



Grant Thornton

Financial statements Sharkey & Co Limited

For the Year Ended 31 March 2009

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COMPANIES HOUSE

Company No. 973918

Company information

Company registration number	973918
Registered office	Vincent Court Hubert Street Aston Lock Birmingham B6 4BA
Directors	P T Sharkey E T Sharkey N M Heath K P Sharkey
Secretary	K P Sharkey
Solicitors	Grove Tompkins Bosworth 54 Newhall Street Birmingham B3 3QG
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Enterprise House 115 Edmund Street Birmingham West Midlands B3 2HJ

Index to the financial statements

Report of the directors	3 - 5
Report of the independent auditor	6 - 7
Principal accounting policies	8 - 9
Profit and loss account	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 - 22

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2009.

Principal activities and business review

The principal activity of the company during the year was that of the provision of roofing and cladding services.

The key performance indicators of the business are turnover, gross profit margin and operating profit margin. These are discussed below:

The turnover level of £11.85m is down 11.3% on last year (2007 - £13.35m). This is primarily due to differences in the size and nature of the contracts that the company undertook. The directors are satisfied with the turnover level and feel this shows the company is still winning a healthy share of work within the industry.

The company's gross profit margin was 23.4% (2008 - 16.6%) (calculated using gross profit over cost of sales). The key contributor to this rise is the increased levels of profitability caused by certain contracts with higher than average margins during the year.

Operating profit margin was 3.2 % (2008 - 0.14%) (calculated using operating profit over cost of sales). The directors are confident that the performance for the year ended 31 March 2009 can be maintained into the future.

The key risks faced by the business are competition from other firms in the industry and the uncertainty of turnover due to the contractual nature of the business. The company has a healthy order book for the year ending 31 March 2010 and the directors fully expect the company to remain profitable for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to £213,289 (2008: £15,328). The directors have not recommended a dividend.

Financial risk management objectives and policies

The company's principal financial instruments comprise a bank overdraft, bank loans, hire purchase contracts and cash. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to the company's bank overdraft facility. The company finances specific plant acquisitions via hire purchases contracts or loans secured specifically on the assets being acquired.

The bank overdraft facility is at a floating rate. Hire purchase contracts, finance leases and the bank loan are at fixed rates.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans and hire purchase contracts.

Credit risk

The company trades with only recognised, creditworthy third parties. It is the company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Directors

The directors who served the company during the year were as follows:

P T Sharkey
E T Sharkey
N M Heath
K P Sharkey (appointed 14 April 2008)

Directors' responsibilities

The directors are responsible for preparing 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent;
- 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibilities (continued)

In so far as the directors are aware:

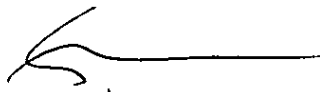
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

BY ORDER OF THE BOARD

K P Sharkey
Secretary
Date:



(3/06)09



Report of the independent auditor to the members of Sharkey & Co Limited

We have audited the financial statements of Sharkey & Co Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement, and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of Sharkey & Co Limited (continued)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
BIRMINGHAM

Date: *13 August 2009*

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies are set out below and remain unchanged from the previous year.

Turnover

Turnover is the total amount receivable by the Company in the ordinary course of business for work executed and services provided, excluding VAT and including the value of work done during the year but not invoiced.

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:

Plant & machinery	- 15% reducing balance
Office fixtures & fittings	- 20% reducing balance
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs incurred. The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Long term contract balances included in stocks are stated at cost after provision has been made for any foreseeable losses and the deduction of applicable amounts invoiced on account.

Payments on account are included in creditors to the extent that they are in excess of amounts matched with turnover and amounts offset against long term contract balances.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Leased assets

Assets held under finance leases and hire purchase agreements are capitalised in the balance sheet and depreciated over their useful economic lives. 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.

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 on all timing differences where the transactions or events that give the company an obligation to pay more or less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

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.

