

# **KIRIL MISCHEFF (TRADING) LIMITED**

**Company Registration Number 5486353**

**Annual Report and Financial Statements**

**Year ended 30 September 2012**

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Brown Butler  
Chartered Accountants  
Leeds

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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 J I Bowler C Green A Smith
Secretary	T A Davies
Registered Office	Broadwall House 21 Broadwall London SE1 9PL
Company Number	5486353
Statutory Auditor	Brown Butler Chartered Accountants Leigh House 28 – 32 St Paul's 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  Keeble Hawson LLP Protection House 16-17 East Parade Leeds West Yorkshire LS1 2BR

## 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 2012

### 1 Activities and business review

The company is the parent company of Kiril Mischeff Limited, the holding company of the Kiril Mischeff group of companies

The principal activities of the group continue to be the importing and distribution of food products, food products broking and trading, shipping and forwarding. During the year the group acquired Bitage Limited, a company whose principal activity is the provision of serviced office facilities

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

Turnover increased and contrary to expectations margins increased slightly in the year under review and gross profitability was higher. Continuing control of costs enabled operating profits to be higher and lower interest costs enabled overall net profitability to be higher than 2011

We expect turnover to decrease in 2013 in line with market conditions generally

### 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 £744,596

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). 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 the group and of the profit or loss of the company and the group 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,
- 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 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 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

Directors' report (continued)

5 Directors

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  
A Smith (appointed 2 January 2013)  
J I Bowler (appointed 2 January 2013)  
C Green (appointed 2 January 2013)

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

23 January 2013

Independent Auditor's Report to the Members of Kiril Mischeff (Trading) Limited

We have audited the financial statements of Kiril Mischeff (Trading) Limited for the year ended 30 September 2012 which comprise the Consolidated Profit and Loss Account, Consolidated and Parent Company Balance Sheets, Consolidated Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 Ethical Standards for Auditors.

Scope of the audit

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 and 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 30 September 2012 and of the profit of the group 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 matters 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.

Continued on page 5

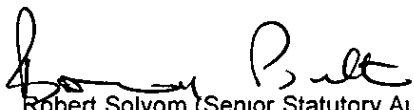
Independent Auditor's Report to the Members of Kiril Mischeff (Trading) Limited

Continued from page 4

Matters on which we are required to report by exception

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

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

  
Robert Solyom (Senior Statutory Auditor)  
For and on behalf of Brown Butler  
Chartered Accountants and Statutory Auditor

Leigh House  
28 – 32 St Paul's Street  
Leeds  
LS1 2JT

25 January 2013

Consolidated Profit and Loss Account  
30 September 2012

	Note	2012 £	2011 £
Turnover	1(b) & 2	117,839,674	109,736,380
Cost of sales		(110,372,930)	(103,221,357)
Gross profit		7,466,744	6,515,023
Distribution costs		(2,577,106)	(2,431,287)
Administrative expenses *		(3,676,372)	(3,054,733)
Other operating income		28,443	-
Operating profit		1,241,709	1,029,003
Interest payable and similar charges	3	(152,299)	(203,007)
Profit on ordinary activities before taxation	5	1,089,410	825,996
Tax on profit on ordinary activities	6	(344,814)	(260,760)
Profit for the financial year	19	744,596	565,236

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

\* Note – Included in administrative expenses is a charge of £355,386 in respect of amortisation of goodwill arising on consolidation Notes 1(f), 5 and 8 also refer

The notes on pages 10 to 20 form part of these financial statements



Company Registration Number 5486353  
Consolidated Balance Sheet  
30 September 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Intangible fixed assets	8	-	-
Tangible fixed assets	9	<u>1,293,876</u>	<u>458,626</u>
		1,293,876	458,626
<b>Current assets</b>			
Stock	11	6,414,868	7,478,715
Debtors	12	18,053,019	21,287,725
Cash at bank and in hand		<u>1,070,721</u>	<u>240,723</u>
		25,538,608	29,007,163
Creditors amounts falling due within one year	13	<u>21,943,770</u>	<u>25,254,671</u>
<b>Net current assets</b>		<u>3,594,838</u>	<u>3,752,492</u>
<b>Total assets less current liabilities</b>		<u>4,888,714</u>	<u>4,211,118</u>
Creditors amounts falling due after more than one year	14	<u>850,750</u>	<u>917,750</u>
		<u>4,037,964</u>	<u>3,293,368</u>
<b>Capital and reserves</b>			
Called up share capital	17	50,000	50,000
Capital redemption reserve	18	3,750	3,750
Profit and loss account	19	<u>3,984,214</u>	<u>3,239,618</u>
<b>Equity shareholders' funds</b>	20	<u>4,037,964</u>	<u>3,293,368</u>

