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Grant Thornton

Financial statements
AEI Cables Limited

For the Year Ended 31 August 2009

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Company No. 06196375

Officers and professional advisers

Company registration number	06196375
Registered office	Wright Hassall LLP Olympus Avenue LEAMINGTON SPA Warwickshire CV34 6BF
Directors	Mr Sanjay Aggarwal Mr Sandeep Aggarwal Mr M Heneghan Mr M C Goel Mr J P Duffy
Secretary	Mr K Ainsworth
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 2 Broadfield Court SHEFFIELD S8 0XF

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2009

Principal activities

The principal activity of the company is the design, manufacture and sale of cables for domestic and industrial wiring applications

Financial overview

The turnover of the company was £39 8 million (2008 £56 1 million) The company's loss before tax was £1 20 million (2008 £4 07 million profit) and after taxation was £ 0 9 million (2008 £2 87 million profit) The major portion of the loss arose during the first half of the year due to the global recession, however, the second half has been encouraging due to improved market conditions, higher order intake and better product mix The current year results are not comparable with the previous year due to the significant impact of the discount received on the acquisition of business in 2007-08

The decline of 29% in turnover during the year was due to lower raw material prices impacting the sale value of the finished goods as well as decrease in volume of 8% in terms of the copper content within manufactured goods

Turnover, (loss)/profit before tax and (loss)/profit after tax are considered to be the key performance indicators for the company

Strategy

The strategy employed during the year has been to minimise the effect of the reduced demand for electrical cables in the Construction sector in the UK, Middle East and Asia An increased focus has been made in the Fire Performance, Defence and Transportation sectors, supported by the established strong brand image The healthy commercial relationships established over a number of years with UK electrical wholesalers and key overseas agents have greatly assisted in balancing the effect of the overall downturn in demand Further efforts have been made in developing innovative product solutions, whilst continuing the promotion of quality

Future Developments for the Business / Future Outlook

A vigorous marketing campaign aimed at highlighting the increased level of imported low quality cables will be undertaken to increase market share in the Construction sector This will dovetail with an industry initiative to focus attention on this growing problem Further product innovation in all market sectors will be maintained, and an increased focus made on the specification of the company's products In view of the expected recovery in the UK economy the company expects improvements in its turnover and profitability in future periods

Principal Risks and Uncertainties

The policy of the company is to minimise the impact of potentially adverse changes in the cost of copper and other raw materials These risks are managed by way of forward contracts and regular purchases so that any sales commitment in terms of copper is properly hedged The major currency to which the company is exposed other than its reporting currency is Euro The risk involved in fluctuations in the exchange rate between Pound Sterling and Euro is managed by regular and timely buying of Euro to make payments against purchases of raw material and by way of forward contracts

Results and dividends

The loss for the year amounted to £852,000 The directors have not recommended a dividend

Financial risk management objectives and policies
The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company financial instruments are liquidity risk, interest rate risk and foreign currency risk

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Primarily this is achieved through bank borrowings

Interest rate risk
The company finances its operations through a mixture of retained earnings and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed by using fixed and floating facilities

Currency risk
The company is exposed to transaction and translation foreign exchange risk

Commodity price risk
The company manages the exposure to fluctuations in the commodity price market by the use of forward contract arrangements

Policy on payment of creditors
The company's policy in relation to the payment of its suppliers is to agree terms of payment with each supplier when negotiating the terms of each business transaction It is company policy to abide by the agreed terms of payment unless the supplier defaults under its own obligations Trade creditors at the year end amount to 18 days of average supplies for the year (2008 14 days)

Directors
The directors who served the company during the year were as follows
Mr Sanjay Aggarwal
Mr Sandeep Aggarwal
Mr M Heneghan
Mr M C Goel
Mr J P Duffy

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 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 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 adequate 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 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

In so far as the directors are aware

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

Disabled employees

Applications for employment by disabled persons are given full and fair considerations for all vacancies in accordance with their particular aptitudes and abilities In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue

It is the policy of the company that training, career development and promotion opportunities should be available to all employees

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

Mr Sanjay Aggarwal

Director
15 January 2010

Grant Thornton

Independent auditor's report to the members of AEI Cables Limited

We have audited the financial statements of AEI Cables Limited for the year ended 31 August 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 27 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 on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2009 and of its 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of AEI Cables Limited (continued)

