Canburg Limited

REPORT AND FINANCIAL STATEMENTS

For the 18 month period ended 30 June 2011

Company Registration No 06841786

DIRECTORS

L E Caplan
P Naylor
D R King
A Payne
J Todd

REGISTERED OFFICE

The Hopton Works
Hopton Industrial Estate
London Road
Devizes
Wiltshire
SN10 2EU

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

AUDITOR

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

The dırectors submıt theır report and the audıted financıal statements for the 18 month penod ended 30 June 2011

PRINCIPAL ACTIVITIES

Canburg Lımıted ıs a leadıng manufacturer and retaıler of bespoke luxury kıtchen, bathroom and bedroom furnıture

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group's turnover for the 18 month penod was £55 2 mıllıon The Group reported losses ın the 18 month penod ended 30 June 2011 as the Group's UK and overseas operatıons were restructured Thıs restructunng was completed ın late 2011 and has led to a matenal ımprovement ın financıal performance

Earnıngs before ınterest, taxatıon depreciatıon and amortısatıon ("EBITDA") for the Group for the 18 month penod to June 2011 was a loss of £5 0 mıllıon compared wıth an EBITDA loss of £3 8 mıllıon ın the 9½ months ended 31 December 2009 Followıng completıon of the restructurıng, the dırectors expect that the Group wıll report an EBITDA profit for the year ended 30 June 2012

Although economıc condıtıons remaın challengıng the dırectors consıder that the Group has traded satısfactonly sınce 30 June 2012 and that, gıven ıts substantıal forward order book, the Group ıs well-placed to trade profitably ın the remaınder of 2012 and throughout 2013 We wıll be filıng our 2012 accounts ın the near future ın whıch we wıll report further on the progress of the Group

RESULTS AND DIVIDENDS

The Group ıncurred a loss of £7,473,000 durıng the penod

No dıvıdend was paıd ın the year and the dırectors are unable to propose the payment of a dıvıdend

RISKS AND UNCERTAINTIES

There are a number of potentıal nsks and uncertaıntıes that could have a matenal ımpact on the group's performance

Economıc condıtıons

Demand for the group's products ıs ultımately a functıon of economıc confidence and prospenty Whılst the retaıl ındustry has and ıs forecast to contınue to grow, ındustry growth ıs affected by economıc confidence, acts of terronsm as well as by dısposable ıncomes

Polıtıcal, judıcıal, admınıstratıve, taxatıon or other regulatory matters

The group may be adversely affected by changes ın polıtıcal, judıcıal, admınıstratıve, taxatıon or other regulatory factors, as well as other unforeseen matters

Competıtıon

The group operates ın a competıtıve market Fashıon and product ınnovatıon, technıcal advances or the ıntensıficatıon of pnce competıtıon could all affect the group's results The group contınually revıews and develops new product ranges and sources new markets whıle workıng to streamlıne ıts cost base to ensure ıt remaıns competıtıve

Commercial Relationships

The group benefits from close commercial relationships with a number of key suppliers The loss of any of these key suppliers, or a significant worsening in commercial terms could have a material impact on results

The group devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily Wherever practical, the group endeavours to maintain more than one source of a particular supply

General

The risks noted above do not necessarily comprise all those potentially faced by the group and are not intended to be presented in any order of priority

FINANCIAL INSTRUMENTS

Credit risk

Due to the nature of its business, the group does not have significant outstanding debts due from customers The failure of an individual customer to honour its debts is therefore unlikely to have a significant effect on the business

Liquidity risk

The group policy is to have internally generated cash with headroom to satisfy working capital requirements in the near to medium term

Market risk

Cash flow forecasts are prepared monthly and any facilities reviewed to cover any foreseeable funding requirements with an allowance for unforeseen events

Hedging forecast transactions

A proportion of the group's revenues are in received US dollars A significant change in this currency against Sterling could materially impact the group's performance

The group sets internal exchange rates for determining pricing and seeks to take any available opportunities to hedge forward based on forecast transactions to try to achieve or better these rates

PAYMENT POLICY

The practice is to pay the creditors within the normal credit terms allowed by the group's suppliers Trade creditors at the period end amount to 40 days (2009 - 19 days) of average supplies for the period

DISABLED PERSONS

The Group supports the employment of disabled people wherever possible through recruitment, by retention of those that become disabled during their employment and generally through training, career development and promotion

EMPLOYEE INVOLVEMENT

The Group consults its employees on matters of concern to them in the context of their employment, including the involvement of trade unions The company makes use of face to face meetings, direct mail and email to ensure matters of interest and importance are conveyed to employees

