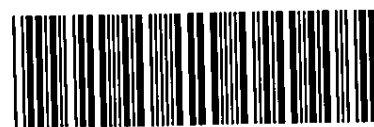


CET GROUP HOLDINGS LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2008

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CET GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2008

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CET GROUP HOLDINGS LIMITED
COMPANY INFORMATION
YEAR ENDED 31 MARCH 2008

DIRECTORS: J H Bishop (Resigned 31/03/2008)
R A Blunden
A V Quinn (Resigned 31/03/2008)
M J Heaps
A J Miller (Resigned 21/12/2007)
B Scouler (Appointed 30/01/2008)

SECRETARY: M J Heaps

REGISTERED OFFICE: Northdown House
Ashford Road
Harrietsham
Maidstone
Kent
ME17 1QW

REGISTERED NUMBER: 05340145

AUDITORS: Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
10 Palace Avenue
Maidstone
Kent
ME15 6NF

BANKERS: HSBC Bank Plc
Global House
High Street
Crawley
East Sussex
RH10 1DL

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as a holding company of a trading group

The principal activities of the group are specialist investigations, drainage contracting, building repair services and materials testing. These services are provided to the engineering, insurance and construction industries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company, through its investing partners, holds the entire share capital of CET SAFEHOUSE Limited (formerly CET Group Limited). The principal activities of CET SAFEHOUSE Limited are specialist investigations, drainage contracting, building repair services and materials testing. These services are provided to the engineering, insurance and construction industries.

The turnover for the year of the group was £18,173,903 (2007 - £20,190,204), which has resulted in an operating profit before taxation of £441,154 (2007 - £1,995,406).

The principal external uncertainties facing the group are weather patterns for the Subsidence and Building divisions and Government infrastructure spending for the Testing divisions.

During the year the prevailing wet weather conditions led to a substantial reduction in the incidence of subsidence insurance claims compared with recent years. This, in turn, reduced the volume of Site Investigations and Drainage repairs directed to the Group, which was partially offset by business emanating from severe flooding in the North of England. Additionally, moderate Government infrastructure activity was experienced by the Materials Testing Division.

The Group strengthened the executive management and is actively seeking new opportunities for growth and expansion in all business divisions based on the current operational expertise.

The group uses the following financial key performance indicators (KPIs)

1) Gross profit margins

This is calculated as sales for the year less the directly attributable costs of those sales, divided by the sales for the year, expressed as a percentage.

Gross profit margins allow management to monitor the group's profitability and to identify market trends. The Gross profit margin for the year ending 31 March 2008 was 26.3% (2007 – 29.6%).

2) Turnover

This relates to the turnover for the year as shown in the statutory accounts compared to the budget for the year. For the year to 31 March 2008 this fell short of our budget.

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2008

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

3) Ratio of net debt to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

This is calculated as the ratio of net debt as defined by Financial Reporting Standard 1 'Cash flow statements' (FRS 1) to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) For the year to 31 March 2008 this equated to 0.13 (2007 – 3.35)

4) Interest cover

This is calculated as the number of times interest payable is covered by profit before interest and tax For the year to 31 March 2008 this equated to 0.32 (2007 - 2.5)

RESULTS AND DIVIDENDS

The group's loss for the year after taxation was £405,435 (2007 – profit of £694,630) In the latter part of the year, the company was in breach of bank covenants causing the term loan to become repayable on demand HSBC Bank Plc has advised that they are willing to continue to support the company

The directors do not recommend the payment of a dividend

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 period In preparing these financial statements, the directors have

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- followed applicable accounting standards, and
- prepared the financial statements on the going concern basis

The directors are responsible for keeping proper accounting records which 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

In determining how amounts are presented within items in the profit and loss account and balance sheet the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice

So far as each of the directors is aware at the time the report is approved

- there is no relevant information of which the company's auditors are 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 auditors are aware of that information

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2008

DIRECTORS

The present directors of the company are set out on page 1

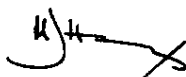
CHARITABLE AND POLITICAL DONATIONS

During the current financial year the group made charitable donations of £845 (2007 - £1,976) No political donations were made during the current year

AUDITORS

A resolution for the reappointment of Horwath Clark Whitehill LLP as auditors in accordance with Section 385 of the Companies Act 1985, will be proposed at the Annual General Meeting

This report was approved by the board on 22 July 2008 and signed on its behalf



M J Heaps
Secretary

CET GROUP HOLDINGS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CET GROUP HOLDINGS LIMITED

We have audited the consolidated financial statements of CET Group Holdings Limited for the year ended 31 March 2008, set out on pages 7 to 25. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 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 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 AUDITORS

As described in the Statement of Directors' Responsibilities the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company and group 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 transactions with the company and group 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.

