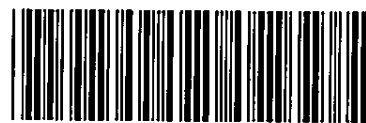


Financial Statements

Avent Engineering Limited

For the year ended 31 October 2007

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COMPANIES HOUSE

Company No. 1895378

Company information

Company registration number :	1895378
Registered office :	Bath Road Industrial Estate Chippenham Wiltshire SN14 0AB
Directors :	P V Carolan M E Snee
Principal bankers :	Allied Irish Bank (GB) St James' Place Charlotte Street Manchester M1 4DZ
Solicitors :	TLT Solicitors LLP 1 Redcliffe Street Bristol BS1 6TP
Auditors :	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Chairman's statement

Performance

The 2006/2007 financial year proved to be a difficult one for Avent Engineering Limited. Having made good progress in turning the business away from disaster after the buyout in 2004, the management team failed to put in place the culture, systems and disciplines required to achieve long term profitable growth.

In August 2007, I appointed Mike Snee as the new Managing Director to the business. Mike has worked his way up through the utility contracting industry from junior buyer to Managing Director of gas and water in Alfred McAlpine Plc, gaining significant experience across the water, gas, telecom and electric industry en route.

On appointment Mike carried out a full review of the business and in his first 100 days he closed down all the loss making contracts and achieved annualised overhead savings of £1 million. A new more disciplined operational team has been installed.

In summary, the new team under Mike's guidance have installed the systems, disciplines and culture required to achieve long term profitable growth.

Contracts

Having closed the loss making contracts and having handed over the Wales and West Utilities work to a new alliance, the new team have been successful in replacing that turnover with new profitable work. Avent have partnered with Laing O'Rourke to deliver a new 3 year contract to Eon energy services in the West Midlands. This has a potential turnover of £10 million per annum and is already leading to further opportunities with both Laing O'Rourke and Eon.

We have also been in discussions with Fujitsu for a further £4 million worth of work with Fujitsu providing cabling and jointing services on their BT contract in Devon and Cornwall as well as civils operations.

The special projects team have been very successful at growing their work with Wessex Water and are now receiving enquiries from South West Water, Severn Trent and United Utilities.

Safety

Safety has always been a priority for the management of Avent Engineering and we have a strong desire to show significant year on year improvement. For that reason we are pleased to report an improved accident frequency rate of 0.27.

The Environment

Climate Change has placed the environment at the top of everyone's agenda not least our clients in the utility industry. With this in mind, we have moved to significantly reduce our carbon footprint. From recycling materials on site, to the installation of engine governors to reduce fuel consumption, all aspects of our operations are being reviewed to minimise our impact on the environment.

People

“People are our most important asset” is a grossly overused term rarely backed up by the investment required to help people meet their own aspirations. At Avent, however, we know that the only way we can achieve our long term goals for the business is through developing people and helping them achieve their individual life goals. With this in mind, we have commenced several in house training programs and began recruiting both undergraduate and post graduate trainees.

The key role in the utility contracting sector is the site agent or first line manager and traditionally these are promoted from the teams with little preparation. We have developed a 12 module training programme tailored specifically for this sector, the first module of this course has been delivered to our agents and it is our intention that all our agents will go through this course as well as identifying those in the teams who are interested in progression and thereby preparing them for the opportunity when it arises.



P V Carolan
Chairman

23 July 2008

Report of the directors

The directors present their report together with the audited financial statements for the year ended 31 October 2007

Principal activity

The company's principal activity was that of civil engineering

Results and dividends

The loss for the year after taxation amounted to £747,237 (2006 profit £169,699). The directors do not recommend the payment of a dividend (2006 £Nil) leaving the amount of £747,237 (2006 £169,699) to be transferred to reserves.

Directors

The directors of the company are listed below. All served on the Board throughout the year unless otherwise stated.

S E Atkinson (appointed 16 October 2007, resigned 12 March 2008)

J F Bateson (resigned 23 June 2008)

D Brown (resigned 30 January 2007)

P V Carolan

J K Cronin (resigned 20 December 2007)

M Huynh (appointed 26 February 2007, resigned 17 August 2007)

M K Monaghan (resigned 13 October 2007)

P Reynolds (resigned 26 February 2007)

M E Snee (appointed 24 September 2007)

Financial risk management objectives and policies

The company uses financial instruments, these include a bank loan and overdraft, cash and various items, such as trade debtors, amounts recoverable on contracts and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

- *Liquidity risk* – The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility.

