9 <sup>th</sup> Floor 280 Bishopgate London EC3M 5RB
Solicitors	Laytons Solicitors Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS

## Directors' Report

The directors present their report together with the audited financial statements of the company and the group for the year ended 30 September 2008.

### 1. Activities, review of the business and future development

The company is the parent company of Kiril Mischeff (Group) Limited, the holding company of the Kiril Mischeff group of companies.

The principal activities of the group are the importing and distribution of food products, food products broking and trading, shipping and forwarding.

The results of the group reflect the trading results of its subsidiaries.

The group's companies in the food products sector saw an expected small decrease in turnover and reduced trading margins. Overall the results were as anticipated. The group's business of shipping and forwarding experienced higher than expected profits as a result of strong import demand in the last six months of the year.

Results for the current year are expected to be similar.

### 2. Results and dividends

The results for the year are shown in the group profit and loss account on page 6. The profit for the year after taxation was £274,273.

No interim dividends were paid during the year. The directors do not recommend payment of a final dividend.

### 3. Fixed assets

Changes in fixed assets are summarised in note 9 to the financial statements.

### 4. 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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:-

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which 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.

Directors' Report (continued)

5. Directors and their interests

The present composition of the board is set out on page 1.

The directors who held office during the year are as set out below:-

R A R Mischeff  
A V Charlton  
T A Davies  
M K L Jackson  
I R Marlow  
D A Mirchev  
V G Morrell  
W R S Neill

6. Audit enquiries

So far as the directors are aware there is no information relevant to the audit of which the company's auditors are unaware. The directors have taken the necessary steps to ensure they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

By order of the Board



T A Davies  
Director

13 July 2009

Independent Auditors' Report to the Shareholders of Kiril Mischeff (Trading) Limited

We have audited the group and parent company financial statements of Kiril Mischeff (Trading) Limited for the year ended 30 September 2008 which are set out on pages 6 to 20. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 Directors' Report is not 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 Directors' Report and consider the implications for our report if we become aware of any apparent incorrect statements within it.

Basis of audit 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.

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.

Continued on page 5

Independent Auditors' Report to the Shareholders of Kiril Mischeff (Trading) Limited (continued)

Continued from page 4

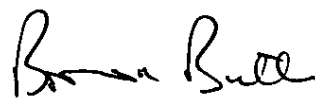
Opinion

In our opinion the:

- group and parent company 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 30 September 2008 and of the profit of the group for the year then ended.
- group and parent company financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Directors' Report is consistent with the group and company financial statements.

Apsley House  
78 Wellington Street  
Leeds LS1 2JT

15 July 2009

  
Brown Butler  
Chartered Accountants  
and Registered Auditor

Consolidated Profit and Loss Account  
30 September 2008

	Note	2008 £	2007 £
Turnover		92,043,388	94,953,090
Cost of sales		86,767,068	88,058,661
Gross profit		5,276,320	6,894,429
Distribution costs		1,617,294	2,198,847
Administrative expenses		2,567,185	2,543,997
Operating profit		1,091,841	2,151,585
Exceptional items	3	400,900	1,420,000
Profit on ordinary activities before interest		690,941	731,585
Interest payable and similar charges	4	311,416	362,807
Profit on ordinary activities before taxation	6	379,525	368,778
Tax on profit on ordinary activities	7	105,252	116,375
Profit for the financial year	19	274,273	252,403

The group had no recognised gains or losses other than the profit for the year, and the above results derive from continuing operations.



Kiril Mischeff (Trading) Limited

Consolidated Balance Sheet  
30 September 2008

	Note	2008 £	2007 (Revised) £
<b>Fixed assets</b>			
Tangible assets	9	486,199	531,727
<b>Current assets</b>			
Stock	11	5,161,508	4,076,452
Debtors	12	15,719,433	16,974,925
Cash at bank and in hand		2,017,994	1,245,723
		<u>22,898,935</u>	<u>22,297,100</u>
Creditors: amounts falling due within one year	13	<u>20,749,221</u>	<u>20,511,359</u>
<b>Net current assets</b>		<u>2,149,714</u>	<u>1,785,741</u>
<b>Total assets less current liabilities</b>		<u>2,635,913</u>	<u>2,317,468</u>
Creditors: amounts falling due after more than one year	14	<u>1,007,396</u>	<u>963,224</u>
		<u><u>1,628,517</u></u>	<u><u>1,354,244</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Profit and loss account	19	1,578,517	1,304,244
<b>Equity shareholders' funds</b>	20	<u><u>1,628,517</u></u>	<u><u>1,354,244</u></u>

These financial statements were approved and authorised for issue by the board on 13 July 2009.

