

# Financial Statements The TALL Group of Companies Limited

---

For the year ended 31 December 2013

TUESDAY



\*A36SXOHC\*

A22

29/04/2014

#111

COMPANIES HOUSE

Company No 6548791

## Company information

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

## Index to the financial statements

<b>Report of the directors</b>	3 – 5
<b>Strategic report</b>	6
<b>Report of the independent auditor</b>	7 – 8
<b>Principal accounting policies</b>	9 – 10
<b>Consolidated profit and loss account</b>	11
<b>Consolidated balance sheet</b>	12
<b>Company balance sheet</b>	13
<b>Consolidated cash flow statement</b>	14
<b>Notes to the financial statements</b>	15 – 23

## Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 December 2013

### **Principal activity**

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 reduced in 2013 to £8,406,212 (2012 £8,668,172) The gross profit fell to £4,518,595 (2012 £4,552,872) Operating costs of £4,175,237 in 2013 compared with £4,146,379 in 2012 The profit before tax in 2013, amounted to £300,449 compared to £357,583 in 2012

### **Cash management**

Close attention to credit control and supply chain management ensures optimum cash flows across the group

### **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

### **Results and dividends**

The profit for the year, after exceptional costs, interest and taxation amounted to £249,913 (2012 £287,923)

A dividend of £100,000 (2012 £64,325) 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 2013 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 £
<b>Financial Assets</b>				
Cash	-	411,130	-	411,130
Trade debtors	-	-	1,383,615	1,383,615
	<u>-</u>	<u>411,130</u>	<u>1,383,615</u>	<u>1,794,745</u>
<b>Financial liabilities</b>				
Finance leases and hire purchase contracts	134,668	-	-	134,668
Trade creditors	-	-	750,919	750,919
Bank loan and overdraft	-	648,072	-	648,072
	<u>134,668</u>	<u>648,072</u>	<u>750,919</u>	<u>1,533,659</u>

### **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



W S D Lamb  
Secretary  
The TALL Group of Companies Limited  
Company No 6548791  
24 April 2014

## **Strategic report**

### **For the year ended 31 December 2013**

The directors consider the overall performance of the Group to be satisfactory, given the difficult market conditions, particularly in the UK market

The profit for the year, after taxation, amounted to £249,913 (2012 £287,923)

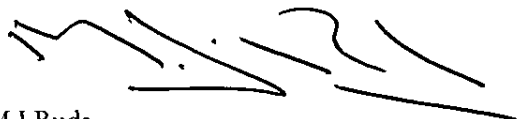
Sales revenues reduced by 3% to £8,406,212 (2012 £8,668,172), largely reflecting the changing market in the UK for cheques and credits. The likely advent of truncation in cheque clearing, a technology shift which has already occurred in a number of overseas markets may provide new and different opportunities for the Group in the years to follow

International opportunities continue to present significant prospects for revenue growth

At the end of the year the trade and assets of 'The Cartridge Store' were acquired, enabling the Group to reduce costs by bringing MICR toner cartridge manufacture in-house. This also provides the basis for an e-commerce channel, which will in due course supplement the sales activities of the organisation

Cash management across the businesses is constantly monitored, and this enables the Group to take advantage of positive net balances when required

The strength of the Group's longstanding relationships with its major customers, including many financial institutions and large corporates, remains the cornerstone of the business, and the directors look forward to the evolution of these relationships with confidence



M J Ruda  
Managing Director  
The TALL Group of Companies Limited  
Company No 6548791  
24 April 2014



## Independent auditors' 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 2013 which comprise the consolidated profit and loss account, the consolidated balance sheet and 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](http://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 2013 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





## 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*

Martin Bailey  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
Manchester  
24 April 2014

## 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

### **Intangible fixed assets amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to Profit and loss account over its estimated economic life

