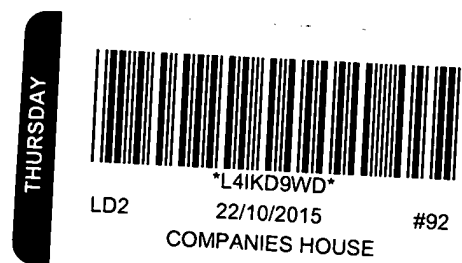


**Contactum Limited**  
REPORT AND FINANCIAL STATEMENTS

31 December 2014



Company Registration No **06835712**

# Contactum Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

David Goodberry  
Malik Alsameen

### REGISTERED OFFICE AND BUSINESS ADDRESS

Victoria Works  
Edgware Road  
Cricklewood  
London  
NW2 6LF

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

# Contactum Limited

## DIRECTORS' REPORT

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The directors present their report and the financial statements of Contactum Limited for the year ended 31 December 2014.

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the manufacture and sale of electrical accessories and circuit protection equipment.

### REVIEW OF THE BUSINESS

Sales grew by 1% in 2014 and was a year of consolidation with management focus on strengthening the senior management team, the strengthening and promotion of the Contactum brand and the move to modern premises to enable the Company to position itself to go to the next level.

In order to improve customer service, modernise the supply chain and create the headroom for business expansion, the Company decided to move its supply chain, warehousing and distribution, sales and marketing and back office activities out of its Cricklewood manufacturing site into modern purpose built warehousing and office facilities located on Croxley Business Park, Watford. The new premises also incorporates a showroom and modern video conferencing facilities, which aid the promotion of the Company and the brand image and awareness.

Al Fanar Company, the parent company of the business, remains fully committed both financially and operationally to the development of the Company.

### FUTURE DEVELOPMENTS

The Company moved into the new premises in January 2015 and has already begun to reap the rewards from the positive brand image, improved customer service and the increased credibility and presence this has brought. This has enabled the Company to commence discussions with major electrical distributors with a view to entering into national supply contracts. In addition the Company has restructured and strengthened its senior management team and sales force over the last 12 months. However the cost of the move, a period of double running until the Company was able to terminate property leases mid-year and the recruitment and termination costs associated with restructuring creates a series of large one off costs, leading to an expected first half loss of £1m in 2015.

The Company then expects a period of market growth in the second half year with the improved customer service, new sales team and launch of the new "Defender" range of circuit protection equipment. A range of metal single phase circuit protection enclosures will launch in July 2015 and will meet the new domestic installation requirements of the 17<sup>th</sup> electrical regulations which come into force on 1<sup>st</sup> January 2016. "Defender" has been well received for its ease of installation, product quality and also its aesthetic modern design.

The Company will implement SAP during 2015, used by the wider Al Fanar Group, and will strive to use the system as an aid to drive down cost, improve operational efficiency and improve customer service.

The Company will surrender four old leased premises on its Cricklewood site and close its press shop operation. The pressed parts manufacturing activities will be outsourced to two key suppliers more able to meet the Company's growth aspirations. The press machines with a useful remaining life will relocate with the workload.

In 2016, the Company expects to continue to grow market share through its current customer base and win one or two national supply contracts with major distributors. The sales growth will lead to improved margins in both in the UK and overseas with a positive overall result expected in the 2016.

The Company will also continue to develop its own product ranges with expansion of products manufactured in the United Kingdom.

# Contactum Limited

## DIRECTORS' REPORT

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### DIRECTORS

The following directors have held office during the year unless otherwise stated:

David Goodberry  
Malik Alsalamdeen

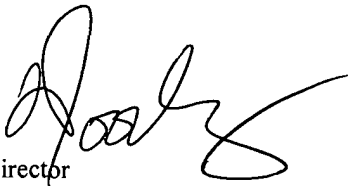
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the board



Director

Date: 21/10/15

DAVID GOODBERRY

# Contactum Limited

## STRATEGIC REPORT

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### MATTERS OF STRATEGIC IMPORTANCE, PRINCIPAL RISKS AND UNCERTAINTIES

In the current economic climate in the United Kingdom and beyond, the risks and uncertainties which lie ahead are those which will be affecting many businesses across a wide business sector spread. These include cost increases from suppliers, deterioration of market conditions, potential margin erosion and exchange rate fluctuations.

