Novatech Holdings Limited

Directors' report and financial statements

Registered number 7033534

30 April 2011

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 30 April 2011

Results and dividends

The profit for the year, after taxation, amounted to £551,568 (2010 £554,932) Ordinary dividends of £nil (2010 £1,790,993) were paid during the year

Principal activities

The principal activity of the Group during the year was the assembly, supply and support of personal computers, computer peripherals and software Our main routes to market are our Business Sales Team, our website, our retail stores and our trade counter

The principle activity of the Company is that of a holding company

The company acquired 100% of the share capital of Novatech Limited on 22 March 2010 This acquisition was accounted for under the merger method which assumes the group has always been in existence and therefore comparatives are presented in full

Business Review

The company has seen turnover remain relatively flat at £34,372,128 compared to £36,605,187 However, the business mix has changed and will continue to shift towards our growing business customer base as we make further investment where we can see the greatest opportunities

We are confident we can continue to take market share in our business division and will continue to invest in order to drive marked sales growth and increase profits in the medium term In addition, we expect to see benefit from the appropriate investment we have already made in our consumer business in the short-term

The Directors' see the company's key strengths as having a focussed strategy, an effective Management Team and a skilled, loyal staff to deliver it The Directors look forward to a year of growth in 2011/12

Financial risk management

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk 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 company's finance department

Foreign exchange risk

The main financial risk to which the group is exposed to is fluctuations in the US dollar and Euro exchange rates, with a high proportion of the business' product cost being denominated in these currencies

The Group policy is to manage any exchange risk by monitoring rates closely and purchasing currency when trends present benefit to the group in order to ensure funds are available for settlement of liabilities due The Group has no exposure to equity securities price risk as it holds no other equity investments

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made Debt finance is not utilised In addition the Group manages any potential risk by insuring its credit sales against non-payment

Liquidity risk

The Group retains sufficient cash to ensure it has sufficient funds available for operations

Directors' report *(continued)*

Interest rate cash flow risk

The Group hold no interest bearing assets or trade liabilities The long term loan from the Group's bankers is subject to interest at LIBOR plus a margin of 1% per annum

Going Concern

The financial statements have been prepared on a going concern basis No material uncertainties that cause significant doubt about the ability of the company to continue as a going concern have been identified by the Directors

The Group has considerable financial resources As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Key performance indicators

The key financial performance indicators in the business, predominately dealing with sales, margin, stock, customers and overheads, have been identified and are monitored and reported to staff on a monthly basis

Directors

The current directors who served the group during the year and subsequent to the year end were as follows

DRM Furby

J Furby

DA Payne-Shelley

Enterprise management incentive scheme

The Group has an Enterprise Management Incentive (EMI) scheme for the directors of the group who served prior to the year ended 30 April 2010 The EMI option is a right to acquire shares in the Company The 37,111 options are exercisable for £9 per share in the future subject to particular terms and conditions being satisfied As the options are only exercisable in the event of the sale of the Company or its listing on a recognised stock exchange, no further disclosure has been provided in accordance with the accounting policy

Research and development

The group is committed to research and development activities in order to maintain and to improve upon its commitment to quality and innovation

Research and development expenses in the year amounted to £23,236 *(2010 £55,283)*

Employees

The group's policy is to consult and discuss with employees, through the employee forum and at meetings, matters likely to affect employees' interests Information on matters of concern to employees is given through regular meetings, formal consultations and information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

Disabled employees

The group's policy is to recruit disabled workers for those vacancies that they are able to fill All necessary assistance with initial training courses is given once employed Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

Directors' report *(continued)*

Political and charitable contributions

The group made charitable donations during the year of £2,266 *(2010 £2,852)*

Disclosure of information to auditors

In the opinion of the directors, the market value of the land and buildings is not materially different from their book value

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors of the group is to be proposed at the forthcoming Annual General Meeting

By order of the board

D Payne-Shelley
Secretary

Harbour House
Hamilton Road
Castle Trading Estate
Cosham
Hampshire
PO6 4PU

Statement of directors' responsibilities in respect of the Directors' Report and the 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 year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
Dukes Keep
Marsh Lane
Southampton
SO14 3EX
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATECH HOLDINGS LIMITED

We have audited the financial statements of Novatech Holdings Limited for the year ended 30 April 2011 set out on pages 7 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditor's report to the members of Novatech Holdings Limited
(continued)

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

W Smith

W Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Dukes Keep,
Marsh Lane,
Southampton
SO14 3EX

2nd August 2011 .