Canburg Limited
DIRECTORS' REPORT

DIRECTORS

The followıng dırectors have held office sınce the start of the perıod

R Banner OBE	(resıgned 31 August 2010)
L E Caplan	
C Gıbbons	(appoınted 26 August 2010, resıgned 2 February 2011)
D R Kıng	(appoınted 2 Aprıl 2012)
P Naylor	(appoınted 26 August 2010)
A Payne	(appoınted 2 Aprıl 2012)
J Todd	(appoınted 2 Aprıl 2012)
M Warbrıck	(resıgned 13 October 2011)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The dırectors who were ın office on the date of approval of these financıal statements have confirmed that, as far as they are aware, there ıs no relevant audıt ınformatıon of whıch the audıtor ıs unaware The dırectors have confirmed that they have taken all the steps that they ought to have taken ın order to make themselves aware of any relevant audıt ınformatıon and to establısh that ıt has been communıcated to the audıtor

AUDITOR

Baker Tılly UK Audıt LLP has ındıcated ıts wıllıngness to contınue ın office

On behalf of the board

L E Caplan
Dırector

19 October 2012

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing 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 period 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 group and the company and of the profit or loss of the group 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 state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 CANBURG LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 21 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 APB's website www frc org uk/apb/scope/private cfm

Opinion on the financial statements
In our opinion the financial statements
- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the group's loss for the period 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 matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 13 of the financial statements concerning the group's abilitiy to continue as a going concern The group generated an operating loss of £7,382,000 during the period ended 30 June 2011 and, at that date, the group's current liabilities exceeded its current assets by £12,577,000 The group is supported by its ultimate shareholder to enable it to meet its day to day working capital requirements These conditions, along with other matters explained in the accounting policies on page 13 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern The financial statements do not include adjustments that would result if the group was unable to continue as a going concern

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 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' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

RICHARD WHITE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
29/10/12

Canburg Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period ended 30 June 2011

	Notes	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
TURNOVER	1	55,230	27,359
Cost of sales		(31,507)	(17,236)
GROSS PROFIT		23,723	10,123
Administrative expenses		(31,105)	(13,586)
Exceptional items	2	-	(985)
OPERATING LOSS	3	(7,382)	(4,448)
Interest payable and similar charges	4	(91)	(3)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,473)	(4,451)
Taxation	6	-	-
LOSS FOR THE PERIOD	16	(7,473)	(4,451)

The operating loss for the period arises from the Group's continuing operations

Canburg Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the period ended 30 June 2011

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Loss for the financial period	(7,473)	(4,451)
Currency translation difference on foreign currency net investment	(1)	2
Total recognised gains and losses relating to the period	(7,474)	(4,449)

Canburg Limited
CONSOLIDATED BALANCE SHEET
as at 30 June 2011

	Notes	30 June 2011 £000	31 December 2009 £000
FIXED ASSETS			
Intangible assets – Brands	7	81	90
Tangible assets	9	5,505	7,697
		5,586	7,787
CURRENT ASSETS			
Stocks	10	2,060	1,413
Debtors	11	1,984	1,205
Cash at bank and in hand		676	2,554
		4,720	5,172
CREDITORS Amounts falling due within one year	12	(17,297)	(15,258)
NET CURRENT LIABILITIES		(12,577)	(10,086)
TOTAL ASSETS LESS CURRENT LIABILITIES		(6,991)	(2,299)
CREDITORS Amounts falling due after more than one year	13	(4,432)	(1,650)
NET LIABILITIES		(11,423)	(3,949)
CAPITAL AND RESERVES			
Share capital	14	500	500
Profit and loss account	15	(11,923)	(4,449)
SHAREHOLDERS' FUNDS	16	(11,423)	(3,949)

The financial statements were approved by the Board of directors and authorised for issue on 19 October 2012 and are signed on its behalf by

L E Caplan
Director

Canburg Limited
COMPANY BALANCE SHEET
as at 30 June 2011 — Company Registration No 06841786

	Notes	30 June 2011 £000	31 December 2009 £000
FIXED ASSETS			
Investments	8	184	184
Tangible assets	9	4,639	6,451
		4,823	6,635
CURRENT ASSETS			
Stocks	10	1,880	1,184
Debtors	11	2,720	1,795
Cash at bank and in hand		663	2,485
		5,263	5,464
CREDITORS Amounts falling due within one year	12	(15,673)	(13,873)
NET CURRENT LIABILITIES		(10,410)	(8,409)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,587)	(1,774)
CREDITORS Amounts falling due after more than one year	13	(4,432)	(1,650)
NET LIABILITIES		(10,019)	(3,424)
CAPITAL AND RESERVES			
Share capital	14	500	500
Profit and loss account	15	(10,519)	(3,924)
SHAREHOLDERS' FUNDS	16	(10,019)	(3,424)

