COMPANY REGISTERED No. 05169780

Mavinwood plc

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2008

Mavinwood plc

Mavinwood is an AIM quoted company focussing on developing and expanding a UK based Document Handling business

Mavinwood plc
HIGHLIGHTS

- Difficult year with Emergency Repair – decision taken to exit
- Insurers reducing prices in response to credit crunch
- ANSA and Independent sold; ABS contract winding down
- Document Handling performing satisfactorily
- Debt reduced
- Strategy and platform for future growth

FINANCIAL HIGHLIGHTS

	2008	2007
Continuing operations		
Revenue	£22.3m	£23.3m
EBITA#	£2.6m	£3.7m
Operating (loss)/profit	£(4.8)m	£1.9m
Loss before tax	£(7.9)m	£(0.6)m
Basic loss per share from continuing operations	(1.48)p	(0.31)p
Adjusted profit after tax*	£0.7m	£0.8m
Adjusted fully diluted earnings per share*	0.13p	0.15p
Basic (loss)/earnings per share	(7.52)p	0.56p

Earnings before interest, tax, exceptional items, amortisation and impairment of intangible assets and share based payments credit/(charge)

* before discontinued operations, exceptional items, amortisation and impairment of intangible assets, share based payments credit/(charge) and notional interest on contingent consideration

Mavinwood plc
CONTENTS AND DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS, OFFICERS AND ADVISERS

Sir William Wells (Chairman)
Charles Skinner (Chief Executive)
Kevin Mahoney (Executive Director)
Mike Vincent (Finance Director)
Andrew Wilson (Non Executive)

SECRETARY

Mike Vincent

REGISTERED NUMBER AND OFFICE

05169780
Lacon House
84 Theobald's Road
London, WC1X 8RW

NOMINATED ADVISER & BROKER

Collins Stewart Europe Limited
88 Wood Street
London, EC2V 7QR

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London, WC1B 3ST

SOLICITORS

Nabarro LLP
Lacon House
84 Theobald's Road
London, WC1X 8RW

BANKERS

Allied Irish Banks, p.l.c.
St Helen's
1 Undershaft
London, EC3A 8AB

Fortis Bank SA/NV UK Branch
Ship Canal House
98 King Street
Manchester, M2 4WU

REGISTRARS

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire, HD8 0LA

Mavinwood plc
DIRECTORS

Sir William Wells, aged 69, *Non-Executive Chairman*

Sir William Wells was appointed Chairman of the Board on 8 June 2009. Sir William Wells' career encompasses senior positions in public health, commercial property, insurance and small business.

Sir William Wells is the Chairman of the Department of Health's Commercial Advisory Board, which advises ministers on the effects of policy on the private sector and was previously the Chairman of the NHS Appointments Commission, which he established in 2001. Sir William is also a former Governor of the Royal Free Hospital, London and Regional Chairman of the South Thames Region.

Sir William was Managing Partner and then Chairman of Chesterton chartered surveyors for 34 years, where he oversaw their transition from a private partnership to a listed company. His other experience includes non-executive director roles with AMP (UK) which acquired the Pearl Group, London Life, NPI and Henderson. He guided AMP (UK) through a disposal programme leading to the refloating of Henderson Group plc and of Exel plc, which was subsequently acquired by Deutsche Post.

Sir William is Chairman of ADL, an AIM-listed care home provider and of CMG plc, a specialist in the care of adults and children with learning difficulties and a director of Urban Village, which is developing a mixed use 'village' in Shoreditch to provide homes, support and training for over 300 homeless people.

Charles Skinner, aged 48, *Chief Executive*

Charles Skinner was appointed Chief Executive of the Group on 8 June 2009. Charles was previously chief executive of Johnson Services Group plc and Brandon Hire plc for nine years, prior to which he was at SG Warburg, 3i and editor of Management Today. Charles has considerable business to business services experience.

Kevin David Mahoney, aged 58, *Executive Director*

Kevin has worked as managing director at a number of blue-chip service companies and has experience of steering businesses through periods of change. He was managing director at Caradon Everest Double Glazing from 1990 to 1995 and managing director of W H Smith Business Supplies, where he was a member of the management team that sold that business for £140 million. Between 1996 and 1997 he worked at British Gas Services as sales and marketing director. Kevin was also managing director of ISS (UK) for four years, where he gained direct experience of business-to-business outsourcing of facilities management services. Most recently he was a member of the management team at Electricity Direct that sold that business to Centrica. He floated Mavinwood with Mike Vincent in November 2004. He is also a non-executive director of Impellam plc.

Mike Vincent, aged 52, *Finance Director*

Mike qualified as a chartered accountant with KPMG, where he later specialised in mergers and acquisition work. Between 1986 and 1995 he held senior financial positions at Caradon plc, facilitating the official listing of the company in 1987, later becoming finance director of the European heating and plumbing division and then chief financial officer of the Caradon North American business. As group finance director of Ascot plc, a quoted company, Mike was involved in developing the group from one capitalised at £40 million to one in excess of £250 million. He was later involved in a business-to-business start up in the business service sector and he was the finance director of the Business Process Outsourcing division of PwC from 2001 to 2004.

Andrew Wilson, aged 49, *Non-Executive Director*

Andrew Wilson joined the Board on 8 June 2009 as a Non-Executive Director. Andrew is a non-executive Director of Impellam Group plc, London Town plc, GHP AB, Digital Marketing Group plc, Consolidated Asset Management Plc, Shellproof Limited, Shellshock Limited and Cockleshell Limited. He is also a Non-Executive Director of a number of private companies, including Priory Investment Holdings Limited, Artefact Partners Limited and Pluto Capital Limited.

Mavinwood plc
CHAIRMAN'S STATEMENT

STRATEGY

Our objective is to acquire and develop specialist support services businesses that have the potential for growth, either organically or in combination with other complementary businesses. Following the sale of our Emergency Repair division. We will be focussing on the Document Handling business going forward.

RESULTS

Revenue for continuing operations in 2008 was £22,336,000 (2007: 23,156,000) and the loss before tax from continuing operations was £7,867,000 after impairment of intangible assets of £6,893,000 (2007: £nil). The loss from continuing operations before amortisation and impairment of intangible assets, exceptional items, share based payments credit/(charge) and notional interest on contingent consideration was £322,000 (see Loss before tax section in the Executive Director's review for analysis) (2007 profit: £1,296,000). The basic loss per ordinary share for continuing operations was 1.48p (2007: 0.31p).

Subsequent to the Preliminary Announcement made on 9 June 2009 the Remuneration Committee have reassessed the likelihood of the vesting of the LTIP and share options. Consequentially an adjustment has been made to the IFRS 2 Share based payments charge which results in a net credit to the Consolidated Income Statement of £839,000.

The Mavinwood Group comprises two divisions, Emergency Repair and Document Handling. At 31 December 2008, the Emergency Repair division (excluding Ansa Building Services Limited, 'ABS') has been classified as held for resale. The Document Handling division and ABS have been classified as continuing operations.

EMERGENCY REPAIR

The major event in 2008 has been the weak performance of our Emergency Repair division.

In September 2008 we sold Mono Services Limited for £0.4 million at a loss of £1.6 million. This business comprised a number of social housing building fabric repair contracts. At this point, we retained the insurance building fabric contract and placed it in a subsidiary renamed ANSA Building Services limited (ABS). The performance of ABS has continued to disappoint in 2009 with weak volumes and we will be exiting from this business by 31 December 2009. At 31 December 2008, ABS has been classified as part of continuing operations.

The weak performance of the remainder of the division was due mostly to losing a large drainage contract with one major insurer. We took the decision to seek a buyer for the Emergency Repair division and entered into a full auction process towards the end of 2008. As a result of this, the division (with the exception of ABS) has been classified as held for sale at 31 December 2008.

POST BALANCE SHEET EVENTS

We announced on 9 June 2009 that we had exchanged contracts for the sale of both the Ansa and Independent businesses to the incumbent management team backed by Lloyds TSB Development Capital Limited (LDC). Cash proceeds are £19.55 million before expenses estimated at £0.7 million.

The sale has meant that we have had to write down the attributable goodwill on the Emergency Repair business significantly and present the assets as assets held for sale in the December 2008 Balance Sheet. The carrying value of ANSA and Independent at 31 December 2008 reflects the realisable value from the transaction. The net cash proceeds from the sale of ANSA and Independent will be used to pay down debt. Full details of the transaction are given in the circular to shareholders posted on 9 June.

As announced on 12 February 2009 we have put in place a back stop position whereby our principal shareholder has underwritten an equity issue of up to £10 million on 30 June 2009. As part of the overall £10m underwrite arrangement, our principal shareholder agreed to make available to the company a short term loan facility of £2.5 million. Following completion of the sale today, these arrangements have now been extended to 30 September 2009, at a cost of £0.15 million. This extension provides the Group with the flexibility either to refinance with another bank or reduce the debt by other disposals by 30 September, before the need to issue any equity arises.

DIVIDENDS

Mavinwood intends to re-invest profits in the business and the Board do not recommend declaring a dividend (2007: Nil).

BOARD

There were no changes to the Board in the year to 31 December 2008. On 8 June myself, Andy Wilson and Charles Skinner as Chief Executive were appointed to the Board. Kevin Mahoney continues as an Executive Director. Philip Reid and Bob Guthrie stepped down as non-executive directors and I would like to thank them for their contributions. On completion of the sale of ANSA and Independent Steve Watkins has resigned from the Board today.

PEOPLE

The continuing business of the Group employed an average of 444 people at 31 December 2008 (2007: continuing business 546, discontinued business 1,262 people). I would like to express my thanks to all of them for their respective contributions in 2008.

OUTLOOK

This has been a very mixed year for our two divisions. Document Handling has continued to grow significantly with operating profit up by 17% on a like for like basis. Trading in 2009 has been satisfactory. Emergency Repair has however suffered in a difficult market as insurance companies have reacted to the developing 'credit crunch' by reducing prices. The Board is satisfied that Document Handling remains an attractive market to be invested in and would anticipate it growing in the future.

Sir William Wells
Chairman

26 June 2009

LOSS BEFORE TAX

The loss before tax for the year ended 31 December 2008 for continuing operations was £7,867,000 (2007: £618,000). However, the Directors believe that an adjusted measure of (loss)/profit before tax and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Mavinwood Group's business. The items adjusted for in arriving at that underlying level are as follows:

	2008 £'000	2007 £'000
Continuing operations		
Emergency Repair	(475)	1,327
Document Handling	4,736	3,886
Central costs	(1,671)	(1,483)
Share based payments credit/(charge)	533	(1,658)
Impairment of intangible assets	(6,893)	–
Exceptional items	(824)	–
Amortisation of intangible assets	(240)	(194)
Operating (loss)/profit	(4,834)	1,878
Net finance costs	(3,033)	(2,496)
Loss before tax	(7,867)	(618)
Share based payments (credit)/charge	(533)	1,658
Impairment of intangible assets – ABS	6,893	–
Exceptional items	824	–
Amortisation of intangible assets	240	194
Notional interest on contingent consideration	121	62
Adjusted (loss)/profit before tax – continuing operations	(322)	1,296

The key performance indicators of the business which the board regularly reviews are:

	2008 £'000	2007 £'000
Adjusted (loss)/profit before tax – continuing operations	(322)	1,296
Operating cash flow generated/(used) after capital expenditure – continuing operations	734	(638)

The non financial indicators that are monitored are customer satisfaction and retention and staff turnover ratios.

The Mavinwood Group comprises two divisions, Emergency Repair and Document Handling. At 31 December 2008, the Emergency Repair division (excluding Ansa Building Services Limited, 'ABS') has been classified as held for sale. The Document Handling division and ABS have been classified as continuing operations.

DOCUMENT HANDLING

			Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Revenue	Restore and Wansdyke		10,148	8,934
	DCS	*	4,582	3,022
	Total		14,730	11,956
EBITA**	Restore and Wansdyke		3,492	2,808
	DCS	*	1,244	1,078
	Total		4,736	3,886

* DCS 9 months in 2007

** excluding share based payments credit/(charge)

RESTORE AND WANSDYKE

Restore and Wansdyke serve a wide range of customers, including law firms, corporates of varying sizes, financial services companies, councils and health trusts. Our customers are mostly based in London and the South across to Bristol and South Wales. The majority of sales are the storage and retrieval of archive boxes but also individual files and other material such as magnetic media and film.