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 the information in the financial statements.

CET GROUP HOLDINGS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CET GROUP HOLDINGS LIMITED (CONTINUED)

OPINION

In our opinion the financial statements

- give a true and fair view of the state of the company and group's affairs as at 31 March 2008 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- are consistent with the information provided in the report of the directors

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants
Registered Auditors
Maidstone
Date 22 July 2008

CET GROUP HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
TURNOVER	2	18,173,903	20,190,204
Cost of sales		<u>(13,394,563)</u>	<u>(14,215,873)</u>
GROSS PROFIT		4,779,340	5,974,331
Financial and other expenses		(274,080)	(162,633)
Administration expenses		<u>(4,064,106)</u>	<u>(3,816,292)</u>
OPERATING PROFIT	3	441,154	1,995,406
Interest receivable and similar income	4	35,991	21,879
Interest payable and similar charges	5	<u>(698,972)</u>	<u>(799,120)</u>
(LOSS)PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(221,827)	1,218,165
Taxation	8	<u>(183,608)</u>	<u>(523,535)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(405,435)</u>	<u>694,630</u>

There are no recognised gains or losses other than those reported above

The notes on pages 11 to 25 form part of these financial statements

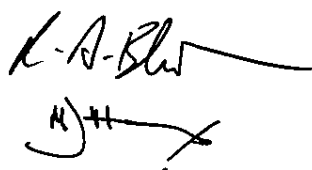
CET GROUP HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 MARCH 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible fixed assets	10	9,161,890	9,691,242
Tangible fixed assets	11	435,086	462,945
		9,596,976	10,154,187
CURRENT ASSETS			
Stocks	13	1,678,647	73,875
Debtors	14	5,261,740	4,820,462
Cash at bank and in hand		619,681	1,200,629
		7,560,068	6,094,966
CREDITORS: amounts falling due within one year	15	(9,802,949)	(4,696,908)
NET CURRENT ASSETS		(2,242,881)	1,398,058
TOTAL ASSETS LESS CURRENT LIABILITIES		7,354,095	11,552,245
CREDITORS: amounts falling due after more than one year	16	(5,767,606)	(9,566,683)
NET ASSETS		1,586,489	1,985,562
CAPITAL AND RESERVES			
Called up share capital	18	9,308	9,308
Capital redemption reserve	19	692	692
Share premium account	19	703,158	703,158
Share option reserve	19	6,363	-
Profit and loss account	19	866,968	1,272,404
SHAREHOLDERS' FUNDS		1,586,489	1,985,562

Approved by the Board on 22 July 2008
and signed on its behalf

R A Blunden

M J Heaps



} Directors

The notes on pages 11 to 25 form part of these financial statements

CET GROUP HOLDINGS LIMITED
COMPANY BALANCE SHEET
31 MARCH 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	12	<u>11,142,696</u>	<u>11,142,696</u>
CURRENT ASSETS			
Debtors	14	<u>3,373,119</u>	<u>2,301,547</u>
Cash at bank and in hand		<u>-</u>	<u>8,172</u>
		3,373,119	2,309,719
CREDITORS: amounts falling due within one year	15	<u>(10,437,815)</u>	<u>(4,853,659)</u>
NET CURRENT LIABILITIES		<u>(7,064,696)</u>	<u>(2,543,940)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,077,800	8,598,756
CREDITORS amounts falling due after more than one year	16	<u>(5,767,606)</u>	<u>(9,560,144)</u>
NET (LIABILITIES) /ASSETS		<u>(1,689,606)</u>	<u>(961,388)</u>
CAPITAL AND RESERVES			
Called up share capital	18	9,308	9,308
Capital redemption reserve	19	692	692
Share premium account	19	703,158	703,158
Share option reserve	19	6,363	-
Profit and loss account	19	<u>(2,409,127)</u>	<u>(1,674,546)</u>
SHAREHOLDERS' FUNDS		<u>(1,689,606)</u>	<u>(961,388)</u>