These financial statements were approved and authorised for issue by the board on 23 January 2013 and signed on its behalf by

  
T A Davies

Directors

  
D A Mirchev

The notes on pages 10 to 20 form part of these financial statements

Company Balance Sheet  
30 September 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Investments	10	670,000	670,000
<b>Current assets</b>			
Debtors	12	6,429	-
Creditors amounts falling due within one year	13	26,000	87,771
Net current liabilities		(19,571)	(87,771)
Total assets less current liabilities		650,429	582,229
<b>Capital and reserves</b>			
Called up share capital	17	50,000	50,000
Capital redemption reserve	18	3,750	3,750
Profit and loss account	19	596,679	528,479
Shareholders' funds	20	650,429	582,229

These financial statements were approved and authorised for issue by the board on 23 January 2013 and signed on its behalf by

  
T A Davies

D A Mirchev

Directors

The notes on pages 10 to 20 form part of these financial statements

Consolidated Cash Flow Statement  
30 September 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	25a	7,124,141	(2,670,490)
Return on investments and servicing of finance			
Interest paid		<u>(152,299)</u>	<u>(203,007)</u>
Net cash outflow from returns on investments and servicing of finance		(152,299)	(203,007)
Taxation			
Corporation tax paid		(233,487)	(245,931)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		138,957	158,964
Sale of tangible fixed assets		<u>(11,599)</u>	<u>(61,664)</u>
Net cash outflow from capital expenditure and financial investment		(127,358)	(97,300)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(700,000)	-
Net cash inflow/(outflow) before financing		<u>5,910,997</u>	<u>(3,216,728)</u>
Financing			
Bank loans (repaid)/advanced		(4,511,668)	3,299,693
Loans repaid		(567,000)	(100,500)
Capital element of hire purchase repayments		<u>(852)</u>	<u>(1,058)</u>
Net cash (outflow)/inflow from financing		<u>(5,079,520)</u>	<u>3,198,135</u>
Increase/(decrease) in cash	25b	<u><u>831,477</u></u>	<u><u>(18,593)</u></u>

The notes on pages 10 to 20 form part of these financial statements

Notes to the Financial Statements  
30 September 2012

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 incorporate the financial statements of Kiril Mischeff (Trading) Limited and its subsidiary undertakings. All intra group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

As permitted by Section 408 of the Companies Act 2006, Kiril Mischeff (Trading) Limited has not presented its own profit and loss account.

(f) Goodwill arising on consolidation

Goodwill represents the excess of the purchase price over the fair value of net assets of subsidiary undertakings at the date of acquisition. Such goodwill is capitalised as an intangible fixed asset and amortised in equal instalments over its expected useful life in accordance with Financial Reporting Standard 10. Goodwill in these financial statements has been amortised in full in the year of acquisition.

(g) Stock

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

(h) 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.

Notes to the Financial Statements  
30 September 2012

1 Accounting policies (continued)

(i) 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.

(j) 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.

2 Turnover

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

3 Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	<u>152,299</u>	<u>203,007</u>

4 Staff costs

Group employee costs, including directors during the year -

	2012 £	2011 £
Wages and salaries	3,583,374	3,315,228
Social security costs	430,527	404,130
Other pension costs	230,754	332,983
	<u>4,244,655</u>	<u>4,052,341</u>

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

	No	No
Office, management and selling	<u>75</u>	<u>75</u>

Notes to the Financial Statements  
30 September 2012

## 4 Staff costs (continued)

## Directors' remuneration

	2012 £	2011 £
Salaries	1,562,039	1,641,409
Benefits in kind	41,482	41,573
Aggregate remuneration	1,603,521	1,682,982
Pension contributions	183,671	269,790
	<u>1,787,192</u>	<u>1,952,772</u>

Seven (2011 – seven) directors are accruing pension benefits under money purchase schemes

The remuneration of the highest paid director was as follows -

	2012 £	2011 £
Aggregate remuneration	<u>379,323</u>	<u>435,120</u>

## 5 Profit on ordinary activities before taxation

	2012 £	2011 £
The profit is after charging / (crediting) -		
Depreciation of owned assets	152,571	138,023
Depreciation of assets held under hire purchase contracts	-	810
Amortisation of goodwill arising on consolidation	355,386	-
Auditor's remuneration – audit services	33,060	35,700
Auditor's remuneration – other services	7,440	16,868
Operating lease charges – land and buildings	24,500	24,500
Operating lease charges – land and buildings	2,720	2,720
(Profit)/loss on disposal of fixed assets	<u>(10,463)</u>	<u>1,866</u>

