



NCC Group plc IFRS Restatement Report



IFRS restatement report

This report covers the restatement of the opening consolidated balance sheet as at 1 June 2004, the consolidated financial information for the year ended 31 May 2005 and the consolidated financial information for the six months ended 30 November 2004 under International Accounting Standards and International Financial Reporting Standards (collectively referred to as "IFRS" throughout this document) that are either endorsed by the EU, and effective (or available for early adoption) or are expected to be endorsed and effective (or available for early adoption) for the Group's first IFRS annual financial statements for the year ending 31 May 2006 in respect of NCC Group plc.

Contents

1. Introduction
2. Consolidated income statements
3. Consolidated balance sheets
4. Statement of changes in equity
5. Consolidated cash flow statements
6. Basis of preparation
7. Transitional arrangements
8. Significant changes in accounting policies
9. Revised accounting policies under IFRS

Appendices

1. Reconciliation of consolidated income statement from UK GAAP to IFRS for year ended 31 May 2005
2. Reconciliation of consolidated income statement from UK GAAP to IFRS for period ended 30 November 2004
3. Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 31 May 2005
4. Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 30 November 2004
5. Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 1 June 2004
6. Reconciliation of consolidated cash flow from UK GAAP to IFRS for period ended 30 November 2004
7. Reconciliation of consolidated cash flow from UK GAAP to IFRS for year ended 31 May 2005

1. Introduction

As a London Stock Exchange AIM listed company NCC Group plc will be required to prepare its consolidated accounts in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU) from the 1 January 2007, having previously prepared its accounts using UK Generally Accepted Accounting Principles (UK GAAP). The group have adopted the standards early and therefore the NCC Group will report under IFRS for the year ended 31 May 2006.

This report together with its appendices shows the impact of the transition to IFRS on NCC Group plc's reported performance and financial position and reconciles this to previously reported financial information with relevant explanations and reasons for the adjustments.

The directors are responsible for the preparation of the restated financial information and the IFRS restatement report was approved by the board of directors on 16 January 2006.

NCC Group plc will present its interim statement for the six months ended 30 November 2005 and its annual report and accounts for the year ending 31 May 2006 under IFRS, as set out in the basis of preparation.

Primary changes arising from the restatement

- Non-amortisation of goodwill
- Inclusion of a fair value charge in relation to employee share schemes
- Timing of dividend recognition

For the year ended 31 May 2005 operating profit increased by £1,188,000 as a result of the IFRS restatement. Basic earnings per share have increased from 6.10p to 10.2p.

2. Preliminary consolidated income statements for the year ended 31 May 2005 and six months ended 30 November 2004

	May 2005	November 2004
	£000	£000
Revenue	17,971	8,513
Cost of sales	(9,415)	(4,584)
Gross profit	8,556	3,929
Administrative expenses	(2,767)	(1,307)
Operating profit	5,789	2,622
Financial income	162	55
Financial expenses		
- Float related finance costs	(861)	(861)
- Other financial expense	(534)	(365)
Total financial expenses	(1,395)	(1,226)
Net financing costs	(1,233)	(1,171)
Profit before taxation	4,556	1,451
Income tax expense	(1,379)	(458)
Profit for the period	3,177	993
Attributable to Equity holders of the company	3,177	993
Profit for the period	3,177	993
Earnings per share		
Basic earnings per share	10.2p	3.3p
Diluted earnings per share	10.0p	3.3p

3. Preliminary consolidated balance sheets for years ended 31 May 2005, 1 June 2004 and six months ended 30 November 2004

