

COMPANY REGISTRATION NUMBER 07085326

**HOWORTH AIR TECHNOLOGY LTD**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**



**CLARITY ACCOUNTING LIMITED**

Chartered Accountants & Statutory Auditor

Buckingham House

Myrtle Lane

Billingshurst

West Sussex

RH14 9SG

# HOWORTH AIR TECHNOLOGY LTD

## FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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# **HOWORTH AIR TECHNOLOGY LTD**

## **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2014**

The short and long term prospects for the key market sectors in which Howorth operates, namely Healthcare and Life Sciences (Pharmaceutical), remain strong. Analysis of total market expenditure on products and services currently within Howorth's portfolio, show that there is significant scope for growth before any glass ceilings are reached and Howorth is perceived as having an overly dominant position.

To achieve the long-term (five year) strategic growth, the business will continue to follow the strategy as outlined previously, namely to maintain its position and grow in the UK Medical Sector, focusing on both the Private Sector and NHS, (re)build our position in the Pharmaceutical Sector through the sale of standard and bespoke containment solutions, and increase the revenues generated from annuity service contracts. Geographically, the investment in developing the business in North America and Canada will continue based on the project wins in 2014, the pipeline of identified projects for 2015, and signs that the US authorities are increasing concerned with Hospital acquired infections, especially within an Operating Theatre environment.

Increasing the range of offerings within our Service portfolio, together with growing the user base within the NHS in the UK, will be the cornerstone for growth in Service revenue. Including long-term service contracts with the sales on new items of equipment is contributing to the volume of committed revenue for 2015 and beyond.

The Customer Relationship Management system (CRM) which was initially installed in 2013, was further enhanced in 2014. Over the course of the year, it has provided greater granularity on the market opportunities with the total value of identified projects over a rolling twelve month period, increasing in line with market and sector CAGR projections.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the year were the design, manufacture and installation of sterile air products and building systems for the healthcare sector, toxic substance containment equipment for the pharmaceutical industry with the new additions of aseptic pharmaceutical manufacturing equipment and decontamination services, all covering the UK and selected overseas markets. In addition the company operates Service, Maintenance and Spares activities covering all these sectors.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The full impact of incorrectly costed and poor governance with a small number of high value turnkey projects initially contracted in 2012 and 2013, resulted in a fall in Turnover and Gross Profit in 2014. Once the full extent of the business issues was identified, the resulting investment by the Shareholders, confirming their commitment and belief in the business, and the implementation of a recovery / turnaround plan, was able to stabilise the underlying business, but not reverse the year to date losses.

Order intake for the year, at £16.9m, was 9% less than Target and as part of the recovery program, all Orders were re-validated from a budget and program delivery perspective to ensure that those starting from Q4 FY14 onwards would all deliver a positive financial return. As at end H1 FY15, all projects acquired since Q4 FY14 were performing profitably.

# HOWORTH AIR TECHNOLOGY LTD

## STRATEGIC REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2014

The projects that made a loss in FY13, were delivered in-line with the end-user's requirements and the business has achieved its commitments. During the year, payments to a number of Creditors were delayed outside agreed terms, and as part of the recovery plan, individual plans were put in place, and all Creditors were paid in full.

Confidence in the business by the Shareholders was confirmed through the issue of £2m share

#### MANAGEMENT CHANGES & BUSINESS IMPACT

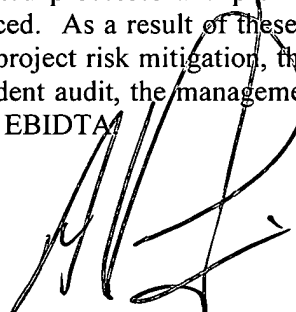
As reported in the Directors' Report accompanying the 2013 Financial Accounts, David Townsend (Finance Director) and Adrian Parkin (Managing Director) left Howorth Air Technology Ltd in Q2 FY14 and Q3 FY14 respectively. The Monthly Board reports provided to Shareholders up until the appointment of Adam Ainslie as Finance Director in Q4 FY14, indicated that the business had made a positive EBIDTA in FY13, and was forecasting an improved, positive EBIDTA in FY14.

Following a rigorous review and the revalidation of the FY13 Management Accounts, it transpired that the business had suffered a £1.3m EBIDTA, loss. A similar process was undertaken for the FY14 Management Accounts, which has resulted in an EBIDTA loss of £2.3m for FY14.

