

KAIN KNIGHT GROUP PLC
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

Company Number 2567644

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18/10/2008

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COMPANIES HOUSE

KAIN KNIGHT GROUP PLC

Directors:

M B. Kain Esq	R.L. Banks Esq.
G.J. Knight Esq.	S. Noakes Esq.
J W Knight Esq.	N Portch Esq (resigned 30/6/08)
K.B Thurley Esq	J K. Staab Esq
N J. Ventre Esq.	M Monaghan Esq. (resigned 5/10/07)
J Ivory Esq	M P. Kain Esq.
	Mrs K Stedman (appointed 1/7/07)

Secretary and Registered Office:

N J. Ventre Esq
55 Gower Street
London
WC1E 6HQ

REPORT OF THE DIRECTORS

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

Review of Activities

The principal activity of the company and of the group is that of law cost draftsmen and consultants. During the year the subsidiary companies did not trade. The company and group earned operating profit of £427,330 (2007 £420,825) and profit on ordinary activities before taxation of £383,751 (2007 £360,871) from turnover of £3,299,568 (2007 £3,536,106).

Directors' Interest

The interest, as defined by the Companies Act 1985, of the directors in the share capital of the company and of the other group companies at the beginning and end of the year were as follows (see following page)

KAIN KNIGHT GROUP PLC
(Continued)

Kain Knight Group Plc

Holding of ordinary £1 shares
31 March 2008 31 March 2007

M.B. Kain Esq.	30,000	30,000
G.J. Knight Esq	5,000	5,000
J.W Knight Esq.	5,000	5,000
K.B Thurley Esq	5,000	5,000
N J Ventre Esq.	5,000	5,000
M.P. Kain Esq.	NIL	NIL
R L Banks Esq	NIL	NIL
S Noakes Esq	NIL	NIL
N Portch Esq (resigned 30/6/08)	NIL	NIL
J K Staab Esq.	NIL	NIL
M. Monaghan Esq. (resigned 5/10/07)	NIL	NIL
J Ivory Esq.	NIL	NIL
Mrs K. Stedman (appointed 1/7/07)	NIL	NIL

Kain Knight Limited, C.O.S.T. Limited, Kain-Knight (Midlands) Limited and Kain-Knight (North-Eastern) Limited.

None of the current or former directors held any shares in these subsidiary companies in the current or previous year.

KAIN KNIGHT GROUP PLC

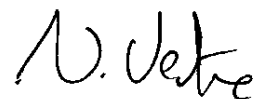
(Continued)

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the appointment of Mansell & Co. LLP as auditors of the company is to be proposed at the Annual General Meeting

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



N.J. Ventre Esq.
Director

Date of approval: 24th September 2008

KAIN KNIGHT GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the company and the group and of the profit or loss of the company and the group for that year. In preparing those financial statements, the directors are required to -

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company or the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KAIN KNIGHT GROUP PLC**

We have audited the financial statements on pages 5 to 21, which have been prepared under the historical cost convention as modified by the revaluation of certain assets and the accounting policies set out on pages 10 and 11

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

As described on page 4, the company's directors are responsible for the preparation of financial statements

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report. 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 Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the group's affairs and of the company's affairs as at 31 March 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Mansell & Co LLP
5 Ducketts Wharf
South Street
Bishop's Stortford
Herts
CM23 3AR

15 October 2008

Registered Auditors

KAIN KNIGHT GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

	<u>Notes</u>	2008 £	2007 £
Turnover	1	3,299,568	3,536,106
Cost of sales		(1,064,232)	(1,105,178)
Gross Profit		<u>2,235,336</u>	<u>2,403,928</u>
Other income	3	242,547	288,013
Net Operating Expenses			
Administrative expenses		(2,050,553)	(2,298,116)
Operating profit	3	<u>427,330</u>	<u>420,825</u>
Interest receivable & similar income	4	69	100
Interest payable & similar charges	4	(43,648)	(60,054)
Profit on ordinary activities before tax		<u>383,751</u>	<u>360,871</u>
	1 & 5	(107,660)	(111,023)
Tax on ordinary activities			
Profit after taxation		<u>276,091</u>	<u>249,848</u>
	7	388,800	90,000
Dividends paid			
(Loss)/Profit for the financial year		<u><u>£(112,709)</u></u>	<u><u>£159,848</u></u>