Consolidated Profit and Loss Account
for the period ended 30 April 2011

	Note	2011 £	2010 £
Turnover	2	**34,372,128**	36,605 187
Cost of sales	3	**(28,474,967)**	(32,859,059)
Gross profit		**5,897,161**	3,746,128
Administrative expenses	3	**(5,195,017)**	(3,068,467)
Other operating income		**75,000**	75,000
Group operating profit		**777,144**	752,661
Other interest receivable and similar income	6	**1,194**	18,311
Interest payable and similar charges	7	**(15,579)**	(17,843)
Profit on ordinary activities before taxation		**762,759**	753,129
Tax on profit on ordinary activities	8	**(211,191)**	(198,197)
Profit for the financial year	19	**551,568**	554,932

There were no recognised gains or losses other than those reported above The above results relate entirely to the continuing activities of the Group

Note of consolidated historical cost profits and losses
for the year ended 30 April 2011

	2011 £	2010 £
Reported profit on ordinary activities before taxation	**762,759**	753,129
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**14,407**	14,407
Historical cost profit on ordinary activities before taxation	**777,166**	767,536
Historical cost profit for the year retained after taxation and dividends	**565,975**	(1,221,054)

Consolidated Balance Sheet
At 30 April 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	*10*		**10,179**		13,572
Tangible assets	*11*		**4,136,651**		4,156,137
			4,146,830		4 169 709
Current assets					
Stocks	*13*	**2,222,290**		2,409,485	
Debtors	*14*	**2,147,707**		1,502,711	
Cash at bank and in hand		**2,778,194**		2 940 456	
		7,148,191		6,852,652	
Creditors amounts falling due within one year	*15*	**(5,600,703)**		(5,613,093)	
Net current assets			**1,547,488**		1,239,559
			5,694,318		5,409,268
Total assets less current liabilities					
Creditors amounts falling due after more than one year	*16*		**(1,205,896)**		(1 479 686)
Provisions for liabilities	*17*		**(38,869)**		(31 597)
Net Assets			**4,449,553**		3,897,985
Capital and reserves					
Called up share capital	*18*		**536,501**		536 501
Revaluation reserve	*19*		**741,074**		755 481
Other reserves	*19*		**164,485**		164 485
Profit and loss account	*19*		**3,007,493**		2,441,518
Equity			**4,449,553**		3.897,985

These financial statements were approved by the board of directors on 2|8|11 and were signed on its behalf by

D Payne-Shelley
Director

Consolidated Cash Flow Statement

for the year ended 30 April 2011

	Note	2011 £	2010 £
Cash flow from operating activities	22	**378,839**	(265,510)
Returns on investments and servicing of finance	23	**(14,385)**	468
Taxation		**(69,823)**	(147,293)
Capital expenditure	23	**(138,617)**	219,005
Dividends paid on shares classified in shareholders' funds	9	**-**	(1,790,993)
Financing	23	**(318,276)**	611,574
Decrease in cash in the period		**(162,262)**	(1,372,749)

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period	**(162,262)**	(1,372,749)
Decrease / (Increase) in bank loans	**318,276**	(610 573)
Movement in net debt in the period	**156,014**	(1,983 322)
Net debt at the start of the period	**1,242,984**	3,226,306
Net debt at the end of the period	**1,398,998**	1,242,984

Reconciliations of Movements in Shareholders' Funds
for the year ended 30 April 2011

	Group 2011 £	2010 £	Company 2011 £	2010 £
Profit for the financial year	**551,568**	554 932	**(3)**	-
Dividends on shares classified in shareholders funds	-	(1,790,993)	-	-
Retained profit	**551,568**	(1,236 061)	**(3)**	-
New share capital subscribed (net of issue costs)	-	1,001	-	1 001
Net addition to / (reduction in) shareholders' funds	**551,568**	(1,235 060)	**(3)**	1 001
Opening shareholders' funds	**3,897,985**	5,133 045	**536,501**	535,500
Closing shareholders' funds	**4,449,553**	3,897,985	**536,498**	536,501