The resulting in depth review of all financial, managerial and operational aspects of the business, as well as a review of the strategy and market opportunity, resulted in additional shareholder investment in late 2014 which has supported the turn-round of the business. The underlying issues which resulted in the losses in FY13 and FY14 can be fully attributed to inaccurate budgeting, and poor execution for three major turnkey projects.

The new leadership of the business has implemented processes and procedures to ensure that all potential projects are correctly budgeted and resourced. As a result of these changes, and combined with the adoption of prudent financial controls and project risk mitigation, the underlying business is trading profitably. Whilst not validated by independent audit, the management reports show that for H1 FY15, the business has produced a small positive EBIDTA.

Signed on behalf of the directors



A Parker  
Director

Approved by the directors on 20/10/15

# HOWORTH AIR TECHNOLOGY LTD

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2014

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

#### RESULTS AND DIVIDENDS

The loss for the year amounted to £2,409,577. The directors have not recommended a dividend.

#### FINANCIAL INSTRUMENTS

The company uses various financial instruments including cash and short term deposits and overdraft facilities. The main risks arising from the company's activities are foreign currency risk and credit risk. The board reviews and agrees policies for managing each risk and they are summarised below:-

##### Foreign currency risk

As a result of sales to customers outside the United Kingdom, the company's profits can be affected by movements in both US dollar and Euro exchange rates. Whilst no specific hedging arrangements are operated the company seeks to offset some of the risks, by, where possible, making payments in US dollars and Euro currencies out of their respective holdings of these currencies. These currencies are partly held in interest bearing deposit accounts that raise additional finance towards to its operations.

##### Credit risk

The company policy is to trade with recognised credit worthy third parties. Trade debtor balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

#### RESEARCH AND DEVELOPMENT

The investment strategy from previous years in Research & Development continued in 2014, with sales being generated from the Exflow Ultra Clean Canopy portfolio, and Aseptic Manufacturing suite of products. The pipeline for 2015 confirms the demand for these products, together with further refined and developed version.

#### THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2014	At 1 January 2014
A Parker	2,000,000	-
T Ford	5	5
J Liptrot	5	5
M Mellor	5	5
A Ainslie	-	-
	<hr/>	<hr/>

# HOWORTH AIR TECHNOLOGY LTD

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STRATEGIC REPORT

Further information regarding the business and its principal risks and uncertainties have been included within the strategic report under section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

### AUDITOR

Clarity Accounting Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
Buckingham House  
Myrtle Lane  
Billingshurst  
West Sussex  
RH14 9SG

Signed on behalf of the directors

  
A Parker  
Director

Approved by the directors on 20/10/15

**HOWORTH AIR TECHNOLOGY LTD**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**HOWORTH AIR TECHNOLOGY LTD**  
**YEAR ENDED 31 DECEMBER 2014**

We have audited the group and parent company financial statements ("the financial statements") of Howorth Air Technology Ltd for the year ended 31 December 2014 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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 Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

**HOWORTH AIR TECHNOLOGY LTD**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**HOWORTH AIR TECHNOLOGY LTD** *(continued)*  
**YEAR ENDED 31 DECEMBER 2014**

**EMPHASIS OF MATTER**

**Emphasis of matter - Going concern**

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group made a net loss of £2,800,830 (2013 - £1,483,913) during the year ended 31 December 2014 and at that date, the group's total liabilities exceeded its total assets by £1,737,636 (2013 - £936,811).

The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the shareholders to generate sufficient further funding and the continued support of the directors and shareholders in providing adequate investment as explained in note 1 to the financial statements.

The financial statements do not include any adjustments that would result from a failure to obtain such funding and support.

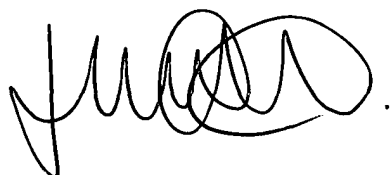
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.