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Craig Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Sheffield
20 January 2010

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous period, and are set out below

Turnover

The turnover shown in the profit and loss account represents amounts receivable by the company for goods supplied and services provided during the period, exclusive of Value Added Tax Turnover is recognised at the point of despatch of goods and the supply of services

Negative goodwill

Negative goodwill up to the fair value of the non-monetary assets acquired is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, whether through depreciation or sale

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

Plant & Machinery	- 10% Straight line basis
Fixtures & Fittings	- 20% Straight line basis
Motor Vehicles	- 20% Straight line basis

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

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

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

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, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

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

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities Dividends and distributions relating to equity instruments are debited direct to equity

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

Profit and loss account

	Note	Year to 31 Aug 09 £000	(Restated) Period from 2 Apr 07 to 31 Aug 08 £000
Turnover	1	**39,886**	56,177
Cost of sales		**(35,229)**	(44,913)
Gross profit		**4,657**	11,264
Other operating charges	2	**(5,363)**	(6,208)
Operating (loss)/profit	3	**(706)**	5,056
Interest receivable		**1**	11
Interest payable and similar charges	6	**(498)**	(998)
(Loss)/profit on ordinary activities before taxation		**(1,203)**	4,069
Tax on (loss)/profit on ordinary activities	7	**351**	(1,200)
(Loss)/profit for the financial year	22	**(852)**	2,869

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	**439**	464
Investments	9	**6**	6
		445	470
Current assets			
Stocks	10	**8,775**	7,564
Debtors	11	**9,610**	11,907
Cash at bank		**2,249**	385
		20,634	19,856
Creditors: amounts falling due within one year	13	**(15,307)**	(13,237)
Net current assets		**5,327**	6,619
Total assets less current liabilities		**5,772**	7,089
Creditors: amounts falling due after more than one year	14	**(440)**	–
Total assets less liabilities		**5,332**	7,089
Provisions for liabilities			
Other provisions	16	**–**	(845)
Deferred income			
Government grants	18	**(300)**	(360)
		5,032	5,884
Shareholders' funds			
Capital and reserves			
Called-up share capital	21	**3,015**	3,015
Profit and loss account	22	**2,017**	2,869
	23	**5,032**	5,884

These financial statements were approved by the directors and authorised for issue on 15 Jan 2010, and are signed on their behalf by

Mr Sanjay Aggarwal

Company registration number 06196375

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

Cash flow statement

	Note	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Net cash inflow from operating activities	24	**1,044**	3,953
Returns on investments and servicing of finance			
Interest received		**1**	11
Interest paid		**(606)**	(860)
Net cash outflow from returns on investments and servicing of finance		**(605)**	(849)
Taxation		**(269)**	–
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(20)**	(35)
Receipts from sale of fixed assets		**5**	-
Net cash outflow for capital expenditure and financial investment		**(15)**	(35)
Acquisitions and disposals			
Cash paid to acquire trade/business		**(930)**	(13,534)
Net cash outflow from acquisitions and disposals		**(930)**	(13,534)
Cash outflow before financing		**(775)**	(10,465)
Financing			
Issue of equity share capital		**–**	3,015
New grants received		**100**	400
Net cash inflow from financing		**100**	3,415
Decrease in cash	25	**(675)**	(7,050)

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

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
United Kingdom	**31,443**	42,408
Europe	**2,169**	1,967
Rest of world	**6,274**	11,802
	39,886	56,177

2 Other operating charges

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Distribution costs	**593**	774
Administrative expenses	**4,770**	5,434
	5,363	6,208

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Amortisation of government grants	**(160)**	(40)
Depreciation of owned fixed assets	**45**	52
Profit on disposal of fixed assets	**(5)**	(1)
Auditor's remuneration		
Audit fees	**30**	25
Other fees - taxation	**5**	4
Operating lease costs		
Other	**72**	79
Land and buildings	**441**	370
Net profit on foreign currency translation	**(65)**	(77)
Amortisation of negative goodwill	**-**	(7,452)

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	Year to 31 Aug 09 No	Period from 2 Apr 07 to 31 Aug 08 No
Production staff	227	237
Distribution staff	45	45
Administrative staff	22	22
	294	304