Notes to the Financial Statements  
30 September 2012

6 Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	332,305	232,367
Adjustments in respect of prior periods	1,120	8,593
UK Corporation tax	333,425	240,960
Deferred tax charge	11,389	19,800
Total tax on profit on ordinary activities	<u>344,814</u>	<u>260,760</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>1,089,410</u>	<u>825,996</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 25% (2011 – 27%)	272,352	223,019
Effects of -		
Expenses not deductible for tax purposes	3,651	4,068
Depreciation in excess of capital allowances	-	6,602
Capital allowances in excess of depreciation	(6,354)	-
Movement in unpaid pension contributions	(20,011)	8,475
Adjustment in respect of marginal relief	(6,180)	(9,797)
Adjustment in respect of prior years	1,120	8,593
Amortisation of goodwill not deductible for tax	88,847	-
Current year tax charge	<u>333,425</u>	<u>240,960</u>
The transfer in respect of deferred tax is made up as follows -		
Origination and reversal of timing differences	<u>11,389</u>	<u>19,800</u>

7 Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of the financial statements

Notes to the Financial Statements  
30 September 2012

## 8 Intangible fixed assets

Group	Goodwill arising on consolidation £
Cost	
Addition	355,386
At 30 September 2012	<u>355,386</u>
Amortisation	
Charge for the year	355,386
At 30 September 2012	<u>355,386</u>
Net book value	
At 30 September 2012	<u>-</u>

The goodwill arose on the acquisition of Bitage Limited on 27 February 2012. The directors are of the opinion that the goodwill should be amortised in full on the date of acquisition.

## 9 Tangible fixed assets

	Freehold investment property	Freehold property	Plant, equipment, fixtures and fittings	Motor vehicles	Total
Group	£	£	£	£	£
Cost					
At 1 October 2011	-	197,788	291,352	470,315	959,455
Additions	850,000	-	31,412	107,545	988,957
Disposals	-	-	-	(65,577)	(65,577)
At 30 September 2012	<u>850,000</u>	<u>197,788</u>	<u>322,764</u>	<u>512,283</u>	<u>1,882,835</u>
Depreciation					
At 1 October 2011	-	24,121	245,546	231,162	500,829
Charge for the year	11,000	4,000	25,367	112,204	152,571
Disposals	-	-	-	(64,441)	(64,441)
At 30 September 2012	<u>11,000</u>	<u>28,121</u>	<u>270,913</u>	<u>278,925</u>	<u>588,959</u>
Net book value					
At 30 September 2011	<u>-</u>	<u>173,667</u>	<u>45,806</u>	<u>239,153</u>	<u>458,626</u>
At 30 September 2012	<u>839,000</u>	<u>169,667</u>	<u>51,851</u>	<u>233,358</u>	<u>1,293,876</u>



Notes to the Financial Statements  
30 September 2012

10 Investments

Company

Subsidiary  
Undertakings  
£

Cost

At 1 October 2011 & 30 September 2012

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 Limited	100	Import and distribution of food products
Indirect holdings (interest held by Kiril Mischeff Limited)		
W Saunders (Shipping & Forwarding) Limited	100	Shipping and forwarding
EE & Brian Smith (1928) Limited	100	Food broking and trading
Bitage Limited (acquired 27 February 2012)	100	Provision of serviced office facilities

All shares held in subsidiary companies are ordinary shares

During the year CBJ Securities Limited, a 100% owned non trading subsidiary of Kiril Mischeff Limited was dissolved

Notes to the Financial Statements  
30 September 2012

## 11 Stock

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Finished goods and goods for resale	<u>6,414,868</u>	<u>-</u>	<u>7,478,715</u>	<u>-</u>

## 12 Debtors

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Trade debtors	17,893,558	-	21,051,474	-
Amount due from subsidiaries	-	6,429	-	-
Deferred tax asset – see note 15	33,211	-	44,600	-
Prepayments	<u>126,250</u>	<u>-</u>	<u>191,651</u>	<u>-</u>
	<u>18,053,019</u>	<u>6,429</u>	<u>21,287,725</u>	<u>-</u>

The deferred tax asset is due after more than one year

## 13 Creditors amounts falling due within one year

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Bank loans & overdrafts	411,128	-	4,919,566	-
Trade creditors	15,274,103	-	16,059,985	-
Hire purchase creditors	-	-	852	-
Social security and taxes	188,699	-	347,184	-
Amount due to subsidiaries	-	26,000	-	87,771
Corporation tax	332,305	-	232,367	-
Other creditors	307,190	-	189,762	-
Accruals and deferred income	<u>5,430,345</u>	<u>-</u>	<u>3,504,955</u>	<u>-</u>
	<u>21,943,770</u>	<u>26,000</u>	<u>25,254,671</u>	<u>87,771</u>

The bank loans & overdrafts are secured on the assets of the group Hire purchase creditors are secured on the assets to which they relate

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

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Other creditors	<u>850,750</u>	<u>-</u>	<u>917,750</u>	<u>-</u>

