

Company Registration No. 02168309 (England and Wales)

Arena Group Limited

Directors' Report and Financial Statements For The Year Ended 30 September 2011

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ARENA GROUP LIMITED

COMPANY INFORMATION

Directors

R A Doyle
A J Fitzpatrick
B M Turner
M H Wells

Secretary

A J Fitzpatrick

Company number

02168309

Registered office

Stable Court
Beechwoods
Elmete Lane
Roundhay
LEEDS
LS8 2LQ

Auditors

Garbutt & Elliott LLP
Stable Court
Beechwoods
Elmete Lane
Roundhay
LEEDS
LS8 2LQ

Bankers

Yorkshire Bank PLC
14 Broadway
BRADFORD
BD1 1EZ

ARENA GROUP LIMITED

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ARENA GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

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

Principal activities and review of the business

The principal activities of the company in the year under review were those of electronic document management and IT solutions for businesses, and the sale of copiers, printers, duplicators and print software with service and support

Turnover for the year totalled £12,122,071 (2010 - £11,499,786) and profit before tax for the year totalled £586,940 (2010 - £882,428) The net asset position at the balance sheet date was £1,610,799 (2010 - £1,322,025) The company has grown in the year, as anticipated, and is expected to continue to grow in the foreseeable future

The key business risks and uncertainties affecting the company are considered to relate to competition and general economic conditions

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

The company does not actively use financial instruments as part of its financial risk management It is exposed to the usual credit risk and cash flow associated with selling on credit and manages this through credit control procedures The nature of its financial instruments means that they are not subject to a price risk or liquidity risk

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

Future developments

The external commercial environment is expected to remain competitive in 2011/12 Global factors such as the slow economic recovery and issues over the availability of finance, are expected to have some impact on the company However, the directors are confident that the company will continue to grow in the foreseeable future and are optimistic about future prospects of the company

Directors

The following directors have held office since 1 October 2010

R A Doyle
A J Fitzpatrick
B M Turner
M H Wells

Charitable donations	2011 £	2010 £
During the year the company made the following payments		
Charitable donations	2,485	7,320

ARENA GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

Auditors

Garbutt & Elliott LLP were appointed auditors to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

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 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 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A J Fitzpatrick

Director

06/11/2012

ARENA GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARENA GROUP LIMITED

We have audited the financial statements of Arena Group Limited for the year ended 30 September 2011 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 pages 1 - 2, 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 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 30 September 2011 and of its profit 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.

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.

ARENA GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ARENA GROUP LIMITED

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



**Richard Green (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott LLP**

13 February 2012

**Chartered Accountants
Statutory Auditor**

Stable Court
Beechwoods
Elmete Lane
Roundhay
LEEDS
LS8 2LQ

ARENA GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	12,122,071	11,499,786
Cost of sales		(8,472,494)	(7,925,396)
Gross profit		3,649,577	3,574,390
Administrative expenses		(3,056,912)	(2,680,082)
Operating profit	3	592,665	894,308
Other interest receivable and similar income	4	137	-
Interest payable and similar charges	5	(5,862)	(11,880)
Profit on ordinary activities before taxation		586,940	882,428
Tax on profit on ordinary activities	6	(298,166)	(431,929)
Profit for the year	16	288,774	450,499

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

ARENA GROUP LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	8	4,000,000		4,500,000	
Tangible assets	9	155,366		239,980	
		<u>4,155,366</u>		<u>4,739,980</u>	
Current assets					
Stocks	10	683,865		457,087	
Debtors	11	1,931,576		1,537,202	
Cash at bank and in hand		1,422		564,238	
		<u>2,616,863</u>		<u>2,558,527</u>	
Creditors. amounts falling due within one year	12	<u>(2,698,772)</u>		<u>(3,209,349)</u>	
Net current liabilities			<u>(81,909)</u>		<u>(650,822)</u>
Total assets less current liabilities			<u>4,073,457</u>		<u>4,089,158</u>
Creditors. amounts falling due after more than one year	13		<u>(2,459,658)</u>		<u>(2,748,936)</u>
Provisions for liabilities	14		<u>(3,000)</u>		<u>(18,197)</u>
			<u>1,610,799</u>		<u>1,322,025</u>
Capital and reserves					
Called up share capital	15	1,100		1,100	
Profit and loss account	16	1,609,699		1,320,925	
Shareholders' funds	17	<u>1,610,799</u>		<u>1,322,025</u>	