Profit and loss account

	Note	2009 £	2008 £
Turnover	1	11,850,992	13,354,308
Cost of sales		<u>9,606,131</u>	<u>11,455,565</u>
Gross profit		2,244,861	1,898,743
Other operating charges	2	2,000,166	1,959,063
Other operating income	3	<u>(66,000)</u>	<u>(76,000)</u>
Operating profit	4	310,695	15,680
Interest payable and similar charges	7	6,501	11,506
Profit on ordinary activities before taxation		304,194	4,174
Tax on profit on ordinary activities	8	90,905	(11,154)
Profit for the financial year	21	<u>213,289</u>	<u>15,328</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

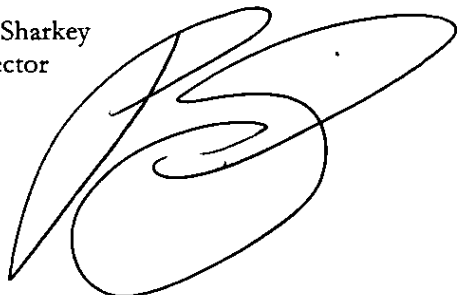
The accompanying principal accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	9	<u>213,475</u>	<u>282,709</u>
Current assets			
Stocks	10	1,670,694	1,750,559
Debtors	11	2,574,850	1,552,626
Cash in hand		2,094	7,648
		<u>4,247,638</u>	<u>3,310,833</u>
Creditors: amounts falling due within one year	12	<u>3,675,020</u>	<u>2,975,049</u>
Net current assets		<u>572,618</u>	<u>335,784</u>
Total assets less current liabilities		<u>786,093</u>	<u>618,493</u>
Creditors: amounts falling due after more than one year	13	<u>3,392</u>	<u>41,510</u>
		<u>782,701</u>	<u>576,983</u>
Provisions for liabilities			
Deferred taxation	16	-	7,571
		<u>782,701</u>	<u>569,412</u>
Capital and reserves			
Called-up equity share capital	19	7,280	7,280
Other reserves	20	4,461	4,461
Profit and loss account	21	770,960	557,671
Shareholders' funds	22	<u>782,701</u>	<u>569,412</u>

These financial statements were approved by the directors and authorised for issue on 13/2/09, and are signed on their behalf by:

P T Sharkey
 Director



The accompanying principal accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	23	(7,691)	4,236
Returns on investments and servicing of finance	23	(6,501)	(11,506)
Taxation	23	(22,541)	(19,233)
Capital expenditure and financial investment	23	(34,413)	295
Cash outflow before financing		<u>(71,146)</u>	<u>(26,208)</u>
Financing	23	(43,498)	(60,475)
Decrease in cash	23	<u>(114,644)</u>	<u>(86,683)</u>

The accompanying principal accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company, wholly undertaken within the United Kingdom.

2 Other operating charges

	2009 £	2008 £
Distribution costs	210,350	196,397
Administrative expenses	1,789,816	1,762,666
	<u>2,000,166</u>	<u>1,959,063</u>

3 Other operating income

	2009 £	2008 £
Other operating income	<u>76,000</u>	<u>76,000</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of owned fixed assets	72,676	67,055
Depreciation of assets held under hire purchase agreements	23,927	46,859
Loss/(profit) on disposal of fixed assets	7,044	(218)
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the financial statements	15,000	14,450
Fees payable to the company's auditor and its associates for other services:		
Other services relating to taxation compliance and advice	1,750	1,750
Operating lease costs:		
Plant and equipment	24,146	10,483
Other	<u>102,000</u>	<u>102,000</u>

5 Directors and employees

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

	2009 No	2008 No
Number of production staff	13	18
Number of administrative staff	24	25
	<u>37</u>	<u>43</u>

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	1,207,512	1,362,612
Social security costs	144,034	139,038
Other pension costs	21,898	22,066
	<u>1,373,444</u>	<u>1,523,716</u>

6 Directors

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments receivable	231,389	190,618
Value of company pension contributions to money purchase schemes	17,000	22,066
	<u>248,389</u>	<u>212,684</u>

Emoluments of highest paid director:

	2009 £	2008 £
Total emoluments (excluding pension contributions)	91,599	100,984
Value of company pension contributions to money purchase schemes	2,000	2,000
	<u>93,599</u>	<u>102,984</u>

