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Financial Statements The TALL Group of Companies Limited

For the year ended 31 December 2012

Company No 6548791

Company information

Company registration number :	6548791
Registered office :	Unit 2 Pembroke Court Manor Park Runcorn Cheshire WA7 1TJ
Directors :	P G Andrew W S D Lamb P D Long M J Ruda
Secretary :	W S D Lamb
Auditor :	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Principal activity and business review

The Group's principal activity is the provision of secure print, and electronic payment solutions

The principal activity of the company is that of a holding company

Financial overview

Revenue decreased in 2012 to £8,668,172 (2011 £13,598,723) Operating profit (before exceptional costs, interest and tax) was £406,493, (2011· loss £690,976) This reflected the directors' decision, in May 2012, to place ID Data Cards Limited into administrative receivership The trade and operations of ID Data Cards Limited were sold to a third party entity

Gross profit (from continuing operations) as a percentage of sales fell slightly to 52 5% (2011 53 1%)

Operating costs

Operating costs (from continuing operations) fell as a percentage of sales to 47 8% (2011 49 2%)

Cash management

Cash management remained a focus of the continuing operations and cash flows improved following the exit from ID Data Cards Limited

Capital expenditure

The directors constantly monitor the requirements to invest in, upgrade or replace machinery and equipment in order to maintain efficient production operations across the Group

Accreditations, training and development

The Group maintained accreditations to ISO 27001, ISO 9001, ISO 14001 and the Investors in People standard and ensures all its people review performance and participate in relevant training and development activities

Future prospects

The directors continue to have a positive outlook for the prospects of the Group and consider the restructure to have been satisfactorily achieved.

Results and dividends

The profit for the year, after exceptional costs, interest and taxation amounted to £287,923 (2011 loss £949,383)

A dividend of £64,325 (2011 £Nil) was recommended by the directors

Directors

The membership of the board during the year is set out below All directors served throughout the year

P G Andrew
W S D Lamb
P D Long
M J Ruda

Financial risk management objectives and policies

The Group uses financial instruments, which include a bank overdraft, cash and various items such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash safely and profitably Short term flexibility is achieved by an overdraft facility

Interest rate risk

The Group finances its operations through a mixture of retained profits and a bank overdraft The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2012 is shown below The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk

	Fixed	Interest rate Floating £	Zero £	Total £
Financial Assets				
Cash	-	242,589	-	242,589
Trade debtors	-	-	1,543,647	1,543,647
	-	242,589	1,543,647	1,786,236
Financial liabilities				
Finance leases and hire purchase contracts	215,434	-	-	215,434
Trade creditors	-	-	794,020	794,020
Bank loan and overdraft	-	694,744	-	694,744
	215,434	694,744	794,020	1,704,198

Credit risk

The Group's principal financial assets are cash deposits, cash and trade debtors The credit risk associated with cash is limited The principal credit risk arises therefore from its trade debtors

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Statement of directors' responsibilities
The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations

Company law required 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 and profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 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 each of the directors is aware

- there is no relevant audit information of which the group'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

Auditor
Grant Thornton UK LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006

BY ORDER OF THE BOARD

WSD Lamb

W S D Lamb
Secretary
The TALL Group of Companies Limited
Company No 6548791
27 March 2013

GrantThornton

Independent auditors's report to the members of The TALL Group of Companies Limited

We have audited the financial statements of The TALL Group of Companies Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statements and the 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 Statement of directors' responsibilities set out on page 5, 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 and express an opinion on 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/private cfm

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 31 December 2012 and of the group's profit 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

Grant Thornton

Independent auditors's report to the members of The TALL Group of Companies Limited

Opinion on other matters 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

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 been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remunerations 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

John Shinnick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Manchester
27 March 2013

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (United Generally Accepted Accounting Principles)

The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the circumstances of the group

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings Acquisitions are accounted for under the acquisition method

Turnover

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

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets, except freehold land, by equal annual instalments over their expected useful economic lives The rates generally applicable are

Freehold property	2% per annum
Plant and machinery	10% - 50% per annum
Fixtures and fitting	10% per annum
Motor equipment	20% per annum

Amortisation

Amortisation if calculated so as to write off the cost of an asset as follows

Goodwill	-	useful economic life

Stocks

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

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion

Negatives and bromides are capitalised within stock and amortised over their useful economic life of 3 years

Investments

Investments are stated at cost less provision for permanent diminution in value

Principal accounting policies

Defined contribution pension scheme
The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period

Research and development
Expenditure on research and development is written off in the year incurred

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Leased assets
Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Financial Instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Consolidated profit and loss account