Approved by the Board and authorised for issue on

06/02/2012


M H Wells
Director

Company Registration No 02168309

ARENA GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		59,440		5,918,330
Returns on investments and servicing of finance				
Interest received	137		-	
Interest paid	(5,862)		(11,880)	
Net cash outflow for returns on investments and servicing of finance		(5,725)		(11,880)
Taxation		(489,514)		(49,651)
Capital expenditure				
Payments to acquire intangible assets	-		(5,000,000)	
Payments to acquire tangible assets	(108,457)		(65,887)	
Receipts from sales of tangible assets	(1)		1,270	
Net cash outflow for capital expenditure		(108,458)		(5,064,617)
Equity dividends paid		-		(967,843)
Net cash outflow before management of liquid resources and financing		(544,257)		(175,661)
New long term bank loan	-		760,038	
Repayment of long term bank loan	(322,277)		(437,760)	
Net cash (outflow)/inflow from financing		(322,277)		322,278
Decrease in cash in the year		(866,534)		146,617

ARENA GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 Reconciliation of operating profit to net cash inflow from operating activities	2011	2010
	£	£
Operating profit	592,665	894,308
Depreciation of tangible assets	181,940	79,625
Amortisation of intangible assets	500,000	500,000
Loss/(profit) on disposal of tangible assets	11,131	(1,067)
Increase in stocks	(226,778)	(457,087)
(Increase)/decrease in debtors	(394,374)	(1,153,393)
(Decrease)/Increase in creditors within one year	(605,144)	6,055,944
Net cash inflow from operating activities	59,440	5,918,330

2 Analysis of net debt	1 October 2010	Cash flow	Other non-cash changes	30 September 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	564,238	(562,816)	-	1,422
Bank overdrafts	-	(303,718)	-	(303,718)
	564,238	(866,534)	-	(302,296)
Bank deposits	-	-	-	-
Debt				
Debts falling due within one year	(33,000)	33,000	-	-
Debts falling due after one year	(2,748,936)	289,278	-	(2,459,658)
Net debt	(2,217,698)	(544,256)	-	(2,761,954)

3 Reconciliation of net cash flow to movement in net debt	2011	2010
	£	£
(Decrease)/increase in cash in the year	(866,534)	146,617
Cash outflow/(inflow) from decrease/(increase) in debt	322,278	(2,781,936)
Movement in net debt in the year	(544,256)	(2,635,319)
Opening net (debt)/funds	(2,217,698)	417,621
Closing net debt	(2,761,954)	(2,217,698)

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	15% straight line
Plant and machinery	25% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.7 Stock

Stock is valued at the lower of cost and net realisable value

1.8 Deferred taxation

Full provision is made for deferred tax arising from timing differences existing at the balance sheet date where there exists an obligation to pay more, or right to pay less tax, with the following exceptions

- Provision is made for tax on gains arising from revaluation of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax balances are not discounted and are calculated at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Amortisation of intangible assets	500,000	500,000
Depreciation of tangible assets	181,940	79,625
Loss on disposal of tangible assets	11,131	-
Operating lease rentals		
- Plant and machinery	402,526	371,740
Auditors' remuneration (including expenses and benefits in kind)	10,000	14,000
and after crediting		
Profit on disposal of tangible assets	-	(1,067)

4 Investment income

	2011 £	2010 £
Bank interest	137	-
	137	-

5 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	5,862	11,758
On overdue tax	-	122
	5,862	11,880

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	313,363	392,018
	Total current tax	313,363	392,018
	Deferred tax		
	Deferred tax charge/credit current year	(15,197)	39,911
		298,166	431,929
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	586,940	882,428
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	152,604	247,080
	Effects of		
	Non deductible expenses	7,322	13,172
	Depreciation add back	177,304	162,295
	Capital allowances	(35,414)	(30,529)
	Other tax adjustments	11,547	-
		160,759	144,938
	Current tax charge for the year	313,363	392,018
7	Dividends	2011 £	2010 £
	Ordinary final paid	-	967,843

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2010 & at 30 September 2011	5,000,000
Amortisation	
At 1 October 2010	500,000
Charge for the year	500,000
At 30 September 2011	1,000,000
Net book value	
At 30 September 2011	4,000,000
At 30 September 2010	4,500,000

9 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2010	11,900	76,410	638,491	71,595	798,396
Additions	-	53,412	55,045	-	108,457
Disposals	-	-	(26,500)	-	(26,500)
At 30 September 2011	11,900	129,822	667,036	71,595	880,353
Depreciation					
At 1 October 2010	7,095	27,675	452,051	71,595	558,416
On disposals	-	-	(15,369)	-	(15,369)
Charge for the year	1,785	35,073	145,082	-	181,940
At 30 September 2011	8,880	62,748	581,764	71,595	724,987
Net book value					
At 30 September 2011	3,020	67,074	85,272	-	155,366
At 30 September 2010	4,805	48,735	186,440	-	239,980