	31 May 2005	30 November 2004	1 June 2004
	£000	£000	£000
Non current assets			
Property, plant and equipment	1,002	761	546
Intangible assets	27,401	27,401	27,401
Deferred tax assets	166	110	71
Total non-current assets	28,569	28,272	28,018
Current assets			
Trade and other receivables	3,595	3,815	3,453
Cash and cash equivalents	5,103	2,581	4,278
Total current assets	8,698	6,396	7,731
Total assets	37,267	34,668	35,749
Equity			
Issued capital	326	326	100
Share premium	19,819	19,824	219
Retained earnings	3,755	1,648	526
Total equity attributable to equity holders of the parent	23,900	21,798	845
Minority interest	(23)	(23)	(23)
Total equity	23,877	21,775	822
Non current liabilities			
Interest bearing loans	3,882	4,478	26,566
Lease incentives	137	69	-
Total non current liabilities	4,019	4,547	26,566
Interest bearing loans	1,200	1,200	1,362
Trade and other payables	2,563	2,214	2,265
Deferred revenue	4,885	4,428	4,033
Current tax payable	723	504	701
Total current liabilities	9,371	8,346	8,361
Total liabilities	13,390	12,893	34,927
Total liabilities and equity	37,267	34,668	35,749

4. Statement of changes in equity

	Share Capital	Share Premium	P&L Reserve	Total	Minority Interest	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 June 2004	100	219	526	845	(23)	822
Share based charges	-	-	129	129	-	129
Profit for the period	-	-	993	993	-	993
Shares issued	226	19,605	-	19,831	-	19,831
Balance at 30 November 2004	326	19,824	1,648	21,798	(23)	21,775
Balance at 1 June 2004	100	219	526	845	(23)	822
Share based charges	-	-	297	297	-	297
Profit for the period	-	-	3,177	3,177	-	3,177
Shares issued	226	19,600	-	19,826	-	19,826
Dividends to shareholders	-	-	(245)	(245)	-	(245)
Balance at 31 May 2005	326	19,819	3,755	23,900	(23)	23,877

5. Preliminary consolidated cash flow statements for the year ended 31 May 2005 and the six months ended 30 November 2004.

	May 2005 £000	November 2004 £000
Cash flows from operating activities		
Profit for the period	3,177	993
Adjustments for:		
Depreciation charge	354	150
Share based payments	297	129
Finance expense	1,233	1,171
Income tax expense	1,379	458
Operating cash flow before changes in working capital	6,440	2,901
Increase in receivables	(142)	(362)
Increase in payables	1,374	500
Profit on sale of fixed assets	(11)	(5)
Cash generated from operations before interest and tax	7,661	3,034
Interest paid	(1,059)	(894)
Income taxes paid	(1,041)	(284)
Net cash generated from operating activities	5,561	1,856
Cash flows from investing activities		
Interest received	123	55
Proceeds from the sale of plant and equipment	34	7
Acquisition of property, plant and equipment	(834)	(367)
Net cash used in investing activities	(677)	(305)
Cash flows from financing activities		
Proceeds from the issue of ordinary share capital	19,826	19,831
Proceeds from borrowings	5,975	5,975
Payment of bank loans	(12,875)	(12,275)
Receipt on disposal of interest rate swap	39	-
Payment of loan notes	(16,779)	(16,779)
Equity dividends paid	(245)	-
Net cash from financing activities	(4,059)	(3,248)
Net increase / (decrease) in cash and cash equivalents	825	(1,697)
Cash and cash equivalents at beginning of period	4,278	4,278
Cash and cash equivalents at end of period	5,103	2,581

6. Basis of preparation

The restated information has been prepared on the basis of all International Financial Reporting Standards (IFRS), Standing Interpretations Committee (SIC), International Financial Reporting Interpretations Committee (IFRIC) and interpretations issued by the International Accounting Standards Board (IASB) that are either, endorsed by the EU and effective (or available for early adoption) or, are expected to be endorsed and effective (or available for early adoption) for the Group's first IFRS annual financial statements for the year ending 31 May 2006. Based on these IFRS standards, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS consolidated accounts are prepared for the year ending 31 May 2006 (the first annual IFRS consolidated accounts).