Company Balance Sheet
at 30 April 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Investments	*12*		**535,500**		535,500
Current assets					
Debtors	*14*	-		1,001	
Cash at bank and at hand		**998**		-	
Net current assets			**998**		1 001
Total assets less current liabilities			**536,498**		536,501
Net Assets			**536,498**		536,501
Capital and reserves					
Called up share capital	*18*		**536,501**		536,501
Profit and Loss account	*19*		**(3)**		-
Equity			**536,498**		536,501

These financial statements were approved by the board of directors on 2/8/11 and were signed on its behalf by

D Payne-Shelley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets The financial statements have been prepared on a going concern basis The company has considerable financial resources As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2011 The merger accounting method has been adopted Under this method, the results of the subsidiary undertakings acquired in year are included in the consolidated profit and loss account from the start of the year

On the 22 March 2010, the company was incorporated and acquired the entire issued share capital of Novatech Limited in a share exchange The transaction has been accounted for under merger method of accounting in order to reflect properly the substance of the transaction Under the merger method, subsidiaries acquired are included as if they had always been members of the group

Under S408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost and are amortised to nil by equal annual instalments over their useful economic lives

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	50 years on a straight line basis
Leasehold land and buildings	-	Over the term of the lease
Plant and machinery	-	20% on a straight line basis
Fixtures and fittings	-	20% on a straight line basis
Motor vehicles	-	20% on reducing balance
Computer equipment	-	20% on a straight line basis
Website	-	20% on a straight line basis

No depreciation is provided on freehold land

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Investment properties

Investment properties are accounted for in accordance with SSAP 19 Investment properties are revalued triennially The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date

Turnover

Revenue comprises of sales of goods and services excluding value added tax Revenue from sales of goods is recognised at the point of sale, or where later, upon delivery to the customer and is stated net of returns Revenue earned from customer support agreements is recognised as such over the life of the agreement by reference to the stage of completion of the transaction at the balance sheet date

Other operating income received is in respect of sub-let property and is recognised on a straight line basis over the life of the agreement

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

Notes *(continued)*

(forming part of the financial statements)

1 Accounting policies *(continued)*

Share based payments

FRS 20 requires the fair value of options and share awards relating to the company, which ultimately vest to be charged to the company's profit and loss account over the vesting or performance period For equity-settled transactions the fair value is determined at the date of grant using an appropriate pricing model For cash-settled transactions fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled If an award fails to vest as a result of certain types of performance condition not being satisfied, the charge to the profit and loss account will be adjusted to reflect this

As the number of unexercised share options in existence at the balance sheet date was minimal, further disclosure has not been included within the financial statements as the related FRS 20 fair value is considered not to be material

Pensions

Contributions to employees' personal pension schemes are charged to the profit and loss account in the year to which they relate

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do meet this criteria are disclosed in the notes to the financial statements

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

2 Turnover

	2011	2010
	£	£
United Kingdom	**34,372,128**	36 605,187

Notes *(continued)*

3 Notes to the profit and loss account

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation	**149,583**	149 209
Amortisation	**3,393**	3,393
Loss on disposal of fixed assets	**8,520**	57,982
Opening lease rentals -		
Land and building	**121,530**	121 530
Other	**3,276**	3 829
Rental Income	**(75,000)**	(75,000)
Net profit on foreign currency transaction	**(161,371)**	(314 800)

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

Auditors remuneration

	2011 £	2010 £
Audit of the financial statements current auditors		
- Audit of financial statements	**21,960**	20 000
Amounts receivable by auditors and their associates in respect of		
- Other services relating to taxation	**3,150**	-

4 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	**649,977**	737,370
Company contributions to money purchase pension schemes	**2,979**	8 460

	Number of directors 2011	2010
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**5**	6

	2011 £	2010 £
The amounts in respect of highest paid directors are as follows		
Emoluments	**169,000**	169,000