Continuing Operations

None of the group's or the company's activities were acquired or discontinued during the current year or previous year, or within three months of the year-end

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2008

	£
Loss for the year	(112,709)
Unrealised surplus on revaluation of fixed assets	-
Total recognised gains and losses for year	<u>(112,709)</u>
Prior period adjustments	-
Total gains and losses recognised since last annual report	<u><u>£(112,709)</u></u>


None of the subsidiary companies had any recognised gains or losses in the year

KAIN KNIGHT GROUP PLC
BALANCE SHEETS AT 31 MARCH 2008

		Group		Company	
	<u>Notes</u>	2008 £	2007 £	2008 £	2007 £
Fixed Assets					
Intangible Assets	8	-	23,304	-	23,304
Tangible Assets	9 & 10	341,681	782,076	341,681	782,076
Investments	11	26	26	64,232	64,232
		<u>341,707</u>	<u>805,406</u>	<u>405,913</u>	<u>869,612</u>
Current Assets					
Stock and work in progress	12	212,316	210,184	212,316	210,184
Debtors	13	979,978	1,151,225	979,978	1,151,225
Cash at bank and in hand		56,315	10,653	56,315	10,653
		<u>1,248,609</u>	<u>1,372,062</u>	<u>1,248,609</u>	<u>1,372,062</u>
Current Liabilities					
Creditors amounts falling due within one year	14	(780,962)	(1,133,120)	(780,962)	(1,133,120)
Net Current Assets/(Liabilities)		<u>467,647</u>	<u>238,942</u>	<u>467,647</u>	<u>238,942</u>
Total assets less Current Liabilities		<u>809,354</u>	<u>1,044,348</u>	<u>873,560</u>	<u>1,108,554</u>
Creditors: amounts falling due after one year	15	(9,167)	(8,452)	(9,167)	(8,452)
Provision for Bad Debts		-	-	-	-
Total assets less liabilities		<u><u>£800,187</u></u>	<u><u>£1,035,896</u></u>	<u><u>£864,393</u></u>	<u><u>£1,100,102</u></u>
Capital and Reserves					
Share capital	17	50,000	50,000	50,000	50,000
Profit and Loss account	18	680,033	792,742	744,239	856,948
Revaluation reserve	18	70,154	193,154	70,154	193,154
Shareholders' funds		<u><u>£800,187</u></u>	<u><u>£1,035,896</u></u>	<u><u>£864,393</u></u>	<u><u>£1,100,102</u></u>

The notes on pages 10 to 21 form part of these accounts.

These financial statements were approved by the board of directors on 24th September 2008 and were signed on its behalf by:


M.B. Kain, Esq.
Director


N.J. Ventre, Esq.
Director

KAIN KNIGHT GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
AT 31 MARCH 2008

	Notes	2008		2007	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	1		474,002		353,282
Returns on investments and servicing of finance					
Interest received		69		100	
Interest paid		(43,648)		(60,054)	
Net cash outflow for returns on investments and servicing of finance			(43,579)		(59,954)
Taxation paid			(111,023)		(4,492)
Capital expenditure & financial investment					
Tangible assets		(29,708)		(35,580)	
Receipts from sale of tangible assets		402,946		561	
Purchase/(disposal) of investment		27,054		(27,054)	
Net cash outflow from capital expenditure and sale of assets			400,292		(62,073)
Equity dividends paid			(388,800)		(90,000)
Cash inflow/(outflow) before use of liquid resources and financing			330,892		136,763
Financing					
Debt due beyond a year					
Inception of finance leases & hire purchase		-		-	
Capital element of bank loan repayments		(193,204)		(24,301)	
Capital element of finance lease & hire purchase repayments		(2,620)		(38,190)	
Debt due within one year					
Directors loans raised/(repaid)		(30,285)		(218,402)	
			(266,109)		(280,893)
Increase/(decrease) in cash in the year			<u>£104,783</u>		<u>£(144,130)</u>

