

Tandem Group plc

**Annual Report and Accounts
2009**

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Financial calendar

Annual General Meeting	25 June 2009
Interim results for 6 months to 31 July 2009	October 2009
Annual results for year ending 31 January 2010	May 2010

Directors and advisers

Directors

G Waldron	Chairman
M P J Keene	Finance Director
S J Grant	Commercial Director

Company Secretary

J C Shears

Registered office

35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG

Registration

Registered in England No. 616818

Website

www.tandemgroup.co.uk

Nominated Adviser

Dowgate Capital Advisers Ltd
46 Worship Street, London, EC2A 2EA

Nominated Broker

Dowgate Capital Stockbrokers Ltd
Talisman House, Jubilee Walk, Three Bridges,
Crawley, RH10 1LQ

Auditors

Grant Thornton UK LLP
Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ

Solicitors

Eversheds LLP
1 Royal Standard Place, Nottingham, NG1 6FZ

Registrars

Capita Registrars
Northern House, Woodsome Park, Fenay Bridge,
Huddersfield, HD8 0LA
Telephone 0871 664 0300

Brands

Bicycles

Barrosa	Boss
British Eagle	CBR
Claud Butler	Dawes
Dirty	Falcon
Optima	Scorpion
Townsend	

Wheeled toys

Barbie*	Ben 10*
Bob the Builder*	Drop 720*
Fireman Sam*	GI Joe*
Hot Wheels*	In the Night Garden*
Mr Men Little Miss*	Puppy in my Pocket*
3rd & Bird*	Thomas & Friends*
Transformers*	

Golf

Ben Sayers

Snooker & Pool

Pot Black

Football training

Kickmaster

Table sports

Pot Black

Outdoor play

Hedstrom
Mr Men Little Miss*

Plush

C'mons*
Gogo's Crazy Bones*
Goochicoo*
South Park*

* Under licence

Chairman's statement

Revenue for the year ended 31 January 2009 was £35,161,000 compared to £34,878,000 last year. There was a profit before goodwill impairment and taxation of £1,018,000 compared to £1,121,000 last year. Profit after goodwill impairment and before taxation was £593,000 (2008 — £1,105,000).

Operations

In the second half of the year revenue was 1.9% up on the same period in the previous year. We stated in the interim report that a large amount of the Group's purchases are paid for in US dollars. The rate of exchange in the second half of the year was approximately 19% below the comparable period in the previous year. Increases in commodity prices and labour costs in Asia, alongside the additional currency expense resulted in the improved margin in the first half being eroded to a reduction of 0.7% for the full year.

With the poor weather in the summer and the uncertain economic climate, the performance in the year was encouraging.

Bicycles and accessories

Revenue in our bicycles and accessories businesses of £19,763,000 was 5.8% ahead of £18,675,000 last year. As a result of the pressure on margins, the operating profit before goodwill impairment reduced by 3.7% to £1,148,000 (2008 — £1,192,000).

In view of a forecast decline in the bicycle accessories business the goodwill relating to that activity has been impaired by £425,000.

The Group continues to be a leading supplier of cycles in the UK with its established brands including Claud Butler, Dawes, and Falcon. Our UK-based product development team continues to design and develop new ranges of bicycles to maintain our position at the forefront of the industry. During the year BMX and off road bikes under the brands Scorpion, Dirty and Barrosa were successfully launched.

Sports, leisure and toys

Revenue from our sports, leisure and toys businesses was 5.0% down on last year at £15,398,000 (2008 — £16,203,000). Operating profit was £808,000 (2008 — £800,000).

The Ben 10 and In The Night Garden licensed products performed well. Sales of Hedström outdoor play equipment were down on the previous year as national retailers switched to cheaper own label products.

Our product development team continues to work on new products and licences.

Improvements to shareholder value

Cancellation of the parent Company's share premium account was completed on 18 August 2008. This enabled the Company to purchase 1,600,000 of its own shares on 20 August 2008. The Company will seek the authority from shareholders at the

Annual General Meeting to be held on 25 June 2009 to purchase more of its own shares. The Company would only exercise the authority if the effect of doing so would be to increase the earnings per share of the remaining shareholders and be in the best interests of shareholders generally. In addition, in exercising such authority, the Company would comply with the current guidelines of the ABI and the UK Listing Authority.