Approved by the Board on 22 July 2008
and signed on its behalf

R A Blunden

M J Heaps



} Directors

The notes on pages 11 to 25 form part of these financial statements

CET GROUP HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
CASH FLOW FROM OPERATING ACTIVITIES	22	742,393	2,419,419
Returns on investment and servicing of finance	23	(516,684)	(452,232)
Taxation		(287,001)	(152,610)
Capital expenditure and financial investment			
Payment for tangible fixed assets		(202,515)	(260,772)
Acquisitions and disposals		-	(27,415)
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(263,807)	1,526,390
Financing	23	(872,396)	(916,013)
(DECREASE)/INCREASE IN CASH		(1,136,203)	610,377

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
(NOTE 24)

	2008 £	2007 £
(Decrease)/Increase in cash in the year	(1,136,203)	610,377
Increase in debt from non cash movements	523	(151,234)
Cash inflow from decrease in debt and lease financing	<u>872,396</u>	<u>846,813</u>
Movement in net debt during the year	(263,284)	1,305,956
NET DEBT AT 1 APRIL 2007	(9,223,599)	(10,529,555)
NET DEBT AT 31 MARCH 2008	(9,486,883)	(9,223,599)

The notes on pages 11 to 25 form part of these financial statements

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts

c) Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities

Goodwill is being amortised to the profit and loss account over 20 years

d) Basis of Consolidation

The consolidated financial statements consolidate the accounts of the company and its subsidiary undertakings at 31 March 2008. All sales and profit figures relate to external transactions only

Under Section 230 of the Companies Act 1985 the parent company is exempt from the requirement to present its own profit and loss account. The loss for the financial year, of the parent company, as approved by the Board, was £734,581

e) Tangible Fixed Assets and Depreciation

Depreciation is provided on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to this recoverable amount. Any such write down would be charged to operating profit. The principal annual rates used are

Freehold property	Straight line over forty years
Motor vehicles	Straight line over three years
Office equipment	Straight line over four years
Premises improvements	Straight line over four years

Land is not depreciated

f) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (CONTINUED)

g) Deferred Taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

h) Investments

Investments are shown at cost less any provision for impairment.

i) Pensions

The Group operates a stakeholder pension scheme and contributes towards the personal pension plans of certain staff and directors. The charge in the profit and loss account represents the amounts paid into the schemes during the year.

j) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

k) Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2. TURNOVER

Turnover is derived from specialist investigations, drainage contracting, building services and materials testing.

All turnover arose within the United Kingdom.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

3. OPERATING PROFIT

	2008 £	2007 £
This is stated after charging/(crediting)		
Depreciation of tangible fixed assets – owned	199,172	184,814
Depreciation of tangible fixed assets – leased	27,563	44,960
Auditors' remuneration	18,000	18,000
Amortisation of positive goodwill	529,352	529,811
Operating lease rentals – Land and Buildings	13,812	109,005
Operating lease rentals – Other operating leases	<u>117,094</u>	<u>328,043</u>

4. INTEREST RECEIVABLE

	2008 £	2007 £
Bank interest receivable	35,991	21,634
Other interest receivable	<u>-</u>	<u>245</u>
	<u>35,991</u>	<u>21,879</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
On bank loans and overdrafts	279,103	344,455
On other loans	371,623	403,187
On finance leases	10,173	13,405
Preference dividends	<u>38,073</u>	<u>38,073</u>
	<u>698,972</u>	<u>799,120</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

6. STAFF COSTS (including directors)

	2008 £	2007 £
Wages and salaries	4,679,217	5,236,196
Social security costs	471,290	539,696
Pension costs	24,760	14,653
	<u>5,175,267</u>	<u>5,790,545</u>

The average number of employees employed by the group during the year was

	2008 £	2007 £
Directors	5	7
Administration	43	73
Site workers	130	143
	<u>178</u>	<u>223</u>

7. REMUNERATION OF THE DIRECTORS

	2008 £	2007 £
Aggregate emoluments	<u>490,587</u>	<u>557,242</u>

The highest paid director received remuneration of £166,137 (2007 - £108,810)

The highest paid director received £3,400 (2007 £3,400) in the form of contributions to his personal pension plan. The company paid total pension contributions, in relation to all directors, amounting to £3,400 (2007 £3,400). A total of £72,200 was paid to 2 directors during the year for compensation for loss of office.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