- *Interest rate risk* – The company finances its operations through a mixture of retained profits, bank loans and a bank overdraft. The interest rate exposure of the financial assets and liabilities of the company as at 31 October 2007 is shown below. The table includes trade debtors, amounts recoverable on contracts and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed	Floating	Interest rate Zero	Total
	£	£	£	£
Financial assets				
Cash	–	2,003	–	2,003
Trade debtors	–	–	3,620,574	3,620,574
Amounts recoverable on contracts	–	–	3,463,150	3,463,150
	<u>–</u>	<u>2,003</u>	<u>7,083,724</u>	<u>7,085,727</u>
Financial liabilities				
Bank loans and overdrafts	565,600	1,613,168	–	2,178,768
Trade creditors	–	–	3,623,523	3,623,523
Inter-company debt	–	393,586	–	393,586
	<u>565,600</u>	<u>2,006,754</u>	<u>3,623,523</u>	<u>6,195,877</u>

Credit risk

The company's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The directors do not consider there to be any material credit risk, as given the nature of the business, cash is received on completion of each project.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 judgments and estimates that are reasonable and prudent,
- state whether applicable 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 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.

In so far as the directors are aware

- there is no relevant audit 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.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £995 (2006 £749).

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



P V Carolan
Director

23 July 2008



Report of the independent auditors to the members of Avent Engineering Limited

We have audited the financial statements of Avent Engineering Limited for the year ended 31 October 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 20. These financial statements have been prepared in accordance with 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 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 the directors and auditors

The directors' responsibilities for preparing the directors' report 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 if 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 opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.



Report of the independent auditors to the members of Avent Engineering Limited

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 October 2007 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 for the year ended 31 October 2007

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the principal accounting policies concerning the company's ability to continue as a going concern. The company incurred a net loss of £747,237 during the year ended 31 October 2007 and, at that date, the company's current liabilities exceeded its current assets by £481,404. These conditions, along with the other matters explained in the principal accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

23 July 2008

Principal accounting policies

Basis of preparation

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

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year

Going concern

During the year, the company has incurred a substantial loss before taxation of £849,455, as explained in more detail in the chairman's statement. As further explained in the chairman's statement, improvements to systems, disciplines and culture have been implemented since the year end and at the date of these accounts, the company has returned to profitability.

The directors have produced profit and cashflow forecasts for the next 12 months which demonstrate a return to profitability and that the company will operate within its existing facilities. The directors are confident that they will achieve their forecasts and have discussed them in detail with their bankers. Based on the directors' opinion of the return to profitability and the continued support from bankers and the controlling shareholder, the directors believe it is appropriate to adopt the going concern basis for the preparation of the financial statements.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives. The rates generally applicable are

Leasehold, land and buildings	Over the period of the lease
Plant and machinery	1 - 4 years straight line
Equipment	1 - 4 years straight line
Motor vehicles	3 - 4 years straight line

Stocks

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

Long term contracts

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, including finance costs, 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 payments on account.

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

Amounts recoverable on contracts

Amounts recoverable on contracts are included in current assets and are stated at cost plus attributable profit, less any foreseeable losses, less payments received on account

Subcontractor costs

Subcontractor costs in respect of work done on contracts are included in these financial statements on an accruals basis

Deferred taxation

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

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Contributions to pension schemes

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting year.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the year of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Profit and loss account

	Note	2007 £	2006 £
Turnover – continuing activities	1	34,247,811	35,475,176
Cost of sales		<u>(33,702,316)</u>	<u>(32,584,195)</u>
Gross profit		545,495	2,890,981
Other administrative expenses		(1,742,177)	(2,479,494)
Loan from parent undertaking written off		500,000	–
Total administrative costs		<u>(1,242,177)</u>	<u>(2,479,494)</u>
Operating (loss)/profit – continuing activities		(696,682)	411,487
Interest payable and similar charges	3	<u>(152,773)</u>	<u>(119,640)</u>
(Loss)/profit on ordinary activities before taxation	1	(849,455)	291,847
Tax on (loss)/profit on ordinary activities	4	102,218	(122,148)
(Loss)/profit retained and transferred to reserves	12	<u><u>(747,237)</u></u>	<u><u>169,699</u></u>

There were no recognised gains or losses other than the result for the financial year

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	5	<u>1,171,150</u>	<u>1,267,937</u>
Current assets			
Stocks	6	219,382	211,521
Debtors	7	7,921,095	6,874,203
Cash at bank and in hand		<u>2,003</u>	<u>326,166</u>
		<u>8,142,480</u>	<u>7,411,890</u>
Creditors: amounts falling due within one year	8	<u>(8,623,884)</u>	<u>(7,073,622)</u>
Net current (liabilities)/assets		<u>(481,404)</u>	<u>338,268</u>
Total assets less current liabilities		689,746	1,606,205
Provisions for liabilities	9	<u>(254,884)</u>	<u>(424,106)</u>
Net assets		<u>434,862</u>	<u>1,182,099</u>
Capital and reserves			
Called up share capital	11	600,000	600,000
Profit and loss account	12	<u>(165,138)</u>	<u>582,099</u>
Shareholders funds	13	<u>434,862</u>	<u>1,182,099</u>