TREVOR JOHN HEWITT FCCA  
(Senior Statutory Auditor)  
For and on behalf of  
CLARITY ACCOUNTING LIMITED  
Chartered Certified Accountants  
& Statutory Auditor

Buckingham House  
Myrtle Lane  
Billingshurst  
West Sussex  
RH14 9SG

28/10/15



# HOWORTH AIR TECHNOLOGY LTD

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>11,718,135</b>	15,948,825
Cost of sales		<u>11,505,731</u>	<u>12,300,437</u>
<b>GROSS PROFIT</b>		<b>212,404</b>	3,648,388
Administrative expenses		2,945,485	5,098,643
Other operating income	3	<u>(1,501)</u>	<u>(2,079)</u>
<b>OPERATING LOSS</b>	<b>4</b>	<b>(2,731,580)</b>	(1,448,176)
Attributable to:			
Operating loss before exceptional items		(2,731,580)	(1,398,609)
Exceptional items	4	<u>—</u>	<u>(49,567)</u>
		<b>(2,731,580)</b>	(1,448,176)
Amounts written off investments	7	(25,000)	—
Interest payable and similar charges	8	<u>48,486</u>	<u>48,781</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,805,066)</b>	(1,496,957)
Tax on loss on ordinary activities	9	<u>(4,236)</u>	<u>(13,044)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>10</b>	<b><u>(2,800,830)</u></b>	<b><u>(1,483,913)</u></b>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 12 to 28 form part of these financial statements.

**HOWORTH AIR TECHNOLOGY LTD**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
Loss for the financial year attributable to the shareholders of the parent company	<b>(2,800,830)</b>	(1,483,913)
Total recognised gains and losses relating to the year	<u><b>(2,800,830)</b></u>	<u>(1,483,913)</u>
Prior year adjustment	–	(102,919)
Total gains and losses recognised since the last annual report	<u><b>(2,800,830)</b></u>	<u>(1,586,832)</u>

The notes on pages 12 to 28 form part of these financial statements.

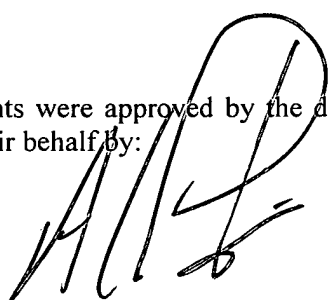
# HOWORTH AIR TECHNOLOGY LTD

## GROUP BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	11	838,270	1,042,606
Tangible assets	12	283,911	236,338
		<u>1,122,181</u>	<u>1,278,944</u>
<b>CURRENT ASSETS</b>			
Stocks	14	1,248,561	473,697
Debtors	15	3,481,978	5,126,145
Cash at bank and in hand		55,852	172,897
		<u>4,786,391</u>	<u>5,772,739</u>
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>6,448,698</u>	<u>6,966,050</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,662,307)</u>	<u>(1,193,311)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(540,126)</u>	<u>85,633</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17	876,396	1,015,677
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	19	22,664	6,767
Other provisions	20	298,450	—
		<u>(1,737,636)</u>	<u>(936,811)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	2,000,105	100
Profit and loss account	24	<u>(3,737,741)</u>	<u>(936,911)</u>
<b>DEFICIT</b>	25	<u>(1,737,636)</u>	<u>(936,811)</u>

These accounts were approved by the directors and authorised for issue on 20/10/15, and are signed on their behalf by:



.....  
A Parker  
Director

The notes on pages 12 to 28 form part of these financial statements.

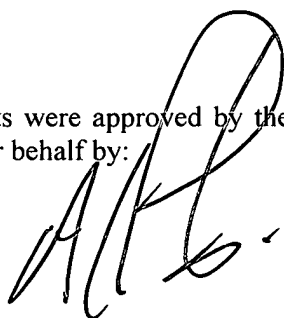
# HOWORTH AIR TECHNOLOGY LTD

## BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	11	838,270	1,042,606
Tangible assets	12	283,202	235,093
Investments	13	615	615
		<u>1,122,087</u>	<u>1,278,314</u>
<b>CURRENT ASSETS</b>			
Stocks	14	1,248,561	473,697
Debtors	15	3,466,732	5,110,777
Cash at bank and in hand		40,599	162,442
		<u>4,755,892</u>	<u>5,746,916</u>
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>6,460,974</u>	<u>6,957,561</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,705,082)</u>	<u>(1,210,645)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(582,995)</u>	<u>67,669</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17	876,396	1,015,677
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	19	22,664	6,767
Other provisions	20	298,450	—
		<u>(1,780,505)</u>	<u>(954,775)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	2,000,105	100
Profit and loss account	24	<u>(3,780,610)</u>	<u>(954,875)</u>
<b>DEFICIT</b>		<u>(1,780,505)</u>	<u>(954,775)</u>

These accounts were approved by the directors and authorised for issue on 20/10/15, and are signed on their behalf by:



.....  
A Parker  
Director

Company Registration Number: 07085326

The notes on pages 12 to 28 form part of these financial statements.