The directors have policies and plans in place to minimise the impacts of the risks surrounding the business and continually review these through the use of management information, taking appropriate action where necessary to mitigate them.

### KEY PERFORMANCE INDICATORS

During the period under review the Key Performance Indicator systems in place have been further developed across the business which has continued to improve the measurement and monitoring of the business.

The key performance indicators used in the business to monitor strategy include:

- Sales growth and customer retention
- Gross and net profit margin
- Operating cash flow
- Stock levels
- On time in full sales orders

Approved on behalf of the board of directors



Director

Date: 21/10/15

DAVID GOODBURY

# Contactum Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are responsible for preparing the Strategic Report, the Directors' 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTACTUM LIMITED

We have audited the financial statements on pages 7 to 19.

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 AUDITOR

As more fully explained in the Directors' Responsibilities Statement 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and 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



PAUL NEWMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date: 21/10/15

**Contactum Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2014

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	<i>Notes</i>	2014 £	2013 £
TURNOVER	<i>1</i>	10,428,821	10,294,519
Cost of sales		(6,945,148)	(6,803,555)
GROSS PROFIT		<u>3,483,673</u>	<u>3,490,964</u>
Distribution costs		(619,996)	(566,879)
Administrative expenses		(3,704,552)	(3,095,910)
OPERATING LOSS	<i>2</i>	<u>(840,875)</u>	<u>(171,825)</u>
Interest payable and similar charges	<i>3</i>	(118,314)	(72,292)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(959,189)</u>	<u>(244,117)</u>
Taxation	<i>5</i>	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	<i>13</i>	<u><u>(959,189)</u></u>	<u><u>(244,117)</u></u>

The operating loss for the year arises from the Company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.



# Contactum Limited

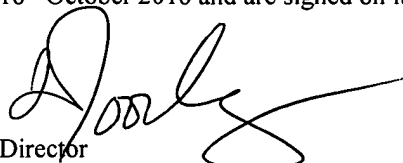
## BALANCE SHEET

31 December 2014

Company Registration No. 04835712

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	6	645,086	354,264
CURRENT ASSETS			
Stocks and work in progress	7	2,760,856	2,497,500
Debtors	8	2,121,500	3,043,743
Cash at bank and in hand		10,257	4,485
		4,892,613	5,545,728
CREDITORS: Amounts falling due within one year	9	(3,773,974)	(3,663,042)
NET CURRENT ASSETS		1,118,639	1,882,686
TOTAL ASSETS LESS CURRENT LIABILITIES		1,763,725	2,236,950
CREDITORS: Amounts falling due after more than one year	10	(2,511,697)	(2,025,733)
NET (LIABILITIES)/ASSETS		(747,972)	211,217
CAPITAL AND RESERVES			
Called up share capital	11	400	400
Share premium	12	3,999,600	3,999,600
Profit and loss account	13	(4,747,972)	(3,788,783)
SHAREHOLDERS' (DEFICIT)/ FUNDS	14	(747,972)	211,217

The financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on 16<sup>th</sup> October 2016 and are signed on its behalf by:

  
Director

Date: 21/10/15

DAVID GOODBURY

Contactum Limited  
CASH FLOW STATEMENT  
for the year ended 31 December 2014

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	<i>Notes</i>	2014 £	2013 £
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<i>15a</i>	1,023,474	(1,144,111)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<i>15b</i>	(118,314)	(72,292)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<i>15b</i>	(459,218)	(174,144)
		<hr/>	<hr/>
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		445,942	(1,390,547)
FINANCING	<i>15b</i>	(760,116)	883,502
DECREASE IN CASH IN THE YEAR		(314,174)	(507,045)
		<hr/>	<hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2014 £	2013 £
Decrease in cash in the year		(314,174)	(507,045)
Change in net debt resulting from cash flows		760,116	(883,502)
MOVEMENT IN NET DEBT IN YEAR		<hr/> 445,942	<hr/> (1,390,547)
NET DEBT AT 1 JANUARY		(3,887,465)	(2,496,918)
NET DEBT AT 31 DECEMBER	<i>15c</i>	<hr/> (3,441,523) <hr/>	<hr/> (3,887,465) <hr/>

# Contactum Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TURNOVER

Turnover represents amounts receivable from the sale of goods net of VAT and trade discounts.

The Company recognises revenue from the sale of goods when the significant risks and rewards of ownership have passed to the customer. This is generally when the goods have been despatched.

### GOING CONCERN

The financial statements have been prepared on a going concern basis, as the parent company has undertaken to provide such financial support as is necessary to enable the Company to continue to trade and meet its liabilities as they fall due for a period of at least one year from the date of approval of these financial statements. Based on this support, the directors are satisfied that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	20% straight line
Computer equipment	-	33% straight line
Motor vehicles	-	25% straight line
Office equipment	-	25% straight line
Leasehold improvements	-	Over the unexpired term of the related lease

### STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

### 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 the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

# Contactum Limited

## ACCOUNTING POLICIES

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### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are “operating leases” and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### RETIREMENT BENEFITS

The Company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1	TURNOVER	2014 £	2013 £
	Turnover and loss before taxation were derived from the Company's principal activity.		
	Turnover was derived from the following geographical markets:		
	- UK	7,159,951	7,242,369
	- Rest of the world	3,268,870	3,052,150
		<u>10,428,821</u>	<u>10,294,519</u>
2	OPERATING LOSS	2014 £	2013 £
	Operating loss is stated after charging:		
	Depreciation of tangible assets:		
	- owned assets	152,800	118,304
	- leased assets	15,596	15,596
	Operating lease rentals - land and buildings	252,836	175,000
	Auditor's remuneration		
	- audit services – statutory audit	30,000	30,000
	- non audit services – tax compliance	5,000	6,410
	Foreign exchange losses	9,039	3,928
		<u>                    </u>	<u>                    </u>
3	INTEREST PAYABLE AND SIMILAR CHARGES	2014 £	2013 £
	Bank interest	32,537	49,848
	Interest payable on loan from parent company	82,965	19,632
	Hire purchase	2,812	2,812
		<u>118,314</u>	<u>72,292</u>

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

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4	EMPLOYEES	2014 No.	2013 No.
	The average monthly number of persons (including directors) employed by the Company during the year was:		
	Office and management	17	15
	Production and sales	98	80
		<u>115</u>	<u>95</u>
		<u><u>115</u></u>	<u><u>95</u></u>
		2014 £	2013 £
	Staff costs for above persons:		
	Wages and salaries	3,123,591	2,656,479
	Social security costs	283,443	252,173
	Pension costs	57,383	20,572
		<u>3,464,417</u>	<u>2,929,224</u>
		<u><u>3,464,417</u></u>	<u><u>2,929,224</u></u>
		2014 £	2013 £
	DIRECTORS' REMUNERATION		
	Emoluments	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>

No benefits are accruing to directors including under money purchase pension schemes.