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2011	2010
Administration	**42**	34
Marketing	**4**	2
Production and distribution	**101**	115
	147	151

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Wages and salaries	**3,708,918**	3,126,666
Social security costs	**322,899**	302,696
Other pension costs	**48,574**	49,137
	4,080,391	3 478 499

Notes *(continued)*

6 Other interest receivable and similar income

	2011 £	2010 £
Bank interest receivable	**242**	18,311
Other interest payable	**952**	-
	1,194	18,311

7 Interest payable and similar charges

	2011 £	2010 £
Bank interest payable	**15,579**	17,588
Other interest payable	**-**	255
	15,579	17,843

8 Taxation

Analysis of charge in period

	2011 £	2010 £
UK corporation tax		
Current tax on income for the period	**204,253**	143 237
Adjustments in respect of prior periods	**(334)**	(7,725)
Total current tax	**203,919**	135,512
Deferred tax (see note 17)		
Origin/reversal of timing differences	**7,272**	62,685
Tax on profit on ordinary activities	**211,191**	198,197

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*2010 lower)* than the standard rate of corporation tax for the year is 27 8% *(2010 28%)* The differences are reconciled below

	2011	2010
	£	£
Profit on ordinary activities before tax	**762,759**	753 129
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27 8% *(2010 28%)*	**212,047**	210 876
Effects of		
Deprecation and disposal of fixed assets exceeding capital allowances	**(3,506)**	(47 993)
Expenses not deductible for tax purposes	**1,681**	6,517
Enhanced R&D expenditure	**-**	(5,515)
Other differences	**(5,762)**	-
Marginal rate relief	**(207)**	(20 648)
Adjustments to tax charge in respect of previous periods	**(334)**	(7,725)
Total current tax charge (see above)	**203,919**	135,512

9 Dividends

The aggregate amount of dividends comprises

	2011	2010
	£	£
Interim dividends paid in respect of the current year	-	1,790 993

In the prior year, the dividends were paid by Novatech Limited prior to the acquisition by Novatech Holdings Limited on 22 March 2010

Notes *(continued)*

10 Intangible fixed assets

Group

	Other intangibles £	Total £
Cost		
At beginning and end of year	16,965	16 965
Amortisation		
At 1 May 2010	3 393	3 393
Charged in year	3 393	3,393
At 30 April 2011	6,786	6,786
Net book value		
At 30 April 2011	**10,179**	**10,179**
At 30 April 2010	13,572	13 572

11 Tangible fixed assets

Group

	Freehold land £	Freehold & leasehold buildings £	Investment property £	Plant and machinery £	Fixtures, fittings, equipment, website & motor vehicles £	Total £
Cost or valuation						
At beginning of year	750 000	2,539,415	814,664	191 928	1,151,419	5 447,426
Additions	-	18 874	-	5,000	130 756	154 630
Disposals	-	-	-	(181,930)	(858,819)	(1 040 749)
At end of year	750 000	2,558,289	814,664	14,998	423,356	4,561 307
Depreciation						
At beginning of year	-	109,854	-	190,840	990,595	1,291,289
Charge for year	-	71,679	-	1,361	76 543	149 583
On disposals	-	-	-	(181,930)	(834 286)	(1,016 216)
At end of year	-	181,533	-	10,271	232,852	424 656
Net book value						
At 30 April 2011	**750,000**	**2,376,756**	**814,664**	**4,727**	**190,504**	**4,136,651**
At 30 April 2010	750 000	2 429 561	814 664	1,088	160,824	4,156,137

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Cost or valuation is represented by

	Freehold land	Freehold & leasehold buildings	Investment property	Plant and machinery	Fixtures, fittings, equipment, website & motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
Valuation	750 000	1,700,000	814,664	-	-	3,264 664
Cost	-	858 289	-	14 998	423,356	1 296 643
At end of year	750 000	2 558,289	814 664	14 998	423,356	4 561 307

The net book value of freehold & leasehold buildings comprises

	2011	2010
	£	£
Freehold property at valuation	**1,700,000**	1,700,000
Other properties at cost		
Long leasehold	**526,357**	530,739
Short leasehold	**205,519**	231,327
Total	**2,431,876**	2 462 066