A large number of shareholders own a small number of shares, which they find uneconomical to sell. We are therefore offering shareholders holding 1,000 shares or less the opportunity, for a limited period, to sell their shares without any dealing costs. They will also be offered the opportunity to purchase more shares. Decreasing the number of small shareholders will reduce the administration costs of the Company. Further details of the offer will be sent to the relevant shareholders shortly.

Pensions

The Group operates two pension schemes that have defined benefit liabilities. Both of these schemes have no active members and are closed to new members. Despite this, these schemes continue to utilise cash resources and management time as government legislation and actuarial views change. During the year £216,000 was paid into the schemes to reduce the deficits in the funding and over £50,000 was paid out in government levies and administration costs.

As a result of a fall in the value of investments and a change in the Actuary's mortality assumptions, the net surplus in the schemes of £425,000 as at 31 January 2008 changed to a deficit of £964,000 as at 31 January 2009.

Employees

We wish to thank all management and employees for their contribution in maintaining the Group's profitability in difficult times. The established team of management and staff have the skills required to take the business forward.

Summary

In last year's annual report we forecast that the year ahead would be challenging. We came through the year with an increase in turnover and although we were faced with rising costs we held a tight control of operating expenses limiting the increase, before goodwill impairment, to less than 1%.

Trading conditions continue to be demanding but every effort will be made to maintain a level of profitability, generate cash and increase shareholder value.

Graham Waldron

Chairman

6 May 2009

Directors' report

The Directors submit their annual report with the audited financial statements for the year ended 31 January 2009.

Principal activity

The principal activity of the Group is the manufacture and distribution of sports and leisure equipment. The Chairman's statement on page 1 should be read in conjunction with this report.

Results and dividend

The results for the year ended 31 January 2009 are set out in the consolidated income statement on page 7. No dividend has been paid or declared for the year (2008 — £nil).

Significant shareholders

As at 6 May 2009 the Directors have been notified of the following interests representing 3% or more of the issued ordinary share capital. The percentage holdings exclude 1,600,000 shares held in treasury.

	Ordinary Shares of 4p	%
Jupiter Asset Management	3,244,000	9.0
Venaglass Limited	3,170,267	8.8
Barclays PLC	2,541,127	7.1

Directors

The present Directors are as follows:

G Waldron

Graham was non-executive Chairman of Casket plc which the Company acquired in 1993. He became Chairman of the Group in 1996. He is Chairman of Headlam Group plc and was formerly a non-executive Director of Ryland Group plc.

M P J Keene

Mervyn joined the Company in 1989 and became Managing Director of the Garden Leisure Division. He was appointed Group Finance Director in 1993. He is a Fellow of the Association of Chartered Certified Accountants.

S J Grant

Steve joined MV Sports & Leisure Limited from the accountancy profession in 1990, becoming Finance Director in that year. He was appointed Managing Director of MV in 1996.

The interests of the Directors who served during the year and their immediate families (as defined by the Companies Act 2006) in the shares of the Company are shown below:

Held beneficially and fully paid

	6 May 2009 4p ordinary shares	31 January 2009 4p ordinary shares	1 February 2008 4p ordinary shares
G Waldron	365,270	365,270	365,270
M P J Keene	900,000	900,000	526,511
S J Grant	300,000	300,000	66,018

In accordance with the Articles of Association, S J Grant, whose service contract may be terminated by either party giving 12 months' written notice, retires at the Annual General Meeting and offers himself for re-election.

Details of the Directors' share options are disclosed in note 6.

Directors' and officers' liability insurance

Directors' and officers' liability insurance has been purchased by the Group during the year.

Business review

A review of the Group's trading operations is contained in the Chairman's statement on page 1.

