

Novatech Holdings Limited
Directors' report and financial
statements
Registered number 7033534
30 April 2012

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Directors' report

The directors present their directors' report and financial statements for the year ended 30 April 2012

Results and dividends

The profit for the year, after taxation, amounted to £426,349 (2011 £551,568) Ordinary dividends of £nil (2011 £nil) were paid during the year

Principal activities

The principal activity of the Group during the year was the design, supply and support of bespoke IT solutions. Many of these utilise our own branded personal computers, laptops and servers, which are assembled at our own facility in Portsmouth. 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.

Business Review

The Group has seen turnover grow to £39,191,808 from £34,372,128 prior year. This growth is the result of the significant investment we have made in developing our business to business sales over the last two years. We will continue to make further investment going forward where we see the greatest opportunities.

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 2012/13.

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. The £1m revolving facility secured during the year adds additional headroom to the Company's cash flow forecasts. 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 2011. 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 £225,763 (2011 £23,236).

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 £4,707 (2011 £2,266)

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

14/8/12

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 group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.



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 2012 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 2012 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

16th August 2012

Consolidated Profit and Loss Account for the period ended 30 April 2012

	Note	2012 £	2011 £
Turnover	2	39,191,808	34,372,128
Cost of sales	3	(32,262,964)	(28,474,967)
Gross profit		6,928,844	5,897,161
Administrative expenses	3	(6,478,540)	(5,195,017)
Other operating income		74,796	75,000
Group operating profit		525,100	777,144
Other interest receivable and similar income	6	195	1,194
Interest payable and similar charges	7	(13,141)	(15,579)
Profit on ordinary activities before taxation		512,154	762,759
Tax on profit on ordinary activities	8	(85,805)	(211,191)
Profit for the financial year	19	426,349	551,568

The above results relate entirely to the continuing activities of the Group

Consolidated Statement of Total Recognised Gains and Losses for the year ended 30 April 2012

	2012 £	2011 £
Profit for the financial year	426,349	551,568
Unrealised loss on revaluation of properties	(281,040)	-
Total recognised gains and losses	145,309	551,568

Note of consolidated historical cost profits and losses for the year ended 30 April 2012

	2012 £	2011 £
Reported profit on ordinary activities before taxation	512,154	762,759
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	526,561	777,166
Historical cost profit for the year retained after taxation and dividends	440,756	565,975

Consolidated Balance Sheet
 At 30 April 2012

	<i>Note</i>	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		-		10,179
Tangible assets	11		4,277,657		4,136,651
			<u>4,277,657</u>		<u>4,146,830</u>
Current assets					
Stocks	13	2,551,694		2,222,290	
Debtors	14	2,183,324		2,147,707	
Cash at bank and in hand		3,049,835		2,778,194	
		<u>7,784,853</u>		<u>7,148,191</u>	
Creditors amounts falling due within one year	15	(6,528,590)		(5,600,703)	
Net current assets			<u>1,256,263</u>		<u>1,547,488</u>
			<u>5,533,920</u>		<u>5,694,318</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	16		(874,416)		(1,205,896)
Provisions for liabilities	17		(64,642)		(38,869)
Net Assets			<u>4,594,862</u>		<u>4,449,553</u>
Capital and reserves					
Called up share capital	18		536,501		536,501
Revaluation reserve	19		445,627		741,074
Other reserves	19		164,485		164,485
Profit and loss account	19		3,448,249		3,007,493
Equity			<u>4,594,862</u>		<u>4,449,553</u>

These financial statements were approved by the board of directors on
 signed on its behalf by