Scanning of documents on a selective basis is also offered to clients. Shredding or pulping of documents at the end of their useful lives is currently outsourced, although this would form a logical product extension.

The key customer satisfaction measures are:

- % accuracy in retrieving items
- % of items retrieved in accordance with terms of service, such as same day or next day delivery

We operate a combination of freehold and leasehold sites at Wansdyke and Restore respectively. Due to the absence of rental charges, the return on sales at Wansdyke is higher than that at Restore.

Wansdyke's sales grew strongly in 2008, by 14%. We are gradually filling up our underground storage facilities near Bath and we estimate we have enough spare space for the medium term expansion for the business through to 2013.

Restore's sales grew by 13% albeit with some lower margin business.

DOCUMENT CONTROL SERVICES (DCS)

DCS is a quality national operation, scanning and indexing documents with high intellectual property content. The business has a blue chip customer base including Network Rail, Highways Agency, The Crown Estate, oil and gas companies, city councils and property companies. DCS made a very strong contribution the first half of 2008 although it did suffer in the last quarter from some deferral of projects into 2009.

DOCUMENT HANDLING SUMMARY

The market for the physical storage of archives continues to grow well in excess of GDP, with especially strong growth in sectors such as professional services. Overall, on a true like for like basis comparing each business with a comparable period of trading in 2007, sales advanced by 16% and operating profit by 17%.

Inevitably, the recession is reducing business and business activity and we are seeing some softening in the volume of retrievals of boxes and files. However, this is being offset by continued good organic growth from existing customers and some new contract wins.

PETER COX

Peter Cox operates a nationwide network of branches providing damp control, timber preservation and masonry stabilisation services for private, public sector and commercial property, principally housing. The company increased its service offerings and extended activities in the public and commercial sectors in response to the reducing activities in the private housing transaction market. Sales in 2008 were £16.7 million and operating profit was £0.7 million. At 31 December 2008, Peter Cox has been written down to its attributable realisable value.

ABS

ABS operates an insurance building fabric contract in the North West. Sales in 2008 were £7.6 million and operating loss was £0.5 million.

Kevin Mahoney
Executive Director

26 June 2009

Mavinwood plc
FINANCE DIRECTOR'S REVIEW

RESULTS

Revenue in the year ended 31 December 2008 was £22.3 million (2007: £23.2 million). EBITA for continuing operations before exceptional items, amortisation and impairment of intangible assets and share based payments credit/(charge) was £2.6 million (2007: £3.7 million).

INTEREST

Net interest payable amounted to £3,033,000 (2007: £2,496,000). Included within the finance cost is £121,000 (2007: £62,000) representing the notional interest on contingent consideration due on the acquisitions of Peter Cox and DCS in 2008 and Mono Services and Independent Inspections in 2007. The discount rate applied in this calculation was 7.9%.

LOSS BEFORE TAX

Loss before tax in the year ended 31 December 2008 was £7,867,000 (2007: £618,000).

TAXATION

The amortisation and impairment of intangible assets, the notional interest on the contingent consideration and the share based payments charge do not attract any tax relief. However, the underlying tax rate during 2008 was 28.5%, as a percentage of adjusted profit before taxation (2007: 30.4%).

EARNINGS PER SHARE (EPS)

	Year ended 31 December 2008	Restated Year ended 31 December 2007
Loss per share from continuing operations (pence)		
Basic	(1.48)p	(0.31)p
Diluted	(1.48)p	(0.31)p
Adjusted earnings per share from continuing operations (pence)		
Basic	0.15p	0.17p
Diluted	0.13p	0.15p

Basic EPS is (7.52)p, which compares with 0.56p in 2007. Basic EPS adjusted as above was 0.15p (2007: 0.17p). Assuming the exercise of all options and awards under the LTIP in 2008 at an average price of 11.4p plus the conversion of the convertible A shares (2007: 18.4p), the fully diluted adjusted EPS becomes 0.13p (2007:0.15p).

SHARE ISSUES

New equity was issued on two occasions in 2008. 0.5 million shares were issued on exercise of awards under the LTIP to the previous head of Document Handling who retired due to ill health in late 2007. 3.3 million shares were allotted at 12.0p per share on 5 June 2008 as part funding of the contingent consideration for DCS.

ACQUISITIONS

There were no acquisitions in 2008.

DISPOSALS

The disposals of Mono Services Limited in September 2008 and the ER division excluding ABS and Peter Cox have been fully described in the Chairman's Statement.

The ER sale agreement provides for the sale of ANSA Holdings Limited, Independent Inspections Holdings Limited and Home and Comforts Limited to the purchaser for a consideration of up to £19.55 million. Of this sum, £18.05 million is payable to the Company on completion. A further sum of up to £1.5 million is being paid into an escrow account on completion and will be released to the Company (or returned to the purchaser) depending on the EBITA performance of ANSA, Independent Inspections and Home and Comforts during the year ending 31 December 2009. The sum payable to the Company on completion is subject to adjustment after completion depending on the level of net debt and working capital in ANSA, Independent Inspections and Home and Comforts as at completion. The proceeds of the disposal will be used to repay bank debt.

The sale agreement also provides for two transitional agreements to be entered into on completion for certain back office services to be provided to Peter Cox and ABS. This is to enable certain services to continue to be provided by the sale companies for a transitional period.

BALANCE SHEET

Net assets decreased to £15.2 million mainly as a result of the write-down of goodwill relating to our Emergency Repair division and sale of Mono Services Limited as described earlier and also reflecting the loss for the year plus the share issues. Goodwill and intangibles on the retained business at 31 December 2008 was £21.8 million (2007: retained business £29.2 million, discontinued operations £41.4m).

Property, plant and equipment totalled £10.9 million (2007: £12.2 million) principally comprising the freehold underground storage facilities at Wansdyke, but also computer systems, storage racking and vehicles.

Operating working capital from continuing operations (excluding cash) amounted to a net £1.8 million at 31 December 2008. Net debt at 31 December 2008 totalled £35.1 million (2007: £30.9 million) after deferred financing costs of £0.3 million (2007: £0.3 million).

CASH FLOW

The net cash inflow from continuing operations before capital expenditure was £1,790,000 (2007: £569,000). This inflow is after taking account of an outflow of £1.3 million on working capital. Capital expenditure on the continuing business totalled £1,056,000 (2007: £1,397,000) compared to depreciation of £460,000 (2007: £513,000). Significant expenditure comprised the fitting out of empty space in the underground storage areas at Wansdyke and installing new racking at both Restore and Wansdyke.

Cash and contingent consideration in respect of the acquisitions of Peter Cox and DCS respectively of £3.5 million was paid in the year.

RISK MANAGEMENT

The significant financial risks the Group faces have been considered and policies have been implemented to best deal with each risk. The three most significant risks are considered to be liquidity risk, finance cost risk and customer relationship risk. The Group is wholly based in the United Kingdom so the direct exposure to exchange risk is considered to be small.

Liquidity risk

The year end net debt was £35.1 million, which consisted of £36.0 million of interest bearing loans and borrowings less £0.6 million of cash and short term deposits and £0.3 million of deferred financing costs.

As announced on 12 February 2009 we put in place a back stop position whereby our principal shareholder has underwritten an equity issue of up to £10 million on 30 June 2009. As part of the overall £10m underwrite arrangement, our principal shareholder agreed to make available to the company a short term loan facility of £2.5 million. These arrangements have now been extended to 30 September 2009 at a cost of £0.15m. This extension provides the Group with the flexibility either to refinance with another bank or reduce the debt by other disposals by 30 September, before the need to issue any equity arises. As announced on 9 June 2009 the proceeds of the disposals of ANSA and Independent will be used to pay down debt. After receipt of proceeds of £18.05 million proforma net debt is around £17 million.

Finance cost risk

The Group pays finance costs on its bank facilities and finance leases. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. In 2007 an interest rate cap at 6.4% on principal of £10 million was taken for 3 years. The cap cost £23,000 and at 31 December 2008 £nil (2007: £10,000) is recognised as an asset on the balance sheet. The average finance cost for the Group in 2008 was 7.7% (2007: 7.8%).

Customer relationships

The Group has commercial relationships with a number of large customers particularly insurance companies. We have previously acknowledged that the loss of those relationships could have a material impact on the Group's profitability and cash flows. As discussed in the Chairman's Statement, in a difficult market, insurance companies have reacted to the developing 'credit crunch' by reducing prices. We lost a major drainage contract during the year despite the commercial relationship risk being managed through good customer service backed up by regular reviews with key management at these clients.

Mike Vincent
Finance Director

26 June 2009

Mavinwood plc
DIRECTORS' REPORT

The directors submit their report and the financial statements of Mavinwood plc for the year ended 31 December 2008.

Mavinwood plc is a public limited company quoted on AIM, incorporated and domiciled in England and has no branches in the European Union.

RESULTS

The loss before tax from continuing operations for the year ended 31 December 2008 was £7,867,000 (2007: £618,000).

DIVIDENDS

The directors do not recommend a dividend for the year (2007: £nil).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were that of Emergency Repair and Document Handling. With the sale of our Emergency Repair division in 2009 the Company is very much focussed on the Document Handling sector.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

This is dealt with in the Chairman's statement and in the Executive Director's review.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategies are subject to a number of risks. These are explained in the Finance Director's review.

KEY PERFORMANCE INDICATORS ('KPIs')

The Group uses many different KPIs at an operational level which are specific to the business. The key KPIs are discussed in the Executive Director's review.

DIRECTORS

The following directors have held office during the year:

Philip Reid (Chairman) – resigned 8 June 2009
Bob Guthrie (Non Executive) – resigned 8 June 2009
Kevin Mahoney (Chief Executive) – role changed to Executive Director on 8 June 2009
Mike Vincent (Finance Director)
Steve Watkins (Divisional Director – Emergency Repair) – resigned 26 June 2009

As announced on 8 June 2009 the following directors were appointed to the Board:

Sir William Wells (Chairman)
Charles Skinner (Chief Executive)
Andrew Wilson (Non Executive)

Information on directors' remuneration, share options, long-term incentive plans, pension contributions and benefits is set out in the Remuneration Report.

SHARE CAPITAL

Full details of the authorised and issued share capital of the Company, including movements in the year, are set out in note 21 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

At 15 June 2009 the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital:

	Number of 0.1p ordinary shares	Percentage of issued share capital
Geraldton Services Inc	266,336,253	57.1
Cazenove Capital Management Limited	79,940,500	17.1

EMPLOYEES

The Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

ENVIRONMENTAL POLICY

Maintaining and improving the quality of the environment in which we live is an important concern for the Company, our staff, customers, suppliers, sub-contractors and communities in which we operate. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment.

HEALTH AND SAFETY

The Company recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Health and safety is a particular concern to our customers. Consequently, each of our business segments has appointed Health and Safety officers who report to their respective managing directors.

The Group's operational report to the board on a monthly basis includes a section on all health and safety matters.

FINANCIAL RISK MANAGEMENT

Information in respect of the financial risk management objectives and policies of the Group, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the exposure of the Group to market risk, credit risk, liquidity risk and cash flow risk is contained in note 3.

CREDITOR PAYMENT POLICY

The Group policy states that the relationship between the Group and its suppliers should be commercially viable, mutually beneficial and based upon trust and respect. It is Group policy to pay suppliers in accordance with terms that have been mutually agreed in advance. The creditor days were 32 (2007: 41 days).

POLITICAL AND CHARITABLE DONATIONS

Donations made by the Group for charitable purposes amounted to £nil (2007 £9,500). The Group does not make political donations.

POST BALANCE SHEET EVENTS

Post balance sheet events are described in note 33 to the financial statements.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put before the members at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office on 26 June 2009 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting to be held on 28 July 2009 is set out on pages 73 to 75.

By order of the board

M. Vincent

Mike Vincent
Company Secretary

26 June 2009

Mavinwood plc
CORPORATE GOVERNANCE STATEMENT

The policy of the Board is to manage the affairs of the Company having regard to the terms of the Combined Code on Corporate Governance. The Directors support the principles underlying the requirements insofar as is appropriate for a Company of the size of Mavinwood plc.