The financial statements were approved by the Board of Directors on 23 July 2008 and signed on their behalf by

P V Carolan



Director

Cash flow statement

	Note	2007 £	2006 £
Net cash (outflow)/inflow from operating activities	14	<u>(486,802)</u>	<u>306,301</u>
Returns on investments and servicing of finance			
Interest paid		<u>(152,773)</u>	<u>(119,640)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(152,773)</u>	<u>(119,640)</u>
Taxation		<u>(156,412)</u>	<u>(100,908)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(228,202)</u>	<u>(1,108,953)</u>
Sale of tangible fixed assets		<u>—</u>	<u>69,086</u>
Net cash outflow from capital expenditure and financial investment		<u>(228,202)</u>	<u>(1,039,867)</u>
Cash outflow before financing		<u>(1,024,189)</u>	<u>(954,114)</u>
Financing			
(Repayment)/receipt of inter-company loan	16	<u>(44,624)</u>	<u>1,011,600</u>
Net cash (outflow)/inflow from financing		<u>(44,624)</u>	<u>1,011,600</u>
(Decrease)/increase in cash	15	<u><u>(1,068,813)</u></u>	<u><u>57,486</u></u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit on ordinary activities before taxation are attributable to the principal activity of the company and arises wholly within the United Kingdom

	2007	2006
	£	£
The (loss)/profit on ordinary activities before taxation is stated after		
Depreciation		
– owned	324,989	364,051
Profit on disposal of fixed assets	–	(35,499)
Operating lease payments	215,178	179,163
Auditors' remuneration	23,423	20,000

Fees paid to the company's auditors for services other than the statutory audit of the company are not disclosed since the consolidated accounts of the company's ultimate parent, Vincento Limited, are required to disclose non-audit fees on a consolidated basis

2 Directors and employees

	2007	2006
	£	£
Staff costs during the year were as follows		
Wages and salaries	12,694,452	13,382,514
Social security costs	1,183,422	1,368,527
Pension costs	109,811	124,119
	<u>13,987,685</u>	<u>14,875,160</u>

	2007	2006
	Number	Number
The average number of employees during the year was	<u>415</u>	<u>489</u>

Staff costs include remuneration in respect of directors as follows

	2007	2006
	£	£
Emoluments	569,338	554,854
Compensation for loss of office	14,500	30,000
Pension contributions to money purchase pension schemes	17,925	14,711
	<u>601,763</u>	<u>599,565</u>

During the year 4 directors (2006 3) participated in money purchase pension schemes. The amounts set out above include remuneration in respect of the highest paid director as follows

	2007	2006
	£	£
Emoluments and benefits in kind	<u>144,354</u>	<u>126,847</u>

3 Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	106,604	75,229
Interest payable to group undertakings	46,169	44,411
	<u>152,773</u>	<u>119,640</u>

4 Tax on (loss)/profit on ordinary activities

The taxation charge is based on the (loss)/profit for the year and represents

	2007 £	2006 £
Current tax		
UK corporation tax on (loss)/profit for the year	(161,639)	162,218
Adjustment in respect of prior years	(579)	(12,070)
	<u>(162,218)</u>	<u>150,148</u>
Deferred tax		
Origination and reversal of timing differences	60,000	(28,000)
	<u>(102,218)</u>	<u>122,148</u>

Factors affecting the tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2006 19%) The differences are explained as follows

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	<u>(849,455)</u>	<u>291,847</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 19%)	(254,837)	87,554
Effect of		
Income not chargeable for tax purposes	(150,000)	—
Expenses not deductible for tax purposes	58,636	39,087
Depreciation in excess of capital allowances	30,163	35,809
Other short term timing differences	—	(232)
Trade losses not utilised/(utilised)	154,399	—
Adjustments in respect of prior year	(579)	(12,070)
	<u>(162,218)</u>	<u>150,148</u>

5 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 November 2006	869,031	782,395	22,912	439,479	2,113,817
Additions	13,690	96,682	–	117,830	228,202
At 31 October 2007	<u>882,721</u>	<u>879,077</u>	<u>22,912</u>	<u>557,309</u>	<u>2,342,019</u>
Depreciation					
At 1 November 2006	23,493	488,619	22,165	311,603	845,880
Provided in the year	30,504	198,493	746	95,246	324,989
At 31 October 2007	<u>53,997</u>	<u>687,112</u>	<u>22,911</u>	<u>406,849</u>	<u>1,170,869</u>
Net book amount					
At 31 October 2007	<u>828,724</u>	<u>191,965</u>	<u>1</u>	<u>150,460</u>	<u>1,171,150</u>
At 31 October 2006	<u>845,538</u>	<u>293,776</u>	<u>747</u>	<u>127,876</u>	<u>1,267,937</u>