# HOWORTH AIR TECHNOLOGY LTD

## GROUP CASH FLOW

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	26	(1,438,371)	(132,126)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	(48,486)	(48,781)
TAXATION	26	(1,172)	1,464
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(280,964)	(66,849)
CASH OUTFLOW BEFORE FINANCING		<u>(1,768,993)</u>	<u>(246,292)</u>
FINANCING	26	1,888,961	35,131
INCREASE/(DECREASE) IN CASH	26	<u>119,968</u>	<u>(211,161)</u>

The notes on pages 12 to 28 form part of these financial statements.

# **HOWORTH AIR TECHNOLOGY LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### **Turnover**

Turnover comprises the value of sales (excluding VAT, similar taxes and trade discounts) of goods and services provided in the normal course of business.

Revenue is recognised when goods are despatched, which is the same day as goods are delivered and hence is the point at which the risks and rewards of ownership pass to the buyer.

Turnover in respect of service contracts is recognised when the company obtains the right to receive consideration for the services provided.

#### **Research and development**

The company capitalises the initial cost of developing new products to the extent that the new product or technology is:

- a) technically feasible and commercially viable;
- b) clearly defined and expenditure on the product or technology is identifiable;
- c) not a customer funded development; and
- d) expected to generate profits over a period of time in excess of the total projected development costs.

Expenditure which has been capitalised is amortised over its useful economic life up to a maximum of five years from entry in to commercial production.

Development expenditure which does not meet these criteria, and pure research expenditure is charged against profits in the year in which it is incurred.

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES *(continued)*

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	over 10 years
Development costs	-	over 5 years

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	10% on cost per annum
Plant & Machinery	-	20% per annum in cost
Fixtures & Fittings	-	33% per annum on cost
Motor Vehicles	-	25% per annum on cost
Showroom equipment	-	25% per annum on cost

#### **Stocks**

Stock is valued at the lower of cost and net realisable value. Cost is derived from expenditure which has been incurred on products in the normal course of business in bringing the product to its present location and condition. It includes the cost of purchase and freight and the basis of valuation at the period end is from the first in, first out method. Net realisable value is the estimated selling price of a product less the costs to be incurred to complete the sale and provision is also made for slow moving and obsolete items.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**HOWORTH AIR TECHNOLOGY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES** *(continued)*

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Going Concern**

At 31 December 2014 the group had excess liabilities over assets totalling £1,737,636 (2013 - £936,811). The group is dependent upon the continued financial support of its directors and shareholders and on the basis that this support is forthcoming; the directors consider it appropriate for the financial statements to be prepared on the going concern basis.



# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 2. TURNOVER

During the year to 31 December 2014, 20% of the group's turnover was derived from markets outside the United Kingdom (2013 - 25%).

### 3. OTHER OPERATING INCOME

	2014	2013
	£	£
Other operating income	<u>1,501</u>	<u>2,079</u>

### 4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of intangible assets	293,659	207,112
Depreciation of owned fixed assets	83,266	81,602
Depreciation of assets held under hire purchase agreements	36,227	2,094
Profit on disposal of fixed assets	(425)	(1,693)
Auditor's remuneration		
- as auditor	26,663	16,485
Operating lease costs:		
- Other	200,372	175,836
Net loss on foreign currency translation	41,754	31,885
Exceptional administrative expenses 1	<u>-</u>	<u>49,567</u>

#### Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2014	2013
	£	£
Audit	20,250	16,000
Accountancy	4,500	-
Taxation	-	485
Business consultancy	1,913	-
	<u>26,663</u>	<u>16,485</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2014	2013
	No	No
Directors and management	9	10
Sales and operation	27	22
Engineering and servicing	56	50
	<u>92</u>	<u>82</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	3,551,785	3,055,197
Social security costs	401,755	314,498
Other pension costs	2,295	–
	<u>3,955,835</u>	<u>3,369,695</u>

### 6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	447,681	431,669
Value of company pension contributions to money purchase schemes	105	–
	<u>447,786</u>	<u>431,669</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014	2013
	No	No
Money purchase schemes	<u>3</u>	<u>–</u>