The aggregate payroll costs of the above were

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Wages and salaries	6,595	6,947
Social security costs	654	710
Other pension costs	265	258
	7,514	7,915

The above disclosure for the prior period has been restated to better reflect the split of wages and salaries, social security costs and other pension costs between cost of sales and administrative expenses This has resulted in a reduction in cost of sales of £1,418,000 and a corresponding increase in administrative expenses for the period ended 31 August 2008

5 Directors

Remuneration in respect of directors was as follows

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Emoluments receivable	286	318
Value of company pension contributions to money purchase schemes	9	10
	295	328

5 Directors (continued)

Emoluments of highest paid director

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Total emoluments (excluding pension contributions)	97	95
Value of company pension contributions to money purchase schemes	5	5
	102	100

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

	Year to 31 Aug 09 No	Period from 2 Apr 07 to 31 Aug 08 No
Money purchase schemes	3	3

6 Interest payable and similar charges

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Interest payable on bank borrowing	498	998

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 - 29 16%)	(413)	1,252
Under provision in prior period	29	-
Total current tax	(384)	1,252
Deferred tax		
Origination and reversal of timing differences	33	(52)
Tax on (loss)/profit on ordinary activities	(351)	1,200

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 29 16%)

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
(Loss)/profit on ordinary activities before taxation	**(1,203)**	4,069
(Loss)/profit on ordinary activities by rate of tax	**(337)**	1,186
Expenses not deductible for tax purposes	**6**	11
Capital allowances for period in excess of depreciation	**(38)**	(3)
Adjustments to tax charge in respect of previous periods	**29**	-
Other timing differences	**(29)**	58
Corporation tax rate change	**(15)**	-
Total current tax (note 7(a))	**(384)**	1,252

8 Tangible fixed assets

	Plant & Machinery £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost				
At 1 September 2008	466	28	19	513
Additions	20	–	–	20
At 31 August 2009	486	28	19	533
Depreciation				
At 1 September 2008	39	6	4	49
Charge for the year	38	4	3	45
At 31 August 2009	77	10	7	94
Net book value				
At 31 August 2009	**409**	**18**	**12**	**439**
At 31 August 2008	427	22	15	464

9 Investments

	Other investments £000
Cost	
At 1 September 2008 and 31 August 2009	6
Net book value	
At 31 August 2008 and 31 August 2009	6

10 Stocks

	2009 £000	2008 £000
Raw materials	1,311	816
Work in progress	3,385	1,975
Finished goods	4,079	4,773
	8,775	7,564

11 Debtors

	2009 £000	2008 £000
Trade debtors	9,275	11,582
Amounts owed by group undertakings	–	23
Other debtors	53	41
Prepayments and accrued income	263	209
Deferred taxation (note 12)	19	52
	9,610	11,907

12 Deferred taxation

The deferred tax included in the balance sheet is as follows

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Included in debtors (note 11)	**19**	52

The movement in the deferred taxation account during the year was

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Balance brought forward	**52**	-
Profit and loss account movement arising during the year	**(33)**	52
Balance carried forward	**19**	52

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009 £000	2008 £000
Excess of taxation allowances over depreciation on fixed assets	**(39)**	(3)
Other timing differences	**58**	55
	19	52

13 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Other short term financing	**9,974**	7,436
Loan notes	**–**	930
Trade creditors	**1,889**	1,405
Amounts owed to group undertakings	**931**	–
Corporation tax	**598**	1,252
Other taxation and social security	**979**	1,067
Other creditors	**46**	46
Accruals and deferred income	**890**	1,101
	15,307	13,237

Other short term financing is secured by means of a fixed and floating charge on the assets of the company

14 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Accruals and deferred income	440	-

15 Pensions

Defined contribution 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 a fund independent from those of the company

The pension cost charge for the year was £265,000 (2008 £258,000) Contributions outstanding at the year end were £41,000 (2008 £42,000)

16 Other provisions

	Business liabilities provision £000	Asbestos contamination provision £000	Rent provision £000	Total £000
Balance brought forward	265	250	330	845
Profit and loss account movement arising during the year	(265)	(250)	291	(224)
Transfer to accruals	-	-	(621)	(621)
Balance carried forward	-	-	-	-