We are required by the Companies Act 2006 to include a business review in the Director's Report and describe the principal risks and uncertainties facing the Group. We produce a wide variety of daily key figures for all our businesses that enable us to identify performance against budget and the previous year. The key performance indicators are shown below:

	2009 Actual	2009 Target	2008 Actual
Gross profit margin	31.2%	32.9%	31.9%
The ratio of gross profit to sales expressed as a percentage			
Turnover per employee	£320,000	£319,000	£277,000
The total of sales invoiced to customers, excluding value added tax, divided by the average number of employees during the period			
Net operating expenses % of sales	28.0%	29.0%	28.0%
The ratio of net operating expenses, before goodwill impairment, to the total of sales invoiced to customers, excluding value added tax, expressed as a percentage			
Interest cover	10.4	7.2	5.5
The ratio of operating profit, before goodwill impairment, to net interest payable			
Shareholders' return	10.7%	10.8%	22.1%
The ratio of net profit for the year before goodwill impairment to shareholders' funds at the start of the year expressed as a percentage			
Adjusted earnings per share — pence	2.01	2.01	2.98
The net profit for the year before goodwill impairment divided by the weighted average number of ordinary shares in issue during the year			

Environmental policies

The Board welcomes the government's 'Cycling England', 'City and Cycling towns' and 'Bikeability' cycle training initiatives and its ongoing objective to increase the National Cycle Network throughout the country. As a major supplier of bicycles in the UK we believe that we are contributing to a sustainable transport strategy and improving the environment by providing an emission free transport alternative.

Corporate social responsibility

The Group has a Corporate Social Responsibility Committee (CSRC) which meets regularly, with members from each of the Group's operations, including the Hong Kong office.

The CSRC is responsible for ensuring that each business in the Group operates to the same broad guidelines defined in the Group policy statement issued by the CSRC. This statement deals with health and safety, employee well being, the Group's impact on the environment and its social responsibility.

Every new or prospective supplier must satisfactorily complete an audit before being validated by the Group. Follow up audits are undertaken on a regular basis once suppliers are accepted. With the benefits of language and location, the Group's Hong Kong office is able to control the audits of the suppliers in Asia. Other supplier audits are controlled from the UK.

The Group continues to be engaged in a number of projects, in conjunction with stakeholders, to reduce carbon dioxide emissions, safely and efficiently dispose of waste and, where possible, re-use and recycle products and packaging.

Employment policies

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees are given equal opportunities for career development and promotion. Health and safety committee meetings are held within the operating businesses.

The necessity and importance of good communications and relations with all employees is well recognised and accepted throughout the Group. Employees are kept fully aware of management policies applicable to their respective duties. The Directors are committed to the principle of employee and executive share participation as evidenced by the existence of share option schemes. Options are granted under these schemes in order that employees can participate in the Group's performance.

Policy on payment of suppliers

Payment terms with suppliers are agreed before contracts are placed. It is the Group's code to abide by agreed payment terms with suppliers. The trade creditors of the Group at 31 January 2009 represent 65 days (2008 — 60 days) as a proportion of the total amount invoiced by suppliers during the year.

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks and uncertainties. The Directors have set out below principal risks facing the business:

Suppliers

In order to achieve competitively priced products the Group has outsourced production, mainly to countries in Asia. Risks and uncertainties of this strategy include management issues at the factories, the possibility of changes in import duties and shipping delays. We manage this risk by having a local office in Hong Kong with a team that works closely with the factories and develop contingency plans should the need arise to make changes.

Fluctuations in currency exchange rates

A significant amount of the Group's purchases are made in US dollars. As a Group, we are therefore exposed to foreign currency fluctuations. The Group manages its foreign exchange risk with forward foreign exchange contracts and other financial instruments to reduce the exposure. If these activities do not mitigate the exposure, then the results and the financial condition of the Group may be adversely impacted.

Licences

A number of the Group's brands are used under licence from global licensors. The licences are generally for between two and three years. If the licences are not renewed the Group would have to seek alternative licences in order to avoid a reduction in turnover.

Competition

The companies in the Group operate in highly competitive markets. As a result there is constant pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of supply chain management and product development are in place to mitigate such risks.

Volatility in financial markets may require further cash contribution to our pension fund

The Group has commitments under defined benefit pension schemes. The Group is obliged to make contributions to the schemes based on actuarial valuations, which in turn are based on long-term assumptions. Volatility of the financial markets can affect the value of the assets in the schemes and may lead to a requirement to increase the cash contributed by the Group to the schemes. If the Group is required to make significant additional contributions, the financial position of the Group may be materially affected with a significant reduction in operating cash flows. In turn, this may adversely impact future developments of the business.