Amortisation is provided at the following rates

Goodwill	-	20% per annum
----------	---	---------------

### **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

### **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	2013 £	2012 £
<b>Turnover</b>		<b>8,406,212</b>	<b>8,668,172</b>
Cost of sales		(3,887,617)	(4,115,300)
<b>Gross profit</b>		<b>4,518,595</b>	<b>4,552,872</b>
Net operating costs - continuing operations before group management expenses	2	(3,559,730)	(3,508,626)
- group management expenses	2	(615,507)	(637,753)
	2	<b>(4,175,237)</b>	<b>(4,146,379)</b>
<b>Operating profit</b>		<b>343,358</b>	<b>406,493</b>
Net interest	3	(42,909)	(48,910)
<b>Profit on ordinary activities before taxation</b>	1	<b>300,449</b>	<b>357,583</b>
Tax on profit on ordinary activities	5	(50,536)	(69,660)
<b>Profit for the financial year</b>	18	<b>249,913</b>	<b>287,923</b>

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

All activities are continuing

## Consolidated balance sheet

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Intangible assets	8	71,176	700
Tangible assets	9	937,930	1,026,262
		<u>1,009,106</u>	<u>1,026,962</u>
<b>Current assets</b>			
Stocks	11	724,077	718,529
Debtors	12	1,558,272	1,829,921
Cash at bank and in hand		411,130	242,589
		<u>2,693,479</u>	<u>2,791,039</u>
<b>Creditors : amounts falling due within one year</b>	13	<u>(1,998,767)</u>	<u>(2,191,481)</u>
<b>Net current assets</b>		<b>694,712</b>	<b>599,558</b>
<b>Total assets less current liabilities</b>		<u><b>1,703,818</b></u>	<u><b>1,626,520</b></u>
<b>Creditors : amounts falling due after more than one year</b>	14	<b>(438,508)</b>	<b>(515,841)</b>
<b>Provisions for liabilities</b>	15	<b>(12,697)</b>	<b>(7,979)</b>
<b>Net assets</b>		<u><b>1,252,613</b></u>	<u><b>1,102,700</b></u>
<b>Capital and reserves</b>			
Called up share capital	16	194,924	194,924
Capital redemption reserve	17	85,076	85,076
Merger reserve	17	(1,310,530)	(1,310,530)
Profit and loss account	17	2,283,143	2,133,230
<b>Shareholders' funds</b>	18	<u><b>1,252,613</b></u>	<u><b>1,102,700</b></u>

The financial statements were authorised for issue and approved by the Board of Directors on 24 April 2014



W S D Lamb

Director

## Company balance sheet

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	10	<u>1,650,408</u>	<u>1,650,408</u>
<b>Creditors : amounts falling due within one year</b>	13	<u>(1,370,408)</u>	<u>(1,370,408)</u>
<b>Net current assets</b>		<u>280,000</u>	<u>280,000</u>
<b>Total assets less current liabilities</b>		<u>280,000</u>	<u>280,000</u>
<b>Capital and reserves</b>			
Called up share capital	16	194,924	194,924
Capital redemption reserve	17	85,076	85,076
Profit and loss account	17	-	-
<b>Shareholders' funds</b>	18	<u>280,000</u>	<u>280,000</u>

The financial statements were authorised for issue and approved by the Board of Directors on 24 April 2014



W S D Lamb

Director

## Consolidated cash flow statement

	Note	2013 £	2012 £
<b>Net cash inflow from operating activities</b>	19	<b>588,429</b>	<b>623,192</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(42,909)	(48,910)
<b>Net cash outflow on investments and servicing of finance</b>		<b>(42,909)</b>	<b>(48,910)</b>
<b>Taxation</b>			
Tax paid		(58,979)	-
<b>Capital expenditure and financial investment</b>			
Purchase of intangible fixed assets		(37,500)	-
Purchase of tangible fixed assets		(53,062)	(82,432)
Sale of tangible fixed assets		500	8,150
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(96,479)</b>	<b>(74,282)</b>
<b>Net cash inflow before financing</b>		<b>395,979</b>	<b>500,000</b>
<b>Financing</b>			
Dividends paid	7	(100,000)	-
Net decrease in bank loans and invoice discounting	21	(19,145)	(166,420)
Capital element of finance lease repayments	21	(80,766)	5,180
<b>Net cash outflow from financing</b>		<b>(199,911)</b>	<b>(161,240)</b>
<b>Increase in cash in the year</b>	21	<b>196,068</b>	<b>338,760</b>