T A Davies

D A Mirchev

Directors

The notes on pages 10 to 21 form part of these financial statements.

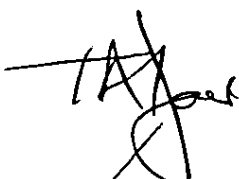

Kiril Mischeff (Trading) Limited

Company Balance Sheet  
30 September 2008

	Note	2008 £	2007 (Revised) £
<b>Fixed assets</b>			
Investments	10	670,000	670,000
<b>Current assets</b>			
Debtors		<u>2,724</u>	<u>1,524</u>
Creditors: amounts falling due within one year	13	<u>93,000</u>	<u>67,000</u>
Net current liabilities		(90,276)	(65,476)
Total assets less current liabilities		579,724	604,524
Creditors: amounts falling due after more than one year	14	<u>418,750</u>	<u>485,750</u>
		<u>160,974</u>	<u>118,774</u>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Profit and loss account	19	<u>110,974</u>	<u>68,774</u>
Shareholders' funds	20	<u>160,974</u>	<u>118,774</u>

These financial statements were approved and authorised for issue by the board on 13 July 2009.

T A Davies

Directors

D A Mirchev

The notes on pages 10 to 21 form part of these financial statements.

Consolidated Cash Flow Statement  
30 September 2008

	Note	2008 £	2007 (Revised) £
Net cash inflow / (outflow) from operating activities	25a	2,367,704	(495,060)
Return on investments and servicing of finance:			
Interest paid		<u>(311,416)</u>	<u>(362,807)</u>
Net cash outflow from returns on investments and servicing of finance		(311,416)	(362,807)
Taxation:			
Corporation tax paid		(137,027)	(219,290)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		133,197	137,824
Sale of tangible fixed assets		<u>(41,250)</u>	<u>(31,270)</u>
Net cash outflow from capital expenditure and financial investment		(91,947)	(106,554)
Net cash inflow/(outflow) before financing		<u>1,827,314</u>	<u>(1,183,711)</u>
Financing			
Bank loans (repaid) / advanced		(1,921,630)	1,258,993
Loans advanced / (repaid)		43,443	(139,385)
Issue of ordinary share capital		-	960
Capital element of hire purchase			
Repayments		<u>(406)</u>	<u>-</u>
Net cash (outflow)/inflow from financing		(1,878,593)	1,120,568
Decrease in cash	25b	<u><u>(51,279)</u></u>	<u><u>(63,143)</u></u>

The notes on pages 10 to 21 form part of these financial statements.

Notes to the Financial Statements  
30 September 2008

1. Accounting Policies

(a) Accounting convention

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

(b) Turnover

Turnover represents amounts receivable for goods and services and net agency income from haulage, freight and rental services provided, net of VAT.

(c) Depreciation

Depreciation of tangible fixed assets is provided on original cost over their estimated useful lives. The annual rates and methods of depreciation are as follows:-

Freehold property	straight line basis over 50 years
Plant, equipment, fixtures and fittings	straight line basis over 5 years
Motor vehicles	straight line basis over 4 years

(d) Leases

Operating lease rentals are charged or credited to the profit and loss account as they are incurred or fall due.

(e) Basis of consolidation

The consolidated financial statements combine the financial statements of Kiril Mischeff (Trading) Limited and its subsidiary undertakings.

As permitted by Section 230 of the Companies Act 1985, Kiril Mischeff (Trading) Limited has not presented its own profit and loss account.

(f) Stock

Stocks are stated at the lower of cost and net realisable value.

(g) Pensions

The group operates a defined contribution pension scheme. The pension costs charged to the profit and loss account are the premiums payable in respect of the accounting period.

(h) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised when assets are revalued, unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognised the gains or losses expected to arise on sale.

(i) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are settled by buying forward foreign exchange contracts. All differences are taken to the profit and loss account.

Notes to the Financial Statements  
30 September 2008

2. Turnover

The directors consider it prejudicial to the group's interest to disclose the geographical analysis of turnover.

3. Exceptional items

	2008 £	2007 £
Provision for losses on contracts	400,900	450,000
Provision for irrecoverable loan	-	970,000
	<u>400,900</u>	<u>1,420,000</u>

The loss on contracts represents losses incurred as a result of a group company having to source goods from alternative suppliers after a foreign supplier reneged on its supply contract.