14/8/12

and were



D Payne-Shelley
 Director

Consolidated Cash Flow Statement
for the year ended 30 April 2012

	<i>Note</i>	2012 £	2011 £
Cash flow from operating activities	22	1,397,143	378,839
Returns on investments and servicing of finance	23	(12,946)	(14,385)
Taxation		(205,233)	(69,823))
Capital expenditure	23	(589,047)	(138,617)
Dividends paid on shares classified in shareholders' funds	9	-	-
Financing	23	(318,276)	(318,276)
		<u>271,641</u>	<u>(162,262)</u>
Increase / (decrease) in cash in the period		271,641	(162,262)
Reconciliation of net cash flow to movement in net debt			
Increase / (Decrease) in cash in the period		271,641	(162,262)
Decrease in bank loans		318,276	318,276
		<u>589,917</u>	<u>156,014</u>
Movement in net debt in the period		589,917	156,014
Net debt at the start of the period		1,398,998	1,242,984
		<u>1,988,915</u>	<u>1,398,998</u>
Net debt at the end of the period		1,988,915	1,398,998

Reconciliations of Movements in Shareholders' Funds
for the year ended 30 April 2012

	Group 2012 £	2011 £	Company 2012 £	2011 £
Profit for the financial year	426,349	551,568	-	(3)
Dividends on shares classified in shareholders' funds	-	-	-	-
Retained profit	426,349	551,568	-	(3)
Revaluation of properties	(281,040)	-	-	-
Net addition to / (reduction in) shareholders' funds	145,309	551,568	-	(3)
Opening shareholders' funds	4,449,553	3,897,985	536,498	536,501
Closing shareholders' funds	4,594,862	4,449,553	536,498	536,498

Company Balance Sheet
at 30 April 2011

	<i>Note</i>	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Investments	12		535,500		535,500
Current assets					
Cash at bank and at hand		998		998	
Net current assets			998		998
Total assets less current liabilities			536,498		536,498
Net Assets			536,498		536,498
Capital and reserves					
Called up share capital	18		536,501		536,501
Profit and Loss account	19		(3)		(3)
Equity			536,498		536,498

These financial statements were approved by the board of directors on
 signed on its behalf by

14/8/12

and were



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

	2012 £	2011 £
United Kingdom	39,191,808	34,372,128

Notes (continued)

3 Notes to the profit and loss account

	2012 £	2011 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation	178,966	149,583
Amortisation	3,393	3,393
Loss on disposal of fixed assets	5,179	8,520
Opening lease rentals -		
Land and building	121,530	121,530
Other	14,302	3,276
Rental Income	(75,000)	(75,000)
Net profit on foreign currency transaction	(311,278)	(161,371)

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

Auditor's remuneration

	2012 £	2011 £
Audit of the financial statements current auditors		
- Audit of financial statements	22,948	21,960
Amounts receivable by auditors and their associates in respect of		
- Other services relating to taxation	4,750	3,150
- Other	700	-

4 Remuneration of directors

	2012 £	2011 £
Directors' emoluments	639,483	649,977
Company contributions to money purchase pension schemes	3,361	2,979

	Number of directors	
	2012	2011
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	1	5
	2012 £	2011 £
The amounts in respect of highest paid directors are as follows		
Emoluments	171,158	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	
	2012	2011
Administration and sales	90	42
Marketing	4	4
Production and distribution	122	101
	<u>216</u>	<u>147</u>

The aggregate payroll costs of these persons were as follows

	2012 £	2011 £
Wages and salaries	4,523,220	3,708,918
Social security costs	444,672	322,899
Other pension costs	62,357	48,574
	<u>5,030,249</u>	<u>4,080,391</u>

Notes (*continued*)

6 Other interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	60	242
Other interest payable	135	952
	<u>195</u>	<u>1,194</u>

7 Interest payable and similar charges

	2012 £	2011 £
Bank interest payable	13,141	15,579
Other interest payable	-	-
	<u>13,141</u>	<u>15,579</u>

8 Taxation

Analysis of charge in period

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax on income for the period	60,032	204,253
Adjustments in respect of prior periods	-	(334))
	<u>60,032</u>	<u>203,919</u>
<i>Deferred tax (see note 17)</i>		
Origin/reversal of timing differences	25,773	7,272
	<u>85,805</u>	<u>211,191</u>

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 of 25.83% (2011 27.8% %). The differences are reconciled below.