### 7. AMOUNTS WRITTEN OFF INVESTMENTS

	2014	2013
	£	£
Amount written off investments	<u>25,000</u>	<u>–</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Interest payable on bank borrowing	22,076	24,106
Finance charges	7,742	7,518
Other similar charges payable	18,668	17,157
	<u>48,486</u>	<u>48,781</u>

### 9. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
<b>UK Taxation</b>		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2013 - 20%)	(23,221)	(17,895)
<b>Foreign tax</b>		
Current tax on income for the year	3,088	-
Total current tax	<u>(20,133)</u>	<u>(17,895)</u>
Deferred tax:		
Origination and reversal of timing differences	15,897	4,851
Tax on loss on ordinary activities	<u>(4,236)</u>	<u>(13,044)</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2013 - 20%).

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(2,805,066)</u>	<u>(1,496,957)</u>
(Loss)/profit on ordinary activities by rate of tax	(561,013)	302,703
Expenses not deductible for tax purposes	613	(1,661)
Capital allowances for period in excess of depreciation	44,678	(38,144)
Unrelieved tax losses	520,421	(248,437)
R & D tax credit claim	42,220	(32,537)
R & D expenditure enhancement	(41,320)	18,076
R & D tax credits	(23,221)	(17,895)
Tax chargeable at other rates	(5,599)	-
Foreign Tax	3,088	-
Total current tax (note 9(a))	<u>(20,133)</u>	<u>(17,895)</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2014

#### 10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was (£2,825,735) (2013 - £(1,500,739)).

#### 11. INTANGIBLE FIXED ASSETS

Group and company	Goodwill £	Intangible 2 £	Total £
<b>COST</b>			
At 1 January 2014	12,494	1,462,045	1,474,539
Additions	25,000	89,323	114,323
Fully written off	(25,000)	–	(25,000)
<b>At 31 December 2014</b>	<b>12,494</b>	<b>1,551,368</b>	<b>1,563,862</b>
<b>AMORTISATION</b>			
At 1 January 2014	4,997	426,936	431,933
Charge for the year	1,251	292,408	293,659
<b>At 31 December 2014</b>	<b>6,248</b>	<b>719,344</b>	<b>725,592</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2014</b>	<b>6,246</b>	<b>832,024</b>	<b>838,270</b>
At 31 December 2013	7,497	1,035,109	1,042,606

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 12. TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>						
At 1 Jan 2014	138,104	247,789	151,965	8,200	47,850	593,908
Additions	1,280	96,717	69,343	–	–	167,340
Disposals	–	(3,284)	(49,079)	(8,200)	(4,747)	(65,310)
<b>At 31 Dec 2014</b>	<b>139,384</b>	<b>341,222</b>	<b>172,229</b>	<b>–</b>	<b>43,103</b>	<b>695,938</b>
<b>DEPRECIATION</b>						
At 1 Jan 2014	29,647	171,673	100,712	7,688	47,850	357,570
Charge for the year	13,938	61,285	43,758	512	–	119,493
On disposals	–	(3,284)	(48,805)	(8,200)	(4,747)	(65,036)
<b>At 31 Dec 2014</b>	<b>43,585</b>	<b>229,674</b>	<b>95,665</b>	<b>–</b>	<b>43,103</b>	<b>412,027</b>
<b>NET BOOK VALUE</b>						
<b>At 31 Dec 2014</b>	<b>95,799</b>	<b>111,548</b>	<b>76,564</b>	<b>–</b>	<b>–</b>	<b>283,911</b>
At 31 Dec 2013	108,457	76,116	51,253	512	–	236,338

#### Hire purchase agreements

Included within the net book value of £283,911 is £123,058 (2013 - £23,291) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £36,227 (2013 - £2,094).

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 12. TANGIBLE FIXED ASSETS *(continued)*