Notes to the Financial Statements  
30 September 2012

## 15 Deferred tax asset

Deferred tax is analysed over the following timing differences -

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Depreciation in excess of capital allowances	(24,237)	-	(27,100)	-
Other timing differences	(8,974)	-	(17,500)	-
	<u>(33,211)</u>	<u>-</u>	<u>(44,600)</u>	<u>-</u>

Movements on the provision for deferred tax are as follows -

	£	£	£	£
At 1 October 2011	(44,600)	-	(64,400)	-
Charge in profit and loss account	11,389	-	19,800	-
At 30 September 2012	<u>(33,211)</u>	<u>-</u>	<u>(44,600)</u>	<u>-</u>

## 16 Pension costs

The group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group and amounted to £230,754 (2011 £332,983) for the year.

Contributions totalling £95,390 (2011 - £171,680) were payable to the scheme at the year end and are included in creditors.

## 17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid 500,000 ordinary shares of £10p each		
At 1 October 2011 and 30 September 2012	<u>50,000</u>	<u>50,000</u>

Notes to the Financial Statements  
30 September 2012

## 18 Capital redemption reserve

	2012 £	2011 £
At 1 October 2011 and 30 September 2012	<u>3,750</u>	<u>3,750</u>

## 19 Profit and loss account

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
At 1 October 2011	3,239,618	528,479	2,674,382	247,374
Retained profit for the year	<u>744,596</u>	<u>68,200</u>	<u>565,236</u>	<u>281,105</u>
At 30 September 2012	<u>3,984,214</u>	<u>596,679</u>	<u>3,239,618</u>	<u>528,479</u>

## 20 Reconciliation of movements in shareholders' funds

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Retained profit for the year	744,596	68,200	565,236	281,105
Opening shareholders' funds	<u>3,293,368</u>	<u>582,229</u>	<u>2,728,132</u>	<u>301,124</u>
Closing shareholders' funds	<u>4,037,964</u>	<u>650,429</u>	<u>3,293,368</u>	<u>582,229</u>

## 21 Controlling party

The company had no identifiable controlling party during the year

## 22 Related party transactions

## Group

At 30 September 2012 a loan of £1,157,940 (2011 £1,107,512) 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 2012

23 Leasing commitments

At 30 September 2012 the group had operating lease commitments for the following year as set out below -

	2012 £	2011 £
Operating leases which expire -		
within one year	2,040	-
from two to five years	24,500	27,220
	<u>26,540</u>	<u>27,220</u>
Lease categories -		
Land and buildings	24,500	24,500
Other	2,040	2,720
	<u>26,540</u>	<u>27,220</u>

24 Contingent liabilities

Group

At 30 September 2012 the group had outstanding forward foreign exchange contracts of £12,586,862 (2011 £31,179,436)

The group has jointly and severally guaranteed the bank borrowings of certain group companies. At 30 September 2012 the borrowings covered by these guarantees amounted to £90,569 (2011 £136,268)

25 Notes to the Cash Flow Statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	1,241,709	1,029,003
Depreciation	152,571	138,833
Amortisation of goodwill	355,386	-
(Profit)/loss on disposal of fixed assets	(10,463)	1,866
Decrease/(increase) in stocks	1,063,847	(2,631,482)
Decrease/(increase) in debtors	3,240,025	(2,737,576)
Increase in creditors	1,081,066	1,528,866
Net cash inflow/(outflow) from operating activities	<u>7,124,141</u>	<u>(2,670,490)</u>

Notes to the Financial Statements  
30 September 2012

## 25 Notes to the Cash Flow Statement (continued)

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

	2012 £	2011 £
Increase/(decrease) in cash in the year	831,477	(18,593)
Cash balance of subsidiary acquired in the year	(4,709)	-
	<u>826,768</u>	<u>(18,593)</u>
Movement in bank loans	4,511,668	(3,299,693)
Movement in other loans	67,852	101,558
	<u>5,406,288</u>	<u>(3,216,728)</u>
Movement in net debt in the year	(5,597,445)	(2,380,717)
Opening net debt		
Closing net debt	<u>(191,157)</u>	<u>(5,597,445)</u>

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

	2011 £	Cash flow £	Other £	2012 £
Cash at bank and in hand	240,723	834,707	(4,709)	1,070,721
Bank overdrafts	(87,339)	(3,230)	-	(90,569)
	<u>153,384</u>	<u>831,477</u>	<u>(4,709)</u>	<u>980,152</u>
Debt falling due within one year	(4,833,079)	4,512,520	-	(320,559)
Debt falling due after more than one year	(917,750)	67,000		(850,750)
	<u>(5,597,445)</u>	<u>5,410,997</u>	<u>(4,709)</u>	<u>(191,157)</u>