	Note	2012 £	2011 £
Turnover – continuing operations	1	8,668,172	8,238,868
– discontinued operations	1	-	5,359,855
		8,668,172	13,598,723
Cost of sales - continuing operations		(4,115,300)	(3,865,204)
- discontinued operations		-	(4,054,235)
		(4,115,300)	(7,919,439)
Gross profit – continuing operations		4,552,872	4,373,664
– discontinued operations		-	1,305,620
		4,552,872	5,679,284
Net operating costs - continuing operations		(4,146,379)	(4,054,621)
- discontinued operations		-	(2,315,639)
	2	(4,146,379)	(6,370,260)
Operating profit/(loss) before exceptional operating costs			
– continuing operations		406,493	319,043
– discontinued operations		-	(1,010,019)
		406,493	(690,976)
Exceptional operating costs - discontinued operations		-	(235,987)
Operating profit/(loss) – continuing operations		406,493	319,043
– discontinued operations		-	(1,246,006)
		406,493	(926,963)
Net interest	4	(48,910)	(75,889)
Profit/(loss) on ordinary activities before taxation	1	357,583	(1,002,852)
Tax on profit/(loss) on ordinary activities	6	(69,660)	53,469
Profit/(loss) for the financial year	17	287,923	(949,383)

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

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

Consolidated balance sheet

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	9	**700**	-
Tangible assets	10	**1,026,262**	1,490,275
		1,026,962	1,490,275
Current assets			
Stocks	12	**718,529**	1,323,587
Debtors	13	**1,829,921**	2,505,371
Cash at bank and in hand		**242,589**	141,987
		2,791,039	3,970,945
Creditors amounts falling due within one year	14	**(2,191,481)**	(4,036,245)
Net current assets/(liabilities)		**599,558**	(65,300)
Total assets less current liabilities		**1,626,520**	1,424,975
Creditors amounts falling due after more than one year	15	**(515,841)**	(545,874)
Provisions for liabilities	16	**(7,979)**	-
Net assets		**1,102,700**	879,101
Capital and reserves			
Called up share capital	17	**194,924**	194,924
Capital redemption reserve	18	**85,076**	85,076
Merger reserve	18	**(1,310,530)**	(1,310,530)
Profit and loss account	18	**2,133,230**	1,909,631
Shareholders' funds	19	**1,102,700**	879,101

The financial statements were authorised for issue and approved by the Board of Directors on 27 March 2013

W S D Lamb

W S D Lamb Director

Company balance sheet

	Note	2012 £	2011 £
Fixed assets			
Investments	11	**1,650,408**	1,650,408
Creditors amounts falling due within one year	14	**(1,370,408)**	(1,370,408)
Net current assets		**280,000**	280,000
Total assets less current liabilities		**280,000**	280,000
Capital and reserves			
Called up share capital	17	**194,924**	194,924
Capital redemption reserve	18	**85,076**	85,076
Profit and loss account	18	**-**	-
Shareholders' funds	19	**280,000**	280,000

The financial statements were authorised for issue and approved by the Board of Directors on 27 March 2013

W S D Lamb Director

Consolidated cash flow statement

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	20	623,192	(93,688)
Returns on investments and servicing of finance			
Interest paid		(48,910)	(75,889)
Net cash outflow on investments and servicing of finance		(48,910)	(75,889)
Taxation			
Tax paid		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(82,432)	(143,685)
Sale of tangible fixed assets		8,150	6,300
Net cash outflow for capital expenditure and financial investment		(74,282)	(137,385)
Net cash inflow/(outflow) before financing		500,000	(306,962)
Financing			
Net (decrease)/increase in bank loans and invoice discounting	22	(166,420)	191,215
Capital element of finance lease repayments	22	5,180	(38,207)
Net cash (outflow)/inflow from financing		(161,240)	153,008
Increase/(decrease) in cash in the year	22	338,760	(153,954)

Notes to the financial statements

1 Turnover and profit/(loss) on ordinary activities before taxation

The turnover and profit/(loss) before taxation is attributable to the principal activities of the Group The analysis of turnover by geographical market is as follows

	2012 £	2011 £
United Kingdom	**7,921,469**	10,529,408
Europe	**34,465**	903,657
Rest of World	**712,238**	2,165,658
	8,668,172	13,598,723

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)

	2012 £	2011 £
Amortisation of intangible assets	**-**	(454,522)
Auditor's remuneration		
– Audit services	**17,550**	24,550
– Non–audit services	**4,700**	4,400
Depreciation		
– owned assets	**92,337**	322,839
– assets held under finance leases	**57,653**	85,647
Profit on disposal of fixed assets	**(8,150)**	(2,914)
Operating lease rentals – plant and equipment	**35,188**	65,151
– other	**160,925**	330,478

2 Net operating costs

	2012 £	2011 £
Distribution costs	**275,220**	674,375
Administration expenses	**3,871,159**	5,695,885
	4,146,379	6,370,260