THE BOARD OF DIRECTORS

The Group is led and controlled by a Board comprising three executive Directors and two Non-Executive Directors.

Board meetings are held on a regular basis and effectively no decision of any consequence is made other than by the directors. All directors participate in the key areas of decision-making, including the appointment of new directors, although there is no separate Nomination Committee due to the current size of the Board.

The Board receives timely information on all material aspects about the Group to enable it to discharge its duties.

All directors submit themselves for re-election at the Annual General Meeting at regular intervals.

The following were Directors during the year:

	Number of Board meetings attended during the year ended 31 December 2008 Total 8	Number of Audit Committee meetings attended during the year ended 31 December 2008 Total 1	Number of Remuneration Committee meetings attended during the year ended 31 December 2008 Total 1
Executive Directors			
Kevin Mahoney	8	–	–
Mike Vincent	8	–	–
Steve Watkins	8	–	–
Non-Executive Directors			
Philip Reid	8	1	1
Bob Guthrie	8	1	1

DIRECTORS' REMUNERATION

The Company has an established Remuneration Committee.

Details of the remuneration of each director are set out in the Remuneration Report.

ACCOUNTABILITY AND AUDIT

The Company has established an Audit Committee. The Chairman and Non-Executive Director are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors.

RELATIONS WITH SHAREHOLDERS

The Chief Executive and the Finance Director are the Company's principal spokespeople with investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

GOING CONCERN

Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

As announced on 12 February 2009 we have put in place a back stop position whereby our principal shareholder has underwritten an equity issue of up to £10 million on 30 June 2009. As part of the overall £10m underwrite arrangement, our principal shareholder agreed to make available to the company a short term loan facility of £2.5 million. These arrangements have now been extended to 30 September 2009 at a cost of £0.15 million. This extension provides the Group with the flexibility either to refinance with another bank or reduce the debt by other disposals by 30 September, before the need to issue any equity arises.

For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Mavinwood plc
REMUNERATION REPORT

REMUNERATION COMMITTEE

The Company has an established remuneration committee consisting of the Chairman and the Non-Executive Director.

The Chairman and Non-Executive Director are responsible for the consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The committee will meet at least once a year and at other times as appropriate.

DIRECTORS' CONTRACTS AND LETTERS OF APPOINTMENT

The Company's policy on directors' service contracts is that, in line with the best practice provisions of the Combined Code, they are to be terminable by the Company on one year's notice.

The Non-Executive Directors do not have service contracts but have letters of appointment for an initial period of one year, which may be renewed by mutual agreement.

Executive Directors	Date of contract	Notice period
Kevin Mahoney	1 November 2004	12 months
Mike Vincent	1 November 2004	12 months
Steve Watkins	13 June 2007	12 months
Charles Skinner	8 June 2009	12 months

Non-Executive Directors	Date of Letter	Notice period
Philip Reid	14 April 2005	3 months
Bob Guthrie	13 June 2007	3 months
Sir William Wells	8 June 2009	3 months
Andrew Wilson	8 June 2009	3 months

DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the Company, who served during the year, were:

£'000	Salary and fees	Benefits	2008 (ex. pension)	Pension	Total 2008	2007 (ex. pension)	Pension	Total 2007
Executive Directors								
Kevin Mahoney	337	10	347	20	367	298	20	318
Mike Vincent	296	10	306	38	344	296	–	296
Steve Watkins	200	–	200	–	200	81	–	81
Non-Executive Directors								
Philip Reid	44	–	44	–	44	40	–	40
Bob Guthrie	28	–	28	–	28	14	–	14
Steve Watkins	–	–	–	–	–	10	–	10
	905	20	925	58	983	739	20	759

Mike Vincent has taken £12,500 (2007: £40,000) pension contributions as additional salary; for Kevin Mahoney £26,595 (2007: £17,730) were taken as additional salary.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Directors' beneficial interests in the shares of the Company, including family interests, as at 31 December 2008 were as follows:

	Number of 0.1p Convertible 'A' shares 31 December 2008	Number of 0.1p Convertible 'A' shares 31 December 2007	Number of 0.1p Ordinary shares 31 December 2008	Number of 0.1p Ordinary shares 31 December 2007
Philip Reid	–	–	–	–
Bob Guthrie	–	–	100,000	100,000
Kevin Mahoney	30,000,000	30,000,000	2,950,000	2,950,000
Mike Vincent	20,000,000	20,000,000	1,160,000	1,160,000
Steve Watkins	–	–	9,599,200	9,599,200

As at 15 June 2009 there has been no change in any of the above holdings.

The Directors believe that the success of the Company will depend to a high degree on the future performance of the management team. The Company has established incentive arrangements which will reward the Directors when shareholder value is created, thereby aligning the interests of management directly with those of the shareholders.

Two Directors hold convertible A shares. The A shares become convertible into a number of ordinary shares with an aggregate value equivalent to 15% of the increase in shareholder value. Shareholder value, for this purpose, is broadly defined as the difference between the market capitalisation of the Company at the relevant conversion date and the aggregate value of all ordinary shares issued up to the date of conversion.

Subject to certain provisions contained in the Articles, the A shares become convertible, at the election of each holder of the A shares, after 5 November 2007 or on a takeover of the Company, into ordinary shares. The A shares cease to be convertible from the fifth anniversary of Admission, that is 5 November 2009.

The A shares are non-voting and are entitled to dividends as if they had been converted on the relevant record date.

MAVINWOOD SHARE OPTION SCHEME

Directors' interests in share options of the Company as at 31 December 2008 and 31 December 2007 were as follows:

	Date of grant	Number of ordinary shares of 0.1p each	Exercise price	Date from which exercisable	Expiry date
Kevin Mahoney	30 June 2005	1,613,250	8.40p	30 June 2008	29 June 2015
Mike Vincent	30 June 2005	1,374,250	8.40p	30 June 2008	29 June 2015
		2,987,500			

The closing price for Mavinwood shares at 31 December 2008 was 3.5 pence. During the year the market price of the Company's ordinary shares ranged between 3.10 pence and 16.85 pence (the low was on 23 October 2008 and the high was on 9 January 2008). In addition to the share options granted to the Directors the following have been granted to other employees within the Group. Lapsed options have arisen due to leavers from Group companies.

Employee share options

Date of grant	Granted	Forfeited	Number of ordinary shares of 0.1p each 31 December 2008	Exercise price	Date from which exercisable	Expiry date
17 March 2006	11,050,996	5,996,046	5,054,950	14.54p	17 March 2009	16 March 2016
16 October 2006	7,124,113	2,847,680	4,276,433	15.00p	16 October 2009	15 October 2016
25 April 2007	5,960,920	2,440,725	3,520,195	18.67p	25 April 2010	24 April 2017
16 April 2008	1,863,863	–	1,863,863	16.00p	16 April 2011	15 April 2018
	25,999,892	11,284,451	14,715,441			

The Company's Remuneration Committee is responsible for administering the share option scheme. The rules of the scheme are the same for both Directors and employees. The share options granted will, subject to the performance targets being met, vest in three tranches on the date of the announcement of the final results for the Company for each of the three years ending after the Date of Grant. The full vesting of each tranche of the share options granted will be subject to the Company achieving annually a performance target of a growth of earnings per share (EPS) of 10% or more over the adjusted EPS for the previous year. In the event that the adjusted EPS growth in each year is less than 10%, then the proportion of options that will vest shall be adjusted as follows:

Growth in EPS in previous financial year	Percentage of ordinary shares in annual tranche which vest
no less than 6% but less than 7%	20%
no less than 7% but less than 8%	40%
no less than 8% but less than 9%	60%
no less than 9% but less than 10%	80%

Any shortfall in the percentage of ordinary shares under option vesting (up to a maximum shortfall of 40%) will vest in the following year if the performance test is exceeded by an equivalent amount in that year.

The base adjusted EPS for 2004 against which the Company's EPS growth will be measured has been determined by the Remuneration Committee. The base adjusted EPS for 2004 of 0.36p was calculated on a proforma basis as though Restore had been acquired on 1 January 2004 with the debt and equity structure in place which was used to acquire the business in May 2005. The adjusted fully diluted EPS for 2005, 2006, 2007 and 2008 has been 0.53p, 0.81p, 0.96p and 0.13p respectively.

The total share options in issue of 14,715,441 shares represents 3.2% of the issued share capital of 466,271,145 shares.

MAVINWOOD LONG-TERM INCENTIVE PLAN (LTIP)

Directors' interests in the LTIP as at 31 December 2008 were as follows:

	As at 31 December 2007 Number	Granted during the year Number	Forfeited during the year Number	As at 31 December 2008 Number	Issue Date	TSR Price(p)	EPS Growth %
Philip Reid	746,875	–	–	746,875	30 June 2005	8.40	12.0
	2,000,000	–	–	2,000,000	23 March 2006	14.75	12.0
	253,125	–	–	253,125	16 October 2006	16.00	16.0
	500,000	–	–	500,000	25 April 2007	18.50	16.0
	3,500,000	–	–	3,500,000			
Kevin Mahoney	2,823,188	–	–	2,823,188	30 June 2005	8.40	12.0
	9,264,627	–	–	9,264,627	23 March 2006	14.75	12.0
	5,597,185	–	–	5,597,185	16 October 2006	16.00	16.0
	2,000,000	–	–	2,000,000	25 April 2007	18.50	16.0
	19,685,000	–	–	19,685,000			
Mike Vincent	2,404,937	–	–	2,404,937	30 June 2005	8.40	12.0
	7,892,091	–	–	7,892,091	23 March 2006	14.75	12.0
	4,767,972	–	–	4,767,972	16 October 2006	16.00	16.0
	3,000,000	–	–	3,000,000	25 April 2007	18.50	16.0
	18,065,000	–	–	18,065,000			
Steve Watkins	500,000	–	–	500,000	23 March 2006	14.75	12.0
	500,000	–	–	500,000	16 October 2006	16.00	16.0
	1,500,000	–	–	1,500,000	25 April 2007	18.50	16.0
	2,500,000	–	–	2,500,000			

The Company's Remuneration Committee is responsible for administering the LTIP.

Awards under the LTIP comprise options to acquire ordinary shares at nominal value which will be subject to performance targets. A participant granted an option under the LTIP will be required to make a payment of 0.1p per ordinary share on exercise of the option. Awards are first exercisable 5 years after issue, subject to attainment of performance targets.

The performance test to be applied to all awards made to the Directors comprises two components. The ordinary shares under the awards will vest in three equal tranches subject to satisfaction of either of two tests each year in respect of each tranche, the first test being of growth in earnings per share ("EPS") and the second of total shareholder return ("TSR").

The first test is that the average annual compounded growth in the Company's EPS exceeds the performance target percentage established at inception for the three periods each beginning 1 January and ending on 31 December three years, four years and five years later respectively. For the initial grant of awards, the base adjusted EPS for 2004 against which the Company's EPS growth will be measured has been determined by the Remuneration Committee at 0.36p. The adjusted fully diluted EPS for 2005, 2006, 2007 and 2008 has been 0.53p, 0.81p, 0.96p and 0.13p respectively.

The Remuneration Committee has taken the view that on the basis of the Group's financial performance in 2008, the EPS compound growth targets under the LTIP are unlikely to be met and the IFRS 2 share based payments charge has been adjusted to reflect this, resulting in a credit to the Consolidated Income Statement of £839,000.

The second performance test is based on the Company's TSR (that is share price growth plus reinvested dividends) measured over the specified periods commencing on issue date as shown in the table below:

Years following award	TSR
3	70%
4	85%
5	100%

In relation to the awards made on 25 April 2007, if prior to 25 April 2012 an offer to acquire the entire issued share capital of the Company (whether made by an offer to which the City Code on Takeovers and Mergers applies or by a scheme of arrangement under the Companies Act 1985 or the Companies Act 2006 (as applicable)) has become unconditional in all respects, exercise of the award (to the extent not already vested) shall be subject to the additional condition that such offer values the Company at 25 pence or more per ordinary share.

TSR shall be measured using the average share price over 20 consecutive dealing days immediately prior to the relevant anniversary following award and comparing this with the price per share at issue.