6 Stocks

	2007 £	2006 £
Plant and consumables	<u>219,382</u>	<u>211,521</u>

7 Debtors

	2007 £	2006 £
Trade debtors	3,620,574	2,320,680
Amounts recoverable on contracts	3,463,150	3,725,410
Amounts owed by group undertakings	500,000	500,000
Prepayments and accrued income	175,316	268,113
Corporation tax recoverable	162,055	–
Deferred tax asset (note 10)	–	60,000
	<u>7,921,095</u>	<u>6,874,203</u>

8 Creditors : amounts falling due within one year

	2007 £	2006 £
Bank loans and overdraft	2,178,768	1,434,118
Trade creditors	3,623,523	2,929,254
Amounts owed to group undertakings	578,320	1,200,587
Corporation tax	—	156,575
Other taxation and social security	1,343,525	916,600
Accruals and deferred income	899,748	436,488
	<u>8,623,884</u>	<u>7,073,622</u>

The bank overdraft amounting to £1,613,168 (2006 £868,518) and loan balance of £565,600 (2006 £565,600) is secured by a fixed and floating charge over all the assets of the company. The overdraft carries an interest rate of 2% above bank base rate.

9 Provisions for liabilities

	Other £	Reinstatement £	Total £
At 1 November 2006	99,908	324,198	424,106
Released to profit and loss account	(69,908)	(99,314)	(169,222)
At 31 October 2007	<u>30,000</u>	<u>224,884</u>	<u>254,884</u>

10 Deferred taxation

A deferred tax asset of £Nil (2006 £60,000) has been recognised in the financial statements. The directors have not recognised the following asset due to the uncertainty over the availability of future taxable profit and therefore its utilisation.

	2007 £	2006 £
Accelerated capital allowances	83,000	58,000
Other timing differences	1,000	2,000
Trading losses	144,000	—
	<u>228,000</u>	<u>60,000</u>

11 Share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid 600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

12 Profit and loss account

	£
At 1 November 2006	582,099
Loss for the year	<u>(747,237)</u>
At 31 October 2007	<u>(165,138)</u>

13 Reconciliation of movements in shareholders' funds/(deficit)

	2007 £	2006 £
(Loss)/profit for the financial year	(747,237)	169,699
Opening shareholders' funds	<u>1,182,099</u>	<u>1,012,400</u>
Closing shareholders' funds	<u>434,862</u>	<u>1,182,099</u>

14 Net cash (outflow)/inflow from operating activities

	2007 £	2006 £
Operating (loss)/profit	(696,682)	411,487
Depreciation	324,989	364,051
Profit on sale of fixed assets	—	(35,499)
Long term debt written off	(500,000)	—
Increase in stocks	(7,861)	(29,444)
(Increase)/decrease in debtors	(944,837)	37,000
Increase/(decrease) in creditors	1,506,811	(315,598)
Decrease in provisions	<u>(169,222)</u>	<u>(125,696)</u>
Net cash (outflow)/inflow from operating activities	<u>(486,802)</u>	<u>306,301</u>

15 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
(Decrease)/increase in cash in the year	(1,068,813)	57,486
Cash outflow/(inflow) from financing	44,624	(1,011,600)
Movement in net debt resulting from cashflows	(1,024,189)	(954,114)
Long term debt written off	500,000	—
Net debt at 1 November 2006	(2,046,162)	(1,092,048)
Net debt at 31 October 2007	(2,570,351)	(2,046,162)

16 Analysis of changes in net debt

	At 31 October 2006 £	Cashflow £	Non-cash movement £	At 31 October 2007 £
Cash in hand and at bank	326,166	(324,163)	—	2,003
Overdraft	(868,518)	(744,650)	—	(1,613,168)
	(542,352)	(1,068,813)	—	(1,611,165)
Bank loan debt	(565,600)	—	—	(565,600)
Inter company debt	(938,210)	44,624	500,000	(393,586)
	(2,046,162)	(1,024,189)	500,000	(2,570,351)

17 Contingent liability

In the normal course of business the company has entered into performance bonds for the sum of £547,500 (2006 £507,500)

18 Operating lease commitments

At 31 October 2007, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Motor vehicles	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	66,301	37,642	58,819	—
In the second to fifth year inclusive	10,900	67,660	133,525	215,178
After more than five years	141,710	141,710	—	—
	218,911	247,012	192,344	215,178

19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 “Related party disclosures” and has not disclosed transactions with group undertakings

There are no other related party transactions

20 Ultimate parent undertaking

The company is a wholly owned subsidiary of Avent Newco Limited (formerly Avent UK Limited). The directors consider that the ultimate parent undertaking of this company is Vincento Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Vincento Limited. Copies of the group accounts can be obtained from Companies House.