The financial statements were approved by the Board of directors and authorised for issue on 19 October 2012 and are signed on its behalf by

L E Caplan

L E Caplan
Director

Canburg Limited
CONSOLIDATED CASH FLOW STATEMENT
for the period ended 30 June 2011

	Notes	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17a	(3,874)	1,091
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		-	(3)
CAPITAL EXPENDITURE			
Acquisition of tangible fixed assets		(786)	-
ACQUISITIONS AND DISPOSALS			
Acquisition of subsidiary undertakings		-	(684)
CASH FLOW BEFORE FINANCING		(4,660)	404
FINANCING			
Shares issued		-	500
Increase in director's loan		2,782	1,650
NET CASH FLOW FROM FINANCING		2,782	2,150
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(1,878)	2,554

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
(Decrease)/increase in cash for the period		(1,878)	2,554
Increase in loans and borrowings		(2,782)	(1,650)
Movement in net debt in the year		(4,660)	904
Net funds at the beginning of the period		904	-
NET (DEBT)/FUNDS AS AT THE END OF THE PERIOD	17b	(3,756)	904

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

BASIS OF CONSOLIDATION
The group financial statements include the financial statements of the company and all its subsidiary undertakings Acquired companies have been included in the group financial statements using the acquisition method of accounting Acquisitions are incorporated from the date that control passes and all financial statements are made up to 30 June 2011 The company has taken advantage of the exemption provided by section 408 of the Companies Act 2006 not to present its own profit and loss account

TURNOVER
Turnover is the invoiced value of goods and services excluding any VAT and net of any discounts Revenues are recognised on delivery of the good and services supplied

INTANGIBLE FIXED ASSETS
Intangible fixed assets are stated at cost less accumulated amortisation Amortisation is provided at rates calculated to write each asset down to its estimated realisable value evenly over its expected useful life as follows

Brands	20 years	Straight line

TANGIBLE FIXED ASSETS
Tangible fixed assets are stated at cost less accumulated depreciation Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Short leasehold improvements	10 years	Straight line
Software	3 years	Straight line
Office equipment	4 years	Straight line
Showroom displays	6-7 years	Straight line
Plant & machinery	7 years	Straight line
Motor Vehicles	5 years	Straight line

INVESTMENTS
Investments in subsidiary undertakings are stated at cost less provision for impairment in the company's balance sheet

IMPAIRMENTS
Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost All other impairment losses are recognised in the profit and loss account

STOCK
Stock is valued at the lower of cost and net realisable value Provision is made to reduce cost to net realisable value having regard to the age and condition of stock as well as its estimated selling price

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 group's taxable profits and its results as stated 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

LEASED ASSETS AND OBLIGATIONS
Where assets are financed by leasing arrangements that give rights approximating ownership ('finance leases'), the assets are treated as if they have 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 profit and loss on a straight line basis over the lease term

RETIREMENT BENEFITS
For defined contribution schemes 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 Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

FOREIGN CURRENCIES
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions All differences are taken to the profit and loss account

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date Exchange differences arising are dealt with through reserves

GOING CONCERN
As at 30 June 2011 the Group had net liabilities of £11 4 million (31 December 2009 £3 9 million) and made a loss in the period of £7 5 million (period ended 31 December 2009 £4 5 million)

The Directors have completed a detailed review of the financial position of the Group and note the following

- The Group has an established order book which includes significant contracts in the USA,
- The restructuring of the UK and US operations has been completed resulting in significant cost saving across the Group,
- Subsequent to the year end the Company disposed of its loss making subsidiary Alternative Plans, as detailed in Note 21,
- The Group is meeting all outstanding liabilities as they fall due,
- The Group has no third party borrowings and is not subject to any external covenants,
- In the year ended 30 June 2012 the Group will report a significant decrease in losses,
- Cash flows are monitored on a regular basis to ensure that the Group has sufficient resources to meet liabilities as they fall due

The Directors have prepared and reviewed detailed forecasts which indicate that the Group will have sufficient cash flow to meet its financial obligations as they fall due

The Group continues to attract the ongoing support of the ultimate controlling party, who has confirmed in writing to the Directors that he will support the Company for a period not less than 12 months from the date of these financial statements

After making enquiries and considering the matters above, the Directors have concluded that the Group has adequate resources to continuing trading for the foreseeable future For these reasons, they continue to adopt the going concern basis of accounting in preparing the Group financial statements

