

Registration number 824300

Katsouris Brothers Limited

Directors' report and financial statements

for the year ended 30 June 2008

THURSDAY



A3HW0921

A16

16/04/2009

294

COMPANIES HOUSE

Katsouris Brothers Limited

Company information

Directors	L Constantinou D Habeshis K L Papaleontiou A P Yerolemou C Constantinou	(Appointed 1/11/07)
Secretary	K Charalambous	
Company number	824300	
Registered office	100 Queensbury Road Wembley Middlesex HA0 1WP	
Auditors	Philips 1160 High Road London N20 0RA	
Business address	100 Queensbury Road Wembley Middlesex HA0 1WP	

Katsouris Brothers Limited

Contents

	Page
Directors' report	1 - 3
Auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 22

Katsouris Brothers Limited

Directors' report for the year ended 30 June 2008

The directors present their report and the financial statements for the year ended 30 June 2008.

Principal activity and review of the business

The principal activity of the company continues to be that of food importers and distributors.

The turnover increased by 6% which was in line with the directors' expectations. Gross profit margin stood at 20.5% compared to the previous year of 23.2%. This was attributed to tighter margins and higher direct costs, including factory wages. Overall, the company incurred a loss of £277,029 before tax compared to a profit of £306,745 the previous year.

Debtors and creditors have increased as a result of difficult trading conditions.

The company has continued its investment program of renewing its delivery fleet and investing in new plant for the factory in order to remain competitive and improve efficiency. The directors are committed where possible to invest in the latest technology.

Bearing in mind the difficult economic climate, improving profitability will remain a challenge in the foreseeable future, however the directors remain confident of sustaining and improving the company's trading position.

Results and dividends

The loss for the year, after taxation, amounted to £168,599.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The company's financial instruments employed during the year consist of borrowings, cash and various other items such as debtors and creditors that arise from its trading activities. These financial instruments do not include derivatives normally used for the purpose of raising finance for the company's operations. The main risks from the above mentioned financial instruments are interest rate risk and liquidity risk.

The directors review the policies for each of the risks as set out below:-

Interest rate risk.

The company's operations are supported by bank facilities and retained profits and it is exposed to rate of interest fluctuations on its bank facilities, both of which are supported by fixed and floating charges.

Liquidity risk.

The financial risks are managed by the company through the provision of sufficient liquidity made available to meet the company's foreseeable needs. Throughout the year the company ensured flexibility achieved by overdraft facilities.

Katsouris Brothers Limited

Directors' report for the year ended 30 June 2008

..... continued

Directors

The directors who served during the year are as stated below:

L Constantinou	C Constantinou	(Appointed 1/11/07)
D Habeshis	P J Katsouris	(Resigned 27/3/08)
K L Papaleontiou		
A P Yerolemou		

Charitable and political contributions

During the year the company contributed £3,220 to charities and £7,132 to the Conservative party.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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 so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Katsouris Brothers Limited

**Directors' report
for the year ended 30 June 2008**

..... continued

Auditors

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Philips will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on 27.2.2009
and signed on its behalf by

A handwritten signature in black ink, appearing to be 'K Charalambous', written over a horizontal line.

**K Charalambous
Secretary**

Katsouris Brothers Limited

Independent auditors' report to the shareholders of Katsouris Brothers Limited

We have audited the financial statements of Katsouris Brothers Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 directors' report 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

Katsouris Brothers Limited

Independent auditors' report to the shareholders of Katsouris Brothers Limited continued

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 30 June 2008 and of its loss 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 Directors' Report is consistent with the financial statements.

