

Registered Number: 6810132

## **Celtic Engineering Holdings Limited**

### **Consolidated financial statements for the year ended 31 January 2012**

FRIDAY



\*A11FBTPD\*

A57

28/09/2012

#453

COMPANIES HOUSE

# **Celtic Engineering Holdings Limited**

## **Consolidated financial statements for the year ended 31 January 2012**

### **Contents**

Company information	1
Directors' report	2
Independent auditors' report to the members of Celtic Engineering Holdings Limited	5
Group profit and loss account	6
Group and parent company balance sheets	7
Group cash flow statement	8
Notes to the consolidated financial statements	10

---

# Celtic Engineering Holdings Limited

1

## Company information

<b>Registered office</b>	Waterloo Industrial Estate Pembroke Dock Pembroke Pembrokeshire SA72 4RR
<b>Directors</b>	M Kiss D Wright
<b>Secretary</b>	D Wright
<b>Auditors</b>	PricewaterhouseCoopers LLP Llys Tawe Kings Road SA1 Swansea Waterfront Swansea SA1 8PG

## Directors' report for the year ended 31 January 2012

The directors present their annual report and audited financial statements for the year ended 31 January 2012

### Principal activities

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

The principal activity of the group is the supply of mechanical engineering services

### Review of business and future developments

The group profit and loss account is set-out on page 6

The directors were pleased with the performance of the group during the year and the year-end financial position. The external commercial environment is expected to be competitive in FY'13. The directors consider the group to be well placed to achieve growth in sales and profits given reasonable market conditions.

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the group are considered to relate to employee retention and competition from other mechanical engineering service providers.

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### *Price risk*

The group considers price risk when negotiating contracts with customers.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before services are provided.

#### *Liquidity risk*

The group actively utilises secured and unsecured debt finance as required that is designed to ensure the group has sufficient funds for operations.

## Financial risk management (continued)

### *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash balances, which earn interest at fixed and floating rates. Interest bearing liabilities comprise debt at fixed and floating rates.

## Dividends and transfers to reserves

No dividends have been paid or proposed. The directors do not recommend the payment of a final dividend in respect of the year.

The group's retained profit for the year has been taken to consolidated reserves.

## Directors

The directors of the company who served during the year and for the whole of the year ended 31 January 2012 are shown on page 1.

## Statement of directors' responsibilities

The directors are responsible for preparing the 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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 proper 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.

## Statement of disclosure of information to auditors

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware

## Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their re-appointment as auditors to the Company will be proposed at the Annual General Meeting

By order of the board

A handwritten signature in black ink, appearing to be 'D Wright', with a large circular flourish underneath.

D Wright  
Director

## Independent auditors' report to the members of Celtic Engineering Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Celtic Engineering Holdings Limited for the year ended 31 January 2012 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement 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).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

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 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's and the parent company's affairs as at 31 January 2012 and of the group's profit and cash flows 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 Directors' Report 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 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.



**Mark Ellis (Senior Statutory Auditor) for and on behalf of:**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Swansea, 16 August 2012

# Celtic Engineering Holdings Limited

6

Registered Number: 6810132

## Group profit and loss account for the year ended 31 January 2012

	Note	2012 £000	2011 £000
Turnover	1,2	10,917	9,915
Cost of sales		(8,551)	(6,703)
Gross profit		2,366	3,212
Administrative expenses		(1,571)	(1,639)
Group operating profit	3	795	1,573
Interest payable and similar charges	6	(142)	(379)
Profit on ordinary activities before taxation		653	1,194
Taxation	7	(267)	(448)
Retained profit for the financial year	19	386	746

All operations are continuing

The group has no recognised gains and losses other than those included in the profits above, and therefore, no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents



# Celtic Engineering Holdings Limited

7

Registered Number: 6810132

## Balance sheets As at 31 January 2012

	Note	2012		2011	
		Group £000	Company £000	Group £000	Company £000
<b>Fixed assets</b>					
Intangible assets	9	3,431	-	3,879	-
Tangible assets	10	620	-	640	-
Investments	11	-	7,700	-	7,700
		<b>4,051</b>	<b>7,700</b>	<b>4,519</b>	<b>7,700</b>
<b>Current assets</b>					
Stocks	12	5	-	503	-
Debtors	13	819	-	306	-
Cash at bank and in hand		1,392	6	731	8
		<b>2,216</b>	<b>6</b>	<b>1,540</b>	<b>8</b>
<b>Creditors</b> * amounts due within one year	14	<b>(2,432)</b>	<b>(5,034)</b>	<b>(1,784)</b>	<b>(4,373)</b>
<b>Net current liabilities</b>		<b>(216)</b>	<b>(5,028)</b>	<b>(244)</b>	<b>(4,365)</b>
<b>Total assets less current liabilities</b>		<b>3,835</b>	<b>2,672</b>	<b>4,275</b>	<b>3,335</b>
<b>Creditors:</b> amounts due after more than one year	15	<b>(2,187)</b>	<b>(2,187)</b>	<b>(2,998)</b>	<b>(2,998)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(63)</b>	<b>-</b>	<b>(78)</b>	<b>-</b>
<b>Net assets</b>		<b>1,585</b>	<b>485</b>	<b>1,199</b>	<b>337</b>
<b>Capital and reserves</b>					
Called up share capital	18	410	410	410	410
Profit and loss account	19	1,175	75	789	(73)
<b>Equity shareholders' funds</b>	20	<b>1,585</b>	<b>485</b>	<b>1,199</b>	<b>337</b>

The financial statements on pages 6 to 21 were approved by the board of directors on 16 August 2012 and were signed on its behalf by



D Wright  
Director

# Celtic Engineering Holdings Limited

8

Registered Number. 6810132

## Group cash flow statement for the year ended 31 January 2012

	2012 £000	2011 £000
<b>Net cash inflow from operating activities</b> (Reconciliation to operating profit on page 9)	<b>1,723</b>	<b>2,589</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	(88)	(379)
Net cash outflow from returns on investment and servicing of finance	(88)	(379)
<b>Taxation</b>	<b>(205)</b>	<b>(1,053)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(44)	(90)
Sale of tangible fixed assets	1	9
Net cash outflow from capital expenditure and financial investment	(43)	(81)
<b>Net cash inflow before financing</b>	<b>1,387</b>	<b>1,076</b>
<b>Financing</b>		
Capital element of hire purchase repayments	(9)	(9)
Repayment of loan notes	(225)	(219)
(Repayment)/receipt of bank loan	(492)	425
Repayment of other loan	-	(955)
Net cash outflow from financing	(726)	(758)
<b>Increase in cash</b>	<b>661</b>	<b>318</b>

**Reconciliation of operating profit to net cash inflow from operating activities**

	2012 £000	2011 £000
Operating profit	795	1,573
Depreciation on tangible fixed assets	62	66
Amortisation of intangibles	448	448
Loss on disposal of fixed assets	1	-
Decrease / (increase) in stocks	497	(294)
Decrease in trade debtors	220	547
(Increase) / decrease in other debtors	(733)	787
Increase / (decrease) in trade creditors	114	(438)
Increase / (decrease) in other taxation and social security	239	(50)
Increase / (decrease) in other creditors and accruals	80	(50)
<b>Net cash inflow from operating activities</b>	<b>1,723</b>	<b>2,589</b>

**Reconciliation of net cash flow to movement in net debt**

	2012 £000	2011 £000
Opening net debt	(3,020)	(4,096)
Increase in cash	661	318
Cash outflow from changes in debt and lease finance	726	758
Other non-cash movements	(47)	-
<b>Net debt at 31 January 2012</b>	<b>(1,680)</b>	<b>(3,020)</b>

**Notes to the financial statements  
for the year ended 31 January 2012****1 Principal accounting policies****Basis of accounting**

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies of the group and company, which have been applied consistently throughout the year, are set out below.

**Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings for the year to 31 January 2012 except where standard accounting practice requires that a subsidiary should be excluded from consolidation. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation through the profit and loss account over its estimated useful economic life of 10 years.

The directors undertake reviews of the carrying value of goodwill when trigger events occur and make such provisions for impairment as they consider necessary.

**Investments**

Investments are stated at cost less, where appropriate, any provision for impairment.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values over the expected useful economic lives of the assets concerned on a reducing balance basis. In the case of leasehold property the property is depreciated over the period of the lease. The principal annual rates used for this purpose are:

	%
Plant and machinery	20
Motor vehicles	25
Office equipment	20

The directors undertake reviews of the carrying value of fixed assets when trigger events occur and make such provisions for impairment as they consider necessary.

**Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs, in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolete, slow moving and defective stocks.