Company	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>						
At 1 Jan 2014	138,104	243,926	151,965	8,200	47,850	590,045
Additions	1,280	95,944	69,343	–	–	166,567
Disposals	–	(3,284)	(49,079)	(8,200)	(4,747)	(65,310)
<b>At 31 Dec 2014</b>	<b>139,384</b>	<b>336,586</b>	<b>172,229</b>	<b>–</b>	<b>43,103</b>	<b>691,302</b>
<b>DEPRECIATION</b>						
At 1 Jan 2014	29,647	169,053	100,712	7,688	47,850	354,950
Charge for the year	13,938	59,978	43,758	512	–	118,186
On disposals	–	(3,284)	(48,805)	(8,200)	(4,747)	(65,036)
<b>At 31 Dec 2014</b>	<b>43,585</b>	<b>225,747</b>	<b>95,665</b>	<b>–</b>	<b>43,103</b>	<b>408,100</b>
<b>NET BOOK VALUE</b>						
<b>At 31 Dec 2014</b>	<b>95,799</b>	<b>110,839</b>	<b>76,564</b>	<b>–</b>	<b>–</b>	<b>283,202</b>
At 31 Dec 2013	108,457	74,873	51,253	512	–	235,095

#### Hire purchase agreements

Included within the net book value of £283,202 is £123,058 (2013 - £23,291) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £36,227 (2013 - £2,094).

### 13. INVESTMENTS

Company	Group companies £
<b>COST</b>	
At 1 January 2014 and 31 December 2014	<b>615</b>
<b>NET BOOK VALUE</b>	
At 31 December 2014 and 31 December 2013	<b>615</b>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 13. INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of Howorth Air Technology Inc. a company registered in the United States of America.

Aggregate capital and reserves	<b>2014</b>	2013
	£	£
Howorth Air Technology Inc.	34,671	18,969
Profit for the year	<b>2014</b>	2013
	£	£
Howorth Air Technology Inc.	15,096	17,216

The principal activity of Howorth Air Technology Inc. is the sale and installation of sterile air products for the healthcare sector and toxic substance containment equipment for the pharmaceutical industry.

### 14. STOCKS

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	£	£	£	£
Raw materials	<b>166,818</b>	212,732	<b>166,818</b>	212,732
Work in progress	<b>1,081,743</b>	260,965	<b>1,081,743</b>	260,965
	<u><b>1,248,561</b></u>	<u>473,697</u>	<u><b>1,248,561</b></u>	<u>473,697</u>

### 15. DEBTORS

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	£	£	£	£
Trade debtors	<b>2,869,988</b>	4,750,043	<b>2,869,988</b>	4,750,043
Amounts recoverable on contracts	<b>193,014</b>	–	<b>193,014</b>	–
Corporation tax repayable	<b>37,736</b>	16,431	<b>37,736</b>	16,431
VAT recoverable	–	130,494	–	130,494
Other debtors	<b>88,035</b>	25,838	<b>88,035</b>	25,838
Prepayments and accrued income	<b>293,205</b>	203,339	<b>277,959</b>	187,971
	<u><b>3,481,978</b></u>	<u>5,126,145</u>	<u><b>3,466,732</b></u>	<u>5,110,777</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Debenture loans	–	12,130	–	–
Overdrafts	381,502	618,515	381,502	618,515
Payments received on account	491,053	–	491,053	–
Trade creditors	1,688,279	4,167,879	1,685,613	4,159,346
Amounts owed to group undertakings	–	51,486	50,114	63,660
Hire purchase agreements	47,691	7,324	47,691	7,324
Directors' loan accounts	111,972	149,472	111,972	149,472
Other taxation and social security	277,812	210,229	278,038	210,229
Other creditors	1,613,733	1,308,116	1,613,733	1,308,116
Outstanding pension contributions	5,078	–	5,078	–
Accruals and deferred income	1,831,578	440,899	1,796,180	440,899
	<u>6,448,698</u>	<u>6,966,050</u>	<u>6,460,974</u>	<u>6,957,561</u>

### 16. CREDITORS: Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Overdrafts	381,502	618,515	381,502	618,515
Hire purchase agreements	47,691	7,324	47,691	7,324
	<u>429,193</u>	<u>625,839</u>	<u>429,193</u>	<u>625,839</u>

### 17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts owed to group undertakings	–	1,000,000	–	1,000,000
Hire purchase agreements	75,799	15,677	75,799	15,677
Other creditors	800,597	–	800,597	–
	<u>876,396</u>	<u>1,015,677</u>	<u>876,396</u>	<u>1,015,677</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Hire purchase agreements	<u>75,799</u>	<u>15,677</u>	<u>75,799</u>	<u>15,677</u>



# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2014 £	2013 £
<b>Group and Company</b>		
Amounts payable within 1 year	47,691	7,324
Amounts payable between 2 to 5 years	75,799	15,677
	<u>123,490</u>	<u>23,001</u>