**Philips
Chartered Accountants and
Registered Auditors**

**1160 High Road
London
N20 0RA**

Philips
27-2-2009

Katsouris Brothers Limited

**Profit and loss account
for the year ended 30 June 2008**

		Continuing operations	
		2008	2007
	Notes	£	£
Turnover	2	24,537,390	23,139,728
Cost of sales		(19,515,013)	(17,778,853)
Gross profit		<u>5,022,377</u>	<u>5,360,875</u>
Administrative expenses		(5,058,453)	(4,825,153)
Operating (loss)/profit	3	<u>(36,076)</u>	<u>535,722</u>
Other interest receivable and similar income	5	13,377	37
Interest payable and similar charges	6	(254,330)	(229,014)
(Loss)/profit on ordinary activities before taxation		<u>(277,029)</u>	<u>306,745</u>
Tax on (loss)/profit on ordinary activities	9	108,430	(182,451)
(Loss)/profit for the year	19	<u>(168,599)</u>	<u>124,294</u>
Retained profit brought forward		3,890,806	3,766,512
Retained profit carried forward		<u><u>3,722,207</u></u>	<u><u>3,890,806</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 9 to 22 form an integral part of these financial statements.

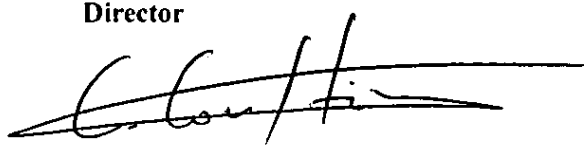
Katsouris Brothers Limited

Balance sheet as at 30 June 2008

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		3,793,696		4,255,418
Investments	11		1		1
			<u>3,793,697</u>		<u>4,255,419</u>
Stocks	12	3,102,990		3,169,484	
Debtors	13	4,700,024		3,963,004	
Deferred taxation (note 16)		116,196		-	
Cash at bank and in hand		5,619		5,573	
		<u>7,924,829</u>		<u>7,138,061</u>	
Creditors: amounts falling due within one year	14	<u>(6,120,067)</u>		<u>(5,679,840)</u>	
Net current assets			<u>1,804,762</u>		<u>1,458,221</u>
Total assets less current liabilities			5,598,459		5,713,640
Creditors: amounts falling due after more than one year	15		<u>(1,846,752)</u>		<u>(1,793,334)</u>
Net assets			<u><u>3,751,707</u></u>		<u><u>3,920,306</u></u>
Capital and reserves					
Called up share capital	18		29,500		29,500
Profit and loss account	19		<u>3,722,207</u>		<u>3,890,806</u>
Shareholders' funds	20		<u><u>3,751,707</u></u>		<u><u>3,920,306</u></u>

The financial statements were approved by the Board on 27-2-2009
and signed on its behalf by

Director


C. CONSTANTINOU

The notes on pages 9 to 22 form an integral part of these financial statements.

Katsouris Brothers Limited

Cash flow statement for the year ended 30 June 2008

	Notes	2008 £	2007 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating (loss)/profit		(36,076)	535,722
Depreciation		641,441	610,965
Decrease in stocks		66,494	(694,173)
(Increase) in debtors		(653,774)	(229,837)
Increase in creditors		931,869	(69,643)
Profit on disposal of fixed assets		(280)	(199)
Net cash inflow from operating activities		<u>949,674</u>	<u>152,835</u>
Cash flow statement			
Net cash inflow from operating activities		949,674	152,835
Returns on investments and servicing of finance	26	(240,953)	(228,977)
Taxation	26	(143,865)	(97,234)
Capital expenditure	26	(93,079)	(283,647)
		<u>471,777</u>	<u>(457,023)</u>
Financing	26	(222,269)	(360,640)
Increase in cash in the year		<u>249,508</u>	<u>(817,663)</u>
Reconciliation of net cash flow to movement in net funds (Note 27)			
Increase in cash in the year		249,508	(817,663)
Cash outflow from decrease in debts and lease financing		222,269	360,639
		<u>471,777</u>	<u>(457,024)</u>
Change in net funds resulting from cash flows		471,777	(457,024)
New finance leases and hire purchase contracts		(86,361)	(63,553)
Movement in net funds in the year		<u>385,416</u>	<u>(520,577)</u>
Net debt at 1 July 2007		<u>(3,834,516)</u>	<u>(3,313,939)</u>
Net debt at 30 June 2008		<u>(3,449,100)</u>	<u>(3,834,516)</u>