KAIN KNIGHT GROUP PLC
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
AT 31 MARCH 2008

1. Reconciliation of operating profit to net cash inflow from operating activities	2008	2007
	£	£
Operating profit	427,330	420,825
Depreciation of tangible assets	35,437	47,802
Amortisation of intangible assets	3,750	3,750
(Profit)/loss on disposal of tangible assets	(98,780)	1,772
(Increase)/decrease in stocks & work in progress	(2,132)	(33,105)
(Increase)/decrease in debtors	171,247	(105,961)
Increase/(decrease) in creditors & provisions within one year	(62,850)	18,199
Net cash inflow from operating activities	£474,002	£353,282

2. Analysis of net debt	31 March 2007	Cash flow	Other non-cash changes	31 March 2008
Net cash				
Cash at bank and in hand	10,653	45,662	-	56,315
Bank overdrafts	(69,562)	59,121	-	(10,441)
	<u>(58,909)</u>	<u>104,783</u>	<u>-</u>	<u>45,874</u>
Debt				
Debt due within one year	(344,552)	252,326	-	(92,226)
Debts falling due after one year	-	-	-	-
Finance leases	(25,239)	2,620	-	(22,619)
	<u>(369,791)</u>	<u>254,946</u>	<u>-</u>	<u>(114,845)</u>
Total	£(428,700)	£359,729	£-	£(68,971)

3. Reconciliation of net cash flow to movement in net debt	2008	2007
	£	£
Increase/(decrease) in cash in the year	104,783	(144,130)
Cash (inflow)/outflow from (increase)/decrease in debt	254,946	(7,071)
Movement in net debt in the year	359,729	(151,201)
Opening net debt	(428,700)	(277,499)
Closing net debt	£(68,971)	£(428,700)

KAIN KNIGHT GROUP PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

1.

Accounting Policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards on the assumption that the company will remain a going concern for at least the next twelve months.

Basis of Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2008. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Intangible Fixed Assets and Amortisation

Intangible fixed assets are amortised over the shorter of twenty years and their useful economical life

Tangible Fixed Assets and Depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% on a reducing balance method and 33 1/3% straight line method
Motor vehicles	25% on a reducing balance method

Leasing

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

Investments

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

KAIN KNIGHT GROUP PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

Stock and Short-Term Work In Progress

Work in progress is valued at the lower of cost and net realisable value

Long Term Contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represents the contributions payable by the company during the year.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Deferred Taxation

No provision has been made for deferred taxation that may arise on the Tangible Fixed Assets in the Balance Sheet at £341,681 and having a tax written down value of £87,838, as the directors consider the charge would be immaterial.

Taxation

The UK Corporation Tax for the year ended 31 March 2008 amounts to £107,660. This is calculated on the profit shown, adjusted as required for taxation purposes using the appropriate rates for the year.

Segmental Reporting

The directors do not consider the classes of business or geographical markets differ substantially so as to make segmental reporting necessary.

2 **Analysis of Turnover**

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

KAIN KNIGHT GROUP PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

3. Operating Profit

Operating profit includes the following items under Other Income

	2008	2007
Rent receivable	46,667	45,202
Bad debts recovered	-	-
Sundry income	195,880	242,811
	<u>£242,547</u>	<u>£288,013</u>

Operating profit is stated after charging

	2008	2007
Amortisation of goodwill	3,750	3,750
Depreciation & loss on disposal of tangible assets	(63,343)	49,574