3 Exceptional operating costs

	2012 £	2011 £
Impairment of assets of discontinued operations	**-**	235,987

Notes to the financial statements

4 Net interest

	2012 £	2011 £
On bank loans and overdrafts	34,784	38,303
On confidential invoice discounting	-	17,318
On finance leases and hire purchase contracts	14,126	20,462
	48,910	76,083
Bank interest received	-	(194)
	48,910	75,889

5 Directors and employees

Staff costs during the year were as follows	2012 £	2011 £
Wages and salaries	3,167,317	5,426,517
Social security costs	317,600	541,162
Other pension costs	80,253	132,525
	3,565,170	6,100,204

The average number of employees during the year was	2012 Number	2011 Number
Production	74	147
Administration	57	76
	131	223

Remuneration in respect of directors was as follows	2012 £	2011 £
Emoluments	828,467	827,954
Pension contributions to money purchase pension schemes	30,766	30,120
	859,233	858,074

During the year, 10 (2011 11) directors participated in money purchase pension schemes

Remuneration in respect of the highest paid director was as follows	2012 £	2011 £
Emoluments	137,273	131,481

Notes to the financial statements

6 Tax on profit/(loss) on ordinary activities

The tax charge/(credit) represents	2012 £	2011 £
UK corporation tax at 24 5% (2011 26 49%)	57,348	(3,657)
Double taxation relief	(1,477)	-
	55,871	(3,657)
Foreign taxation on income	1,477	-
	57,348	(3,657)
Deferred tax (note 16)	12,312	(49,812)
	69,660	(53,469)

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 24 5% (2011 26 49%) The differences are explained as follows

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	357,583	(1,002,852)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 24 5% (2011 26 49%)	87,599	(265,687)
Effect of		
Expenses not deductible for tax purposes	41,968	252,011
Difference between capital allowances and depreciation	(7,015)	25,479
Fixed asset timing differences	8,521	-
Other short term timing differences	339	(7,247)
Unrelieved tax losses	1,928	21,459
Additional deduction for research and development expenditure	(30,563)	(29,672)
Marginal relief	(2,858)	-
Group relief surrendered	(40,981)	-
Short term losses	(1,590)	-
Current tax charge for the year	57,348	(3,657)

7 Profit/(loss) for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent company's profit for the year was £nil (2011 loss £270,000)

8 Dividends

	2012 £	2011 £
Dividends paid on equity capital (£0 33 per share)	64,325	-

Notes to the financial statements

9 Intangible fixed assets

	Positive Goodwill £	Negative Goodwill £
Cost		
At 1 January 2012	-	(683,122)
Additions	700	-
At 31 December 2012	700	(683,122)
Amortisation		
At 1 January 2012 and at 31 December 2012	-	(683,122)
Net book value		
At 31 December 2012	700	-
At 31 December 2011	-	-

10 Tangible fixed assets

Group	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
Cost					
At 1 January 2012	662,196	103,901	4,149,491	1,249,480	6,165,068
Additions	6,590	-	136,664	30,723	173,977
Disposals	-	-	(1,458,542)	(12,180)	(1,470,722)
At 31 December 2012	668,786	103,901	2,827,613	1,268,023	4,868,323
Depreciation					
At 1 January 2012	142,600	34,658	3,349,958	1,147,577	4,674,793
Charge for the year	11,647	20,781	80,639	36,923	149,990
Disposals	-	-	(970,542)	(12,180)	(982,722)
At 31 December 2012	154,247	55,439	2,460,055	1,172,320	3,842,061
Net book amount					
At 31 December 2012	514,539	48,462	367,558	95,703	1,026,262
At 31 December 2011	519,596	69,243	799,533	101,903	1,490,275

Included within the net value of £1,026,262 are assets held under finance leases with a net book value of £317,737 (2011 £354,148) Depreciation charged on these assets in the year amounted to £57,653 (2011 £85,647)

No tangible fixed assets are held by the company

Notes to the financial statements

11 Fixed asset investments

Company

	Subsidiary undertakings £
Cost net book amount	
At 1 January 2012 and 31 December 2012	1,650,408

The details of the investments in the subsidiary undertakings are as follows

Name of subsidiary	Country of incorporation	Class of shares held	Proportion held by parent company	Nature of business
TALL Security Print Limited	United Kingdom	£1 ordinary shares	100%	Production of specialist cheques
Checkprint Limited	United Kingdom	£1 ordinary shares	100%	Production of specialist cheques

12 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Raw materials and consumables	575,007	1,037,530	-	-
Work in progress	91,580	193,782	-	-
Finished goods	51,942	92,275	-	-
	718,529	1,323,587	-	-

13 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	1,543,647	2,236,031	-	-
Corporation tax debtor	3,108	-	-	-
Other debtors	172,096	98,660	-	-
Deferred tax asset (note 16)	-	4,333	-	-
Prepayments and accrued income	111,070	166,347	-	-
	1,829,921	2,505,371	-	-