The provision for the rent free period has been transferred in entirety to accruals and deferred income in the year with £181,000 being due within one year and £440,000 being due after one year

17 Derivatives

The fair value of derivatives held by the company at 31 August, not recognised in the financial statements is as set out below

	2009 £000	2008 £000
Copper forward contracts - asset/(liability)	218	(29)

18 Government grants

	2009 £000	2008 £000
Received and receivable		
At 1 September 2008	**400**	-
Receivable during year	**100**	400
At 31 August 2009	**500**	400
Amortisation		
At 1 September 2008	**40**	-
Credit to profit and loss account	**160**	40
At 31 August 2009	**200**	40
Net balance at 31 August 2009	**300**	360

19 Commitments under operating leases

At 31 August 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009 Land & Buildings £000	2009 Other Items £000	2008 Land & Buildings £000	2008 Other Items £000
Operating leases which expire				
Within 1 year	**-**	**3**	-	-
Within 2 to 5 years	**550**	**66**	-	-
	550	**69**	-	-

20 Related party transactions

As a wholly owned subsidiary of Paramount Communications Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Paramount Communications Limited

21 Share capital

Authorised share capital

	2009 £000	2008 £000
20,000 Ordinary shares of £1 each	**20**	20
2,995,000 Preference shares of £1 each	**2,995**	2,995
	3,015	3,015

21 Share capital (continued)

Allotted, called up and fully paid

	2009 No	2009 £000	2008 No	2008 £000
Ordinary shares of £1 each	**20,000**	**20**	20,000	20
Preference shares of £1 each	**2,995,000**	**2,995**	2,995,000	2,995
	3,015,000	**3,015**	3,015,000	3,015

The preference share holders have the same rights to dividends as the ordinary share holders On a return of assets on liquidation, the assets of the company are applied first to the preference share holders The company may, with the prior consent of the holders of 75% of the preference shares, redeem any or all of the preference shares at any time

22 Reserves

	Profit and loss account £000
At 1 September 2008	**2,869**
Loss for the year	**(852)**
At 31 August 2009	**2,017**

23 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
(Loss)/profit for the financial year	**(852)**	2,869
New ordinary share capital subscribed	**–**	20
New preference share capital subscribed	**–**	2,995
Net (reduction)/addition to shareholders' funds	**(852)**	5,884
Opening shareholders' funds	**5,884**	–
Closing shareholders' funds	**5,032**	5,884

24 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	Year to 31 Aug 09 £000	Period from 2 Apr 07 to 31 Aug 08 £000
Operating (loss)/profit	**(706)**	5,056
Depreciation	**45**	52
Profit on disposal of fixed assets	**(5)**	-
Amortisation of government grants	**(160)**	(40)
(Increase)/decrease in stocks	**(1,211)**	5,503
Decrease/(increase) in debtors	**2,263**	(920)
Increase in creditors	**1,663**	1,459
Amortisation of negative goodwill	**–**	(7,452)
(Decrease)/increase in provisions	**(845)**	295
Net cash inflow from operating activities	**1,044**	3,953

25 Reconciliation of net cash flow to movement in net debt

	2009 £000	2008 £000
Decrease in cash in the period	**(675)**	(7,050)
Net cash outflow/(inflow) from loan notes	**930**	(930)
	255	(7,980)
Change in net debt	**255**	(7,980)
Net debt at 1 September 2008	**(7,980)**	–
Net debt at 31 August 2009	**(7,725)**	(7,980)

26 Analysis of changes in net debt

	At 1 Sep 2008 £000	Cash flows £000	At 31 Aug 2009 £000
Net cash			
Cash in hand and at bank	385	1,864	**2,249**
Other short term financing	(7,435)	(2,539)	**(9,974)**
	(7,050)	(675)	**(7,725)**
Debt			
Debt due within 1 year	(930)	930	**-**
Net debt	(7,980)	255	**(7,725)**

27 Ultimate parent company

Paramount Holdings Limited is the company's controlling related party by virtue of its 100 per cent interest in the company

The company's ultimate controlling related party and ultimate parent undertaking is Paramount Communications Limited which is registered in India Copies of the consolidated financial statements are available from Paramount Communications Limited's registered address, Paramount House, C-125, Naraina Industrial Area Phase-1, New Delhi - 110028, India