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)****1 Principal accounting policies (continued)****Investment properties**

Properties held for investment are stated in the balance sheet at valuation. In accordance with SSAP 19, investment properties are re-valued annually and the aggregate surplus or deficit transferred to a revaluation reserve. If the balance on the revaluation reserve is not sufficient to cover the deficit, the amount by which the deficit exceeds the balance on the revaluation reserve is charged to the profit and loss account.

In accordance with SSAP 19, no depreciation is provided in respect of investment properties. This departure from the requirements of the Companies Act 2006, for all properties to be depreciated, is in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as investment properties are included in the financial statements at their open market value.

Any profit or loss on the disposal of investment properties is recognised in the profit and loss account on completion of the sale and by reference to the carrying value at the date of sale.

**Finance and operating leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profits in proportion to the capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

**Pension costs**

The pension scheme of the company is a defined contribution scheme, i.e. a money purchase scheme which is externally funded by contributions from the company.

**Government grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets' useful life or the estimated period of the project for which the grant was received. Other grants are credited to the profit and loss account when received.

**Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses are included in operating profit.

**Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and the value of contract work undertaken during the year.

## Notes to the financial statements for the year ended 31 January 2012 (continued)

### 1 Principal accounting policies (continued)

#### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at that date

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sustainable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted basis

#### Financial liabilities and issue costs

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs are charged as finance costs to the profit and loss account together with the coupon on a constant yield basis over the term of the borrowings

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group

### 3 Group operating profit

	2012 £000	2011 £000
Group operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	448	448
Hire of plant and machinery	111	270
Depreciation of owned assets	62	63
Depreciation of leased assets	-	3
<b>Services provided by the company's auditor:</b>		
Fees payable for the audit of company	2	2
Fees payable for the audit of subsidiaries	12	12
Fees payable for other services – tax compliance	4	4

## Notes to the financial statements for the year ended 31 January 2012 (continued)

### 4 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2012 £000	2011 £000
Emoluments receivable	100	100
Value of pension contributions to money purchase schemes	-	-
	100	100

Retirement benefits are accruing to two directors under a money purchase scheme

Celtic Capital LLP, of which Mr D Wnght is a partner, was paid £50,000 (2011 £50,000) for the provision of the services of Mr D Wnght

### 5 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was

	2012 Number	2011 Number
<b>By activity</b>		
Engineering	135	124
Administration	11	12
	146	136

  

	2012 £000	2011 £000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	6,373	4,787
Social security costs	669	477
Other pension costs	14	15
	7,056	5,279

### 6 Interest payable and similar charges

	2012 £000	2011 £000
On bank loans and overdrafts	142	379
Hire purchase interest	-	-
	142	379

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**7 Tax on profit on ordinary activities**

**(a) Analysis of tax charge in the year**

	2012 £000	2011 £000
The charge for taxation is made up as follows		
<b>Current tax</b>		
UK Corporation tax on profits of the year	295	449
Adjustments in respect of previous years	(13)	2
<b>Total current tax charge (Note 7 (b))</b>	<b>282</b>	<b>451</b>
<b>Deferred tax</b>		
Timing differences	(6)	(3)
Changes in tax rate	(9)	-
<b>Total tax on profit on ordinary activities</b>	<b>267</b>	<b>448</b>

**(b) Factors affecting the tax charge for the year**

The tax assessed for the year is different to the standard rate of corporation tax in the UK (28%) The differences are explained below

	2012 £000	2011 £000
<b>Profit before tax</b>	<b>653</b>	<b>1,194</b>
<b>Profit multiplied by standard rate of corporation tax in the UK of 26% (2011: 28%)</b>	<b>170</b>	<b>334</b>
<b>Effects of</b>		
- Expenses not deductible for tax purposes	122	124
- Accelerated capital allowances	5	-
- Short term timing differences	-	1
- Tax at marginal rates	(2)	(10)
- Capital transactions	-	-
- Adjustments in respect of previous years	(13)	2
<b>Current tax charge for the year (Note 7(a))</b>	<b>282</b>	<b>451</b>

**8 Results of the holding company**

Of the retained profit on ordinary activities after taxation for the year, a profit of £148,000 (2011: loss of £328,000) is dealt with in the accounts of Celtic Engineering Holdings Limited. The directors have taken advantage of the exemptions available under section 408 of the Companies Act 2006 and have not presented a profit and loss account of the company alone.