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% and 10% straight line
Plant and machinery	-	15% straight line
Fixtures, fittings and equipment	-	15% straight line
Motor vehicles	-	20% straight line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.6. Stock

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

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

1.8. 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, with the following exceptions:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

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

3. Operating (loss)/profit

	2008 £	2007 £
Operating (loss)/profit is stated after charging:		
Depreciation		
- written off owned tangible fixed assets	587,051	561,461
- written off tangible fixed assets on HP/Finance lease	54,390	49,504
Operating lease rentals		
- Land and buildings	180,000	180,000
Auditors' remuneration (Note 4)	8,000	7,900
Auditors' remuneration from non-audit work (Note 4)	6,467	3,665
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	280	199
Net foreign exchange (loss)/gain	(147,308)	38,180
	<u> </u>	<u> </u>

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

4. Auditors' remuneration

	2008	2007
	£	£
Auditors' remuneration - audit of the financial statements	<u>8,000</u>	<u>7,900</u>
Auditors' remuneration - other fees:		
- taxation services	1,200	1,200
- financial accounts	<u>5,267</u>	<u>2,465</u>
	<u>6,467</u>	<u>3,665</u>

5. Interest receivable and similar income

	2008	2007
	£	£
Bank interest	34	37
Other interest	<u>13,343</u>	<u>-</u>
	<u>13,377</u>	<u>37</u>

6. Interest payable and similar charges

	2008	2007
	£	£
Interest payable on loans < 1 yr	98,649	78,331
On loans repayable between two and five years	19,241	-
On loans repayable in five years or more	122,134	136,119
Lease finance charges and hire purchase interest	<u>14,306</u>	<u>14,564</u>
	<u>254,330</u>	<u>229,014</u>

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

7. Employees

Number of employees	2008	2007
The average monthly numbers of employees (including the directors) during the year were:		
Directors	6	5
Managerial and administration	24	25
Warehouse and others	140	140
	<u>170</u>	<u>170</u>

Employment costs	2008 £	2007 £
Wages and salaries	3,693,447	3,356,307
Social security costs	351,695	320,272
Pension costs	56,170	46,770
	<u>4,101,312</u>	<u>3,723,349</u>

7.1. Directors' emoluments	2008 £	2007 £
Remuneration and other emoluments	513,449	408,855
Pension contributions	22,170	21,120
	<u>535,619</u>	<u>429,975</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>6</u>	<u>6</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	122,421	161,246
Pension contributions	12,000	12,000
	<u>134,421</u>	<u>173,246</u>

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

8. Pension costs

The company operates a defined contribution pension scheme in respect of a number of employees, including directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £56,170 (2007 - £46,770).

9. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2008 £	2007 £
Current tax		
UK corporation tax at 20.25% (2007 - 30.00%)	7,766	143,238
Total current tax charge	<u>7,766</u>	<u>143,238</u>
Deferred tax		
Timing differences, origination and reversal	(116,196)	39,213
Total deferred tax	<u>(116,196)</u>	<u>39,213</u>
Tax on (loss)/profit on ordinary activities	<u>(108,430)</u>	<u>182,451</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (20 / 21 per cent). The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	<u>(277,029)</u>	<u>306,745</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (30 June 2007 : 30.00%)	(56,098)	92,024
Effects of:		
Expenses not deductible for tax purposes	4,172	6,548
Capital allowances for period in excess of depreciation	<u>59,692</u>	<u>44,666</u>
Current tax charge for period	<u>7,766</u>	<u>143,238</u>