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	2011	2010
	£	£
Cost	**1,432,070**	1,432 070
Aggregate depreciation	**(320,980)**	(306,573)
Net book value of freehold land and buildings	**1,111,090**	1,125,497

Freehold land and buildings were valued on an open market basis on 30 April 2009 by Lambert Smith Hampton, Chartered Surveyors

Lambert Smith Hampton, Chartered Surveyors confirm the valuation report has been made in accordance with RICS Appraisal and Valuation Manual

The directors have performed an interim valuation and confirmed there has been no change in the market value of the properties

The company holds no fixed assets

Notes *(continued)*

12 Fixed asset investments

	Shares in group undertaking	Total
	£	£
Company		
Cost and net book value		
At 30 April 2010 and at 30 April 2011	535 000	535,000

The undertakings in which the Company's interest at the year end is more than 20% are as follows

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Novatech Limited	UK	Computer manufacturer and retail	Ordinary 100%

The group has no investments *(2010 none)*

13 Stocks

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Finished goods and goods for resale	**2,222,290**	2,409 485	-	-

14 Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade debtors	**1,321,449**	1,053,948	-	-
Other debtors	**28,770**	193,453	-	1,001
Prepayments and accrued income	**797,488**	255,310	-	-
	2,147,707	1,502 711	-	1,001

Notes *(continued)*

15 Creditors. amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Current instalment due on bank loan (note 16)	**318,276**	318 276	-	-
Trade creditors	**3,857,439**	3,880 173	-	-
Corporation tax	**205,233**	71 137	-	-
Taxation and social security	**637,720**	443 599	-	-
Other creditors	**116,314**	43 647	-	-
Accruals and deferred income	**465,721**	856 261	-	-
	5,600,703	5,613 093	-	-

16 Creditors· amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Loans	**1,060,920**	1,379,196	-	-
Accruals and deferred income	**144,976**	100,490	-	-
	1,205,896	1,479,686	-	-

The bank loan is secured by a charge over the company freehold land and building at the Castle Trading Company Estate, Portchester The rate of interest payable on the loans is 1% above the base rate

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Amounts repayable -				
In less than one year	**318,276**	318,276	-	-
In more than one year but not more than two years	**318,276**	318,276	-	-
In more than two years but not more than 5 years	**742,644**	954,828	-	-
	1,379,196	1,591 380	-	-
In more than five years	**-**	106,092	-	-
	1,379,196	1,697,472	-	-
Less included in creditors amounts falling due within 1 year	**(318,276)**	(318,276)	-	-
	1,060,920	1,379 196	-	-

Notes *(continued)*

17 Provisions for liabilities

	Deferred taxation	Total
	£	£
Group		
At beginning of year	31,597	31 597
Charge to the profit and loss for the year		
Additional amounts provided	7,272	7,272
At end of year	**38,869**	**38,869**

The elements of deferred taxation are as follows

	2011	2010
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	**38,869**	31,597

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or where capital gains arising on the sale of properties have been rolled over into replacement assets

Such tax would become payable only if the property were sold without it being possible to claim further rollover relief The total amount unprovided is estimated at £200,000, which would be reduced by available indexation allowance At present, it is not envisaged that any such tax will become payable in the foreseeable future

On 23 March 2011 the Chancellor announced a reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 The effect of this change has been reflected in the figures above including the calculation of deferred tax as the tax rate change was substantively enacted at the balance sheet date

The Chancellor has also proposed further reductions in the main rate of UK corporation tax, by 1% per annum, to 23% by 1 April 2014, but, as these rate changes have not yet been substantively enacted, the effects thereof are not included in the figures above Had these further tax rate reductions from 26% to 23% applied to the deferred tax balances at 30 April 2011, the overall effect would be to further reduce the deferred tax liability by approximately £4,485

18 Called up share capital

	2011
	£
Allotted, called up and fully paid	
535,500 Class A Ordinary shares of £1 each	535,500
Allotted and called up	
1 Class C Ordinary shares of £1 each	1
1,000 Class D Ordinary shares of £1 each	1,000
At 30 April 2010 and 2011	**536,501**