Notes to the financial statements

14 Creditors : amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loan and overdraft	**307,955**	693,386		-
Invoice discounting	-	610,017		-
Obligations under finance leases	**86,382**	149,965		-
Trade creditors	**794,020**	1,434,307		-
Corporation tax	**58,979**	-	-	-
Social security and other taxes	**301,125**	517,994		-
Amounts owed to group undertakings	-	-	**1,370,408**	1,370,408
Other creditors	**36,282**	42,402		-
Accruals and deferred income	**606,738**	588,174		-
	2,191,481	4,036,245	**1,370,408**	1,370,408

The bank loan is secured by charges on the freehold property Interest on the loan is charged at 5 5% and the bank loan is repayable in monthly instalments

The finance leases are secured on the assets to which they relate

15 Creditors : amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loan	**386,789**	405,936	-	-
Obligations under finance leases	**129,052**	139,938	-	-
	515,841	545,874	-	-

Obligations under finance leases are secured on the assets to which they relate

Borrowings are repayable as follows	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £000
Within one year				
Bank overdraft	**288,989**	527,147	-	-
Bank loans	**18,966**	166,239	-	-
Finance leases	**86,382**	149,965	-	-
After one and within two years				
Bank loans	**20,037**	18,966	-	-
Finance leases	**57,119**	86,780	-	-
After two years and within five years				
Bank loans	**43,527**	63,562	-	-
Finance leases	**71,933**	53,158	-	-
After five years				
Bank loans	**323,225**	323,408	-	-
	910,178	1,389,225	-	-

Notes to the financial statements

16 Provisions for liabilities

Group	Deferred taxation £
At 1 January 2012	(4,333)
Movement in year	12,312
At 31 December 2012 (Note 13)	**7,979**

The deferred tax liability is calculated using a tax rate of 24 5% and is set out below

	2012 £	2011 £
Accelerated capital allowances	**9,044**	11,989
Losses	**-**	(12,583)
Other timing differences	**(1,065)**	(3,739)
	7,979	(4,333)

17 Share capital

	2012 £	2011 £
Authorised		
300,000 Ordinary shares of £1 each	**300,000**	300,000
Allotted, called up and fully paid		
194,924 Ordinary shares of £1 each	**194,924**	194,924

18 Reserves

Group and company	Group			Company	
	Capital redemption reserve £	Merger release £	Profit and loss account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2012	85,076	(1,310,530)	1,909,631	85,076	-
Profit for the year	-	-	287,923	-	-
Dividend (note 8)	-	-	(64,325)	-	-
At 31 December 2012	**85,076**	**(1,310,530)**	**2,133,230**	**85,076**	**-**

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Profit/(loss) for the period	**287,923**	(949,383)	**-**	(270,000)
Dividend (note 8)	**(64,325)**	-	**-**	-
Opening shareholders' funds	**879,101**	1,828,484	**280,000**	550,000
Closing shareholders' funds	**1,102,700**	879,101	**280,000**	280,000

Notes to the financial statements

20 Net cash inflow from operating activities

	2012 £000	2011 £000
Operating profit/(loss)	406,493	(926,963)
Amortisation of intangible fixed assets	-	(454,522)
Depreciation on tangible fixed assets	149,990	408,486
Impairment of tangible fixed assets	-	290,118
Decrease/(increase) in stocks	60,502	43,554
Decrease/(increase) in debtors	(312,372)	164,220
Increase in creditors	122,803	384,333
Profit on disposal of assets	195,776	(2,914)
Net cash inflow/(outflow) from operating activities	623,192	(93,688)

21 Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Decrease in cash in the year	338,760	(153,954)
Cash inflow from bank loans and HP agreements	161,240	(153,008)
Net cash movement	500,000	(306,962)
Non cash movements	-	-
Change in net debt in the year	500,000	(306,962)
Opening net debt	(1,167,589)	(1,550,293)
Closing net debt	(667,589)	(1,857,255)

22 Analysis of changes in net debt

	1 January 2012 £000	Cashflow £000	31 December 2012 £000
Cash at bank and in hand	141,987	100,602	242,589
Bank overdraft	(527,147)	238,158	(288,989)
	(385,160)	338,760	(46,400)
Debt	(572,175)	166,420	(405,755)
Finance lease obligations	(210,254)	(5,180)	(215,434)
	(782,429)	161,240	(621,189)
Net debt	(1,167,589)	500,000	(667,589)

Notes to the financial statements

23 Operating lease commitments

At 31 December 2012 the Group had annual commitments under non-cancellable operating leases as follows

	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	4,950	4,056	4,950	4,056
Within two to five years	155,975	31,132	155,975	29,756