Financial risks

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks. A summary of these risks is disclosed in note 16.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and 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 Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Grant Thornton UK LLP as the Group's auditor will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The notice of the Annual General Meeting includes Resolution No. 4 proposed as special business. This resolution seeks the authority from shareholders for the Company to purchase its own shares. The Company would only exercise the authority if the effect of doing so would be to increase the earnings per share of the remaining shareholders and be in the best interests of shareholders generally. In addition, in exercising such authority, the Company would comply with the current guidelines of the ABI and the UK Listing Authority.

By Order of the Board

J C Shears

Company Secretary

6 May 2009

Corporate governance statement

The principal steps taken by the Group are set out below.

The Company is controlled through the Board of Directors which presently comprises two executive Directors and one independent non-executive Director. The service contracts of the two executive Directors may be terminated by either party giving 12 months' written notice. The remuneration and other emoluments of executive Directors and senior managers are determined by the Remuneration Committee, of which G Waldron is currently the only member. Executive remuneration packages are subject to an annual review and are designed to attract, motivate and retain Directors and senior managers of a high calibre.

The Board has a formal schedule of matters reserved to it and meets monthly. It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It monitors the exposure to key business risks and reviews the strategic direction of its trading businesses, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programmes. The Board also considers environmental and employee issues and key appointments. All Directors will submit themselves for re-election at least once every three years.

The Board has established two committees. The Audit Committee meets as appropriate to review the Group's accounting policies, reporting procedures and financial matters, with the Finance Director and the external auditors in attendance. The Remuneration Committee reviews the terms and conditions of employment of the Directors and senior managers. G Waldron is currently the only member of both committees and takes external advice when appropriate.

The Group encourages two-way communication with both its institutional and private investors and responds quickly to all queries received verbally or in writing. The executive Directors attended meetings with institutional shareholders in the year ended 31 January 2009.

The Group has a comprehensive system for reporting financial results to the Board. Each operating unit prepares monthly results with a comparison against budget. Towards the end of each financial year the operating units prepare detailed budgets for the following year. Budgets and plans are reviewed by the Board before being formally adopted.

Quality and integrity of personnel is regarded as vital to the maintenance of the Group's system of internal control. Due to the relatively small number of key employees within the business, the Board has first hand knowledge of their performance.

The executive management has defined the financial controls and procedures with which each operating unit is required to comply. Key controls over major business risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of the extent of their compliance with these controls and procedures.

Much of the Group's financial and management information is processed by and stored on computer systems. Accordingly, the Group has established controls and procedures over the security of data held on computer systems. Also, the Group has put in place arrangements for computer processing to continue and data to be retained in the event of the complete failure of the Group's own data processing facility.

With a substantial part of purchases in United States dollars, hedging against foreign exchange fluctuations in this currency is recognised by the Directors as a key responsibility. The prudent use of various financial instruments minimises vulnerability to the volatility of the US dollar that may affect this net exposure.

A number of the Group's key functions, including treasury, taxation and insurance, are dealt with centrally by the Finance Director who reports to the Board on a monthly basis.

The Group meets its day to day working capital requirements through certain overdraft facilities. The bank facilities were renewed in April 2009 and the Group expects to operate within the facilities currently agreed. In these circumstances, based on plans for the year ending 31 January 2010, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Report of the Independent Auditor

to the members of Tandem Group plc

We have audited the consolidated and parent Company financial statements (the "financial statements") of Tandem Group plc for the year ended 31 January 2009 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated and parent Company balance sheets, the consolidated cash flow statement, notes 1 to 24 to the consolidated financial statements and notes 1 to 14 to the parent Company financial statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 consolidated financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent Company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and 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 that is cross-referred from the Business Review 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 Chairman's statement, the Directors' report and the Corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated 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 consolidated 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 January 2009 and of its profit for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with the Companies Act 1985;
- 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 January 2009;
- the parent Company 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.