At the balance sheet date the gross amount of plant and machinery held for use in operating leases totalled £108,200 (2010 - £61,109) with accumulated depreciation totalling £47,842 (2010 - £29,904)

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

10 Stocks	2011 £	2010 £
Finished goods and goods for resale	683,865	457,087

11 Debtors	2011 £	2010 £
Trade debtors	1,491,840	1,320,730
Amounts owed by parent and fellow subsidiary undertakings	229,290	-
Other debtors	4,138	11,984
Prepayments and accrued income	206,308	204,488
	1,931,576	1,537,202

12 Creditors' amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	303,718	33,000
Trade creditors	1,175,218	899,081
Corporation tax	215,867	392,018
Other taxes and social security costs	368,963	396,877
Directors' current accounts	267,722	1,117,000
Other creditors	92	92
Accruals and deferred income	367,192	371,281
	2,698,772	3,209,349

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

13 Creditors amounts falling due after more than one year	2011 £	2010 £
Bank loans	-	289,278
Other loans	2,459,658	2,459,658
	<u>2,459,658</u>	<u>2,748,936</u>
Analysis of loans		
Wholly repayable within five years	2,459,658	2,781,936
	<u>2,459,658</u>	<u>2,781,936</u>
Included in current liabilities	-	(33,000)
	<u>2,459,658</u>	<u>2,748,936</u>
Loan maturity analysis		
In more than one year but not more than two years	415,500	448,500
In more than two years but not more than five years	2,044,158	2,163,158
In more than five years	-	137,278
	<u></u>	<u></u>

The aggregate amount of creditors for which security has been given amounted to £303,718 (2010 - £322,278)

14 Provisions for liabilities	Deferred tax liability £
Balance at 1 October 2010	18,197
Profit and loss account	(15,197)
	<u></u>
Balance at 30 September 2011	<u>3,000</u>

The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>3,000</u>	<u>18,197</u>

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

15 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
1,100 Ordinary shares of £1 each	1,100	1,100

16 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 October 2010	1,320,925
Profit for the year	288,774
Balance at 30 September 2011	1,609,699

17 Reconciliation of movements in shareholders' funds

2011
£

2010
£

Profit for the financial year	288,774	450,499
Dividends	-	(967,843)
Net addition to/(depletion in) shareholders' funds	288,774	(517,344)
Opening shareholders' funds	1,322,025	1,839,369
Closing shareholders' funds	1,610,799	1,322,025

18 Contingent liabilities

The company has given its bankers an unlimited inter-company cross guarantee in respect of group borrowings. At the year end the amount due to the bank in respect of these borrowings totalled £582,772 (2010 - £nil)

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

19 Financial commitments

At 30 September 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2012

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
Within one year	134	24,000	97,819	67,704
Between two and five years	165,383	174,107	273,541	247,196
In over five years	33,000	-	-	-
	<u>198,517</u>	<u>198,107</u>	<u>371,360</u>	<u>314,900</u>

20 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	<u>25,637</u>	<u>9,750</u>

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011	2010
	Number	Number
Total	<u>133</u>	<u>124</u>

Employment costs

	2011	2010
	£	£
Wages and salaries	<u>3,863,398</u>	<u>3,516,435</u>

22 Control

The ultimate parent company is Arena Group Holdings Limited. In the opinion of the directors there is no ultimate controlling party.

ARENA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

23 Related party relationships and transactions

Loans from directors

Transactions in relation to loans with directors during the year are outlined in the table below

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
A J Fitzpatrick	-	1,506,437	82,353	-	(450,715)	1,138,075
B M Turner	-	575,998	35,294	-	(161,783)	449,509
M H Wells	-	1,494,223	82,353	-	(436,780)	1,139,796
		<u>3,576,658</u>	<u>200,000</u>	<u>-</u>	<u>(1,049,278)</u>	<u>2,727,380</u>

At the balance sheet date, the amount owed to the directors totalled £2,727,380 (2010 - £3,726,659) £267,722 (2010 - £1,117,000) is included within Creditors' amounts falling due within one year, directors' current accounts and £2,459,658 (2010 - £2,459,658) is included within Creditors' amounts falling due after more than one year, other loans

Dividends

The following dividends were paid during the year as outlined in the table below

	2011 £	2010 £
Arena Group Holdings Limited	-	967,843
	<u>-</u>	<u>967,843</u>

Other transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

Transactions with directors

A Fitzpatrick, B M Turner and M H Wells have granted the bank security in respect of the group borrowings, by way of a legal charge over the business premises which is jointly owned by them. Rent payable to the directors in the year amounted to £110,000 (2010 - £110,000)