8. TAXATION

	2008 £	2007 £
Taxation on profit on ordinary activities		
Corporation tax		
Current year	<u>114,209</u>	<u>521,044</u>
Adjustments in respect of prior period	57,312	(6,585)
Total corporation tax charge	<u>171,521</u>	<u>514,459</u>
Deferred tax		
Current year	<u>12,087</u>	<u>9,076</u>
Total deferred tax charge	<u>12,087</u>	<u>9,076</u>
Total tax charge for the year	<u>183,608</u>	<u>523,535</u>

Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2008 £	2007 £
Consolidated (loss)/profit on ordinary activities before tax	(221,827)	1,218,169
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	(66,548)	365,451
Effects of		
Ineligible depreciation	5,772	5,153
Expenses not deductible for tax purposes	17,810	8,656
Capital allowances in excess of depreciation/ (depreciation in excess of capital allowances)	3,168	(8,883)
Other short term timing differences	(4,799)	(194)
Goodwill amortisation	158,806	150,861
Adjustments to tax in respect of the previous period	57,312	(6,585)
	<u>171,521</u>	<u>514,459</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

9. DIVIDENDS

There were no dividends paid or proposed during the year

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 April 2007	<u>10,587,044</u>
At 31 March 2008	<u>10,587,044</u>
Amortisation	
At 1 April 2007	895,802
Charge for the year	<u>529,352</u>
At 31 March 2008	<u>1,425,154</u>
Net book values	
At 31 March 2008	<u>9,161,890</u>
<i>At 31 March 2007</i>	<u><i>9,691,242</i></u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

11. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Motor vehicles £	Equipment £	Premises improvements £	Total £
Cost					
At 1 April 2007	52,000	219,424	1,495,248	207,630	1,974,302
Additions	-	1,257	201,258	-	202,515
Disposals	-	(42,748)	(25,341)	-	(68,089)
At 31 March 2008	52,000	177,933	1,671,164	207,630	2,108,727
Depreciation					
At 1 April 2007	9,100	183,866	1,140,131	178,260	1,511,357
Charge for the year	1,300	14,176	194,675	16,584	226,735
Eliminated on disposals	-	(39,532)	(24,919)	-	(64,451)
At 31 March 2008	10,400	158,510	1,309,887	194,844	1,673,641
Net book values					
At 31 March 2008	41,600	19,423	361,277	12,786	435,086
<i>At 31 March 2007</i>	<i>42,900</i>	<i>35,558</i>	<i>355,117</i>	<i>29,370</i>	<i>462,945</i>

The net book value of assets held under finance leases or hire purchase contracts are as follows

	2008 £	2007 £
Motor vehicles	2,330	9,354
Equipment	13,160	33,697
	15,490	43,051

12. INVESTMENTS

COMPANY	Shares in group undertakings £
At 1 April 2007 and 31 March 2008	11,142,696

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

12. INVESTMENTS (CONTINUED)

Direct subsidiary undertakings	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
CET SAFEHOUSE Limited	100%	England	Specialist investigation, drainage contracting, building repairs service and materials testing

CET SAFEHOUSE Limited holds 100% of the share capital of Construction Engineering Testing Group Limited, Economy Services Limited and Safehouse UK Limited, which are all dormant companies

13. STOCKS

	2008		2007	
	Group £	Company £	Group £	Company £
Raw materials	44,940	-	41,859	-
Work in progress	1,633,707	-	32,016	-
	<u>1,678,647</u>	<u>-</u>	<u>73,875</u>	<u>-</u>

14. DEBTORS

	2008		2007	
	Group £	Company £	Group £	Company £
Trade debtors	4,893,278	-	4,516,899	-
Amounts owed by group undertakings	-	-	-	521,855
Deferred tax asset (note 17)	40,393	-	52,480	-
Other debtors	82,089	3,298,832	75,506	1,688,263
Prepayments and accrued income	245,980	74,287	175,577	91,429
	<u>5,261,740</u>	<u>3,373,119</u>	<u>4,820,462</u>	<u>2,301,547</u>

Included within prepayments are loan arrangement fees of £74,286 (2007 - £91,429). Following the reclassification of the related loans to amounts due within one year an amount of £Nil (2007 - £74,286) is due in more than one year.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