4. Interest payable and similar charges

	£	£
On bank loans and overdrafts	<u>311,416</u>	<u>362,807</u>

Notes to the Financial Statements  
30 September 2008

5. Staff costs

Group employee costs, including directors during the year:-

	2008 £	2007 £
Wages and salaries	2,367,306	2,748,631
Social security costs	260,881	304,848
Other pension costs	366,901	402,116
	<u>2,995,088</u>	<u>3,455,595</u>

The average number of employees, including directors, during the year was:-

	No. 72	No. 64
Office, management and selling	<u>72</u>	<u>64</u>
Directors' emoluments	£	£
Remuneration	820,771	1,080,861
Other emoluments	35,444	39,735
	<u>856,215</u>	<u>1,120,596</u>
Aggregate emoluments	856,215	1,120,596
Pension contributions	324,637	371,511
	<u>1,180,852</u>	<u>1,492,107</u>

Seven (2007 – seven) directors are accruing pension benefits under money purchase schemes.

The emoluments of the highest paid director were as follows:-

	£	£
Aggregate emoluments	<u>167,502</u>	<u>261,086</u>

6. Profit on ordinary activities before taxation

The profit is after charging / (crediting):-

	£	£
Depreciation of owned assets	147,624	145,922
Depreciation of assets held under hire purchase contracts	135	-
Auditor's remuneration – audit services	31,200	29,925
Auditor's remuneration – other services	-	4,954
Operating lease charges – land and buildings	27,216	27,163
Profit on disposal of fixed assets	(6,231)	(5,141)
	<u>(6,231)</u>	<u>(5,141)</u>

Notes to the Financial Statements  
30 September 2008

7. Tax charge on profit on ordinary activities

	2008 £	2007 £
Corporation tax		
Current year/period	73,121	140,255
Adjustments for prior year/period	(3,218)	(1,780)
	<u>69,903</u>	<u>138,475</u>
Transfer in respect of deferred tax	35,349	(22,100)
Current year tax charge	<u>105,252</u>	<u>116,375</u>

The standard rate of corporation tax is the full rate of United Kingdom corporation tax applicable for the year.

A reconciliation of the current year tax charge to the charge that would result from applying the standard rate of tax to the profit on ordinary activities before taxation is set out below:

	£	£
Profit on ordinary activities before taxation	<u>379,525</u>	<u>368,778</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 29% (2007 - 30%)	110,062	110,634
Effects of :-		
Expenses not deductible for tax purposes	12,778	13,301
Capital allowances in excess of depreciation	-	(4,747)
Depreciation in excess of capital allowances	750	-
Movement in unpaid pension contributions	(22,328)	60,307
Adjustment in respect of marginal relief	(17,637)	(16,637)
Utilisation of tax losses by certain subsidiaries	(12,123)	(22,603)
Adjustment in respect of prior periods	(3,218)	(1,780)
Current year tax charge	<u>69,903</u>	<u>138,475</u>

The transfer in respect of deferred tax is made up as follows:-

Origination and reversal of timing differences	<u>35,349</u>	<u>(22,100)</u>
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Notes to the Financial Statements  
30 September 2008

8. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of the financial statements.

The loss after taxation dealt with in the financial statements of the parent company is £26,000 (2007 : £Nil).

9. Tangible fixed assets

Group	Freehold property £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 October 2007	197,788	223,338	382,669	803,795
Additions	-	30,730	106,520	137,250
Disposals	-	-	(83,843)	(83,843)
At 30 September 2008	<u>197,788</u>	<u>254,068</u>	<u>405,346</u>	<u>857,202</u>
<b>Depreciation</b>				
At 1 October 2007	8,121	99,506	164,441	272,068
Charge for the year	4,000	47,650	96,108	147,758
Disposals	-	-	(48,823)	(48,823)
At 30 September 2008	<u>12,121</u>	<u>147,156</u>	<u>211,726</u>	<u>371,003</u>
<b>Net book value</b>				
At 30 September 2007	<u>189,667</u>	<u>123,832</u>	<u>218,228</u>	<u>531,727</u>
At 30 September 2008	<u>185,667</u>	<u>106,912</u>	<u>193,620</u>	<u>486,199</u>
<b>Assets held under hire purchase contracts included above:-</b>				
Depreciation charge		<u>135</u>		<u>135</u>
Net book value		<u>3,917</u>		<u>3,917</u>



Notes to the Financial Statements  
30 September 2008

10. Investments

Company:

Subsidiary  
Undertakings  
£

Cost

At 1 October 2007 & 30 September 2008

670,000

In the opinion of the directors, the aggregate value of the company's investment in the subsidiary undertakings is not less than the amount included in the balance sheet.