## Notes to the financial statements

### 1 Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to the principal activities of the Group. The analysis of turnover by geographical market is as follows:

	2013 £	2012 £
United Kingdom	7,600,349	7,921,469
Europe	26,770	34,465
Rest of World	779,093	712,238
	<u>8,406,212</u>	<u>8,668,172</u>

The profit on ordinary activities before taxation is stated after charging:

	2013 £	2012 £
Amortisation of intangible assets	144	-
Auditor's remuneration		
– Audit services	19,000	17,550
– Non-audit services	4,800	4,700
Depreciation		
– owned assets	80,904	92,337
– assets held under finance leases	58,240	57,653
Loss on disposal of fixed assets	820	(8,150)
Operating lease rentals – plant and equipment	30,362	35,188
– other	150,309	160,925

### 2 Net operating costs

	2013 £	2012 £
Distribution costs	284,844	275,220
Administration expenses	<u>3,274,886</u>	<u>3,233,406</u>
	3,559,730	3,508,626
Group management expenses – TALL Security Print Limited	451,482	469,204
Group management expenses – Checkprint Limited	<u>164,025</u>	<u>168,549</u>
	<u>4,175,237</u>	<u>4,146,379</u>



## Notes to the financial statements

### 3 Net interest

	2013 £	2012 £
On bank loans and overdrafts	28,308	34,784
On finance leases and hire purchase contracts	14,601	14,126
	<u>42,909</u>	<u>48,910</u>

### 4 Directors and employees

	2013 £	2012 £
Staff costs during the year were as follows		
Wages and salaries	3,209,470	3,167,317
Social security costs	315,412	317,600
Other pension costs	78,142	80,253
	<u>3,603,024</u>	<u>3,565,170</u>

	2013 Number	2012 Number
The average number of employees during the year was		
Production	74	74
Administration	55	57
	<u>129</u>	<u>131</u>

	2013 £	2012 £
Remuneration in respect of directors was as follows		
Emoluments	526,874	536,222
Pension contributions to money purchase pension schemes	21,387	22,507
	<u>548,261</u>	<u>558,729</u>

During the year, 4 (2012 4) directors participated in money purchase pension schemes

	2013 £	2012 £
Remuneration in respect of the highest paid director was as follows		
Emoluments	<u>135,309</u>	<u>137,273</u>

## Notes to the financial statements

### 5 Tax on profit on ordinary activities

	2013	2012
	£	£
The tax charge represents		
UK corporation tax at 23.25% (2012: 24.5%)	44,692	57,348
Double taxation relief	-	(1,477)
	<u>44,692</u>	<u>55,871</u>
Foreign taxation on income	1,126	1,477
	<u>45,818</u>	<u>57,348</u>
Deferred tax (note 16)	4,718	12,312
	<u>50,536</u>	<u>69,660</u>

#### Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 23.25% (2012: 24.5%). The differences are explained as follows:

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>300,449</u>	<u>357,583</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	69,854	87,599
Effect of:		
Expenses not deductible for tax purposes	7,657	41,968
Difference between capital allowances and depreciation	(3,503)	(7,015)
Fixed asset timing differences	8,434	8,521
Other short term timing differences	1,386	339
Unrelieved tax losses	-	1,928
Additional deduction for research and development expenditure	(33,932)	(30,563)
Marginal relief	(2,414)	(2,858)
Group relief surrendered	-	(40,981)
Other	188	-
Foreign transactions	1,126	-
Non-taxable income	(2,978)	-
Short term losses	-	(1,590)
Current tax charge for the year	<u>45,818</u>	<u>57,348</u>