7. Transitional arrangements

The requirements for first time adoption of IFRS are set out in IFRS 1, first time adoption of International Financial Reporting Standards. In general, a company is required to define its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet as at 1 June 2004. To assist companies in their transition to reporting under IFRS, IFRS1 sets out various exceptions and exemptions from this principle of full retrospective adoption. The exemptions that NCC Group plc has applied under IFRS are as follows:

a) Business combinations (IFRS 3)

The Group has elected to apply IFRS 3 from the date of transition to IFRS rather than to restate previous business combinations.

b) Share based payments (IFRS 2)

The Group has elected not to apply the provisions of IFRS2, Share based payments, to share options granted on or before 7 November 2002 which had not vested on or before 1 January 2005.

c) Foreign exchange differences (IAS 21)

The Group has elected to apply IAS 21 and deem the cumulative exchange differences to be zero at the date of transition.

8. Significant changes in accounting policies

Significant changes in accounting policies, which have arisen from NCC Group's transition to IFRS, are discussed below. The impact of the changes in policy is quantified by each standard in the attached appendices.

IFRS 2 Share-based payments

IFRS 2 requires that an expense for all equity-settled share based payments is recognised.

The expense is calculated with reference to the fair value of the award on the date of grant and is spread over the period during which the employee becomes unconditionally entitled to the award, adjusted to reflect actual and expected levels of vesting. Black-Scholes, Binomial and Monte Carlo simulation models have been used to calculate the fair values of options on their grant date for all options issued after 7 November 2002 which had not vested by 1 January 2005.

The impact of this is to reduce profit for the year ended 31 May 2005 by £297,000 (six months ended 30 November 2004: £129,000) together with an associated tax credit of £89,000 (six months ended 30 November 2004: £39,000).

8. Significant changes in accounting policies (continued)

IFRS 3 Business combinations

Under UK GAAP, goodwill arising on acquisitions made post 1 January 1998 was capitalised and amortised, on a straight line basis, over its useful economic life.

Under IFRS 3, positive goodwill is considered to have an indefinite life and consequently is not amortised, but instead is subject to impairment testing both annually and when there are indications that the carrying value may not be recoverable in full.

As permitted by IFRS 1, NCC Group plc has applied IFRS 3 from the transition date, rather than restating all previous business combinations.

The impact of IFRS 3 on NCC Group plc is that the amortisation of goodwill is reversed increasing profit for the year ended 31 May 2005 by £1.5m (six months ended 30 November 2004 £0.752m)

IAS 10 Events after the balance sheet date

Under UK GAAP, dividends declared after the period end are recognised as a liability of the company at the balance sheet date.

Under IAS 10, dividends declared after the period end represent a non-adjusting post balance sheet event and therefore no liability is recognised at the balance sheet date.

Consequently, there is an adjustment as at 31 May 2005 to remove the liability of £571,000 (30 November 2004 interim dividend £245,000)

SIC 15 Leasehold incentives

Under UK GAAP the policy was to defer the incentive of a year's rent free period up to the first break clause in the lease.

Under SIC 15 leasehold incentives must be spread over the whole of the lease term.

Consequently the effect is to reduce profit for the year ended 31 May 2005 by £15,000 (six months ended 30 November 2004: £8,000) together with an associated tax credit of £5,000 (six months ended 30 November 2004: £3,000).

Presentation of financial information

The layout of the primary financial information has been amended in accordance with IAS 1 'Presentation of Financial Statements' from that presented under UK GAAP. This format and presentation may require modification as practice and industry consensus develops.

9. Revised accounting policies under IFRS

Basis of preparation

The consolidated accounts have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards in issue that are either endorsed by the EU and effective (or available for early adoption) at 31 May 2006 or are expected to be endorsed and effective (or available for early adoption) at 31 May 2006, the Group's first annual reporting date at which IFRS are to be adopted. The preparation of this financial information resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in this financial information.

9. Revised accounting policies under IFRS (continued)

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control exists where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of net identifiable assets acquired.

Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there are indication that its carrying value may not be recoverable.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	20% to 33%
Plant and equipment	-	20%
Fixtures and fittings	-	20%
Motor vehicles	-	25%

Revenue recognition

Turnover represents the invoiced value of goods and services provided during the period, excluding VAT and after deferred income. The results of partially completed contracts whether fixed price or on a time and materials basis are dealt with on a percentage completion basis by including the profit or loss earned on work completed to the balance sheet date. Provisions are made for any losses on uncompleted contracts expected to be incurred after the balance sheet date. Maintenance and Escrow Solution agreement revenue is recognised on a straight-line basis over the life of the related agreement.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

The balance sheets of overseas undertakings are also translated at the rates of exchange ruling at the balance sheet date. Income statements of overseas undertakings are translated at the average rates of exchange for the accounting period. The exchange differences arising from the retranslation of the opening balance sheet amounts are dealt with through equity. All other exchange differences are dealt with through the income statement.

Under IAS 21, exchange differences resulting from the translation of the opening net investment in foreign operations that arise after the transition date are recognised as a separate reserve.

9. Revised accounting policies under IFRS (continued)

Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Pension benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are kept separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Share-based payments

The fair value of equity instruments granted to employees is charged to the income statement with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate valuation model, and spread over the period during which the employee becomes unconditionally entitled to an award. The charge is adjusted to reflect the actual number of shares or options that vest, except where forfeiture is due to a market based criteria.

Taxation

Tax for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is probable that the related deferred tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand less overdrafts payable on demand.

Appendix 1 - Reconciliation of consolidated income statement from UK GAAP to IFRS for the year ended 31 May 2005

	Previously reported under UK GAAP £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	IAS 10 Dividends £000	SIC 15 Leasehold Incentives £000	31 May 2005 IFRS £000
Revenue	17,971					17,971
Cost of sales	(9,118)	(297)				(9,415)
Gross profit / (loss)	8,853	(297)				8,556
Administrative expenses	(4,252)		1,500		(15)	(2,767)
Operating profit / (loss)	4,601	(297)	1,500		(15)	5,789
Float related finance costs	(861)					(861)
Financial income	162					162
Financial expense	(534)					(534)
Net financing costs	(1,233)					(1,233)
Profit / (loss) on ordinary activities before taxation	3,368	(297)	1,500		(15)	4,556
Tax on profit / (loss) on ordinary activities	(1,473)	89			5	(1,379)
Profit / (loss) on ordinary activities after taxation	1,895	(208)	1,500		(10)	3,177
Dividends	(816)			571		(245)
Profit / (loss) for the year	1,079	(208)	1,500	571	(10)	2,932
Attributable to						
Equity holders of the company	1,079	(208)	1,500	571	(10)	2,932
Equity minority interest	-					-
Profit / (loss) on ordinary activities	1,079	(208)	1,500	571	(10)	2,932
Earnings per share						
Basic earnings per share	6.1p					10.2p
Diluted earnings per share	6.0p					10.0p

Appendix 2 - Reconciliation of consolidated income statement from UK GAAP to IFRS for the period ended 30 November 2004

	Previously reported under UK GAAP £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	IAS 10 Dividends £000	SIC 15 Leasehold Incentives £000	30 November 2004 IFRS £000
Revenue	8,513					8,513
Cost of sales	(4,455)	(129)				(4,584)
Gross profit / (loss)	4,058	(129)				3,929
Administrative expenses	(2,051)		752		(8)	(1,307)
Operating profit / (loss)	2,007	(129)	752		(8)	2,622
Float related finance costs	(861)					(861)
Financial income	55					55
Financial expense	(365)					(365)
Net financing costs	(1,171)					(1,171)
Profit / (loss) on ordinary activities before taxation	836	(129)	752		(8)	1,451
Tax on profit / (loss) on ordinary activities	(500)	39			3	(458)
Profit / (loss) on ordinary activities after taxation	336	(90)	752		(5)	993
Dividends	(245)			245		-
Profit / (loss) for the period	91	(90)	752	245	(5)	993
Attributable to						
Equity holders of the company	91	(90)	752	245	(5)	993
Equity minority interest	-					-
Profit / (loss) on ordinary activities	91	(90)	752	245	(5)	993
Earnings per share						
Basic earnings per share	1.1p					3.3p
Diluted earnings per share	1.1p					3.3p