At the balance sheet date the subsidiary undertakings were as follows:

	Proportion of shares held %	Main activity
Direct holding:		
Kiril Mischeff (Group) Limited	100	Non-trading
Indirect holdings:		
Kiril Mischeff Limited^	100	Import and distribution of food products
W Saunders (Shipping & Forwarding) Limited*	100	Shipping and forwarding
EE & Brian Smith (1928) Limited*	100	Food broking and trading
CBJ Securities Limited*	100	Investment company
CBJ Holdings Limited*	100	Non-trading
Cereal and General Products Limited*	100	Non-trading
House of York Limited"	100	Non-trading
Brian Smith Holdings Limited~	100	Non-trading

^ Interest held by Kiril Mischeff (Group) Limited

\* Interest held by Kiril Mischeff Limited

" Interest held by CBJ Securities Limited

~ Interest held by EE & Brian Smith (1928) Limited

All shares held in subsidiary companies are ordinary shares

Notes to the Financial Statements  
30 September 2008

11. Stock

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Finished goods and goods for resale	5,161,508	-	4,076,452	-

12. Debtors

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Trade debtors	15,427,265	-	16,765,102	-
Other debtors	97,680	-	29,675	-
Amounts due from subsidiaries	-	2,724	-	1,524
Deferred tax asset	102,251	-	137,600	-
Prepayments	92,237	-	42,548	-
	15,719,433	2,724	16,974,925	1,524

The deferred tax asset is due after more than one year.

13. Creditors: amounts falling due within one year

	2008 Group £	2008 Company £	2007 Group (Revised) £	2007 Company (Revised) £
Bank loans & overdrafts	4,388,820	-	5,486,900	-
Loan notes	67,000	67,000	67,000	67,000
Trade creditors	12,485,564	-	11,235,657	-
Hire purchase creditors	2,918	-	-	-
Social security and taxes	321,816	-	219,803	-
Amount due to subsidiaries	-	26,000	-	-
Other creditor	-	-	127,560	-
Corporation tax	73,131	-	140,255	-
Accruals and deferred income	3,409,972	-	3,234,184	-
	20,749,221	93,000	20,511,359	67,000

The bank loans & overdrafts are secured on the assets of the group.

Hire purchase creditors are secured on the assets to which they relate.

Notes to the Financial Statements  
30 September 2008

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

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Loan notes	418,750	418,750	485,750	485,750
Other creditors	587,917	-	477,474	-
Hire purchase creditors	729	-	-	-
	<u>1,007,396</u>	<u>485,750</u>	<u>963,224</u>	<u>485,750</u>

15. Loans

Repayable by instalments

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Loan notes	<u>485,750</u>	<u>485,750</u>	<u>552,750</u>	<u>552,750</u>

Analysis of loan instalments

Amounts due:

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Within one year	67,000	67,000	67,000	67,000
Between one and two years	67,000	67,000	67,000	67,000
Between two and five years	201,000	201,000	201,000	201,000
In over five years	150,750	150,750	217,750	217,750
	<u>485,750</u>	<u>485,750</u>	<u>552,750</u>	<u>552,750</u>

The loan notes are repayable in quarterly instalments of £16,750 over a period of ten years from 31 March 2006. The loan notes are interest free.

Notes to the Financial Statements  
30 September 2008

16. Deferred tax asset

Deferred tax is analysed over the following timing differences:-

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Depreciation in excess of capital allowances	(37,251)	-	(39,600)	-
Pension contributions unpaid	(65,000)	-	(98,000)	-
	<u>(102,251)</u>	<u>-</u>	<u>(137,600)</u>	<u>-</u>

Movements on the provision for deferred tax are as follows:-

	£	£	£	£
At 1 October 2007	(137,600)	-	(115,500)	-
Fair value on acquisition	-	-	-	-
Charge/(credit) in profit and loss account	35,349	-	(22,100)	-
At 30 September 2008	<u>(102,251)</u>	<u>-</u>	<u>(137,600)</u>	<u>-</u>

17. Pension costs

The group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group and amounted to £366,901 (2007: £402,116) for the year. Contributions of £288,490 (2007 : £359,969) were payable at the year end and are included in creditors.