**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**9 Group fixed assets – intangible assets**

	£000
<b>Cost</b>	
At 1 February 2011 and 31 January 2012	4,476
<b>Amortisation</b>	
At 1 February 2011	597
Charge for the year	448
<b>31 January 2012</b>	<b>1,045</b>
<b>Net book value</b>	
At 31 January 2012	3,431
At 31 January 2011	3,879

Goodwill arose on the purchase of Techno Engineering Holdings Limited. The company has no intangible assets.

**10 Group fixed assets - tangible assets**

	Land & buildings £000	Plant & machinery £000	Motor vehicles £000	Office equipment £000	Total £000
<b>Cost</b>					
At 1 February 2011	429	166	88	8	691
Additions	-	6	28	9	43
Disposals	-	(1)	(22)	-	(23)
<b>At 31 January 2012</b>	<b>429</b>	<b>171</b>	<b>94</b>	<b>17</b>	<b>711</b>
<b>Depreciation</b>					
At 1 February 2011	5	38	6	2	51
Charge for the year	4	27	28	3	62
Eliminated on disposals	-	(1)	(21)	-	(22)
<b>At 31 January 2012</b>	<b>9</b>	<b>64</b>	<b>13</b>	<b>5</b>	<b>91</b>
<b>Net book value</b>					
At 31 January 2012	420	107	81	12	620
At 31 January 2011	424	129	82	5	640

The net book value of tangible fixed assets includes an amount of £Nil (2011 £13k) in respect of assets held under a hire purchase contract.

The net book value of land and buildings can be analysed as follows

	2012 £000	2011 £000
Freehold land and buildings	86	87
Long leasehold land and buildings	334	337
	<b>420</b>	<b>424</b>

The company has no fixed assets

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**11 Investments - company**

**£000**

**Nominal value of shares issued and other consideration**

**At 1 February 2011 and 31 January 2012** **7,700**

The principal subsidiary undertakings, all of which are wholly owned and incorporated in the United Kingdom are set out below

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by company	
			Group %	Company %
Techno Engineering Holdings Limited	England and Wales	Ordinary £1 shares	100	100
Techno Engineering Limited	England and Wales	Ordinary £1 shares	100	100

The principal business activities of these subsidiaries are

Techno Engineering Holdings Limited	- Dormant
Techno Engineering Limited	- Supply of mechanical engineering services

**12 Stocks**

	2012		2011	
	Group £000	Company £000	Group £000	Company £000
Loose tools and consumables	5	-	5	-
Work in progress	-	-	498	-
	5	-	503	-

**13 Debtors**

	2012		2011	
	Group £000	Company £000	Group £000	Company £000
<b>Amounts falling due within one year.</b>				
Trade debtors	7	-	226	-
Other debtors	812	-	80	-
	819	-	306	-

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**14 Creditors – amounts falling due within one year**

	Group £000	2012 Company £000	Group £000	2011 Company £000
Bank loan (see below)	719	719	519	519
A Loan notes	109	109	-	-
B Loan notes	57	57	-	-
Vendor loan notes	-	-	225	225
Trade creditors	399	-	285	-
Amounts owed to group undertakings	-	4,042	-	3,569
Hire purchase liabilities	-	-	9	-
Corporation tax	278	100	201	32
Taxation and social security	591	-	351	-
Accruals and deferred income	279	7	194	28
	<b>2,432</b>	<b>5,034</b>	<b>1,784</b>	<b>4,373</b>

The bank loan is secured by a cross guarantee provided by group companies

**15 Creditors – amounts falling due after more than one year**

	Group £000	2012 Company £000	Group £000	2011 Company £000
Bank loan (see (a) below)	1,069	1,069	1,761	1,761
A Loan notes	758	758	851	851
B Loan notes	360	360	386	386
	<b>2,187</b>	<b>2,187</b>	<b>2,998</b>	<b>2,998</b>

(a) The bank loan is secured by a cross guarantee provided by group companies

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**16 Loans and other borrowings**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Bank loan	<b>1,788</b>	2,280
A Loan notes	<b>867</b>	851
B Loan notes	<b>417</b>	386
Vendor loan notes	-	225
Hire purchase liabilities	-	9
	<b>3,072</b>	<b>3,751</b>

The maturity profile of loans and other borrowings is shown below

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
In one year or less	<b>885</b>	753
Between one and two years	<b>885</b>	885
Between two to five years	<b>1,109</b>	1,728
In over five years	<b>193</b>	385
	<b>3,072</b>	<b>3,751</b>

The 'bank loan' bears interest at an annual percentage rate of 4 per cent above the base rate of interest applied by the company's bankers. The debt is repayable in instalments.