Appendix 3 - Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 31 May 2005

	31 May 2005 UK GAAP £000	IAS 1 Reclassification adjustment £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	IAS 10 Dividend s £000	SIC 15 Leasehold incentives £000	31 May 2005 IFRS £000
Non current assets							
Property, plant and equipment	1,002						1,002
Intangible assets	25,901			1,500			27,401
Deferred tax assets	-	77	89				166
Total non current assets	26,903	77	89	1,500			28,569
Current assets							
Trade and other receivables	3,672	(77)					3,595
Cash and cash equivalents	5,103						5,103
Total current assets	8,775	(77)					8,698
Total assets	35,678		89	1,500			37,267
Equity							
Issued capital	326						326
Share premium	19,819						19,819
Retained earnings	1,605		89	1,500	571	(10)	3,755
Shareholders' funds	21,750		89	1,500	571	(10)	23,900
Minority interest	(23)						(23)
Total equity and reserves	21,727		89	1,500	571	(10)	23,877
Non current liabilities							
Interest bearing loans	3,900						3,900
Lease incentives	122					15	137
Issue costs	(18)						(18)
Total non current liabilities	4,004					15	4,019
Interest bearing loans	1,200						1,200
Trade and other payables	2,563						2,563
Dividends payable	571				(571)		-
Deferred revenue	4,885						4,885
Current tax payable	728					(5)	723
Total current liabilities	9,947				(571)	(5)	9,371
Total liabilities	13,951				(571)	10	13,390
Total liabilities and equity	35,678		89	1,500			37,267

Appendix 4 - Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 30 November 2004

	31 May 2005 UK GAAP £000	IAS 1 Reclassification adjustment £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	IAS 10 Dividends £000	SIC 15 Leasehold incentives £000	30 November 2005 IFRS £000
Non current assets							
Property, plant and equipment	761						761
Intangible assets	26,650			751			27,401
Deferred tax assets	-	71	39				110
Total non current assets	27,411	71	39	751			28,272
Current assets							
Trade and other receivables	3,886	(71)					3,815
Cash and cash equivalents	2,581						2,581
Total current assets	6,467	(71)					6,396
Total assets	33,878		39	751			34,668
Equity							
Issued capital	326						326
Share premium	19,824						19,824
Retained earnings	618		39	751	245	(5)	1,648
Shareholders' funds	20,768		39	751	245	(5)	21,798
Minority interest	(23)						(23)
Total equity and reserves	20,745		39	751	245	(5)	21,775
Non current liabilities							
Interest bearing loans	4,500						4,500
Lease incentives	-	61				8	69
Issue costs	(22)						(22)
Total non current liabilities	4,478	61				8	4,547
Interest bearing loans	1,200						1,200
Trade and other payables	2,275	(61)					2,214
Dividends payable	245				(245)		-
Deferred revenue	4,428						4,428
Current tax payable	507					(3)	504
Total current liabilities	8,655	(61)			(245)	(3)	8,346
Total liabilities	13,133	-			(245)	5	12,893
Total liabilities and equity	33,878	-	39	751			34,668

Appendix 5 - Reconciliation of consolidated balance sheet from UK GAAP to IFRS at 1 June 2004

	1 June 2004 UK GAAP £000	IAS 1 Reclassification adjustment £000	1 June 2004 IFRS £000
Non current assets			
Property, plant and equipment	546		546
Intangible assets	27,401		27,401
Deferred tax assets	-	71	71
Total non-current assets	27,947	71	28,018
Current assets			
Trade and other receivables	3,524	(71)	3,453
Cash and cash equivalents	4,278		4,278
Total current assets	7,802	(71)	7,731
Total assets	35,749		35,749
Equity			
Issued capital	100		100
Share premium	219		219
Retained earnings	526		526
Shareholders' funds	845		845
Minority interest	(23)		(23)
Total equity and reserves	822		822
Non current liabilities			
Interest bearing loans	27,354		27,354
Issue costs	(788)		(788)
Total non current liabilities	26,566		26,566
Interest bearing loans	1,362		1,362
Trade and other payables	2,261		2,261
Dividends payable	4		4
Deferred revenue	4,033		4,033
Current tax payable	701		701
Total current liabilities	8,361		8,361
Total liabilities	34,927		34,927
Total liabilities and equity	35,749		35,749