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

	2009 No	2008 No
Money purchase schemes	<u>3</u>	<u>2</u>

7 Interest payable and similar charges

	2009	2008
	£	£
Finance charges payable under hire purchase agreements	<u>6,501</u>	<u>11,506</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year:

	2008	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008: 20%)	103,500	22,591
(Over)/under provision in prior year	<u>(5,024)</u>	<u>(20,973)</u>
Total current tax	98,476	1,618
Deferred tax:		
Origination and reversal of timing differences	(10,599)	(12,772)
Effect of change in tax rate	<u>3,028</u>	<u>-</u>
Total deferred tax	(7,571)	(12,772)
Tax on profit on ordinary activities	<u>90,905</u>	<u>(11,154)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2008: 30%).

	2009	2008
	£	£
Profit on ordinary activities before taxation	<u>304,194</u>	<u>4,174</u>
Profit on ordinary activities by rate of tax	85,174	1,252
Expenses not deductible for tax purposes	8,524	18,908
Depreciation in excess of capital allowances	9,890	12,232
Marginal relief	(88)	(9,801)
Adjustments to tax charge in respect of previous periods	<u>(5,024)</u>	<u>(20,973)</u>
Total current tax (note 9(a))	<u>98,476</u>	<u>1,618</u>

9 Tangible fixed assets

	Plant & equipment £	Office fittings & equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2008	281,543	166,472	324,938	279,531	1,052,484
Additions	1,590	2,089	34,802	13,682	52,163
Disposals	–	(2,455)	(67,097)	(202,035)	(271,587)
At 31 March 2009	<u>283,133</u>	<u>166,106</u>	<u>292,643</u>	<u>91,178</u>	<u>833,060</u>
Depreciation					
At 1 April 2008	217,553	139,349	177,470	235,403	769,775
Charge for the year	9,099	4,872	60,432	22,200	96,603
On disposals	–	(767)	(50,390)	(195,636)	(246,793)
At 31 March 2009	<u>226,652</u>	<u>143,454</u>	<u>187,512</u>	<u>61,967</u>	<u>619,585</u>
Net book value					
At 31 March 2009	<u>56,481</u>	<u>22,652</u>	<u>105,131</u>	<u>29,211</u>	<u>213,475</u>
At 31 March 2008	<u>63,990</u>	<u>27,123</u>	<u>147,468</u>	<u>44,128</u>	<u>282,709</u>

Included within the net book value of £213,475 is £44,901 (2008: £100,854) 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 £23,927 (2008: £46,859).

10 Stocks

	2009 £	2008 £
Raw materials	200,250	167,423
Work in progress	<u>1,470,444</u>	<u>1,583,136</u>
	<u>1,670,694</u>	<u>1,750,559</u>

11 Debtors

	2009	2008
	£	£
Trade debtors	1,583,540	949,064
Amounts owed by group undertakings	361,895	284,147
Other debtors	123,179	56,813
Directors current accounts	102,234	75,788
Prepayments and accrued income	404,002	186,814
	<u>2,574,850</u>	<u>1,552,626</u>

Included within trade debtors are retentions of £779,972 (2008: £869,260). These amounts are not always collected within one year.

Included within trade debtors are amounts of £228,793 (2008: £63,284) due from Sharkey Fabrication Limited and £151,856 (2008: £nil) due from Sharkey Aluminium Limited (see note 18).

Included within debtors at the year end are amounts due from directors. Mr P T Sharkey owed the company £28,668 (2008: £24,107), Mr N M Heath owed the company £60,206 (2008: £51,681) and K P Sharkey owed the company £13,360 (2008: £nil). The maximum balances outstanding during the year were £28,668 (2008: £24,107), £60,206 (2008: £51,681) and £13,360 (2008: £nil) for Mr P T Sharkey, Mr N M Heath and Mr K P Sharkey respectively. Interest has not been charged on the loans.

Included within debtors above are amounts owed by group undertakings which are due in more than one year of £283,146 (2008: £283,146).