Grant Thornton UK LLP

Registered Auditors
Chartered Accountants
Birmingham

6 May 2009

Consolidated income statement

	Note	Year ended 31 January 2009			Year ended 31 January 2008		
		Before goodwill impairment £'000	Goodwill impairment £'000	After goodwill impairment £'000	Before goodwill impairment £'000	Goodwill impairment £'000	After goodwill impairment £'000
Revenue	3	35,161	—	35,161	34,878	—	34,878
Cost of sales		(24,193)	—	(24,193)	(23,753)	—	(23,753)
Gross profit		10,968	—	10,968	11,125	—	11,125
Operating expenses	4	(9,842)	(425)	(10,267)	(9,757)	(16)	(9,773)
Operating profit		1,126	(425)	701	1,368	(16)	1,352
Finance costs	5	(173)	—	(173)	(280)	—	(280)
Finance income	5	65	—	65	33	—	33
Profit before taxation		1,018	(425)	593	1,121	(16)	1,105
Tax expense	7	(278)	—	(278)	—	—	—
Net profit for the year	20	740	(425)	315	1,121	(16)	1,105
Earnings per share	8			Pence			Pence
Basic				0.85			2.94
Diluted				0.85			2.91

All figures relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet

At 31 January 2009

	Note	2009 £'000	2008 £'000
Non current assets			
Goodwill	9	2,236	2,661
Property, plant and equipment	10	488	510
Deferred taxation	16	1,009	970
Pension scheme surplus	17	—	264
		3,733	4,405
Current assets			
Inventories	11	7,583	5,582
Trade and other receivables	12	5,786	5,556
Cash and cash equivalents	13	2,121	2,389
		15,490	13,527
Total assets		19,223	17,932
Current liabilities			
Trade and other payables	14	(8,536)	(7,792)
Financial liabilities	15	(2,589)	(2,300)
Current tax liabilities		(276)	(326)
		(11,401)	(10,418)
Non current liabilities			
Pension schemes' deficits	18	(964)	(546)
Deferred taxation	17	—	(74)
		(964)	(620)
Total liabilities		(12,365)	(11,038)
Net assets		6,858	6,894
Equity			
Share capital	19	1,503	1,503
Shares held in treasury	20	(64)	—
Share premium	20	—	5,258
Other reserves	20	3,009	2,426
Profit and loss account	20	2,410	(2,293)
Total equity		6,858	6,894

The financial statements were approved by the Board on 6 May 2009 and signed on its behalf by:

G Waldron
Director

M P J Keene
Director

The accompanying notes form an integral part of these financial statements.

Consolidated statement of recognised income and expense

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Foreign exchange differences on translation of overseas assets	583	(5)
Actuarial (loss)/gain on pension schemes	(938)	1,281
Movement in pension schemes' deferred tax provision	191	(562)
Net (expense)/income recognised directly in equity	(164)	714
Net profit for the year	315	1,105
Total recognised income and expense	151	1,819

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Cash flows from operating activities		
Net profit for the year	315	1,105
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	186	152
Goodwill impairment	425	16
Loss/(profit) on sale of property, plant and equipment	1	(11)
Finance cost	173	280
Finance income	(65)	(33)
Taxation paid	(133)	(89)
Tax expense	278	—
Share-based payments	16	13
Fair value adjustments of forward contracts	(394)	(42)
Net cash inflow from operating activities before movements in working capital	802	1,391
(Increase)/decrease in inventories	(2,001)	94
Decrease/(increase) in trade and other receivables	242	(225)
Increase in trade and other payables	333	1,203
Cash (utilised)/generated from operations	(624)	2,463
Cash flows from investing activities		
Purchases of property, plant and equipment	(168)	(259)
Sale of property, plant and equipment	8	11
Net cash used in investing activities	(160)	(248)
Cash flows from financing activities		
Increase/(decrease) in invoice financing	289	(115)
Interest paid	(147)	(257)
Payment to acquire own shares	(203)	—
Net cash used in financing activities	(61)	(372)
Net (decrease)/increase in cash and cash equivalents	(845)	1,843
Cash and cash equivalents at beginning of year	2,389	551
Effect of foreign exchange rate changes	577	(5)
Cash and cash equivalents at end of year	2,121	2,389

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. General information

Tandem Group plc, a public limited company, is incorporated and domiciled in the United Kingdom. The Company acts as a holding company of the Group. The registered office and principal place of business of the Group is disclosed on the Directors and advisers page to these financial statements. The Group's principal activity is disclosed on page 2.