Appendix 6 - Reconciliation of consolidated cash flow from UK GAAP to IFRS for the period ended 30 November 2004

	30 November 2004 UK GAAP £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	SIC 15 Leasehold incentives £000	30 November 2004 IFRS £000
Cash flows from operating activities					
Profit for the period	336	(129)	752	(8)	951
Adjustments for:					
Depreciation charge	150				150
Amortisation of goodwill	752		(752)		-
Share based charges	-	129			129
Finance expense	1,171				1,171
Income tax expense	500				500
Operating cash flow before changes in working capital	2,909			(8)	2,901
Increase in receivables	(362)				(362)
Increase in payables	492			8	500
Profit on sale of fixed assets	(5)				(5)
Cash generated from operations	3,034				3,034
Interest paid	(894)				(894)
Income taxes paid	(284)				(284)
Net cash generated from operating activities	1,856				1,856
Cash flows from investing activities					
Interest received	55				55
Receipt on disposal of interest rate swap	-				-
Proceeds from the sale of plant and equipment	7				7
Acquisition of property, plant and equipment	(367)				(367)
Net cash used in investing activities	(305)				(305)
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	19,831				19,831
Proceeds from borrowings	5,975				5,975
Payment of bank loans	(12,275)				(12,275)
Payment of loan notes	(16,779)				(16,779)
Equity dividends paid	-				-
Net cash from financing activities	(3,248)				(3,248)
Net increase / (decrease) in cash and cash equivalents	(1,697)				(1,697)
Cash and cash equivalents at beginning of period	4,278				4,278
Cash and cash equivalents at end of period	2,581				2,581
Cash and cash equivalents comprise:					
Cash at bank and in hand	2,581				2,581

Appendix 7 - Reconciliation of consolidated cash flow from UK GAAP to IFRS for the year ended 31 May 2005

	31 May 2005 UK GAAP £000	IFRS 2 Share based charges £000	IFRS 3 Goodwill £000	SIC 15 Leasehold incentives £000	31 May 2005 IFRS £000
Cash flows from operating activities					
Profit for the period	1,895	(297)	1,500	(15)	3,083
Adjustments for:					
Depreciation charge	354				354
Amortisation of goodwill	1,500		(1,500)		-
Share based charges	-	297			297
Finance expense	1,233				1,233
Income tax expense	1,473				1,473
Operating cash flow before changes in working capital	6,455			(15)	6,440
Increase in receivables	(142)				(142)
Increase in payables	1,359			15	1,374
Profit on sale of fixed assets	(11)				(11)
Cash generated from operations	7,661				7,661
Interest paid	(1,059)				(1,059)
Income taxes paid	(1,041)				(1,041)
Net cash generated from operating activities	5,561				5,561
Cash flows from investing activities					
Interest received	123				123
Proceeds from the sale of plant and equipment	(834)				(834)
Acquisition of property, plant and equipment	34				34
Net cash used in investing activities	(677)				(677)
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	19,826				19,826
Proceeds from borrowings	5,975				5,975
Payment of bank loans	(12,875)				(12,875)
Receipt on disposal of interest rate swap	39				39
Payment of loan notes	(16,779)				(16,779)
Equity dividends paid	(245)				(245)
Net cash from financing activities	(4,059)				(4,059)
Net increase / (decrease) in cash and cash equivalents	825				825
Cash and cash equivalents at beginning of period	4,278				4,278
Cash and cash equivalents at end of period	5,103				5,103
Cash and cash equivalents comprise:					
Cash at bank and in hand	5,103				5,103