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

10. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2007	4,095,845	2,127,917	837,278	313,219	7,374,259
Additions	-	101,588	6,000	72,132	179,720
Disposals	-	-	-	(26,175)	(26,175)
At 30 June 2008	<u>4,095,845</u>	<u>2,229,505</u>	<u>843,278</u>	<u>359,176</u>	<u>7,527,804</u>
Depreciation					
At 1 July 2007	1,048,842	1,371,865	511,048	187,086	3,118,841
On disposals	-	-	-	(26,174)	(26,174)
Charge for the year	242,147	262,710	91,721	44,863	641,441
At 30 June 2008	<u>1,290,989</u>	<u>1,634,575</u>	<u>602,769</u>	<u>205,775</u>	<u>3,734,108</u>
Net book values					
At 30 June 2008	<u>2,804,856</u>	<u>594,930</u>	<u>240,509</u>	<u>153,401</u>	<u>3,793,696</u>
At 30 June 2007	<u>3,047,003</u>	<u>756,052</u>	<u>326,230</u>	<u>126,133</u>	<u>4,255,418</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2008		2007	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	94,616	24,810	119,503	21,089
Equipment	64,389	16,440	79,185	13,974
Motor vehicles	109,834	13,140	99,796	14,441
	<u>268,839</u>	<u>54,390</u>	<u>298,484</u>	<u>49,504</u>

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

11. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 July 2007		
At 30 June 2008	100	100
Provisions for diminution in value:		
At 1 July 2007		
At 30 June 2008	99	99
Net book values		
At 30 June 2008	1	1
At 30 June 2007	1	1

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following company:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Cypressa Products Limited	England	Dormant	Ordinary	100%
12. Stocks			2008 £	2007 £
Finished goods and goods for resale			3,102,990	3,169,484
13. Debtors			2008 £	2007 £
Trade debtors			4,253,444	3,616,267
Other debtors			234,888	156,140
Prepayments and accrued income			211,692	190,597
			4,700,024	3,963,004

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

14. Creditors: amounts falling due within one year	2008 £	2007 £
Bank overdraft	1,227,558	1,522,578
Bank loans	248,436	405,584
Net obligations under finance leases and hire purchase contracts	131,973	118,593
Trade creditors	3,922,308	2,986,682
Amounts owed to group undertaking	176,890	176,890
Corporation tax	-	52,854
Other taxes and social security costs	113,576	100,943
Directors' accounts	43,278	58,570
Other creditors	16,722	47,354
Accruals and deferred income	239,326	209,792
	<u>6,120,067</u>	<u>5,679,840</u>

The finance leases and hire purchase contracts are secured on the assets concerned.

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

15. Creditors: amounts falling due after more than one year	2008 £	2007 £
Bank loans	1,797,231	1,682,881
Net obligations under finance leases and hire purchase contracts	49,521	110,453
	<u>1,846,752</u>	<u>1,793,334</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	248,436	405,584
Repayable between one and two years	248,436	163,625
Repayable between two and five years	631,211	567,693
Repayable in five years or more	917,584	951,563
	<u>2,045,667</u>	<u>2,088,465</u>
Repayable in five years or more: Bank loans	<u>917,584</u>	<u>951,563</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	131,973	118,593
Repayable between one and five years	49,521	110,453
	<u>181,494</u>	<u>229,046</u>

The bank loans are secured by a first charge on the company's Water Road freehold property. A supported guarantee by Katsouris Investments Limited is also in place. As at the balance sheet date, the company's loans consist of two separate loan agreements. The terms of the loans vary between five and ten years. Interest is charged on both loans at 1.5% above the bank's base rate.

The finance leases and hire purchase contracts are secured on the assets concerned.