	2012 £	2011 £
Profit on ordinary activities before tax	512,154	762,759
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.83% (2010 27.8%)	132,306	212,047
Effects of		
Depreciation and disposal of fixed assets exceeding capital allowances	5,320	(3,506)
Expenses not deductible for tax purposes	2,497	1,681
Qualifying R&D expenditure	(59,536)	-
Other differences	(3,049)	(5,762)
Marginal rate relief	(17,506)	(207)
Adjustments to tax charge in respect of previous periods	-	(334)
Total current tax charge (see above)	60,032	203,919

9 Dividends

The aggregate amount of dividends comprises

	2012 £	2011 £
Interim dividends paid in respect of the current year	-	-

Notes (continued)

10 Intangible fixed assets

Group	Other intangibles £	Total £
Cost		
At beginning and end of year	16,965	16,965
Disposals	(16,965)	(16,965)
At end of the year	-	-
Amortisation		
At 1 May 2011	6,786	6,786
Charged in year	3,393	3,393
Disposals	(10,179)	(10,179)
At 30 April 2012	-	-
Net book value		
At 30 April 2012	-	-
At 30 April 2011	10,179	10,179

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	2,558,289	814,664	14,998	423,356	4,561,307
Additions	-	378,276	-	5,859	217,147	601,282
Revaluations	-	(405,755)	-	-	-	(405,755)
Disposals	-	-	-	(8,450)	-	(8,450)
At end of year	750,000	2,530,810	814,664	12,407	640,503	4,748,384
Depreciation						
At beginning of year	-	181,533	-	10,271	232,852	424,656
Charge for year	-	72,305	-	2,481	104,180	178,966
Revaluations	-	(124,715)	-	-	-	(124,715)
On disposals	-	-	-	(8,180)	-	(8,180)
At end of year	-	129,123	-	4,572	337,032	470,727
Net book value						
At 30 April 2012	750,000	2,401,687	814,664	7,835	303,471	4,277,657
At 30 April 2011	750,000	2,376,756	814,664	4,727	190,504	4,136,651

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	-	830,810	-	12,407	640,503	1,483,720
At end of year	750,000	2,530,810	814,664	12,407	640,503	4,748,384

The net book value of freehold & leasehold buildings comprises

	2012 £	2011 £
Freehold property at valuation	1,700,000	1,700,000
Other properties at cost:		
Long leasehold	502,255	526,357
Short leasehold	199,432	205,519
Total	2,401,687	2,431,876

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

	2012 £	2011 £
Cost	1,432,070	1,432,070
Aggregate depreciation	(335,387)	(320,980)
Net book value of freehold land and buildings	1,096,683	1,111,090

Freehold land and buildings were valued on an open market basis on 6 January 2012 by Hellier Langston, Chartered Surveyors. Hellier Langston, Chartered Surveyors confirm the valuation report has been made in accordance with RICS Appraisal and Valuation Manual.

The directors have performed a valuation of investment property and confirmed there has been no change in the market value of these properties.

The company holds no fixed assets.

Notes (continued)

12 Fixed asset investments

Company	Shares in group undertaking £	Total £
<i>Cost and net book value</i>		
At 30 April 2011 and at 30 April 2012	535,500	535,500

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

<i>Subsidiary undertakings</i>	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 (2011 none)

13 Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Finished goods and goods for resale	2,551,694	2,222,290	-	-

14 Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	1,875,991	1,321,449	-	-
Other debtors	224,100	28,770	-	-
Prepayments and accrued income	83,233	797,488	-	-
	2,183,324	2,147,707	-	-

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Current instalment due on bank loan (note 16)	318,276	318,276	-	-
Trade creditors	4,688,037	3,857,439	-	-
Corporation tax	60,032	205,233	-	-
Taxation and social security	618,404	637,720	-	-
Other creditors	169,769	116,314	-	-
Accruals and deferred income	674,072	465,721	-	-
	<u>6,528,590</u>	<u>5,600,703</u>	<u>-</u>	<u>-</u>

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Loans	742,644	1,060,920	-	-
Accruals and deferred income	131,772	144,976	-	-
	<u>874,416</u>	<u>1,205,896</u>	<u>-</u>	<u>-</u>

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. During the year the Group secured a Sterling Revolving Loan Facility of up to £1,000,000 for working capital purposes. This facility is secured over the company's freehold land and buildings, and investment property. The facility was not in use at 30 April 2012.