### 6 Profit 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 £100,000 (2012: £64,325).

## Notes to the financial statements

### 7 Dividends

	2013 £	2012 £
Dividends paid on equity capital £0 51 (2012 £0 33 per share)	<u>100,000</u>	<u>64,325</u>

### 8 Intangible fixed assets

	Positive Goodwill £	Negative Goodwill £
<b>Cost</b>		
At 1 January 2013	700	(683,122)
Additions	<u>70,620</u>	<u>-</u>
At 31 December 2013	<u>71,320</u>	<u>(683,122)</u>
<b>Amortisation</b>		
At 1 January 2013	-	-
Charge for the year	<u>144</u>	<u>-</u>
At 31 December 2013	<u>144</u>	<u>(683,122)</u>
<b>Net book value</b>		
At 31 December 2013	<u>71,176</u>	<u>-</u>
At 31 December 2012	<u>700</u>	<u>-</u>

During the year the group acquired the trade and assets of The Cartridge Store for £75,000. The fair value of the assets acquired were £4,380, with the difference between consideration and the fair value of the assets acquired being recognised as goodwill.

## Notes to the financial statements

### 9 Tangible fixed assets

Group	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2013	668,786	103,901	2,827,613	1,280,203	4,880,503
Additions	7,263	-	14,259	31,540	53,062
Disposals	-	-	(6,250)	-	(6,250)
At 31 December 2013	<u>676,049</u>	<u>103,901</u>	<u>2,835,622</u>	<u>1,311,743</u>	<u>4,927,315</u>
<b>Depreciation</b>					
At 1 January 2013	154,247	55,439	2,460,055	1,184,500	3,854,241
Charge for the year	11,911	20,781	71,609	34,843	139,144
Disposals	-	-	(4,000)	-	(4,000)
At 31 December 2013	<u>166,158</u>	<u>76,220</u>	<u>2,527,664</u>	<u>1,219,343</u>	<u>3,989,385</u>
<b>Net book amount</b>					
At 31 December 2013	<u>509,891</u>	<u>27,681</u>	<u>307,958</u>	<u>92,400</u>	<u>937,930</u>
At 31 December 2012	<u>514,539</u>	<u>48,462</u>	<u>367,558</u>	<u>95,703</u>	<u>1,026,262</u>

Included within the net value of £449,930 are assets held under finance leases with a net book value of £258,456 (2012 £317,737) Depreciation charged on these assets in the year amounted to £59,240 (2012 £57,653)

No tangible fixed assets are held by the company

### 10 Fixed asset investments

Company	Subsidiary undertakings £
<b>Cost net book amount</b>	
At 1 January 2013 and 31 December 2013	<u>1,650,408</u>

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

## Notes to the financial statements

### 11 Stocks

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Raw materials and consumables	566,910	575,007	-	-
Work in progress	93,085	91,580	-	-
Finished goods	64,082	51,942	-	-
	<u>724,077</u>	<u>718,529</u>	<u>-</u>	<u>-</u>

### 12 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	1,383,615	1,543,647	-	-
Corporation tax debtor	-	3,108	-	-
Other debtors	43,167	172,096	-	-
Prepayments and accrued income	131,490	111,070	-	-
	<u>1,558,272</u>	<u>1,829,921</u>	<u>-</u>	<u>-</u>

### 13 Creditors : amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loan and overdraft	281,498	307,955	-	-
Obligations under finance leases	62,734	86,382	-	-
Trade creditors	750,919	794,020	-	-
Corporation tax	45,818	58,979	-	-
Social security and other taxes	290,694	301,125	-	-
Amounts owed to group undertakings	-	-	1,370,408	1,370,408
Other creditors	16,115	36,282	-	-
Accruals and deferred income	550,989	606,738	-	-
	<u>1,998,767</u>	<u>2,191,481</u>	<u>1,370,408</u>	<u>1,370,408</u>

The bank loan is secured by charges on the freehold property and the bank loan is repayable in monthly instalments Interest on the loan is charged at 5.5%