15. CREDITORS: amounts falling due within one year

	2008		2007	
	Group £	Company £	Group £	Company £
Bank loans	3,811,437	3,811,437	853,000	853,000
Bank overdrafts	555,255	555,255	-	-
Loan notes	68,650	68,650	50,000	50,000
Obligations under finance leases	6,151	-	19,008	-
Trade creditors	761,050	-	344,888	-
Corporation tax	406,747	-	522,227	-
Amounts owed to group undertakings	-	5,859,743	-	3,789,866
Other taxation and social security costs	512,508	-	814,171	1,926
Other creditors	13,858	-	120,201	-
Accruals and deferred income	3,667,293	142,730	1,973,413	158,867
	9,802,949	10,437,815	4,696,908	4,853,659

HSBC Bank Plc has a debenture and Sand Aire Private Equity Limited (The Trustee) has a composite guarantee and debenture, both of which incorporate a fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery

Net obligations under finance leases and hire purchase contracts are secured upon the underlying assets

Included within other creditors is an amount of £5,277 (2007 - £6,583) in respect of unpaid pension contributions

The HSBC Bank Plc has a charge over the assignment of the life policy of R A Blunden

16 CREDITORS: amounts falling due in more than one year

	2008		2007	
	Group £	Company £	Group £	Company £
Bank loans	-	-	3,811,437	3,811,437
Loan notes	4,985,203	4,985,203	5,004,376	5,004,376
Obligations under finance leases	-	-	6,539	-
Preference shares	679,868	679,868	679,868	679,868
Accruals	102,535	102,535	64,463	64,463
	5,767,606	5,767,606	9,566,683	9,560,144

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

16. CREDITORS: amounts falling due in more than one year (Continued)

	2008		2007	
	Group £	Company £	Group £	Company £
Repayable				
1-2 years	233,288	233,288	1,134,539	1,128,000
2-5 years	1,538,523	1,538,523	4,247,900	4,247,900
Over 5 years	3,995,795	3,995,795	4,184,244	4,184,244
	<u>5,767,606</u>	<u>5,767,606</u>	<u>9,566,683</u>	<u>9,560,144</u>

Net obligations under finance leases and hire purchase contracts are secured upon the underlying assets

In accordance with FRS 25 'Financial Instruments disclosure and presentation' the company's preference shares are shown within long term debt. On 22 July 2006 the company issued 679,800 preference shares of 1p each, at a premium of 99p per share, for a total consideration of £679,868. The preference shares give the preference shareholders the right to receive a fixed cumulative cash dividend at the rate of 5.6% per annum on the aggregate of the subscription price of the preference shares held by them and any preference dividend in respect of any prior year.

The preference dividend shall accrue from day to day but shall only be paid on the redemption of the relevant preference shares and shall compound annually on the anniversary of the date of issue of the relevant preference share.

The company shall redeem all the preference shares then outstanding immediately prior to a sale or listing or, if earlier, and subject to the prior redemption in full of the loan notes then in issue and the B loan notes then in issue, on 31 March 2011, for a cash payment to be made by the company to the preference shareholders of the aggregate of

- the subscription price of the preference shares held by them, and
- an amount equal to any accrued, unpaid preference dividend to be calculated down to the date of return of capital.

On a winding up, preference shareholders have priority to any payment over the ordinary shareholders.

Accruals falling due in more than 1 year relate to accrued preference share dividends.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

17. DEFERRED TAXATION

Provisions for liabilities and charges - Deferred taxation

The movements in deferred tax are as follows

	2008		2007	
	Group £	Company £	Group £	Company £
Balance at 1 April 2007	52,480	-	61,556	-
Profit and loss account credit	(12,087)	-	(9,076)	-
Balance at 31 March 2008	<u>40,393</u>	<u>-</u>	<u>52,480</u>	<u>-</u>

The deferred tax asset is in respect of accelerated capital allowances of £36,689 (2007 - £43,713) and short term timing differences of £3,705 (2007 - £8,767)

18. SHARE CAPITAL

	2008 £	2007 £
Authorised		
Equity		
519,405 A ordinary shares of 1p each	5,194	5,194
480,595 ordinary shares of 1p each	<u>4,806</u>	<u>4,806</u>
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
Equity		
519,405 A ordinary shares of 1p each	5,194	5,194
411,395 ordinary shares of 1p each	<u>4,114</u>	<u>4,114</u>
	<u>9,308</u>	<u>9,308</u>

A, B & C shares all have equal rights to dividends and upon winding up but only B shares carry the right to vote