In the event that neither of the relevant performance targets is met in relation to each tranche of the LTIP award, that tranche of the award shall lapse. All payments in respect of the LTIP awards are at the discretion of the Remuneration Committee.

The total awards under the LTIP of 43,890,000 shares represents 9.5% of the issued share capital of 466,271,145 shares.

The awards under the LTIP to Steve Watkins lapsed with his resignation on 26 June 2009 to lead the Management Buy out of ANSA, Independent Inspections and Home and Comforts.

Option Scheme limits

The number of ordinary shares issued or issuable pursuant to options granted under the Share Option Scheme when aggregated with the number of ordinary shares issued or issuable pursuant to all rights granted under the Share Option Scheme within the previous period of ten years, may not exceed 5% of the Company's issued ordinary share capital at the date of grant. The comparable limit under the LTIP is 10%.

An individual's overall participation under the Share Option Scheme and LTIP is limited so that the aggregate market value at the date of grant of the ordinary shares over which awards have been granted to him cannot exceed 3% and 5% respectively of the Company's issued ordinary share capital at the date of grant.

520,000 awards made under the LTIP were exercised during the year. No share options or awards made under the LTIP were waived in the year.

By order of the board

Sir William Wells
Chairman of the Remuneration Committee

26 June 2009

Mavinwood plc
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS as adopted by the European Union to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that reference in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the European Union and for the Company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAVINWOOD PLC

We have audited the group and parent company financial statements which comprise Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Changes in Shareholders' Equity and the related notes.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent company 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 whether the financial statements have been 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. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Executive Director's Review and the Finance Directors' Review that is cross referenced from the Business Review and Future Developments section of the Directors' Report.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chairman's Statement, Chief Executive's Review, Finance Director's Review, the Corporate Governance Statement, the Remuneration Report and the Trading Record. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2008;
- 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

26 June 2009

Mavinwood plc

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	Restated Year ended 31 December 2007 £'000
Continuing operations			
REVENUE	4	22,336	23,156
Cost of sales		(13,390)	(13,405)
Gross profit		8,946	9,751
Administrative expenses		(6,596)	(6,215)
Share based payments credit/(charge)		533	(1,658)
Exceptional items	4	(824)	-
Impairment of Intangible assets	4	(6,893)	-
OPERATING (LOSS)/PROFIT	5	(4,834)	1,878
Finance income	6	6	25
Finance costs	7	(3,039)	(2,521)
LOSS BEFORE TAX		(7,867)	(618)
Income tax credit/(expense)	8	999	(823)
Loss from continuing operations		(6,868)	(1,441)
Discontinued operations			
(Loss)/profit from discontinued operations	34	(28,068)	4,025
(Loss)/profit for the year		(34,936)	2,584
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(34,936)	2,584
(LOSS)/EARNINGS PER SHARE (PENCE)			
Basic	9	(7.52)p	0.56p
Diluted	9	(7.52)p	0.48p
LOSS PER SHARE FROM CONTINUING OPERATIONS (PENCE)			
Basic	9	(1.48)p	(0.31)p
Diluted	9	(1.48)p	(0.31)p

Mavinwood plc

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings/ (deficit) £'000	Total Equity £'000
Balance at 1 January 2007	503	40,060	1,102	2,572	44,237
Profit for the year	–	–	–	2,584	2,584
Total recognised income and expenditure	503	40,060	1,102	5,156	46,821
Issue of shares during the financial year	5	995	–	–	1,000
Contingent consideration	4	896	–	–	900
Share based payments charge	–	–	1,892	–	1,892
Balance at 31 December 2007	512	41,951	2,994	5,156	50,613
Balance at 1 January 2008	512	41,951	2,994	5,156	50,613
Loss for the year (note 24)	–	–	–	(34,936)	(34,936)
Total recognised income and expenditure	512	41,951	2,994	(29,780)	(15,677)
Issue of shares during the year	4	483	–	–	487
Issue costs	–	(38)	–	–	(38)
Share based payments credit	–	–	(839)	–	(839)
Awards under the LTIP exercised	–	–	(86)	–	(86)
Balance at 31 December 2008	516	42,396	2,069	(29,780)	15,201

Mavinwood plc

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	21,846	70,634
Property, plant and equipment	11	10,864	12,220
Investments	12	–	556
Deferred tax asset	20	21	179
		32,731	83,589
CURRENT ASSETS			
Inventories	13	131	381
Trade and other receivables	14	7,529	23,140
Cash and cash equivalents	14	575	1,108
		8,235	24,629
Assets held for sale	34	35,115	–
TOTAL ASSETS		76,081	108,218
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(4,939)	(15,554)
Bank loans and overdrafts	16	(11,006)	(4,337)
Other financial liabilities	17	(3)	(45)
Current tax liabilities		(20)	(1,229)
Provisions	19	(171)	(3,698)
		(16,139)	(24,863)
Liabilities directly associated with assets classified as held for sale	34	(15,981)	–
NET CURRENT ASSETS/(LIABILITIES)		11,230	(234)
NON-CURRENT LIABILITIES			
Bank loans and overdrafts	16	(24,708)	(27,643)
Deferred tax liability	20	(3,338)	(5,099)
Provisions	19	(714)	–
		(28,760)	(32,742)
NET ASSETS		15,201	50,613
EQUITY			
Share capital	21	516	512
Share premium account	22	42,396	41,951
Share based payments reserve	23	2,069	2,994
Retained earnings/(deficit)	24	(29,780)	5,156
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		15,201	50,613

These financial statements were approved by the board of directors and authorised for issue on 26 June 2009 and were signed on its behalf by:

M. Vincent.

Sir William Wells
Chairman

Mike Vincent
Director

Mavinwood plc

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
NET CASH GENERATED FROM OPERATIONS	25	6,634	5,787
Net finance costs		(3,049)	(1,575)
Income taxes paid		(1,547)	(2,782)
NET CASH GENERATED FROM OPERATING ACTIVITIES		2,038	1,430
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and applications software		(2,726)	(2,582)
Contingent consideration		(3,102)	(106)
Cash consideration		(400)	–
Loan note receipts		150	–
Acquisition of subsidiary, net of cash acquired		–	(6,988)
CASH FLOWS USED IN INVESTING ACTIVITIES		(6,078)	(9,676)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		449	–
Repayment of borrowings		(4,000)	(2,000)
Drawdown/(repayment) of indebtedness		8,000	(4,794)
New bank loans raised		–	14,300
Deferred financing costs		(106)	(192)
Increase in bank overdrafts		138	337
Finance lease principal repayments		(102)	(147)
NET CASH GENERATED IN FINANCING ACTIVITIES		4,379	7,504
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		339	(742)
Cash and cash equivalents at start of year		1,108	1,850
Less: Net cash and cash equivalents included in discontinued operations		(872)	–
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	14	575	1,108

1 GENERAL INFORMATION

Mavinwood plc and its subsidiaries specifically focus on Emergency Repair and Document Handling. The Group operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Lacon House, 84 Theobald's Road, London WC1X 8RW.

The Company is listed on the AIM stock exchange.

These Group consolidated financial statements were authorised for issue by the board of directors on 26 June 2009.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of Mavinwood plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand pounds.

GOING CONCERN

The financial statements have been prepared on the going concern basis and the Directors believe this is appropriate, having considered projections covering the twelve month period from the date of approval of these financial statements. Proceeds from the sale of the Emergency repairs businesses will be used to pay down bank debt to approximately £17 million. The Group's principal shareholder has underwritten an equity issue of up to £10 million by 30 September 2009. As part of the overall £10m underwrite arrangement, our principal shareholder agreed to make available to the company a short term loan facility of £2.5 million. This provides the Group with additional flexibility to seek new finance or reduce debt by other disposals. However, if neither of these things happen by 30 September 2009, the proceeds of the underwritten equity issue would be used to further pay down bank borrowings, following which, based on the Group's projections, the directors believe that covenants on the remaining borrowings will be met.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATION (ACQUISITIONS)

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement.

SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

REVENUE RECOGNITION

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Sale of services – Emergency Repair

Revenue from Emergency Repair represents amounts in respect of the handling of insurance claims together with ancillary services including specialist training, subcontracting services, surveying and other services. Revenue is recognised on a percentage of completion basis of the relevant service.

Sale of services – Document Handling

Revenue from Document Handling represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

DISCONTINUED OPERATIONS

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale.

The post-tax profit or loss of the discontinued operation is classified as a single line on the face of the Consolidated Income Statement, together with any post-tax gain or loss recognised on the remeasurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

GOODWILL

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and the fair value can be reliably measured.

Intangible assets that are regarded as having indefinite useful economic lives are not amortised. Intangible assets that are regarded as having limited useful economic lives are amortised on a straight-line basis over those lives. Assets with indefinite lives are reviewed for impairment annually and other assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of value in use or fair value less cost to sell. Amortisation and any impairment write downs are charged in administrative expenses in the Consolidated Income Statement.

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they arise from contractual rights and can be reliably measured by a third party valuation. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually and these are being written off on a straight line basis over a period of 9 to 14 years, except where the relationships have been assessed as having an infinite life.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade names

Acquired trade names are identified as a separate intangible asset and valued by a third party valuer. The life of the trade name is assessed annually for impairment. Certain trade names are assessed as having an infinite life due to the history of trading and being a market leader in the services provided.

Application and IT

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets, except freehold land.

Freehold and long leasehold buildings	2%
Long leasehold land	over the remaining life of the lease.
Leasehold improvements	over the life of the lease
Plant and machinery	15% straight line and 25% reducing balance
Racking	5 – 12.5% straight line
Office equipment, fixtures and fittings	15% – 33% straight line and 15% – 25% reducing balance
Motor vehicles	20% straight line and 25% reducing balance

LEASED ASSETS

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the Consolidated Income Statement on a straight-line basis over the period of the lease. Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Loan notes are loans and receivables and measured at amortised cost. Impairment losses are recognised in the income statement when there is evidence of impairment. Available for sale financial investments are non-derivative assets. Investments are initially recognised at fair value plus any transaction costs and are subsequently carried at fair value. If a fair value for an investment cannot be reliably measured, due to the variability in the range of reasonable fair value estimates being significant, or the probabilities of the various estimates within the range not being able to be reasonably assessed, that investment will be carried at cost. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

TRADE AND OTHER RECEIVABLES

Trade receivables, defined as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in the Consolidated Income Statement. Any other trade receivables are recognised at their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as defined for the Consolidated Cash Flow Statement comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

ASSETS HELD FOR SALE

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to the Consolidated Income Statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

TRADE PAYABLES

Trade payables, defined as other liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Any other trade payables are stated at cost.

BORROWINGS

Borrowings fall to be classified as other liabilities in accordance with IAS 39 and are recorded at the fair value of the consideration received, net of transaction costs. Finance charges are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates applicable at the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

PENSIONS

The Group operates a number of defined contribution pension schemes. Contributions are charged to the Consolidated Income Statement as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

SHARE BASED PAYMENT

The Group has applied the requirements of IFRS 2 Share-based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments on or after 7 November 2002 that were unvested as of 1 January 2006.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic pricing model.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

NEW STANDARDS AND INTERPRETATIONS

Standards, interpretations and amendments to existing standards which are relevant to the Group, that have been published as mandatory for later accounting periods but are not yet effective and have not been adopted early by the Group are as follows:

IFRS 2 (amendment) – Share-Based Payment (effective from 1 January 2009) clarifies the definition of vesting conditions and provide guidance on the accounting treatment of cancellations by parties other than the entity.

IFRS 3 (revised) – Business Combinations (effective for accounting periods beginning on or after 1 July 2009) presents significant changes to the accounting for acquisitions, with movements in expected payments of contingent consideration from initial expectations being re-measured through the income statement and all acquisition related costs being expensed.

IAS 27 (revised) – Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2009) will require transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will no longer result in gains and losses and goodwill being recognised.

IFRS 8 – Operating segments (effective from 1 January 2009) replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 – Disclosures About Segments of an Enterprise and Related Information. The new standard uses a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 (revised) – Presentation of Financial Statements revised (effective from 1 January 2009). The revised statement will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

IFRS 5 (amendment) – Non-Current Assets Held for Sale and Discontinues Operations (effective for accounting period beginning on or after 1 July 2009) clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal plan results in loss of control.