Notes *(continued)*

19 Reserves

Group	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
At beginning of year	755,481	164 485	2,441,518
Profit for the year	-	-	551 568
Transfer to/from revaluation reserve	(14,407)	-	14,407
At 30 April 2011	**741,074**	**164,485**	**3,007,493**

Company	Profit and loss account
	£
At beginning of year	-
Profit for the year	(3)
At 30 April 2011	**(3)**

20 Pension scheme

Defined contribution pension scheme

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £48,574 *(2010 £55,511)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

21 Employee share schemes

Share based payments
At the 30 April the company had in issue the following share options through which holders of such options may acquire shares

Class of shares	No's of options	Exercise Price	Period options exercisable
A Ordinary shares	11,111	£9 00	22 March 2010 – 21 March 2020
B Ordinary shares	26,000	£9 00	22 March 2010 – 21 March 2020

The Directors consider the share options will be settled through issue of the relevant equity As the options are only exercisable in the event of the sale of the company or its listing on a recognised stock exchange, no further disclosure has been provided in accordance with the accounting policy

Notes *(continued)*

22 Reconciliation of operating profit to operating cash flows

	2011 Total £	2010 Total £
Operating profit	**777,144**	752,661
Depreciation, amortisation and impairment charges	**152,976**	152 602
Loss on sale of fixed assets	**8,520**	57 982
(Increase)/decrease in stocks	**187,195**	(479,079)
(Increase)/decrease in debtors	**(644,996)**	(320 329)
Increase/(decrease) in creditors	**(102,000)**	(429 347)
Net cash inflow/outflow from operating Activities	**378,839**	(265,510)

23 Analysis of cash flows

	2011 £	2011 £	2010 £	2010 £
Returns on investment and servicing of finance				
Interest received	**1,194**		18,311	
Interest paid	**(15,579)**		(17,843)	
		(14,385)		468
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(154,630)**		(90,127)	
Sale of tangible fixed assets	**16,013**		309,132	
		(138,617)		219,005
Financing				
Issue of ordinary share capital	-		1,001	
Repayment of borrowings	**(318,276)**		(171,600)	
Increase in loans	-		782 173	
		(318,276)		611 574

Notes *(continued)*

24 Analysis of net debt

	At beginning of year	Cash flow	Transfers	At end of year
	£	£	£	£
Cash in hand at bank	2,940 456	(162,262)	-	**2,778,194**
Debt due within one year	(318,276)	318 276	(318,276)	**(318,276)**
Debt due after one year	(1,379,196)	-	318,276	**(1,060,920)**
Total	1,242,984	**156,014**	-	**1,398,998**

25 Related party disclosures

The Company is controlled by Mr & Mrs DRM Furby, who are the majority shareholders

Group

During the year the following purchases were made by the directors

	2011	2010
	£	£
DRM Furby	**3,388**	643
GM Giles	**873**	762
S Long More	-	20
DA Payne-Shelley	**1,551**	5,128
C Pomroy	-	918
MA Stacey	-	537
J Wilson	**784**	1,058

During the year the company made a loan to DRM Furby, the maximum amount outstanding during the year was £513,576 *(2010 £271,088)* The balance at year end was £nil *(2010 £nil)* Included in creditors at the year end is £nil *(2010 £221)* owed to DRM Furby The loans exceed £10,000 and therefore contravene section 197 of the Companies Act 2006

During the prior year the company had sold motor vehicles for £200,000 to DRM Furby and £35,000 to J Furby These sales were made at arm's length No such transactions occurred during the year

Company

During the prior period the company purchased 100% of the share capital of Novatech in exchange for shares in Novatech Holdings Limited The shares were purchased from Mr & Mrs DRM Furby for £535,500

Notes *(continued)*

26 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2011 Land and Buildings £	**2011 Other £**	2010 Land and Buildings £	2010 Other £
Operating leases which expire				
Less than 1 year	**-**	**1,467**	-	3 829
2 – 5 years	**121,530**	**-**	121,530	-
Over five years	**-**	**-**	-	-
	121,530	**1,467**	121,530	3 829