1 TURNOVER

The Group has taken advantage of the exemption not to disclose turnover by geographical market as, in the opinion of the directors, disclosure of such information would be seriously prejudicial to the commercial interests of the Group

2 EXCEPTIONAL ITEMS

The Group and Company incurred exceptional items amounting to £Nil during the period (2009 £985,000, which related to on-going merger costs of the Smallbone and Mark Wilkinson businesses)

3 OPERATING LOSS

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Operating loss is stated after charging/(crediting)		
Depreciation of tangible fixed assets	2,345	606
Amortisation of intangible assets	9	-
Negative goodwill written back	-	(638)
Operating lease rentals – Land and buildings	3,176	1,587
Foreign exchange loss	10	-
Loss on disposal of fixed assets	633	-

Amount payable to Baker Tilly UK Audit LLP and its associates		
Auditor's remuneration		
- statutory audit of parent and consolidated accounts	110	70
- audit of subsidiaries	25	10
Tax services – compliance services	22	16
Other services – corporate finance	28	9
	185	105

4 INTEREST PAYABLE AND SIMILAR CHARGES

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
On bank loans and overdrafts	-	3
Payable to HMRC	91	-
	91	3

5 EMPLOYEES

	18 month period ended 30 June 2011 No	297 day period ended 31 December 2009 No
The average monthly number of persons (including directors) employed by the group during the period was		
Office and management	61	66
Sales and marketing	147	133
Operations	199	258
	407	457

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Staff costs for above persons		
Wages and salaries	16,413	9,865
Social security costs	2,092	1,039
Other pension costs	218	251
	18,723	11,155

DIRECTORS' REMUNERATION	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Emoluments	408	-
Company contributions to money purchase pension schemes	2	-
	410	-

The remuneration of the highest paid director was £183,000 (2009 £nil) The highest paid director received no company contributions to money purchase pension schemes (2009 £nil) Two directors received fees totalling £nil (2009 £205,000) during the period through related parties (note 19)

The number of Directors with company contributions to money purchase schemes is 1 (2009 none)

6 TAXATION

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Factors affecting tax charge for period		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%) The differences are explained below		
Loss on ordinary activities before tax	(7,473)	(4,451)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2009 28%)	(1,943)	(1,246)
Effects of		
Expenses not deductible for tax purposes	-	6
Losses not utilised	1,943	1,240
Current tax charge for period	-	-

As at 30 June 2011, cumulative tax losses available to carry forward against future trading profits were approximately £12,000,000 (2009 £4,500,000) subject to agreement with HM Revenue and Customs

7 INTANGIBLE FIXED ASSETS

GROUP	Brands £000
At 31 December 2009 and 30 June 2011	90
Amortisation	
At 31 December 2009	-
Charge for the year	9
At 30 June 2011	9
Net book value	
At 30 June 2011	81
At 31 December 2009	90

8 FIXED ASSET INVESTMENTS

COMPANY	Subsidiary undertakings £000
Cost and net book value	
As at 31 December 2009 and 30 June 2011	184

The principal subsidiary companies at 30 June 2011 and 31 December 2009 are as follows

Name of Company	Country of Incorporation	Class of shares held	Proportion of equity held	Nature of business
Smallbone Inc	USA	Ordinary	100%	Sale of kitchen, bedroom and bathroom furniture
Alternative Plans Limited	UK	Ordinary	100%	Sale of kitchen and bathroom furniture

9 TANGIBLE FIXED ASSETS

GROUP	Short leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Software £000	Total £000
Cost					
At 31 December 2009	2,105	1,006	4,987	205	8,303
Additions	6	113	649	18	786
Disposals	(610)	(18)	(10)	-	(638)
At 30 June 2011	1,501	1,101	5,626	223	8,451
Depreciation					
At 31 December 2009	101	155	313	37	606
Charge for the period	197	195	1,841	112	2,345
Disposals	-	(5)	-	-	(5)
At 30 June 2011	298	345	2,154	149	2,946
Net book value					
At 30 June 2011	1,203	756	3,472	74	5,505
At 31 December 2009	2,004	851	4,674	168	7,697

9 TANGIBLE FIXED ASSETS (continued)

COMPANY	Short leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Software £000	Total £000
Cost					
At 31 December 2009	1,494	984	4,328	205	7,011
Additions	7	117	231	-	355
Disposals	-	-	(10)	-	(10)
At 30 June 2011	1,501	1,101	4,549	205	7,356
Depreciation					
At 31 December 2009	101	155	267	37	560
Charge for the period	196	186	1,775	-	2,157
At 30 June 2011	297	341	2,042	37	2,717
Net book value					
At 30 June 2011	1,204	760	2,507	168	4,639
At 31 December 2009	1,393	829	4,061	168	6,451