4. Interest receivable and interest payable

Interest Receivable

	2008	2007
Bank interest	£69	£100

Interest Payable

	2008	2007
On bank loans and overdrafts	31,168	44,928
On amounts payable to factors	7,744	4,258
On hire purchase and finance lease agreements	4,736	10,868
	<u>£43,648</u>	<u>£60,054</u>

5. Taxation

Domestic current year taxation

	2008	2007
UK Corporation Tax	£107,660	£111,023

6. Profit for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2008	2007
	£	£
Holding company's profit/(loss) for the financial year (112,709)	<u>112,709</u>	<u>159,848</u>

KAIN KNIGHT GROUP PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

7	<u>Dividends</u>	2008	2007
		£	£
	Ordinary dividend paid	388,800	90,000
		<u> </u>	<u> </u>

8 Intangible fixed assets

Goodwill

<u>Cost</u>	£
At 31 March 2007	27,054
Addition	-
Disposals	(27,054)
At 31 March 2008	<u> </u> <u> </u> £-

Amortisation

At 31 March 2007	3,750
Charge for year	3,750
Disposals	(7,500)
At 31 March 2008	<u> </u> <u> </u> £-

Net Book Value

At 31 March 2008	<u> </u> <u> </u> £-
At 31 March 2007	<u> </u> <u> </u> £23,304

KAIN KNIGHT GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

9. Tangible fixed assets

Group

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost/Value				
At 31 March 2007	712,000	225,574	14,353	951,927
Additions	-	29,708	-	29,708
Disposals	(432,000)	(39,005)	-	(471,005)
At 31 March 2008	<u>£280,000</u>	<u>£216,277</u>	<u>£14,353</u>	<u>£510,630</u>
Depreciation				
At 31 March 2007	-	161,422	8,429	169,851
On disposals	-	(36,339)	-	(36,339)
Charge for the year	-	33,956	1,481	35,437
At 31 March 2008	<u>£-</u>	<u>£159,039</u>	<u>£9,910</u>	<u>£168,949</u>
Net Book Value				
At 31 March 2008	<u>£280,000</u>	<u>£57,238</u>	<u>£4,443</u>	<u>£341,681</u>
At 31 March 2007	<u>£712,000</u>	<u>£64,152</u>	<u>£5,924</u>	<u>£782,076</u>

The freehold property was professionally revalued during the year ended 31 March 2004 and the increase in value was taken to the revaluation reserve. The directors' opinion is that the properties have not decreased in value since the revaluation was carried out

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

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net Book Values			
At 31 March 2008	<u>10,147</u>	<u>-</u>	<u>10,147</u>
At 31 March 2007	<u>13,206</u>	<u>-</u>	<u>13,206</u>
Depreciation charge for the year			
31 March 2008	<u>8,491</u>	<u>-</u>	<u>8,491</u>
31 March 2007	<u>17,674</u>	<u>-</u>	<u>17,674</u>

KAIN KNIGHT GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

10 Tangible fixed assets

<u>Company</u>	Land & buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
<u>Cost/Value</u>	£	£	£	£
At 31 March 2007	712,000	225,574	14,353	951,927
Additions	-	29,708	-	29,708
Disposals	(432,000)	(39,005)	-	(471,005)
At 31 March 2008	<u>£280,000</u>	<u>£216,277</u>	<u>£14,353</u>	<u>£510,630</u>
<u>Depreciation</u>				
At 31 March 2007	-	161,422	8,429	169,851
On disposals	-	(36,339)	-	(36,339)
Charge for the year	-	33,956	1,481	35,437
At 31 March 2008	<u>£-</u>	<u>£159,039</u>	<u>£9,910</u>	<u>£168,949</u>
<u>Net Book Value</u>				
At 31 March 2008	<u>£280,000</u>	<u>£57,238</u>	<u>£4,443</u>	<u>£341,681</u>
At 31 March 2007	<u>£712,000</u>	<u>£64,152</u>	<u>£5,924</u>	<u>£782,076</u>

The freehold property was professionally revalued during the year ended 31 March 2004 and the increase in value was taken to the revaluation reserve. The directors' opinion is that the properties have not decreased in value since the revaluation was carried out.