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

5	TAXATION	2014 £	2013 £
	Current tax:		
	UK corporation tax on loss of the year	-	-
	Total current tax	-	-
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Total deferred tax	-	-
	Tax on loss on ordinary activities	-	-
	Factors affecting tax charge for the year:	2014 £	2013 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:		
	Loss on ordinary activities before tax	(959,189)	(244,117)
	Loss on ordinary activities multiplied by the average rate of corporation tax in the UK of 21.49% (2013: 23.25%)	(206,160)	(56,749)
	Effects of:		
	Expenses not deductible for tax purposes	19,308	3,187
	Chargeable gains/(losses)	34,389	-
	Capital allowances in excess of depreciation	(53,389)	(17,381)
	Unrelieved tax losses and other deductions arising in the period	186,974	66,379
	Interest not deductible for tax purposes	17,829	4,564
	Other short term timing differences	1,049	-
	Tax charge for the year	-	-

The Company has a potential deferred tax asset of £833,993 (2013: £747,311) the majority of which is in respect of tax losses carried forward of £4,606,482 (2013: £3,736,558) that has not been recognised due to uncertainty as to the timing of losses being utilised.

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

### 6 TANGIBLE FIXED ASSETS

	Plant and Machinery £	Computer Equip't £	Motor Vehicles £	Leasehold Improvements £	Office Equip't £	Total £
At 1 January 2014	570,563	208,321	9,495	-	-	788,379
Additions	71,288	92,105	-	275,782	20,043	459,218
At 31 December 2014	641,851	300,426	9,495	275,782	20,043	1,247,597
Depreciation						
At 1 January 2014	286,857	139,543	7,715	-	-	434,115
Charge for the year	105,352	52,014	1,780	8,645	605	168,396
At 31 December 2014	392,209	191,557	9,495	8,645	605	602,511
Net book value						
At 31 December 2014	249,642	108,869	-	267,137	19,438	645,086
At 31 December 2013	283,706	68,778	1,780	-	-	354,264

The net book value of plant & machinery includes £27,293 (2013: £42,889) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £15,596 (2013: £15,596).

### 7 STOCKS AND WORK IN PROGRESS

	2014 £	2013 £
Raw materials and consumables	1,357,050	1,388,901
Finished goods and goods for resale	1,403,806	1,108,599
	2,760,856	2,497,500

### 8 DEBTORS

	2014 £	2013 £
Amounts due within one year:		
Trade debtors	1,689,375	1,829,770
Other debtors	307,359	158,707
Prepayments and accrued income	124,766	106,913
Amounts due from group undertakings	-	948,353
	2,121,500	3,043,743

Included within other debtors is an amount of £100,000 (2013: £nil) which is due after one year.



# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

9	CREDITORS: Amounts falling due within one year	2014 £	2013 £
	Trade financing facilities	-	1,246,080
	Bank overdraft	926,047	606,101
	Obligations under finance leases	14,036	14,036
	Trade creditors	1,165,933	870,697
	Amounts owed to group undertakings	737,868	387,499
	Other taxation and social security	136,876	82,362
	Other creditors	161,824	15,717
	Accruals and deferred income	631,390	440,550
		<u>3,773,974</u>	<u>3,663,042</u>

Trade financing facilities and bank overdraft includes £Nil (2013: £1,246,080) secured by a fixed and floating charge over the related trade debtors and £926,047 (2013: £606,101) secured by a fixed and floating charge of the assets of the Company.

Obligations under finance leases disclosed above and in note 10 are secured against the related assets.

10	CREDITORS: Amounts falling due after more than one year	2014 £	2013 £
	Amounts due under finance leases	11,697	25,733
	Loan from parent company	2,500,000	2,000,000
		<u>2,511,697</u>	<u>2,025,733</u>
		2014 £	2013 £
	Obligations under finance leases		
	Amounts payable:		
	In the next year	14,036	14,036
	Within two to five years	11,697	25,734
		<u>25,733</u>	<u>39,770</u>

The terms of the loan from the parent company are detailed in note 18.