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	2014 £	2013 £	2014 £	2013 £
Provision brought forward	6,767	1,916	6,767	1,916
Increase in provision	15,897	4,851	15,897	4,851
Provision carried forward	<u>22,664</u>	<u>6,767</u>	<u>22,664</u>	<u>6,767</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2014</b>		<b>2013</b>	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	22,664	-	6,767	-
Tax losses available	-	(768,886)	-	(248,490)
	<u>22,664</u>	<u>(768,886)</u>	<u>6,767</u>	<u>(248,490)</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Company</b>	<b>2014</b>		<b>2013</b>	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	22,664	-	6,767	-
Tax losses available	-	(768,886)	-	(248,490)
	<u>22,664</u>	<u>(768,886)</u>	<u>6,767</u>	<u>(248,490)</u>

The unprovided for tax asset in respect of tax losses available is not carried on the balance sheet of the group or the company as there is insufficient evidence to suggest recovery of the asset. If the company were to become profitable then the tax assets could become recoverable.

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 20. OTHER PROVISIONS

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expected losses on long term contracts:	<u>298,450</u>	<u>-</u>	<u>298,450</u>	<u>-</u>

### 21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as set out below.

<b>Group</b>	<b>Assets other than Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 1 year	13,652	-
Within 2 to 5 years	<u>23,438</u>	<u>52,302</u>
	<u>37,090</u>	<u>52,302</u>

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

<b>Company</b>	<b>Assets other than land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 1 year	13,652	-
Within 2 to 5 years	<u>23,438</u>	<u>52,302</u>
	<u>37,090</u>	<u>52,302</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 22. RELATED PARTY TRANSACTIONS

The group was under the control of A Parker throughout the current and previous year. A Parker is the majority shareholder.

During the year the group was charged an amount totalling £6,091 (2013 - £408) in respect of services provided to the group by Chess Building Service Engineers, a business owned by A Parker. At 31 December 2014 the group owed Chess Building Service Engineers an amount totalling £408 (2013 - £408).

During the year to 31 December 2014 the group was charged £81,000 (2013 - £78,000) in rent by Howorth Westbury Properties Limited a company controlled by A Parker. At 31 December 2014 the group owed Howorth Westbury Properties Limited an amount totalling £22,500 (2013 - £19,500).

During the year to 31 December 2014 the group was charged £22,620 (2013 - £Nil) by JEM Finance Solutions, a business owned by A Ainslie for professional services. At 31 December 2014 the group owed JEM Finance Solutions an amount totalling £9,300 (2013 - £Nil).

During the year to 31 December 2014 the group was charged £18,000 (2013 - £14,400) by R Prophet for professional services. At 31 December 2014 the group owed R Prophet an amount totalling £Nil (2013 - £14,400). In addition at the year end R Prophet was owed £50,000 in respect of a loan made to the group during the year. This amount has been advanced to the group at a rate of 4% over base rate with no formal repayment terms.

During the year to 31 December 2014 the group was charged £32,920 (2013 - £Nil) by Aston Alexander Limited for professional services a company controlled by R Prophet. At the year end the group was owed £620.88 (2013 - £Nil). This advance is advanced to the company on an interest free basis with no formal repayment terms.

During the year the group charged Westbury Filtermation Limited a company controlled by A Parker, an amount totalling £63,387 (2013 - £33,056) in respect in management charges. At 31 December 2014 the group was owed £39,008 in regard to these charges. The group made purchases of £177,464 (2013 - £80,153) from Westbury Filtermation Limited. The group owed £16,460 in relation to these purchases. These outstanding balances are advanced on an interest free basis with no formal repayment terms. In addition Westbury Filtermation has loaned £350,000 (2013 - £Nil) to the group in the form of a loan. This amount has been loaned to the group on an interest free basis with no formal repayment terms.

At 31 December 2014 the group owed The Parker Family Trust, whom A Parker a director is trustee of £977,000 (2013 - £Nil). This amount has been advanced to the group at a rate of 5% and is being repaid over 5 years. This amount is secured on the shares of Howorth Air Technology Limited held by A Parker in the way of personal guarantee.

At 31 December 2014 the group owed Howorth Westbury Holdings Limited, a company A Parker is in control of £576,726 (2013 - £1,014,608). This amount has been advanced to the group on an interest free basis with no formal repayment terms.

At 31 December 2014 the group owed A Parker a director £111,972 (2013 - £149,472). This amount is advanced to the group on an interest free basis with no formal repayment terms.