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

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net Book Values			
At 31 March 2008	<u>10,147</u>	<u>-</u>	<u>10,147</u>
At 31 March 2007	<u>13,206</u>	<u>-</u>	<u>13,206</u>
Depreciation charge for the year			
At 31 March 2008	<u>8,491</u>	<u>-</u>	<u>8,491</u>
At 31 March 2007	<u>17,674</u>	<u>-</u>	<u>17,674</u>

KAIN KNIGHT GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

11. Fixed asset investments

	<u>Group</u>	<u>Company</u>
	Unlisted investments	Unlisted investments
	£	£
Cost		
At 1 April 2007	26	64,232
Additions	-	-
At 31 March 2008	<u>26</u>	<u>64,232</u>
At 31 March 2007	<u>26</u>	<u>64,232</u>

12. Stocks and work in progress

<u>Stocks and work in progress</u>	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Short-term work in progress				
- Net cost less foreseeable losses	212,316	210,184	212,316	210,184

13. Debtors

<u>Debtors</u>	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	878,314	1,056,139	878,314	1,056,139
Amounts owed by group undertakings	-	-	-	-
Other debtors	38,131	40,041	38,131	40,041
Prepayments & accrued income	63,533	55,045	63,533	55,045
	<u>979,978</u>	<u>1,151,225</u>	<u>979,978</u>	<u>1,151,225</u>

KAIN KNIGHT GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
(Continued)

14 Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	92,226	344,552	92,226	344,552
Net obligations under finance lease and hire purchase contracts	13,452	16,787	13,452	16,787
Trade creditors	79,474	89,690	79,474	89,690
Amounts owed to group undertakings	-	-	-	-
Corporation Tax	107,660	111,023	107,660	111,023
Other taxes and social security costs	107,451	150,875	107,451	150,875
Directors current accounts	35,404	65,688	35,404	65,688
Other creditors	259,218	155,409	259,218	155,409
Accruals and deferred income	86,077	199,096	86,077	199,096
	<u>780,962</u>	<u>1,133,120</u>	<u>780,962</u>	<u>1,133,120</u>

The bank overdraft and bank loans are secured by an unscheduled mortgage debenture, an unlimited cross composite guarantee given by the parent undertaking and all subsidiary undertakings in the group, and a first legal mortgage over the one freehold property.

15 Creditors: amounts falling due after more than one year and within two years

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Net obligations under finance leases & hire purchase agreements	<u>9,167</u>	<u>8,452</u>	<u>9,167</u>	<u>8,452</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	13,452	16,787	13,452	16,787
Repayable between one and five years	9,167	8,452	9,167	8,452
	<u>22,619</u>	<u>25,239</u>	<u>22,619</u>	<u>25,239</u>
Included in liabilities falling due within one year	<u>13,452</u>	<u>16,787</u>	<u>13,452</u>	<u>16,787</u>
Included in liabilities falling due between one and two years	<u>£9,167</u>	<u>£8,452</u>	<u>£9,167</u>	<u>£8,452</u>

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16 Pension costs

The company operates a defined contribution pension scheme and a Funded Unapproved Retirement Benefit Scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £116,107 (2007 - £108,478).

17 Share capital

	2008 £	2007 £
Authorised: 50,000 Ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 50,000 Ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>

18. Statement of movements on reserves

Group	Revaluation £	Profit & Loss account £
Balance at 31 March 2007	193,154	792,742
Retained profit/(loss) for the year	-	(112,709)
Revaluation/(disposal)	(123,000)	-
Balance at 31 March 2008	<u>£70,154</u>	<u>£680,033</u>
Company	Revaluation £	Profit & Loss account £
Balance at 31 March 2007	193,154	856,948
Retained profit/loss for the year	-	(112,709)
Revaluation/(disposal)	(123,000)	-
Balance at 31 March 2008	<u>£70,154</u>	<u>£744,239</u>