IAS 23 (amendment) – Borrowing Costs (effective from 1 January 2009). The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.

IAS 32 (amendment) – Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 January 2009) clarifies the treatment of puttable financial instruments.

IAS 36 (amendment) – Impairment of Assets (effective for accounting periods beginning on or after 1 January 2009) requires that when fair value less cost to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use calculations must be made.

IAS 38 (amendment) – Intangible Assets (effective from 1 January 2009) states that a prepayment for assets may only be recognised in the event of obtaining right of access to goods or receipt of services.

IAS 19 (amendment) – Employee Benefits (effective from 1 January 2009) clarifies the distinction between long-term and short term employee benefits. The other amendments to the standard will not be relevant to the Group.

IAS 39 (amendment) – Financial Instruments: Recognition and Measurement (effective from 1 January 2009) clarifies a number of detailed items within the standard.

Unless otherwise stated, the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application. The group policy is to not adopt standards early.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out centrally under policies approved by the board of directors. The Group evaluates and hedges financial risks. The board provides written principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk:

The Group operates in the UK and is not exposed to foreign exchange risk.

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Cash flow and fair value interest rate risk:

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2008 and 2007, the Group's borrowings at variable rate were denominated in the UK pound. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate caps. Such interest rate caps have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. The interest rate cap is an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating-rate calculated by reference to the notional principal amount as shown in note 18.

(b) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 14. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 14.

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance. A detailed analysis of the Group's debt facilities is given in note 18.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the years ending 31 December 2008 and 31 December 2007.

Fair value estimation

The fair value of financial instruments is market value.

Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3 FINANCIAL RISK MANAGEMENT (continued)

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group is subject to income taxes in the UK. Judgment is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 10.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 27.

4 SEGMENTAL ANALYSIS

For management purposes, the Group is organised into two main segments, Emergency Repair and Document Handling. The business segment is the primary segment. All trading of the Group is undertaken within the United Kingdom and the Company has no foreign operations. The secondary segment based on geography is solely the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include investments, deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
REVENUE		
The revenue was derived from the Group's principal activities in the UK as follows:		
Emergency Repair – ABS	7,606	11,200
Document Handling	14,730	11,956
	22,336	23,156
RESULTS		
Continuing operations		
The loss after tax was derived from the Group's principal activities in the UK as follows:		
Emergency Repair	(475)	1,327
Document Handling	4,736	3,886
Central costs	(1,671)	(1,483)
Share based payments credit/(charge)	533	(1,658)
Impairment of intangible fixed assets	(6,893)	–
Exceptional items	(824)	–
Amortisation of intangible assets	(240)	(194)
Operating (loss)/profit	(4,834)	1,878
Net finance cost	(3,033)	(2,496)
Loss before tax	(7,867)	(618)
Income tax credit/(expense)	999	(823)
Loss after tax	(6,868)	(1,441)

In 2008, of the £533,000 share based payments credit shown above, a charge of £10,000 (2007: £6,000) has been allocated to the Emergency Repair division and a charge of £13,000 (2007: £81,000) has been allocated to the Document Handling division, the remainder of this credit is allocated to central costs.

The exceptional item of £824,000 relates to a provision for onerous lease costs. The impairment of intangible assets is in respect of ANSA Building Services Limited and is comprised of goodwill of £3,675,000 and other intangible assets of £3,218,000 (note 10).

4 SEGMENTAL ANALYSIS (continued)

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Discontinued operations		
Emergency Repair	1,263	5,869
Share based payments credit/(charge)	306	(234)
Impairment of intangible assets (Note 10)	(27,493)	–
Amortisation of intangible assets	(78)	(94)
Provision for loss on disposal of operations (Note 34)	(318)	–
Loss on disposal of operations (Note 34)	(1,563)	–
Operating (loss)/profit	(27,883)	5,541
Net finance income	51	124
(Loss)/profit before tax	(27,832)	5,665
Income tax expense	(236)	(1,640)
(Loss)/profit for the year from discontinued operations	(28,068)	4,025

	2008 £'000	2007 £'000
Segmental assets:		
Emergency Repair	3,163	71,433
Document Handling	38,018	36,533
Central	(215)	252
Discontinued operations	35,115	–
Total	76,081	108,218
Segmental liabilities:		
Emergency Repair	(3,307)	(14,297)
Document Handling	(4,900)	(5,004)
Central	(36,692)	(38,304)
Discontinued operations	(15,981)	–
Total	(60,880)	(57,605)
Segmental net assets:		
Emergency Repair	(144)	57,136
Document Handling	33,118	31,529
Central	(36,907)	(38,052)
Discontinued operations	19,134	–
Total	15,201	50,613
Property, plant and equipment and software additions		
Emergency Repair	1,670	1,477
Document Handling	1,056	1,106
Depreciation of property, plant and equipment		
Emergency Repair	655	388
Document Handling	436	445
Amortisation of intangible assets		
Emergency Repair	91	104
Document Handling	227	184

5 OPERATING (LOSS)/PROFIT

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets	240	194
Depreciation of property, plant and equipment	460	515
Gain on disposal of property, plant and equipment	1	–
Operating leases – plant and machinery	525	634
Operating leases – land and buildings	1,356	1,147
Auditors' remuneration: Statutory audit of		
– parent and consolidated accounts	53	35
– subsidiary accounts	124	124
– interim review	8	8
Tax services	54	53

6 FINANCE INCOME

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Bank interest receivable	6	25

7 FINANCE COSTS

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interest on bank loans	2,752	2,291
Interest on finance lease obligations	5	10
Amortisation of deferred financing costs	151	145
Notional interest on contingent consideration	121	62
Interest rate cap	10	13
	3,039	2,521

8 TAXATION

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Current tax:		
UK corporation tax on (loss)/profit for the year	–	(583)
Adjustments in respect of previous periods	7	138
Total current tax	7	(445)
Deferred tax: (note 20)		
Current year	992	(378)
Total deferred tax	992	(378)
Total tax credit/(charge)	999	(823)

The credit/(charge) for the year can be reconciled to the loss per the Consolidated Income Statement as follows:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Loss on ordinary activities before tax – continuing operations	(7,867)	(618)
Loss on ordinary activities multiplied by the rate of corporation tax of 28.5% / 30%	2,242	185
Effects of:		
Expenses not deductible for tax purposes	(262)	(270)
Amortisation of non qualifying assets	(1,166)	–
Tax relief not recognised on share based payments charge	156	(468)
Difference re assets disposed	(137)	–
Notional interest	(37)	–
Losses not recognised for deferred tax purposes	–	(100)
Group relief not paid for	110	–
Effect of different tax rate used for deferred tax	85	(20)
Adjustments in respect of current income tax of previous years	7	138
Adjustments in respect of deferred income tax of previous years	1	(288)
Total tax credit/(charge) as reported in the Consolidated Income Statement	999	(823)

9 EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated on the (loss)/profit after taxation for the year and the weighted average number of ordinary shares in issue during the year.

Adjusted earnings per share which are before amortisation and impairment of intangible assets, exceptional items, share based payments charge and notional interest on contingent consideration have been presented in addition to the basic earnings per share since, in the opinion of the directors, this provides shareholders with a more appropriate representation of the underlying earnings derived from the Group's businesses.

9 EARNINGS PER ORDINARY SHARE (continued)

	Year ended 31 December 2008 No. of shares	Year ended 31 December 2007 No. of shares
Weighted average number of shares in issue	464,794,897	457,684,786
	£'000	£'000
(Loss)/profit for the year	(34,936)	2,584
Total basic (loss)/ earnings per ordinary share	(7.52)p	0.56p
Loss after taxation on ordinary activities – continuing operations	(6,868)	(1,441)
Adjustments		
Amortisation of intangible assets	240	194
Impairment of intangible assets	6,893	–
Exceptional items	824	–
Share based payments (credit)/charge	(533)	1,658
Tax effect of share based payments charge	–	312
Notional interest on contingent consideration	121	62
Adjusted profit	677	785
Basic loss per ordinary share	(1.48)p	(0.31p)
Adjusted basic earnings per ordinary share (before amortisation and impairment of intangible assets, exceptional items, share based payments charge and notional interest on contingent consideration)	0.15p	0.17p
	No. of shares	No. of shares
Weighted average number of shares in issue	464,794,897	457,684,786
Convertible 'A' Shares	6,608,752	30,467,786
Share options and awards under the LTIP	44,254,618	46,116,659
Weighted average fully diluted number of shares in issue	515,658,267	534,269,141
Total fully diluted (loss)/earnings per ordinary share from continuing and discontinuing operations	(7.52)p	0.48p
Fully diluted loss per ordinary share – continuing operations	(1.48)p	(0.31p)
Adjusted fully diluted earnings per ordinary share (before amortisation and impairment of intangible assets, exceptional items, share based payments charge and notional interest on contingent consideration)	0.13p	0.15p
(Loss)/profit after taxation on ordinary activities – discontinuing operations	(28,068)	4,025
Basic (loss)/earnings per ordinary share – discontinuing operations	(6.04)p	0.87p

The diluted earnings per share are the basic earnings per share adjusted for the dilutive effect of the conversion into fully paid shares of the outstanding share options and awards under the LTIP. They are also adjusted for the conversion of the A shares into ordinary shares at the average price for the period of 11.4p (2007: 18.4p).

10 INTANGIBLE ASSETS

	Goodwill £'000	Customer relationships £'000	Trade names £'000	Applications software and IT £'000	Total £'000
Cost					
1 January 2007	49,753	8,662	–	790	59,205
Acquired with subsidiary	–	2,662	1,222	116	4,000
Additions	11,003	–	–	396	11,399
Disposals	–	–	–	(35)	(35)
Adjustments	(3,292)	–	–	27	(3,265)
31 December 2007	57,464	11,324	1,222	1,294	71,304
Cost					
1 January 2008	57,464	11,324	1,222	1,294	71,304
Additions	–	–	–	139	139
Disposals	(335)	–	–	(84)	(419)
Transferred to assets held for resale	(37,169)	(2,818)	(958)	(710)	(41,655)
31 December 2008	19,960	8,506	264	639	29,369
Accumulated amortisation					
1 January 2007	–	–	–	382	382
Acquired with subsidiary	–	–	–	20	20
Charge for the year	–	137	–	151	288
Disposals	–	–	–	(20)	(20)
31 December 2007	–	137	–	533	670
Accumulated amortisation					
1 January 2008	–	137	–	533	670
Impairment	31,168	3,097	–	121	34,386
Charge for the year	–	175	–	65	240
Disposals	–	–	–	(8)	(8)
Transfers to assets held for resale	(27,493)	–	–	(272)	(27,765)
31 December 2008	3,675	3,409	–	439	7,523
Carrying amount					
31 December 2008	16,285	5,097	264	200	21,846
31 December 2007	57,464	11,187	1,222	761	70,634

Customer relationships include assets which are considered to have an indefinite life due to the business having a strong relationship and low attrition rates with its customer groups. The carrying amount of these assets is £2,865,000 (2007: £9,884,000). The remaining customer relationships have a life of 12.5 years. Trade names include assets considered to have an indefinite life due to the history of trading and being a market leader in the services provided. The carrying amount of these assets is £264,000 (2007: £1,222,000).

10 INTANGIBLE ASSETS (continued)

The changes to goodwill during the year were as follows:

	£'000
Cost	
1 January 2008	57,464
Adjustment – Document Control Services	7
Adjustment – Restore	2
Transferred to assets held for resale	(37,178)
31 December 2008	20,295
Impairment	
1 January 2008	-
Impairment – Mono Services	335
Impairment – Emergency Repair	27,493
Impairment – Ansa Building Services	3,675
Transferred to assets held for resale	(27,493)
31 December 2008	4,010
Carrying amount at 31 December 2008	16,285
Carrying amount at 31 December 2007	57,464

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

Emergency Repair – Ansa, Independent Inspections and Peter Cox

Emergency Repair – Ansa Building Services (ABS)

Document Handling – Document Control Services, Restore and Wansdyke

As a result of the sale of Emergency Repair, and the review of the ABS business, the carrying amount of goodwill and other intangibles was assessed at 31 December 2008. An impairment of £27.5 million was made in respect of Emergency Repair (in order to hold the assets at their recoverable amount), £6.9 million in respect of ABS (in order to fully impair the intangible assets) and £0.3 million was charged to the loss on sale of Mono Services Limited (Note 34).