11	SHARE CAPITAL	2014 £	2013 £
	Authorised:		
	1,000 ordinary shares of £1 each	1,000	1,000
		<u>          </u>	<u>          </u>
	Allotted, called up and fully paid:		
	Ordinary shares of £1 each	400	400
		<u>          </u>	<u>          </u>

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

12	SHARE PREMIUM	2014 £	2013 £
	At 1 January and 31 <sup>st</sup> December	3,999,600	3,999,600
13	PROFIT AND LOSS ACCOUNT	2014 £	2013 £
	At 1 January	(3,788,783)	(3,544,666)
	Loss for the year	(959,189)	(244,117)
	31 December	(4,747,972)	(3,788,783)
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS	2014 £	2013 £
	Loss for the year	(959,189)	(244,117)
	Net (decrease)/increase to shareholders' funds	(959,189)	(244,117)
	Opening shareholders' funds	211,217	455,334
	Closing shareholders' (deficit)/funds	(747,972)	211,217
15	CASH FLOWS	2014 £	2013 £
a.	Reconciliation of operating loss to net cash outflow from operating activities		
	Operating loss	(840,875)	(171,825)
	Depreciation	168,396	133,900
	Increase in stocks	(263,356)	(505,875)
	Decrease/(increase) in debtors	922,243	(940,905)
	Increase in creditors	1,037,066	340,594
	Net cash inflow/(outflow) from operating activities	1,023,474	(1,144,111)

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

15	CASH FLOWS (continued)	2014 £	2013 £		
b.	Analysis of cash flows for headings netted in the cash flow				
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
	Interest paid	(118,314)	(72,292)		
	NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(118,314)	(72,292)		
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
	Purchase of tangible fixed assets	(459,218)	(174,144)		
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(459,218)	(174,144)		
	FINANCING				
	Decrease in trade finance facilities repayable within 1 year	(1,246,080)	(1,102,462)		
	Increase in loan from parent company repayable in more than 1 year	500,000	2,000,000		
	Repayment of finance lease	(14,037)	(14,036)		
	NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(760,117)	883,502		
		At 1 January 2014 £	Cash flow £	Non cash Movement £	At 31 December 2014 £
c.	Analysis of net debt				
	Bank overdraft	(606,101)	(319,946)	-	(926,047)
	Cash in hand, at bank	4,485	5,772	-	10,257
		(601,616)	(314,174)	-	(915,790)
	Trade financing liability	(1,246,080)	1,246,080	-	-
	Loan from parent company	(2,000,000)	(500,000)	-	(2,500,000)
	Finance leases due within 1 year	(14,036)	14,036	(14,036)	(14,036)
	Finance leases due after 1 year	(25,733)	-	14,036	(11,697)
		(3,285,849)	760,116	-	(2,525,733)
	Total	(3,887,465)	445,942	-	(3,441,523)

# Contactum Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

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### 16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Land and buildings		
- expiring in less than 1 year	72,917	-
- expiring in the second to fifth year	-	175,000
- expiring after five years	169,825	-
	<u>242,742</u>	<u>175,000</u>

Leases expiring in less than one year:

Relates to the 5 months remaining on leases with an annual cost of £175,000.

Leases expiring after five years:

In 2014 the company moved its warehousing, distribution and administration activities into modern purpose built premises on Croxley Business Park near Watford. The lease charge is based on the average annual lease cost calculated over the full term of the lease.

### 17 CONTROL

The parent company and controlling party is Al Fanar Company, a company registered in Saudi Arabia.

Al Fanar Company is the immediate parent, and is the smallest and largest group for which consolidated accounts including Contactum Limited are prepared.

### 18 RELATED PARTY TRANSACTIONS

The Company made sales of £2,369,066 (2013: £1,713,101), purchased goods of £79,582 (2013: £424,668) and paid rent of £45,000 (2013: £45,000) during the year to/from Al Fanar Company and its related undertakings. The trading balance owed to the parent company at 31 December 2014 was £737,868 (2013: £560,854 owed from the parent company).

In addition, the Company borrowed an additional £500,000 (2013: £2,000,000) during the year from Al Fanar Company. At the balance sheet date £2,500,000 (2013: £2,000,000) was outstanding. Interest of £82,965 (2013: £19,632) was charged at a variable rate between 3.25% and 3.5% per annum (2013: between 3% and 3.25%).

### 19 RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £57,383 (2013: £20,572).