12 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	576,747	472,108
Payments received on account	122,376	68,763
Trade creditors	2,166,476	1,536,468
Amounts owed to group undertakings	54,832	41,911
Corporation tax	110,067	27,565
Other taxation and social security	59,513	124,118
Amounts due under hire purchase agreements	43,905	44,834
Other creditors	68,000	409,855
Accruals and deferred income	473,104	249,427
	<u>3,675,020</u>	<u>2,975,049</u>

The bank loan and overdraft are secured by a mortgage debenture dated 15 April 1999 over all company assets and an unlimited cross guarantee dated 17 July 2001 between Sharkey & Co Limited and Sharkey Holdings Limited.

The hire purchase agreements are secured on the assets to which they relate.

Included within trade creditors is an amount of £534,536 (2008: £nil) due to Sharkey Fabrication Limited and £104,443 (2008: £nil) due to Sharkey Aluminium Limited (see note 18).

13 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts due under hire purchase agreements	<u>3,392</u>	<u>41,510</u>

The hire purchase agreements are secured on the assets to which they relate.

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2009	2008
	£	£
Amounts payable within 1 year	43,905	44,834
Amounts payable between 1 and 2 years	<u>3,392</u>	<u>41,510</u>
	<u>47,297</u>	<u>86,344</u>

15 Pensions

The pension contributions represent payments into defined contribution schemes and the charge for the year was £21,898 (2008: £22,066).

16 Deferred taxation

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

	2009	2008
	£	£
Provision brought forward	7,571	20,343
Profit and loss account movement arising during the year	<u>(7,571)</u>	<u>(12,772)</u>
Provision carried forward	<u>-</u>	<u>7,571</u>

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

	2009	2008
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>7,571</u>

There was no unprovided deferred taxation at 31 March 2009 or 31 March 2008.

17 Leasing commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land & buildings	Other items	Land & buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	10,483
Between 2 and 5 years	-	50,700	-	-
After more than 5 years	102,000	-	102,000	-
	<u>102,000</u>	<u>-</u>	<u>102,000</u>	<u>10,483</u>

18 Related party transactions

The company is a wholly owned subsidiary of Sharkey Holdings Limited, a company incorporated in the United Kingdom. The group is controlled by Mr P T Sharkey being the majority shareholder of the holding company.

During the year the company entered into transactions with the following related companies on an arms length basis:

Sharkey Holdings Limited, Sharkey Fabrication Limited and Sharkey Aluminium Systems Limited, all of which companies are controlled by Mr P T Sharkey.

Sharkey & Co Limited Retirement Benefit Scheme, Mr P T Sharkey is a trustee and a beneficiary of the scheme.

Transactions during the year:

The company has made purchases of £nil (2008: £53,365) and sales of £9,886 (2008: £1,241) from Sharkey Holdings Limited.

The company has paid rent and management charges to Sharkey Holdings Limited on an arms length basis of £102,000 (2008: £102,000) and £7,500 (2008: £7,500) respectively. The company was owed a balance from Sharkey Holdings Limited at the year end of £361,895 (2008: £284,147) and owed a balance to Sharkey Holdings Limited at the year end of £54,832 (2008: £41,911).

The company has purchased goods and services from Sharkey Fabrication Limited of £1,320,316 (2008: £1,477,655) and the company owed a balance to Sharkey Fabrication Limited at the year end of £534,536 (2008: £409,855).

The company has made sales recharges to Sharkey Fabrication Limited of £347,476 (2008: £116,213) and the company was owed a balance from Sharkey Fabrication Limited at the year end of £228,793 (2008: £88,284).

The company has received rent and management charges from Sharkey Fabrication Limited of £51,000 (2008: £51,000) and £15,000 (2008: £25,000) respectively.

The company has paid pension contributions to Sharkey & Co Limited Retirement Benefit Scheme of £21,898 (2008: £22,066). The company was owed a loan balance from Sharkey & Co Limited Retirement Benefit Scheme at the year end of £nil (2008: £3,309).