10 INTANGIBLE ASSETS (continued)

The carrying amount of goodwill (other than goodwill classified as held for sale) and indefinite life intangible assets was allocated to the following cash-generating units:

	Goodwill		Indefinite life intangibles	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Emergency Repair				
Ansa	–	23,614	–	–
Independent Inspections	–	8,332	–	2,700
Mono Services	–	4,010	–	3,097
Peter Cox	–	5,232	–	958
Document Handling				
Document Control Services	5,595	5,588	264	264
Restore	7,576	7,574	–	–
Wansdyke	3,114	3,114	2,865	2,865
	16,285	57,464	3,129	9,884

Goodwill and other indefinite life intangible assets

The recoverable amount of each cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors for year one to year four. Terminal cash flows are based on year four projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted period do not exceed the long term average growth rate for the industry. Change in selling prices and direct costs are based on past practices and expectations of future changes in the market. A discount rate of 8.5% per annum (2007: 8.3% per annum) has been applied.

Annual test for impairment

During the year, the Group assessed the recoverable amount of goodwill and other indefinite life intangibles on the Document Handling business and determined that it was not impaired.

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'000	Leasehold improvements £'000	Racking plant & machinery £'000	Office equipment fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost						
1 January 2007	7,455	359	3,420	1,888	360	13,482
Additions	679	45	762	787	14	2,287
Acquired with subsidiary	–	10	52	260	6	328
Disposals	–	(217)	(185)	(370)	(252)	(1,024)
31 December 2007	8,134	197	4,049	2,565	128	15,073
At 1 January 2008	8,134	197	4,049	2,565	128	15,073
Additions	423	51	302	120	–	896
Disposals	–	–	(27)	(148)	(36)	(211)
Transferred to assets classified as held for sale	(116)	(112)	(1,565)	(1,759)	(35)	(3,587)
31 December 2008	8,441	136	2,759	778	57	12,171
Accumulated Depreciation						
1 January 2007	39	121	1,134	1,138	224	2,656
Charged in the year	27	29	458	276	53	843
Disposals	–	(121)	(123)	(208)	(194)	(646)
31 December 2007	66	29	1,469	1,206	83	2,853
At 1 January 2008	66	29	1,469	1,206	83	2,853
Charged in the year	50	17	296	95	2	460
Disposals	–	–	(22)	(29)	(11)	(62)
Transferred to assets classified as held for sale	(10)	–	(1,039)	(874)	(21)	(1,944)
31 December 2008	106	46	704	398	53	1,307
Net book value						
31 December 2008	8,335	90	2,055	380	4	10,864
31 December 2007	8,068	168	2,580	1,359	45	12,220

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the net book value above in respect of assets held under finance leases and similar hire purchase contracts are the following:

	Racking plant & machinery £'000	Office equipment, fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Net book value				
31 December 2008	–	–	–	–
31 December 2007	47	3	–	50

Depreciation charged in the year for these assets was:

31 December 2008	–	–	–	–
31 December 2007	28	20	–	48

Capital expenditure contracted for but not provided in the financial statements is shown in note 30.

12 INVESTMENTS

	2008 £'000	2007 £'000
1 January	556	–
Loans and receivables	–	550
Available for sale	–	6
Loan note receipts	(150)	–
Transferred to assets held for sale	(406)	–
31 December	–	556

This asset has been classified as held for sale at 31 December 2008. The investment represents a loan note investment and a 19% shareholding in Veritas Limited, which is the company which acquired the trade and assets of ANSA Training. The Directors believe that the fair value of the available for sale investment is cost.

13 INVENTORIES

	2008 £'000	2007 £'000
Finished goods and goods for resale	131	381

14 TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
Trade receivables	5,681	14,428
Less: provision for impairment of trade receivables	(534)	(398)
Trade receivables – net	5,147	14,030
Other receivables	338	264
Prepayments and accrued income	2,044	8,846
	7,529	23,140

The average credit period on sales of services is 84 days (2007: 77 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at two percent per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2008 £'000
Balance at beginning of the year	398
Transferred to assets held for sale	(382)
Increase in amount recognised in profit and loss	518
Balance at end of the year	534

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Cash and cash equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	575	1,108

15 TRADE AND OTHER PAYABLES

	2008 £'000	2007 £'000
Trade payables	1,482	8,090
Other taxation and social security	804	2,616
Other payables	802	2,866
Accruals and deferred income	1,851	1,982
	4,939	15,554

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 32 days (2007: 41 days). The Directors consider the carrying value of trade payables approximates to their fair value.

16 BANK LOANS AND OVERDRAFTS

	2008 £'000	2007 £'000
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	3,006	337
Bank loans – secured	8,000	4,000
	11,006	4,337
Non-current		
Bank loans – secured	25,000	28,000
Deferred financing costs	(292)	(357)
	24,708	27,643

The bank debt is due to Allied Irish Banks, p.l.c. and Fortis Bank SA/NV UK Branch and is secured by a fixed and floating charge over the assets of the Group. Interest was charged at 2.85% over London Inter Bank Offered Rate (LIBOR) until 31 July 2008, thereafter increasing to 3.35%. An analysis of borrowings is given in note 18.

Analysis of net debt

	2008 £'000	2007 £'000
Cash at bank and in hand	575	1,108
Bank loans and overdrafts due within one year	(11,006)	(4,337)
Bank loans due after one year	(25,000)	(28,000)
Finance leases due within one year	(3)	(45)
Deferred financing costs	292	357
At 31 December	(35,142)	(30,917)

17 OTHER FINANCIAL LIABILITIES

	2008 £'000	2007 £'000
The minimum lease payments under finance leases fall due as follows:		
Plant and machinery – within one year	3	45

18 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, bank loans, finance leases, hire purchase contracts and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

18 FINANCIAL INSTRUMENTS (continued)

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of 2.85% to 31 July 2008 and 3.35% from 1 August 2008 to 31 December 2008. The interest rate risk profile of the Group's bank borrowings for the year was:

Currency	Total £'000	Floating rate financial liabilities £'000	Weighted average interest rates %
Sterling at 31 December 2008	35,714	35,714	7.73%
Sterling at 31 December 2007	31,980	31,980	7.77%

The Group's finance leases, totalling £3,000 (2007: £45,000) bear fixed-term interest rates at between 5% and 10% and are all denominated in Sterling.

Financial assets recognised in the balance sheet and interest rate profile

All financial assets are short term debtors and cash in hand. The cash in hand earns interest based on the variable bank base rate.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short term trade payables and accruals during the year was as follows:

	Bank debt £'000	Other financial liabilities £'000	2008 Total £'000	Bank debt £'000	Other financial liabilities £'000	2007 Total £'000
Within one year, or on demand	11,006	3	11,009	4,337	45	4,382
Between one and two years	8,000	–	8,000	8,000	–	8,000
Between two and five years	17,000	–	17,000	20,000	–	20,000
	36,006	3	36,009	32,337	45	32,382

Borrowing facilities

The Group has a term facility of £24 million and a revolving credit facility (RCF) of £9 million. This was fully drawn at 31 December 2008. The facilities expire in August 2011. In addition to these facilities the Group has an uncommitted overdraft facility of £0.5 million which was utilised at 31 December 2008 and as announced on 12 February 2009, our principal shareholder agreed to make available to the company a short term loan facility of £2.5 million to 30 June 2009, subsequently extended to 30 September 2009.

All of the Group's borrowings are in sterling.

18 FINANCIAL INSTRUMENTS (continued)

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short term in nature. In the opinion of the directors the book values of the assets and liabilities equate to their fair value.

Interest rate caps

The Group holds an interest rate cap. The Group exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the issued variable rate debt held. The fair value of the interest rate cap at the year end is the market value.

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	£'000	£'000	£'000	£'000
1 to 2 years	6.4%	6.4%	10,000	10,000	–	10

The interest rate cap settles on a quarterly basis. The interest rate cap is for £10 million, is set at 6.4% and expires on 31 March 2010. The fair value of the cap at 31 December 2008 is estimated at £nil (2007 – £10,000). As the hedge was not designated as effective on inception the movement in fair value has been taken to the Consolidated Income Statement.

19 PROVISIONS

	Contingent consideration £'000	Onerous lease provision £'000	Remedial provision £'000	Provision for property dilapidation £'000	Total £'000
1 January 2008	3,042	–	603	53	3,698
Transferred to assets held for sale	–	–	(603)	–	(603)
Credit/(charge) to income for the year	–	824	–	(53)	771
Settlement of Restore contingent consideration	(83)	–	–	–	(83)
Settlement of DCS contingent consideration	(1,949)	–	–	–	(1,949)
Settlement of Peter Cox contingent consideration	(1,070)	–	–	–	(1,070)
Notional interest on contingent consideration	121	–	–	–	121
31 December 2008	61	824	–	–	885

19 PROVISIONS (continued)

Provisions are analysed as follows:

	2008 £'000	2007 £'000
Current	171	3,698
Non current	714	–
Total	885	3,698

CONTINGENT CONSIDERATION

Contingent consideration	2008 £'000	2007 £'000
Within one year	61	3,133
Discount on contingent consideration	–	(223)
Notional interest on contingent consideration	–	132
	61	3,042

The outstanding contingent consideration is in respect of Document Control Services Limited and was settled on 1 May 2009.

20 DEFERRED TAX

	2008 £'000	2007 £'000
Summary of balances:		
Deferred tax liabilities	(3,338)	(5,099)
Deferred tax asset	21	179
Net position at 31 December	(3,317)	(4,920)

The movement in the year in the Group's net deferred tax position is as follows:

	2008 £'000	2007 £'000
1 January	(4,920)	(3,977)
Credit/(charge) to income for the year – continuing	992	(387)
Charge to income for the year – discontinuing	(187)	(18)
Disposals	2	–
Acquisitions	–	576
Provided on intangible assets acquired	–	(1,114)
Transferred to assets held for sale	796	–
31 December	(3,317)	(4,920)

20 DEFERRED TAX (continued)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'000	On intangible assets £'000	Fair value of properties £'000	Total £'000
1 January 2007	–	(2,470)	(1,515)	(3,985)
Acquisitions	–	(1,114)	–	(1,114)
31 December 2007	–	(3,584)	(1,515)	(5,099)
Credit to income for the year	–	948	101	1,049
Transferred from deferred tax assets	(362)	–	–	(362)
Transferred to assets held for sale	–	1,074	–	1,074
31 December 2008	(362)	(1,562)	(1,414)	(3,338)

Deferred tax assets

	Accelerated capital allowances £'000	Temporary differences £'000	Losses £'000	Total £'000
1 January 2007	(388)	396	–	8
Credit to income for the year	386	(791)	–	(405)
Acquisitions	–	479	97	576
31 December 2007	(2)	84	97	179
Charge to income for the year – continuing	(72)	15	–	(57)
Charge to income for the year – discontinuing	(44)	(46)	(97)	(187)
Transferred to deferred tax liabilities	362	–	–	362
Transferred to assets held for sale	(244)	(32)	–	(276)
31 December 2008	–	21	–	21

21 CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised:		
9,950,000,000 ordinary shares of 0.1p each	9,950	9,950
50,000,000 convertible A shares of 0.1p each	50	50
	10,000	10,000
Allotted, issued and fully paid:		
466,271,145 (2007: 462,417,811) ordinary shares of 0.1p each	466	462
50,000,000 (2007: 50,000,000) convertible A shares of 0.1p each	50	50
	516	512

21 CALLED UP SHARE CAPITAL (continued)

The issued share capital has been increased in 2008 as follows:

Date	Number of shares	Issue price
1 January 2007	452,512,406	
27 March 2007	5,405,405	18.50p
11 October 2007	4,500,000	20.00p
	9,905,405	
31 December 2007 and 1 January 2008	462,417,811	
8 January 2008	520,000	16.62p
10 June 2008	3,333,334	12.00p
Total shares issued in 2008	3,853,334	
31 December 2008	466,271,145	

The A shares become convertible into a number of ordinary shares with an aggregate value equivalent to 15% of the increase in shareholder value. For this purpose, shareholder value is broadly defined as the difference between the market capitalisation of the Company at the relevant conversion date and the aggregate value of all ordinary shares issued up to the date of conversion.