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

GROUP	Share capital	Share premium	Share option reserve	Capital redemption	Profit and loss account	Total
	£	£	£	£	£	£
At 1 April 2006	10,000	703,158	-	-	646,973	1,360,131
Profit for the year	-	-	-	-	694,630	694,630
Redemption of shares	(692)	-	-	692	(69,200)	(69,200)
At 31 March 2007	9,308	703,158	-	692	1,272,403	1,985,561
Loss for the year	-	-	-	-	(405,435)	(405,435)
FRS 20 share option charge for the year	-	-	6,363	-	-	6,363
At 31 March 2008	9,308	703,158	6,363	692	866,968	1,586,489
COMPANY	Share Capital	Share Premium	Share option reserve	Capital redemption	Profit and loss account	Total
	£	£	£	£	£	£
At 1 April 2006	10,000	703,158	-	-	(618,127)	95,031
Loss for the year	-	-	-	-	(987,219)	(987,219)
Redemption of shares	(692)	-	-	692	(69,200)	(69,200)
At 31 March 2007	9,308	703,158	-	692	(1,674,546)	(961,388)
Loss for the year	-	-	-	-	(734,581)	(734,581)
FRS 20 share option charge for the year	-	-	6,363	-	-	6,363
At 31 March 2008	9,308	703,158	6,363	692	(2,409,127)	(1,689,606)

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

20. CAPITAL COMMITMENTS

At 31 March 2008, the group had no capital expenditure commitments contracted but not provided for (2007 - £37,000)

21. PENSIONS

As at the year end pension contributions amounting to £5,277 (2007 - £6,583) were outstanding and have been included in other creditors of the group

22 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	441,154	1,995,406
Amortisation of goodwill	529,352	529,811
Depreciation of tangible fixed assets	226,736	229,774
Loss on disposal of tangible fixed assets	3,637	219
FRS 20 share option charge	6,363	-
<i>Working capital movements</i>		
Decrease in stocks	(453,365)	25,113
Increase in debtors	(1,604,772)	(961,071)
Increase in creditors	1,593,288	600,166
Net cash inflow from operating activities	742,393	2,419,419

23. CASH FLOW STATEMENT NOTES

	2008 £	2007 £
Returns on investment and servicing of finance		
Interest received	35,991	21,879
Interest paid	(542,502)	(460,706)
Interest element of finance lease payments	(10,173)	(13,405)
	(516,684)	(452,232)

	2008 £	2007 £
Financing		
Repayment of long term loan	(853,000)	(804,000)
Capital element of finance lease repayments	(19,396)	(42,813)
Redemption of shares	-	(69,200)
	(872,396)	(916,013)

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

24. ANALYSIS OF NET DEBT

	At 1 April 2007 £	Non cash movements £	Cash flow £	At 31 March 2008 £
Cash in hand and at bank	1,200,629	-	(580,948)	619,681
Bank overdraft	-	-	(555,255)	(555,255)
<u>Debt due after one year</u>				
Bank loans	(3,811,437)	3,811,437	-	-
Finance leases	(6,539)	-	6,539	-
Preference shares	(679,868)	-	-	(679,868)
Loan notes	(5,004,376)	19,173	-	(4,985,203)
<u>Debt due within one year</u>				
Bank loans	(853,000)	(3,811,437)	853,000	(3,811,437)
Finance leases	(19,008)	-	12,857	(6,151)
Current asset investments	(50,000)	(18,650)	-	(68,650)
	<u>(10,424,228)</u>	<u>523</u>	<u>872,396</u>	<u>(9,551,309)</u>
Net debt	<u>(9,223,599)</u>	<u>523</u>	<u>263,807</u>	<u>(9,486,883)</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2008

26. RELATED PARTY TRANSACTIONS

Sand Aire GP Nominees holds 56% of the company's shares on behalf of investors in the Equity Harvest Fund Limited Partnership. It has no beneficial interest in the shares of the company.

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose details of transactions with other entities that are part of the same group, where group accounts are publicly available and 90% or more of the voting rights are controlled within the group.

27. OPERATING LEASE COMMITMENTS

At 31 March 2008 the group had annual commitments under non-cancellable operating leases as follows:

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
- within 1 year	-	140,805	-	205,246
- in 2-5 years	-	61,181	15,780	212,571
- after 5 years	128,475	-	128,475	-
	<u>128,475</u>	<u>201,986</u>	<u>144,255</u>	<u>417,817</u>