18 Related party transactions (continued)

The company has purchased goods and services from Sharkey Aluminium Systems Limited of £99,820 (2008: £nil) and the company owed a balance to Sharkey Aluminium Systems at the year end of £104,443 (2008: £nil).

The company has made sales recharges to Sharkey Aluminium Systems Limited of £64,400 (2008: £nil) and the company was owed a balance from Sharkey Aluminium Systems Limited at the year end of £151,856 (2008: £nil).

19 Share capital

Authorised share capital:

	2009	2008
	£	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	<u>7,280</u>	<u>7,280</u>	<u>7,280</u>	<u>7,280</u>

20 Other reserves

	2009	2008
	£	£
Capital redemption reserve	<u>4,461</u>	<u>4,461</u>

21 Profit and loss account

	2009	2008
	£	£
Balance brought forward	557,671	542,343
Profit for the financial year	<u>213,289</u>	<u>15,328</u>
Balance carried forward	<u>770,960</u>	<u>557,671</u>

22 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	213,289	15,328
Opening shareholders' funds	<u>569,412</u>	<u>554,084</u>
Closing shareholders' funds	<u>782,701</u>	<u>569,412</u>

23 Notes to the statement of cash flows

Reconciliation of operating profit to net cash outflow from operating activities

	2009 £	2008 £
Operating profit	310,695	15,680
Depreciation	96,603	113,914
Loss/(profit) on disposal of fixed assets	7,044	(218)
Decrease in stocks	79,865	75,276
(Increase)/decrease in debtors	(1,022,224)	297,239
Increase/(decrease) in creditors	520,326	(497,655)
Net cash (outflow)/inflow from operating activities	<u>(7,691)</u>	<u>4,236</u>

Returns on investments and servicing of finance

	2009 £	2008 £
Interest element of hire purchase	(6,501)	(11,506)
Net cash outflow from returns on investments and servicing of finance	<u>(6,501)</u>	<u>(11,506)</u>

Taxation

	2009 £	2008 £
Taxation	(22,541)	(19,233)

Capital expenditure

	2009 £	2008 £
Payments to acquire tangible fixed assets	(52,163)	(17,525)
Receipts from sale of fixed assets	17,750	17,820
Net cash (outflow)/inflow from capital expenditure	<u>(34,413)</u>	<u>295</u>

Financing

	2009 £	2008 £
Repayment of bank loans	(4,451)	(3,328)
Capital element of hire purchase	(39,047)	(57,147)
Net cash outflow from financing	<u>(43,498)</u>	<u>(60,475)</u>

23 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Decrease in cash in the period	(114,644)	(86,683)
Net cash outflow from bank loans	4,451	3,328
Cash outflow in respect of hire purchase agreements	39,047	57,147
	<u>(71,146)</u>	<u>(26,208)</u>
Change in net debt	(71,146)	(26,208)
Net debt at 1 April 2008	(550,804)	(524,596)
Net debt at 31 March 2009	<u>(621,950)</u>	<u>(550,804)</u>

Analysis of changes in net debt

	At 1 Apr 2008 £	Cash flows £	At 31 Mar 2009 £
Net cash:			
Cash in hand and at bank	7,648	(5,554)	2,094
Overdrafts	(455,198)	(109,090)	(564,288)
	<u>(447,550)</u>	<u>(114,644)</u>	<u>(562,194)</u>
Debt:			
Bank loan due within 1 year	(16,910)	4,451	(12,459)
Hire purchase agreements	(86,344)	39,047	(47,297)
	<u>(103,254)</u>	<u>43,498</u>	<u>(59,756)</u>
Net debt	<u>(550,804)</u>	<u>(71,146)</u>	<u>(621,950)</u>

24 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2009 or 31 March 2008.

25 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2009 or 31 March 2008.

26 Ultimate parent company

The company is a wholly owned subsidiary of Sharkey Holdings Limited, a company incorporated in the United Kingdom. The registered office of the holding company is Vincent Court, Hubert Street, Aston Lock, Birmingham, B6 4BA.

The ultimate controlling party is P T Sharkey by virtue of his majority shareholding in Sharkey Holdings Limited.