Subject to certain provisions contained in the articles, the A shares become convertible, at the election of each holder of the A shares, after 5 November 2007 or on a takeover of the Company, into ordinary shares. The A shares cease to be convertible from the fifth anniversary of admission, that is 5 November 2009.

The A shares are non-voting and are entitled to dividends as if they had been converted on the relevant record date.

22 SHARE PREMIUM ACCOUNT

	2008 £'000	2007 £'000
1 January	41,951	40,060
Premium on shares issued during the year	483	1,891
Share issue costs	(38)	–
31 December	42,396	41,951

23 SHARE BASED PAYMENTS RESERVE

	2008 £'000	2007 £'000
1 January	2,994	1,102
(Credit)/charge for the year	(839)	1,892
Awards under LTIP exercised	(86)	–
31 December	2,069	2,994

24 RETAINED EARNINGS

	2008 £'000	2007 £'000
1 January	5,156	2,572
(Loss)/profit for the year	(34,936)	2,584
31 December	(29,780)	5,156

25 CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Continuing operations		
Loss for the year	(6,868)	(1,441)
Depreciation of property, plant and equipment	460	515
Amortisation of intangible assets	240	194
Impairment of intangible assets	6,893	–
Finance costs recognised in profit and loss	3,033	2,496
Income tax (credit)/expense recognised in profit and loss	(999)	827
Share based payments (credit)/charge	(533)	1,658
Exceptional items	824	–
Loss on sale of disposal of property, plant and equipment	1	–
Movements in working capital		
Change in inventories	(114)	15
Change in trade and other receivables	(2,980)	(4,267)
Change in trade and other payables	1,833	572
CASH GENERATED FROM CONTINUING OPERATIONS	1,790	569
Discontinued operations		
(Loss)/profit for the year	(28,068)	4,025
Depreciation of property, plant and equipment	631	328
Amortisation of intangible assets	78	94
Impairment of intangible assets	27,493	–
Finance costs recognised in profit and loss	(51)	(124)
Income tax expense recognised in profit and loss	236	1,636
Share based payments (credit)/charge	(306)	234
Loss on disposal of division	318	–
Gain on sale of disposal of property, plant and equipment	(34)	(33)
Movement in working capital		
Change in inventories	142	(3)
Change in trade and other receivables	1,315	(1,678)
Change in trade and other payables	3,090	739
Net cash generated from discontinued operations	4,844	5,218
NET CASH GENERATED FROM OPERATIONS	6,634	5,787

26 PENSIONS

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to income of £70,000 (2007: £102,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

27 SHARE BASED PAYMENTS

Share option scheme

The Mavinwood share option scheme was introduced in May 2005. Under the scheme the Remuneration Committee can grant options over shares in the Company to directors and employees of the Group. Options are granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the option is 10 years. Awards under the scheme are generally reserved for employees at senior management level and above. The Company has made four grants to date. The share options granted will, subject to the performance targets being met, vest in three tranches on the date of the announcement of the final results for the Company for each of the three years ending after the Date of Grant. The full vesting of each tranche of the share options granted will be subject to the Company achieving annually a performance target of a growth of adjusted earnings per share (EPS) of 10% or more over the adjusted EPS for the previous year. In the event that the adjusted EPS growth in each year is less than 10%, then the proportion of options that will vest shall be reduced as follows:

Growth in adjusted EPS in previous financial year	Percentage of ordinary shares in annual tranche which vest
No less than 6% but less than 7%	20%
No less than 7% but less than 8%	40%
No less than 8% but less than 9%	60%
No less than 9% but less than 10%	80%

Any shortfall in the percentage of ordinary shares under option vesting (up to a maximum shortfall of 40%) will vest in the following year if the performance test is exceeded by an equivalent amount in that year. Exercise of an option is subject to continued employment.

Options were valued using a stochastic model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	16 April 2008	25 April 2007	16 October 2006	17 March 2006	30 June 2005
Share price at grant date	14.50p	17.75p	14.25p	14.75p	8.62p
Exercise price	16.00p	18.67p	15.00p	14.54p	8.40p
Number of employees	3	34	27	33	2
Share options granted	1,863,863	5,960,920	7,124,113	11,050,996	2,987,500
Vesting period (years)	3	3	3	3	3
Expected volatility	29%	29%	32%	35%	39%
Option life (years)	10	10	10	10	10
Expected life (years)	5	5	5	5	5
Risk free rate	4.15%	5.37%	4.88%	4.42%	4.06%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%
Fair value per option	4.28p	6.07p	4.97p	5.77p	3.56p

The total fair value of options issued in the year was £79,773 (2007: £361,827). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements. Given the lack of past option data for the Company an expected term of five years has been used as a typical span for a ten year option scheme.

27 SHARE BASED PAYMENTS (continued)

A reconciliation of option movements over the year to 31 December 2008 are:

Share option scheme

	Number	2008 Weighted average exercise price	Number	2007 Weighted average exercise price
Outstanding at 1 January	22,090,128	15.05p	18,888,676	13.74p
Granted	1,863,863	16.00p	5,960,920	17.75p
Forfeited	(6,251,050)	15.55p	(2,759,468)	14.77p
Exercised	–	–	–	–
Outstanding at 31 December	17,702,941	14.59p	22,090,128	15.05p
Exercisable at 31 December	2,987,500	8.40p	–	–

The options outstanding at 31 December 2008 had an exercise price of between 8.4p and 16.0p and a weighted average remaining contractual life of 10.9 years.

Long Term Incentive Plan

The Mavinwood Long Term Incentive Plan ("LTIP") was introduced in May 2005. Awards under the LTIP comprise options to acquire ordinary shares at nominal value which will be subject to performance targets. A participant granted an option under the LTIP will be required to make a payment of 0.1p per ordinary share on exercise of the option. Awards are first exercisable five years after issue, subject to attainment of performance targets. The company has made four awards to date.

The performance test to be applied to all awards made to the Directors comprises two components. The ordinary shares under the awards will vest in three equal tranches subject to satisfaction of either of two tests each year in respect of each tranche, the first test being of growth in earnings per share ("EPS") and the second of total shareholder return ("TSR").

The first test is that the average annual compounded growth in the Company's adjusted EPS exceeds the performance target percentage established at inception for the three periods each beginning 1 January and ending on 31 December three years, four years and five years later respectively. The second performance test is based on the Company's TSR (that is share price growth plus reinvested dividends) measured over the specified periods commencing on issue date as shown in the table below:

Years following award	TSR
3	70%
4	85%
5	100%

In the event that neither of the relevant performance targets is met in relation to each tranche of the LTIP award, that tranche of the award shall lapse. Exercise of an option is subject to continued employment. Options were valued using a stochastic model.

27 SHARE BASED PAYMENTS (continued)

The fair value per option granted and the assumptions used in the calculation are:

Grant date	16 April 2008	25 April 2007	16 October 2006	23 March 2006	30 June 2005
Share price at grant date	14.50p	17.75p	14.25p	14.75p	8.62p
Exercise price	0.10p	0.10p	0.10p	0.10p	0.10p
Number of employees	2	7	5	5	3
Share options granted	100,000	7,540,000	11,618,282	20,656,718	5,975,000
Vesting period (years)	3	3	3	3	3
Expected volatility	29 -31%	29%	32%	35%	39%
Option life (years)	10	10	10	10	10
Expected life (years)	3-5	3-5	3-5	3-5	3-5
Risk free rate	4.03 - 4.15%	5.37 - 5.47%	4.88 - 4.95%	4.42 - 4.44%	4.01 - 4.06%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%
Fair value per option	14.42p	16.50p	14.17p	14.66p	8.53p

The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements. Given the lack of past option data for the Company an expected term of five years has been used as a typical span for a ten year option scheme. A reconciliation of option movements over the year to 31 December 2008 are:

	2008 Number	2008 Weighted average exercise price	2007 Number	2007 Weighted average exercise price
Outstanding at 1 January	44,310,000	0.10p	38,250,000	0.10p
Granted	100,000	0.10p	7,540,000	0.10p
Exercised	(520,000)	0.10p	–	–
Lapsed	–	0.10p	(1,480,000)	0.10p
Outstanding at 31 December	43,890,000	0.10p	44,310,000	0.10p
Exercisable at 31 December	2,987,500	0.10p	–	–

The Remuneration Committee has taken the view that on the basis of the Group's financial performance in 2008, the EPS compound growth targets under the LTIP are unlikely to be met and the IFRS 2 share based payments charge has been adjusted to reflect this, resulting in a credit to the Consolidated Income Statement of £839,000 (2007: charge £1,892,000).

The options were exercised on 8 January 2008 when the share price was 16.7p.

28 DIRECTORS AND EMPLOYEES

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Staff costs during the year were as follows:		
Wages and salaries	9,344	8,742
Social security costs	1,009	874
Pension costs	70	102
	10,423	9,718

	Number	Number
The average number of employees during the year was:		
Directors	5	5
Administration	73	131
Operatives	366	253
	444	389

The total number of employees in the Group at 31 December 2008 was 444 people (2007: 546 people).

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
The total amounts for directors' remuneration and other benefits was as follows:		
Emoluments for directors' services	963	886
Pension costs for directors	20	20
Total directors' emoluments	983	906
Directors' remuneration shown above included the following amounts:		
Salary	337	288
Benefits	10	10
Pension	20	20
Payable in respect of the highest paid director	367	318

28 DIRECTORS AND EMPLOYEES (continued)

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Key management compensation		
Short term employment benefits	1,432	1,439
Post employment benefits	45	47
Other benefits	74	43
Share based payments	33	1,484
	1,584	3,013

The key management of the Group are management attending board meetings within each division. Of the £839,000 share based payments credit in 2008, £549,000 can be allocated to the table above.

29 LEASING COMMITMENTS

	2008 £'000	2007 £'000
The total commitment under non-cancellable operating leases was as follows		
Operating leases which expire:		
– within one year	196	115
– within two to five years	1,541	2,187
– over five years	9,503	10,300
	11,240	12,602

30 CAPITAL COMMITMENTS

	2008 £'000	2007 £'000
Capital expenditure contracted for but not provided in the financial statements	7	14

31 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £36,006,400 at 31 December 2008 (2007: £19,700,000). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

32 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 28.

The Directors consider Geraldton Services Inc to be the parent and controlling party. Geraldton Services Inc is incorporated in the British Virgin Islands.

33 POST BALANCE SHEET EVENTS

It was announced on 9 June 2009 that contracts have been exchanged for the sale of both the Ansa and Independent businesses to the incumbent management team backed by Lloyds TSB Development Capital Limited (LDC). Cash proceeds are £19.55 million before expenses estimated at £0.7 million.

The sale has meant that the attributable goodwill of the Emergency Repair business has been written down significantly and the assets have been presented as assets held for re-sale in the December 2008 balance sheet. The carrying value of ANSA and Independent at 31 December 2008 reflects the realisable value from the transaction. The net cash proceeds from the sale of ANSA and Independent will be used to pay down debt. Full details of the transaction are given in the circular to shareholders posted to shareholders on 9 June 2009. Changes to the composition of the Board were announced on 8 June 2009.

As announced on 12 February 2009 the Company has put in place a back stop position whereby the principal shareholder has underwritten an equity issue of up to £10 million on 30 June 2009. In addition, the principal shareholder agreed to make available to the company a short term loan facility of £2.5 million. Following completion of the sale, these arrangements have now been extended to 30 September 2009 at a cost of £0.15 million. This extension provides the Group with the flexibility either to refinance with another bank or reduce the debt by other disposals by 30 September, before the need to issue any equity arises.

34 DISCONTINUED OPERATIONS

The sale of Mono Services Limited was completed on 27 September 2008. Prior to this date, the insurance building repair business was transferred to another group entity 'Ansa Building Services Limited' leaving the social housing contracts in the company. The consideration for the sale was £450,000.

The social housing business has been shown within discontinued operations. The retained insurance related operations continue to be shown as continuing operations and will be closed during 2009.