10 STOCKS

	Group 2011 £000	Company 2011 £000	Group 2009 £000	Company 2009 £000
Raw materials	589	589	1,294	1,065
Work in progress	1,283	1,103	119	119
Finished goods	188	188	-	-
	2,060	1,880	1,413	1,184

11 DEBTORS

	Group 2011 £000	Company 2011 £000	Group 2009 £000	Company 2009 £000
Due within one year				
Trade debtors	413	85	437	431
Amounts owed by group undertakings	-	1,267	-	751
Other debtors	-	-	141	141
Prepayments and accrued income	1,571	1,368	627	472
	1,984	2,720	1,205	1,795

12 CREDITORS
Amounts falling due within one year

	Group 2011 £000	Company 2011 £000	Group 2009 £000	Company 2009 £000
Payments received on account	10,868	9,645	8,625	7,673
Trade creditors	3,004	2,925	1,230	1,146
Other taxes and social security costs	1,600	1,506	2,976	2,935
Accruals and deferred income	1,825	1,597	2,427	2,119
	17,297	15,673	15,258	13,873

13 CREDITORS
Amounts falling due after more than one year

	Group 2011 £000	Company 2011 £000	Group 2009 £000	Company 2009 £000
Director's loan	4,432	4,432	1,650	1,650

14 SHARE CAPITAL

	Group and Company 2011 £000	Group and Company 2009 £000
Authorised, issued and fully paid 500,000 ordinary shares of £1 each	500	500

15 STATEMENT OF MOVEMENTS ON SHARE CAPITAL AND RESERVES

GROUP	Share capital £000	Profit and loss account £000	Total £000
At 31 December 2009	500	(4,449)	(3,949)
Loss for the period	-	(7,473)	(7,473)
Currency translation difference on overseas subsidiary	-	(1)	(1)
At 30 June 2011	500	(11,923)	(11,423)

COMPANY	Share capital £000	Profit and loss account £000	Total £000
At 31 December 2009	500	(3,924)	(3,424)
Loss for the period	-	(6,595)	(6,595)
At 30 June 2011	500	(10,519)	(10,019)

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2011 £000	Company 2011 £000
At 31 December 2009	(3,949)	(3,424)
Loss for the financial period	(7,473)	(6,595)
Currency translation difference on overseas subsidiary	(1)	-
Net reduction to shareholders' funds	(7,474)	(6,595)
At 30 June 2011	(11,423)	(10,019)

17 CASH FLOWS

a Reconciliation of operating loss to net cash flow from operating activities

	18 month period ended 30 June 2011 £000	297 day period ended 31 December 2009 £000
Operating loss	(7,382)	(4,448)
Depreciation	2,345	606
Amortisation	9	-
Loss on disposal	633	
Credit in respect of negative goodwill	-	(638)
Increase in stocks	(647)	1,866
Increase in debtors	(779)	(1,205)
Increase in creditors	1,948	4,908
Currency translation difference	(1)	2
Net cash (outflow)/inflow from operating activities	(3,874)	1,091

b Analysis of net (debt)/funds

	Group 2009 £000	Cash flow £000	Group 2011 £000
Cash in hand, at bank	2,554	(1,878)	676
Debt due after more than one year	(1,650)	(2,782)	(4,432)
Total	904	(4,660)	(3,756)

18 COMMITMENTS UNDER OPERATING LEASES

The Group has annual commitments under non-cancellable operating leases as follows

	2011 £000	2009 £000
Land and buildings		
expiring within two to five years	565	587
expiring after more than five years	1,319	1,317
	1,884	1,904

19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions from disclosures of transactions with group companies available to wholly owned subsidiary undertakings under Financial Reporting Standard No 8

During the period the company paid £Nil (2009 £80,000) to Martin Warbrick Agency Limited, a company controlled by M Warbrick, a director of the company until 13 October 2011, in respect of directors' remuneration SOC Limited, a company controlled by L E Caplan, a director of the company, paid £nil (2009 £125,000) to R Banner in respect of directors' remuneration

20 RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund The pension cost charge represents contributions payable by the Group and amounted to £251,000 (2009 - £251,000) Contributions totalling £15,000 (2009 £13,000) were payable to the fund at the period end and are included in creditors

21 POST BALANCE SHEET EVENT

The Group disposed of its subsidiary Alternative Plans Limited in December 2011

22 ULTIMATE CONTROLLING PARTY

The directors consider L E Caplan to be the ultimate controlling party