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
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	406,368	742,644	-	-
	<u>1,042,920</u>	<u>1,379,196</u>	<u>-</u>	<u>-</u>
In more than five years	-	-	-	-
	<u>1,042,920</u>	<u>1,379,196</u>	<u>-</u>	<u>-</u>
Less included in creditors amounts falling due within 1 year	(318,276)	(318,276)	-	-
	<u>742,644</u>	<u>1,060,920</u>	<u>-</u>	<u>-</u>

Notes (continued)

17 Provisions for liabilities

	Deferred taxation £	Total £
Group		
At beginning of year	38,869	38,869
Charge to the profit and loss for the year	25,773	25,773
At end of year	64,642	64,642

The elements of deferred taxation are as follows

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	64,642	38,869

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.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 April 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

18 Called up share capital

	2012 £
<i>Allotted, called up and fully paid</i>	
535,500 Class A Ordinary shares of £1 each	535,500
<i>Allotted and called up</i>	
1 Class C Ordinary shares of £1 each	1
1,000 Class D Ordinary shares of £1 each	1,000
At 30 April 2011 and 2012	536,501

Notes (continued)

19 Reserves

Group	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At beginning of year	741,074	164,485	3,007,493	3,913,052
Profit for the year	-	-	426,349	426,349
Revaluation	(281,040)	-	-	(281,040)
Transfer to/from revaluation reserve	(14,407)	-	14,407	-
At 30 April 2012	445,627	164,485	3,448,249	4,058,361

Company	Profit and loss account £
At beginning of year	(3)
Profit for the year	-
At 30 April 2012	(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 £ 62,357 (2011 £48,574).

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

	2012 Total £	2011 Total £
Operating profit	525,100	777,144
Depreciation, amortisation and impairment charges	182,359	152,976
Loss on sale of fixed assets	(5,179)	8,520
(Increase)/decrease in stocks	(329,404)	187,195
(Increase)/decrease in debtors	(35,617)	(644,996)
Increase/(decrease) in creditors	1,059,884	(102,000)
Net cash inflow/outflow from operating activities	1,397,143	378,839

23 Analysis of cash flows

	2012 £	2012 £	2011 £	2011 £
Returns on investment and servicing of finance				
Interest received	195		1,194	
Interest paid	(13,141)		(15,579)	
		(12,946)		(14,385)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(601,282)		(154,630)	
Sale of tangible fixed assets	12,235		16,013	
		(589,047)		(138,617)
Financing				
Repayment of borrowings	(318,276)		(318,276)	
		(318,276)		(318,276)

Notes (continued)

24 Analysis of net debt

	At beginning of year £	Cash flow £	Transfers £	At end of year £
Cash in hand, at bank	2,778,194	271,641	-	3,049,835
Debt due within one year	(318,276)	318,276	(318,276)	(318,276)
Debt due after one year	(1,060,920)	-	318,276	(742,644)
Total	1,398,998	589,917	-	1,988,915

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

	2012 £	2011 £
DRM Furby	-	3,388
EM Giles	-	873
S Longmore	54	-
DA Payne-Shelley	1,291	1,551
C Pomroy	-	918
MA Stacey	-	537
J Wilson	113	784

During the year the company made a loan to DRM Furby, the maximum amount outstanding during the year was £41,378 (2011 £513,576) The balance at year end was £nil (2011 £nil) Included in creditors at the year end is £nil (2011 £nil) owed to DRM Furby The loans exceed £10,000 and therefore contravene section 197 of the Companies Act 2006

Notes *(continued)*

26 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012	2012	2011	2011
	Land and	Other	Land and	Other
	Buildings		Buildings	
	£	£	£	£
Operating leases which expire				
Less than 1 year	-		-	1,467
2 – 5 years	121,530	27,371	121,530	-
Over five years	-	-	-	-
	121,530	27,371	121,530	1,467