At the year end, the Group decided to sell its Emergency Repair division and the results of this division (excluding Ansa Building Services Limited) are also shown as discontinued operations and the assets are classified as held for sale at the 31 December 2008.

The results for the year attributable to discontinued operations were as follows:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Revenue	50,565	44,997
Operating profit	753	5,869
Profit before tax for the year	1,542	5,665
Taxation	(236)	(1,640)
Provision for loss on disposal of division	(318)	-
Impairment of intangible assets	(27,493)	-
Loss on disposal of Mono Services Limited (includes disposal of goodwill of £335,000)	(1,563)	-
	(28,068)	4,025

34 DISCONTINUED OPERATIONS (continued)

An analysis of the net assets held for resale at 31 December 2008 is as follows:

	£'000
Intangible assets	13,374
Property, plant and equipment	2,582
Investments	406
Deferred tax asset	383
Inventories	222
Trade and other receivables	17,276
Cash and cash equivalents	872
Assets held for sale	35,115
Trade and other payables	(10,491)
Bank loans and overdrafts	(193)
Current tax liabilities	345
Provisions	(579)
Long term liabilities	(3,887)
Deferred tax liabilities	(1,176)
Liabilities held for sale	(15,981)
Net assets classified as held for resale	19,134

Adjustments have been made to the asset value in respect of this division in order that it is held at its estimated realisable value at 31 December 2008. This has resulted in a provision for loss on disposal of £0.3 million. Intangible assets of £27.5 million have also been written off. The final result on sale will be booked in the accounts for the year ended 31 December 2009.

During the year under review, Mono Services Limited and the Emergency Repair division generated cash flows from operating activities of £4.8 million, used cash flows from investing activities of £1.5 million and from financing activities of £0.2 million.

Mavinwood plc

COMPANY BALANCE SHEET

At 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible fixed assets	35	5	7
Investments	36	46,722	71,865
		46,727	71,872
CURRENT ASSETS			
Debtors	37	17,320	14,116
Cash at bank		–	–
		17,320	14,116
CREDITORS: Amounts falling due within one year	38	(15,475)	(6,996)
NET CURRENT ASSETS		1,845	7,120
CREDITORS: Amounts falling due after more than one year	39	(24,708)	(29,244)
PROVISION FOR LIABILITIES	41	(61)	(3,042)
NET ASSETS		23,803	46,706
CAPITAL AND RESERVES			
Called up share capital	42	516	512
Share premium account	43	42,396	41,951
Share based payments reserve	44	2,069	2,994
Profit and loss account	45	(21,178)	1,249
EQUITY SHAREHOLDERS' FUNDS	46	23,803	46,706

These financial statements were approved by the board of directors and authorised for issue on 26 June 2009 and were signed on its behalf by:

M. Vincent.

Sir William Wells
Chairman

Mike Vincent
Director

These Financial Statements for the Company have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom (UK GAAP). The Directors consider that the accounting policies set out below are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. The going concern basis has been applied in these accounts. A summary of the more important accounting policies is set out below.

In the Company's financial statements, dividends received and receivable are credited to the Company's profit and loss account. In accordance with section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. The result for the financial year of the Company is disclosed in note 45 to these Financial Statements.

INVESTMENTS

The Company's investment in shares in Group companies are stated at cost less provision for impairment. Long term investments representing interests in subsidiary undertakings are stated at cost less any provision for impairment in the value of the fixed asset investment.

TANGIBLE FIXED ASSETS

The costs of tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal life used for this purpose is three years.

DEFERRED TAXATION

Deferred taxation is recognised in respect of timing differences which have originated but not reversed at the balance sheet date. Deferred tax assets are recognised when their recovery is assessed as more likely than not. Deferred tax assets and liabilities are not discounted.

BORROWINGS

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with other finance costs are charged to the profit and loss account over the period of the term of the borrowings at a constant rate, or more quickly if appropriate. Accrued finance charges are added to and issue costs are deducted from the carrying value of those borrowings.

FINANCIAL INSTRUMENTS

The Company has periodically used derivative instruments to manage its interest rate exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

SHARE BASED PAYMENTS

The cost of providing share based payments to employees is charged to the income statement over the vesting period of the related share options or share allocations. The cost is based on the fair value of the options and shares allocated determined using the Monte Carlo pricing model, which is appropriate given the vesting and other conditions attached to the options. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

35 TANGIBLE FIXED ASSETS

	Office equipment fixtures & fittings £'000
Cost	
1 January 2008	9
Additions	–
31 December 2008	9
Accumulated depreciation	
1 January 2008	2
Charged in the year	2
31 December 2008	4
Net book value	
31 December 2008	5
31 December 2007	7

36 INVESTMENTS

	Shares in subsidiary undertakings £'000
1 January 2008	71,865
Capital contribution – subsidiary share based payments	138
Peter Cox	47
Document Control Services	7
31 December 2008	72,057
Impairment	
1 January 2008	
Impairment – Mono Services	335
Impairment – ER division	18,060
Impairment – Ansa Building Services	6,940
31 December 2008	25,335
Net book value	
31 December 2008	46,722
31 December 2007	71,865

36 INVESTMENTS (continued)

At 31 December 2008 the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
Emergency Repair division				
* ANSA Holdings Limited	Ordinary	100%	England and Wales	Drainage service to the insurance claims industry
ANSA Group Limited	Ordinary	100%	England and Wales	Provision of drainage services
ANSA Utilities Limited	Ordinary	100%	England and Wales	Provision of drainage services
ANSA Surveying Limited	Ordinary	100%	England and Wales	Provision of drainage services
ANSA Training Limited	Ordinary	100%	England and Wales	Dormant
ANSA UK Limited	Ordinary	100%	England and Wales	Management of drainage related claims on behalf of clients
External Services Group Limited	Ordinary	100%	England and Wales	Provision of drainage services
Ansa Building Services Limited	Ordinary	100%	England and Wales	Provision of building fabric services
Environmental Solutions Northern Limited	Ordinary	100%	England and Wales	Provision of drainage services
* Home and Comforts Limited	Ordinary	100%	England and Wales	Provision of services
* Independent Inspections Holdings Limited	Ordinary	100%	England and Wales	Holding Company
Independent Inspections Limited	Ordinary	100%	England and Wales	Provision of flooring survey services
* Peter Cox Limited	Ordinary	100%	England and Wales	Provision of damp course, water damage and timber damage treatment services
Document Handling division				
* Restore Group Holdings Limited	Ordinary	100%	England and Wales	Document storage and record management
Restore Limited	Ordinary	100%	England and Wales	Document storage and record management
* Stapledon Holdings Limited	Ordinary	100%	England and Wales	Holding Company
Document Control Services Limited	Ordinary	100%	England and Wales	Provision of value added scanning
* Wansdyke Security Limited	Ordinary	100%	England and Wales	Document storage and record management
Wansdyke 1 Limited	Ordinary	100%	England and Wales	Dormant
Wansdyke 2 Limited	Ordinary	100%	England and Wales	Dormant

* = Held directly

37 DEBTORS

	2008 £'000	2007 £'000
Due within one year:		
Amounts due from Group undertakings	7,396	1,226
Other debtors	334	28
Prepayments and accrued income	92	115
	7,822	1,369
Due after more than one year:		
Amounts due from Group undertakings	9,498	12,747
	9,498	12,747
Total	17,320	14,116

38 CREDITORS: Amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	3,006	337
Bank loans	8,000	4,000
Trade creditors	293	158
Amounts due to Group undertakings	2,436	591
Other taxation and social security	10	49
Other creditors	794	935
Accruals and deferred income	936	926
	15,475	6,996

Bank overdrafts and loans are classified as follows:

	2008 £'000	2007 £'000
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	3,006	337
Bank loans - secured	8,000	4,000
	11,006	4,337
Non-current (Note 39)		
Bank loans - secured	25,000	28,000
Deferred financing costs	(292)	(357)
	24,708	27,643

39 CREDITORS: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loans	25,000	28,000
Deferred financing costs	(292)	(357)
Amounts due to Group undertakings	–	1,601
	24,708	29,244
Amounts falling due:		
After one and within two years	8,000	8,000
Between two years and five years	16,708	21,244
	24,708	29,244

The bank debt is due to Allied Irish Banks, p.l.c. and Fortis Bank SA/NV UK Branch and is secured by a fixed and floating charge over the assets of the Group. Interest was charged at 2.85% over LIBOR until 31 July 2008 thereafter increasing to 3.35%.

40 DEBT: Analysis of net debt

	At 1 January 2008 £'000	Cash flow £'000	Non-cash Movement £'000	At 31 December 2008 £'000
Cash at bank and in hand	(337)	(2,669)	–	(3,006)
Bank loans due within one year	(4,000)	(4,000)	–	(8,000)
Bank loans due after one year	(28,000)	3,000	–	(25,000)
Deferred financing costs	357	110	(175)	292
	(31,980)	(3,559)	(175)	(35,714)

The non-cash movement relates to the amortisation of the deferred financing costs.

41 PROVISIONS FOR LIABILITIES AND CHARGES

	Contingent consideration £'000
1 January 2008	3,042
Settlement of Restore contingent consideration	(83)
Settlement of DCS contingent consideration	(1,949)
Settlement of Peter Cox contingent consideration	(1,070)
Notional interest on contingent consideration	121
31 December 2008	61

Further details of the contingent consideration are given in note 19 to the consolidated financial statements.

42 SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised:		
9,950,000,000 ordinary shares of 0.1p each	9,950	9,950
50,000,000 convertible A shares of 0.1p each	50	50
	10,000	10,000
Allotted, issued and fully paid:		
466,271,145 (2007: 462,417,811) ordinary shares of 0.1p each	466	462
50,000,000 (2007: 50,000,000) convertible A shares of 0.1p each	50	50
	516	512

The issued share capital has been increased in 2008 as follows:

Date	Number of shares	Issue price
1 January 2008	462,417,811	
8 January 2008	520,000	16.62p
10 June 2008	3,333,334	12.00p
Total shares issued in 2008	3,853,334	
31 December 2008	466,271,145	

The A shares become convertible into a number of ordinary shares with an aggregate value equivalent to 15% of the increase in shareholder value. For this purpose, shareholder value is broadly defined as the difference between the market capitalisation of the Company at the relevant conversion date and the aggregate value of all ordinary shares issued up to the date of conversion.

Subject to certain provisions contained in the articles, the A shares become convertible, at the election of each holder of the A shares after 5 November 2007 or on a takeover of the Company, into ordinary shares. The A shares cease to be convertible from the fifth anniversary of admission, that is 5 November 2009.

The A shares are non-voting and are entitled to dividends as if they had been converted on the relevant record date.

43 SHARE PREMIUM ACCOUNT

	2008 £'000	2007 £'000
1 January	41,951	40,060
Premium on shares issued during the year	483	1,891
Share issue costs	(37)	-
31 December	42,397	41,951

44 SHARE BASED PAYMENTS RESERVE

	2008 £'000	2007 £'000
1 January	2,994	1,102
(Credit)/charge for the year	(839)	1,892
Awards under LTIP exercised	(86)	-
31 December	2,069	2,994

Details of the share options and LTIP's in issue are shown in note 27 to the consolidated financial statements.

45 RETAINED EARNINGS

	2008 £'000	2007 £'000
1 January	1,249	1,745
Loss for the year	(22,427)	(496)
31 December	(21,178)	1,249

The Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Company's loss for the financial year was £20,688,000 (2007: loss £496,000).

46 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Loss for the financial year	(22,427)	(496)
Issue of shares	486	1,900
Issue costs	(37)	-
Share based payments (credit)/charge	(839)	1,892
Awards under LTIP exercised	(86)	-
Net addition to shareholders' funds	(22,903)	3,296
Opening shareholders' funds	46,706	43,410
Closing shareholders' funds	(23,803)	46,706

47 LEASING COMMITMENTS

	2008 £'000	2007 £'000
The annual commitment under non-cancellable operating leases was as follows		
Operating leases which expire: - within one year	10	14

48 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £36,006,400 at 31 December 2008 (2007: £32,337,000). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings by way of a fixed and floating charge.

49 PARENT UNDERTAKING

The directors consider Geraldton Services Inc to be the parent and controlling party.