18. Share capital

	2008 £	2007 (Revised) £
Authorised 1,000,000 Ordinary shares of 10p each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid 500,000 Ordinary shares of 10p each		
At 1 October 2007	50,000	40
Issued during the year	-	960
Bonus issue during the year	-	49,000
At 30 September 2008	<u>50,000</u>	<u>50,000</u>

Notes to the Financial Statements  
30 September 2008

19. Profit and loss account

	2008 Group	2008 Company	2007 Group (Revised)	2007 Company (Revised)
	£	£	£	£
At 1 October 2007	1,304,244	68,774	1,100,841	49,574
Bonus issue during the year	-	-	(49,000)	(49,000)
Retained profit for the year	274,273	42,200	252,403	68,200
At 30 September 2008	<u>1,578,517</u>	<u>110,974</u>	<u>1,304,244</u>	<u>68,774</u>

20. Reconciliation of movements in shareholders' funds

	2008 Group	2008 Company	2007 Group (Revised)	2007 Company (Revised)
	£	£	£	£
Profit for the year	274,273	42,200	252,403	68,200
Shares issued – proceeds	-	-	960	960
Opening shareholders' funds	1,354,244	118,774	1,100,881	49,614
Closing shareholders' funds	<u>1,628,517</u>	<u>160,974</u>	<u>1,354,244</u>	<u>118,774</u>

21. Controlling party

The company had no identifiable controlling party during the year.

22. Related party transactions

Company

At 30 September 2008 the company owed £485,750 (2007: £552,750) to a director, R A R Mischeff, in respect of loan notes issued to him on the purchase by the company of his 100% shareholding in Kiril Mischeff (Group) Limited. The loan notes are repayable in equal quarterly instalments over a period of ten years from 31 March 2006.

Group

At 30 September 2008 a loan of £587,917 (2007: £477,474) was due by a group company to Broadwall Properties Limited, a company controlled by R A R Mischeff.

Notes to the Financial Statements  
30 September 2008

23. Leasing commitments

At 30 September 2008 the group had operating lease commitments for the following year as set out below:-

	Land & buildings	
	2008	2007
	£	£
Operating leases which expire:-		
from one to five years	26,750	26,750

24. Contingent liabilities

Group

At 30 September 2008 the group had outstanding forward foreign exchange contracts of £42,393,562 (2007:£14,783,324).

The group has jointly and severally guaranteed the bank borrowings of certain group companies. At 30 September 2008 the borrowings covered by these guarantees amounted to £2,054,315 (2007:£1,230,765).

25. Notes to the Cash Flow Statement

a). Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2008	2007 (Revised)
	£	£
Operating profit	1,091,841	2,151,585
Depreciation	147,759	145,922
Profit on disposal of fixed assets	(6,231)	(5,141)
Exceptional items	(400,900)	(1,420,000)
Increase in stocks	(1,085,056)	(602,900)
Decrease/(increase) in debtors	1,220,143	(2,207,675)
Increase in creditors	1,400,148	1,443,149
Net cash inflow/(outflow) from operating activities	2,367,704	(495,060)

b). Reconciliation of net cash flow to the movement in net debt

	2008	2007
	£	£
Decrease in cash in the year	(51,279)	(63,143)
Movement in bank loans	1,921,630	(1,258,993)
Movement in other loans	(43,037)	139,385
Movement in net debt in the year	1,827,314	(1,182,751)
Opening net debt	(5,271,401)	(4,088,650)
Closing net debt	(3,448,140)	(5,271,401)

Notes to the Financial Statements  
30 September 2008

25. Notes to the Cash Flow Statement (continued)

c). Reconciliation of net cash flow to movement in net debt.

	2007 £	Cash flow £	Other £	2008 £
Cash at bank and in hand	1,245,723	772,271	-	2,017,994
Bank overdrafts	(1,230,765)	(823,550)	-	(2,054,315)
	<u>14,958</u>	<u>(51,279)</u>	<u>-</u>	<u>(36,321)</u>
Debt falling due within one year	(4,323,135)	1,921,143	(2,431)	(2,404,423)
Debt falling due after more than one year	(963,224)	(42,550)	(1,622)	(1,007,396)
	<u>(5,271,401)</u>	<u>1,827,314</u>	<u>(4,053)</u>	<u>(3,448,140)</u>