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 23. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares (2013 - 100) of £1 each	<u>2,000,105</u>	<u>2,000,105</u>	<u>100</u>	<u>100</u>

During the year to 31 December 2014 the group issued 2,000,005 Ordinary shares of £1 shares at par value for cash to A Parker a director of the group.

### 24. RESERVES

Group	Profit and loss account £
Balance brought forward	(936,911)
Loss for the year	<u>(2,800,830)</u>
Balance carried forward	<u>(3,737,741)</u>
Company	Profit and loss account £
Balance brought forward	(954,875)
Loss for the year	<u>(2,825,735)</u>
Balance carried forward	<u>(3,780,610)</u>

### 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Loss for the financial year	(2,800,830)	(1,483,913)
New ordinary share capital subscribed	<u>2,000,005</u>	<u>—</u>
Net reduction to shareholders' (deficit)/funds	(800,825)	(1,483,913)
Opening shareholders' (deficit)/funds	(936,811)	650,021
Prior year adjustment	<u>—</u>	<u>(102,919)</u>
Closing shareholders' deficit	<u>(1,737,636)</u>	<u>(936,811)</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 26. NOTES TO THE CASH FLOW STATEMENT

#### RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(2,731,580)	(1,448,176)
Amortisation	293,659	207,112
Depreciation	119,493	83,696
Profit on disposal of fixed assets	(425)	(1,693)
(Increase)/decrease in stocks	(774,864)	52,039
Decrease/(increase) in debtors	1,665,472	(1,317,809)
(Decrease)/increase in creditors	(308,576)	2,292,705
Increase in provisions	298,450	—
Net cash outflow from operating activities	<u>(1,438,371)</u>	<u>(132,126)</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 £	2013 £
Interest paid	(40,744)	(41,263)
Interest element of hire purchase	<u>(7,742)</u>	<u>(7,518)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(48,486)</u>	<u>(48,781)</u>

#### TAXATION

	2014 £	2013 £
Taxation	<u>(1,172)</u>	<u>1,464</u>

#### CAPITAL EXPENDITURE

	2014 £	2013 £
Payments to acquire intangible fixed assets	(114,323)	—
Payments to acquire tangible fixed assets	(167,340)	(72,247)
Receipts from sale of fixed assets	699	5,398
Net cash outflow from capital expenditure	<u>(280,964)</u>	<u>(66,849)</u>

# HOWORTH AIR TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

#### FINANCING

	2014 £	2013 £
Issue of equity share capital	2,000,005	—
(Repayment of)/increase in debenture loans	(12,130)	12,130
Repayment of long-term amounts owed to group undertakings	(1,000,000)	—
Capital element of hire purchase	100,489	23,001
Net inflow from other long-term creditors	800,597	—
Net cash inflow from financing	<u>1,888,961</u>	<u>35,131</u>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £	2013 £
Increase/(decrease) in cash in the period	119,968	(211,161)
Net cash outflow from/(inflow) from debenture loans	12,130	(12,130)
Net cash outflow from long-term amounts owed to group undertakings	1,000,000	—
Cash outflow in respect of hire purchase	(100,489)	(23,001)
Net cash (inflow) from other long-term creditors	<u>(800,597)</u>	<u>—</u>
	<u>231,012</u>	<u>(246,292)</u>
Change in net debt	231,012	(246,292)
Net debt at 1 January 2014	<u>(1,480,749)</u>	<u>(1,234,457)</u>
Net debt at 31 December 2014	<u>(1,249,737)</u>	<u>(1,480,749)</u>

#### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Net cash:			
Cash in hand and at bank	172,897	(117,045)	55,852
Overdrafts	<u>(618,515)</u>	<u>237,013</u>	<u>(381,502)</u>
	<u>(445,618)</u>	<u>119,968</u>	<u>(325,650)</u>
Debt:			
Debt due within 1 year	(12,130)	12,130	—
Debt due after 1 year	<u>(1,000,000)</u>	<u>199,403</u>	<u>(800,597)</u>
Hire purchase agreements	<u>(23,001)</u>	<u>(100,489)</u>	<u>(123,490)</u>
	<u>(1,035,131)</u>	<u>111,044</u>	<u>(924,087)</u>
Net debt	<u>(1,480,749)</u>	<u>231,012</u>	<u>(1,249,737)</u>