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

## Notes to the financial statements

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loan	366,574	386,789	-	-
Obligations under finance leases	71,934	129,052	-	-
	<u>438,508</u>	<u>515,841</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Borrowings are repayable as follows				
<i>Within one year</i>				
Bank overdraft	261,462	288,989	-	-
Bank loans	20,036	18,966	-	-
Finance leases	62,734	86,382	-	-
<i>After one and within two years</i>				
Bank loans	20,898	20,037	-	-
Finance leases	49,229	57,119	-	-
<i>After two years and within five years</i>				
Bank loans	45,450	43,527	-	-
Finance leases	22,705	71,933	-	-
<i>After five years</i>				
Bank loans	<u>300,226</u>	<u>323,225</u>	<u>-</u>	<u>-</u>
	<u>782,740</u>	<u>910,178</u>	<u>-</u>	<u>-</u>

### 15 Provisions for liabilities

Group	Deferred taxation £
At 1 January 2013	7,979
Movement in year	4,718
At 31 December 2013	<u>12,697</u>

The deferred tax liability is calculated using a tax rate of 23.25% and is set out below

	2013 £	2012 £
Accelerated capital allowances	13,783	9,044
Other timing differences	(1,086)	(1,065)
	<u>12,697</u>	<u>7,979</u>

## Notes to the financial statements

### 16 Share capital

	2013 £	2012 £
<b>Authorised</b>		
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
<b>Allotted, called up and fully paid</b>		
194,924 Ordinary shares of £1 each	<u>194,924</u>	<u>194,924</u>

### 17 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 2013	85,076	(1,310,530)	2,133,230	85,076	-
Profit for the year	-	-	249,913	-	-
Dividend (note 7)	-	-	(100,000)	-	-
At 31 December 2013	<u>85,076</u>	<u>(1,310,530)</u>	<u>2,283,143</u>	<u>85,076</u>	<u>-</u>

### 18 Reconciliation of movements in shareholders' funds

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Profit for the period	249,913	287,923	100,000	64,325
Dividend (note 8)	(100,000)	(64,325)	(100,000)	(64,325)
Opening shareholders' funds	<u>1,102,700</u>	<u>879,102</u>	<u>280,000</u>	<u>280,000</u>
Closing shareholders' funds	<u>1,252,613</u>	<u>1,102,700</u>	<u>280,000</u>	<u>280,000</u>

### 19 Net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating profit	343,358	406,493
Amortisation of intangible fixed assets	144	-
Depreciation on tangible fixed assets	139,144	149,990
Impairment of tangible fixed assets	-	-
(Increase)/decrease in stocks	(5,548)	60,502
Decrease/(increase) in debtors	271,649	(312,372)
(Decrease)/increase in creditors	(162,568)	122,803
Loss on disposal of assets	2,250	195,776
Net cash inflow/(outflow) from operating activities	<u>588,429</u>	<u>623,192</u>

## Notes to the financial statements

### 20 Reconciliation of net cash flow to movement in net debt

	2013 £	2012 £
Increase in cash in the year	196,068	338,760
Cash inflow from bank loans and HP agreements	99,911	161,240
Change in net debt in the year	295,979	500,000
Opening net debt	(667,589)	(1,167,589)
Closing net debt	(371,610)	(667,589)

### 21 Analysis of changes in net debt

	1 January 2013 £000	Cashflow £000	31 December 2013 £000
Cash at bank and in hand	242,589	168,541	411,130
Bank overdraft	(288,989)	27,527	(261,462)
	(46,400)	196,068	149,668
Debt	(405,755)	19,145	(386,610)
Finance lease obligations	(215,434)	80,766	(134,668)
	(621,189)	99,911	(521,278)
Net debt	(667,589)	295,979	(371,610)

### 22 Operating lease commitments

At 31 December 2013 the Group had annual commitments under non-cancellable operating leases as follows

	2013		2012	
	Land and buildings £	Other £	Land and buildings £	Other £
<b>Operating leases which expire:</b>				
Within one year	-	7,582	4,950	4,056
Within two to five years	150,318	22,780	155,975	31,132