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

16. Deferred tax

	Deferred taxation (Note 17) £	Total £
Movements in the year	116,196	116,196
At 30 June 2008	<u>116,196</u>	<u>116,196</u>

17. Deferred tax asset

	2008 £	2007 £
Accelerated capital allowances	(116,196)	-
Deferred tax asset	<u>(116,196)</u>	<u>-</u>
Deferred tax credit in profit and loss account	(116,196)	
Balance as at 30 June 2008	<u>(116,196)</u>	

18. Share capital

	2008 £	2007 £
Authorised equity		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
Allotted, called up and fully paid equity		
29,500 Ordinary shares of £1 each	<u>29,500</u>	<u>29,500</u>
Equity Shares		
29,500 Ordinary shares of £1 each	<u>29,500</u>	<u>29,500</u>

Katsouris Brothers Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

19. Equity Reserves	Profit and loss account £	Total £
At 1 July 2007	3,890,806	3,890,806
Loss for the year	(168,599)	(168,599)
At 30 June 2008	<u>3,722,207</u>	<u>3,722,207</u>

20. Reconciliation of movements in shareholders' funds	2008 £	2007 £
(Loss)/profit for the year	(168,599)	124,294
Opening shareholders' funds	<u>3,920,306</u>	<u>3,796,012</u>
Closing shareholders' funds	<u>3,751,707</u>	<u>3,920,306</u>

21. Financial commitments

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2008 £	2007 £
Expiry date:		
Between one and five years	<u>180,000</u>	<u>180,000</u>

22. Capital commitments	2008 £	2007 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>35,000</u>	<u>40,000</u>

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

23. Contingent liabilities

Contingent liabilities of £100,000 exist in connection with a VAT Bond to HM Revenue and Customs (2007: £100,000).

An unquantifiable potential liability is likely to arise in connection with the supply of an imported product. Product liability cover is in place. Discussions are in progress with a view to reach a settlement, the outcome of which is yet to be determined.

24. Related party transactions

Annual rent of £180,000 (2007: £180,000) is payable under a licence to Katsouris Investments Limited, a company in which P J Katsouris and A P Yerole mou are directors and shareholders. As at 30 June 2008, no outstanding liability was due from Katsouris Brothers Limited.

During the year, the company sold goods of £27,309 (2007: £29,180) at normal commercial terms to Etchlord Limited, a company where P J Katsouris and A P Yerole mou are directors and shareholders. As at the balance sheet date £29,972 (2007: £12,802) was owed to Katsouris Brothers Limited.

As at the balance sheet date £176,890 (2007: £176,890) was owed to the parent company, see note 25 below. The loan is interest free and repayable on demand.

25. Ultimate parent undertaking

The company's ultimate holding and controlling company is Katsouris Brothers Limited, a company incorporated in Cyprus.

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

26. Gross cash flows

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	13,377	37
Interest paid	(253,482)	(229,014)
Interest element of finance lease rental payments	(848)	-
	<u>(240,953)</u>	<u>(228,977)</u>
Taxation		
Corporation tax paid	(155,940)	(108,339)
Corporation tax repaid	12,075	11,105
	<u>(143,865)</u>	<u>(97,234)</u>
Capital expenditure		
Payments to acquire tangible assets	(93,360)	(283,847)
Receipts from sales of tangible assets	281	200
	<u>(93,079)</u>	<u>(283,647)</u>
Financing		
New long term bank loan	400,000	-
Repayment of long term bank loan	(248,436)	(101,723)
Repayment of short term bank loan	(253,300)	(160,902)
Capital element of finance leases and hire purchase contracts	(120,533)	(98,015)
	<u>(222,269)</u>	<u>(360,640)</u>

Katsouris Brothers Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

27. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	5,573	46		5,619
Overdrafts	(1,522,578)	295,020		(1,227,558)
	<u>(1,517,005)</u>	<u>295,066</u>		<u>(1,221,939)</u>
Debt due within one year	(405,584)	253,300	(96,152)	(248,436)
Debt due after one year	(1,682,881)	(400,000)	285,650	(1,797,231)
Finance leases and hire purchase contracts	(229,046)	120,533	(72,981)	(181,494)
	<u>(2,317,511)</u>	<u>(26,167)</u>	<u>116,517</u>	<u>(2,227,161)</u>
Net funds	<u><u>(3,834,516)</u></u>	<u><u>268,899</u></u>	<u><u>116,517</u></u>	<u><u>(3,449,100)</u></u>