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19 Reconciliation of movements in shareholders' funds

Group	2008	2007
	£	£
Profit/(loss) for the financial year	276,091	249,848
Dividends	(388,800)	(90,000)
Other recognised gains and losses	(123,000)	-
Net addition/reduction to shareholders' funds	(235,709)	159,848
Opening shareholders' funds	1,035,896	876,048
Prior period adjustment	-	-
Closing shareholders' funds	<u>£800,187</u>	<u>£1,035,896</u>
 Company	 2008	 2007
	£	£
Profit/(loss) for the financial year	276,091	249,848
Dividends	(388,800)	90,000
Other recognised gains and losses	(123,000)	-
Net increase/(depletion) in shareholders' funds	(235,709)	159,848
Opening shareholders' funds	1,100,102	940,254
Closing shareholders' funds	<u>£864,393</u>	<u>£1,100,102</u>

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20. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2008	2007
	Number	Number
Administration	25	27
Draftsman	20	23
Directors	12	12
	<u>57</u>	<u>62</u>

Employment costs

Wages	2,117,186	2,363,039
Social security costs	239,972	266,590
Other pension costs	116,107	108,478
	<u>£2,473,265</u>	<u>£2,738,107</u>

21 Directors' Emoluments

	2008	2007
Aggregate emoluments	1,137,761	1,294,928
Aggregate company contributions to a defined contribution money purchase scheme	111,789	104,180
Contribution FURBS	-	-
	<u>£1,249,550</u>	<u>£1,399,108</u>

The number of directors to whom retirement benefits accrue under defined contribution schemes-

<u>11</u>	<u>12</u>
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The aggregate of compensation paid to directors and former directors in respect of loss of office, all of which were receivable from the company and included above in Aggregate Emoluments -

<u>£-</u>	<u>£-</u>
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	2008	2007
Amounts attributable to the highest paid director, included in the above figures -		
Emoluments	109,363	89,289
Company contributions to a defined contribution money purchase scheme	14,893	30,680
	<u>£124,256</u>	<u>£119,969</u>

22 Related Parties and Control

The company is controlled by the directors

Messrs M P Kain and Ventre were also directors of Law Costs Solutions Limited during the year and together controlled that company. Including direct family interests Law Costs Solutions Limited was therefore under common-control with Kain Knight Group Plc and its subsidiaries and the companies are related parties.

During the year the following related party transactions took place: Kain Knight Group Plc charged Law Costs Solutions Limited £72,565 (2007 - £11,962) for subcontract services, £46,667 (2007 - £45,202) for rent, £190,690 (2007 - £206,285) for shared administrative costs, £4,773 (2007 - £36,526) for shared salary costs, £417 (2007 - £NIL) for staff training, and £24,243 (2007 - £NIL) for recharged expenses. Law Costs Solutions Limited purchased assets from Kain Knight Group Plc for £NIL (2007 - £561), sold assets to Kain Knight Group Plc for £NIL (2007 - £500) and charged Kain Knight Group Plc £NIL (2007 - £5,364) for subcontract services, and £NIL (2007 - £200) for staff training. All of these transactions were charged at market rates.

At the Balance Sheet dated the following amounts were owed: Law Costs Solutions Limited owed £16,519 (2007 - £15,152) for administrative costs, £93,576 (2007 - £85,518) for trade creditors to Kain Knight Group Plc. Law Costs Solutions Limited was owed £130,636 (2007 - £145,628) loan and £NIL (2007 - £(221)) for trade debtors by Kain Knight Group Plc.

There were no intercompany transactions or balances with the subsidiaries.

23 <u>Audit Fee</u>	2008	2007
Company and group fee	<u>£7,500</u>	<u>£5,500</u>

24 Bank Charges And Interest

Contained within this amount is interest of £11,204 (2007 £NIL) paid to the directors in relation to their director loan accounts.