The A loan notes are repayable in 8 equal quarterly instalments commencing 7 January 2013, are unsecured and are repayable at par.

The B loan notes are repayable in 8 instalments commencing 7 January 2013. The B loan note holder is entitled to receive additional B loan notes totalling £62,500 to be allotted between 31 December 2009 and 30 September 2014. The B loan notes are unsecured.

## Notes to the financial statements for the year ended 31 January 2012 (continued)

### 17 Provisions for liabilities and charges

Provisions for liabilities and charges relate entirely to deferred tax. The composition of the deferred tax liability is analysed below.

	Group 2012 £000	Group 2011 £000
Accelerated capital allowances	63	78
Short term timing differences	-	-
<b>Deferred tax liability</b>	<b>63</b>	<b>78</b>

The movement on the deferred tax balance in the year can be analysed as follows:

	Group 2012 £000
At 1 February 2011	78
Credited to the profit and loss account (note 7)	(15)
<b>At 31 January 2012</b>	<b>63</b>

The company had no actual or potential liability for deferred tax at 31 January 2012. There is no unprovided deferred tax within the group.

### 18 Share capital

	2012 £000	2011 £000
<b>Allotted, called up and fully paid</b>		
410,257 Ordinary shares of £1 each	410	410

### 19 Reserves

	Group Profit and loss £000	Company Profit and loss £000
At 1 February 2011	789	(73)
Retained profit for the year	386	148
<b>At 31 January 2012</b>	<b>1,175</b>	<b>75</b>

### 20 Reconciliation of movements in shareholders' funds

	2012		2011	
	Group £000	Company £000	Group £000	Company £000
Profit for the year	386	148	746	(328)
<b>Net movement in shareholder's funds</b>	<b>386</b>	<b>148</b>	<b>746</b>	<b>(328)</b>
Opening shareholders' funds	1,199	337	453	665
<b>Closing shareholders' funds</b>	<b>1,585</b>	<b>485</b>	<b>1,199</b>	<b>337</b>

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)**

**21 Analysis of net debt**

	1 February 2011 £000	Cash flow £000	Other non cash changes £000	31 January 2012 £000
<b>Cash</b>				
Cash at bank and in hand	731	661	-	1,392
	731	661	-	1,392
<b>Debt</b>				
Bank loan	(2,280)	492	-	(1,788)
Other loan	-	-	-	-
A loan notes	(851)	-	(16)	(867)
B loan notes	(386)	-	(31)	(417)
Vendor loan notes	(225)	225	-	-
Hire purchase liabilities	(9)	9	-	-
	(3,751)	726	(47)	(3,072)
<b>Net debt</b>	(3,020)	1,387	(47)	(1,680)

The above amounts are analysed in the balance sheet as follows

	2012 £000	2011 £000
<b>Current assets</b>		
Bank at cash and in hand	1,392	731
<b>Current liabilities</b>		
Bank loan repayable within one year	(719)	(519)
A loan notes repayable within one year	(109)	(851)
B loan notes repayable within one year	(57)	(386)
Vendor loan notes repayable within one year	-	(225)
Hire purchase liabilities repayable within one year	-	(9)
	(885)	(753)
<b>Long-term liabilities</b>		
Bank loan repayable after more than one year	(1,069)	(1,761)
A loan notes repayable after more than one year	(758)	(851)
B loan notes repayable after more than one year	(360)	(386)
	(2,187)	(2,998)
<b>Net debt</b>	(1,680)	(3,020)

**22 Pension obligations**

The group operates a defined contribution scheme. The pension costs for the scheme which represents contributions payable by the group amounted to £14,000 (2011: £15,000).

**Notes to the financial statements  
for the year ended 31 January 2012 (continued)****23 Transactions with related parties**

In accordance with the exemption afforded by FRS 8 "Related Party Transactions" there is no disclosure in these financial statements of transactions with entities that are part of the group

Celtic Capital LLP, of which Mr D Wnght is a partner, was paid £50,000 (2011 £50,000) for the provision of the services of Mr D Wnght

**24 Contingent liabilities**

The Inland Revenue have raised assessments for £537,000 in respect of employment taxes on remuneration paid to certain employees of the group for previous years. The directors are of the opinion that this liability is unlikely to crystallise and therefore no provision has been made for this amount in the financial statements

**25 Controlling party**

The directors' do not consider there to be an ultimate controlling party