The financial statements for the year ended 31 January 2009 (including the comparatives for the year ended 31 January 2008) were approved by the Board of Directors on 6 May 2009. Under the security regulations act of the EU, amendments to the financial statements are not permitted after they have been approved.

The Group does not have an ultimate controlling related party.

2. Accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with IFRS as adopted by the EU. Separate financial statements of Tandem Group plc ('the parent Company') have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and in accordance with applicable accounting standards under UK GAAP.

The principal accounting policies of the Group are set out below:

Overall considerations

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with the Group's latest approved budget where applicable. Judgements are based on the information available at each balance sheet date. Disclosure of the significant accounting estimates and judgements can be found on page 14.

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent Company as well as those entities controlled by the Group by full consolidation.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the consolidated financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at these fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of acquisition

cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Intra-Group balances and transactions, and any unrealised gains or losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

The Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to business combinations prior to 1 February 2006.

Foreign currency

The Group's consolidated financial statements are presented in sterling (£), which is also the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year end exchange rates are recognised in the consolidated income statement.

In the Group's financial statements, all items and transactions of Group entities with a functional currency other than sterling were translated into sterling upon consolidation. Assets and liabilities have been translated into sterling at the closing rate at the balance sheet date. Income and expenses have been translated into sterling at the average rates over the reporting period. Any differences arising from this procedure have been charged or credited to the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be £nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS, but includes later translation differences.

Income recognition

Revenue is measured by reference to the fair value of consideration receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the sale of goods, performance of services or transfer of risk to the customer. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when they are received by the customer at the agreed place of delivery;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

2. Accounting policies continued

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment as described below.

Impairment

The Group's goodwill and property, plant and equipment is subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual intangible assets or cash-generating units that include goodwill with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units that include goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Property, plant and equipment is carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets on a straight-line basis over the estimated useful economic life of each asset. Material residual value estimates and useful economic lives are updated as required and at least annually. The useful lives of property, plant and equipment can be summarised as follows:

Short leasehold land and buildings	Length of lease
Vehicles	3–4 years
Plant and machinery	3–10 years

Inventories

All inventories and work in progress are stated at the lower of cost and net realisable value. Cost is based on the first in first out method and, where appropriate, includes a proportion of related overhead expenditure.

Leases

In accordance with IAS 17 (revised 2003), the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable in advance at the date of inception of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group does not act as a lessor.

Taxation

Current income tax assets or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised on the initial recognition of goodwill, nor on the initial recognition of assets or liabilities unless acquired in a business combination or in a transaction that affects tax or accounting profit. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to equity are charged or credited directly to equity.

2. Accounting policies continued

Employee benefits

Defined contribution pension schemes

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if an underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Defined benefit pension schemes

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately in the statement of recognised income and expense. The net surplus or deficit is presented in non current assets or liabilities on the consolidated balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged to operating expenses. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs or income in the consolidated income statement. Post-employment benefits other than pensions are accounted for in the same way.

Other employee benefits

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Other long-term employee benefit obligations are accounted for at the net of the present value of the defined benefit obligation and the fair value of scheme assets at the balance sheet date.

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate.

Interest and other cash flows resulting from holding financial assets are recognised in the consolidated income statement using the effective interest rate method, regardless of how the related carrying amount of financial assets is measured.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Forward foreign exchange contracts

From time to time the Group enters into forward contracts for the purchase or sale of foreign currencies. These are classified as derivatives and carried at fair value in the consolidated financial statements. Any remeasurement gains or losses are taken to the consolidated income statement.

Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term highly liquid investments such as bank deposits less advances from banks repayable within three months from the date of advance.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve was created as a result of merger relief being claimed in respect of previous share issues.

Other reserves include a capital redemption reserve and a translation reserve. These reserves are non-distributable.

The profit and loss account includes all current and prior period results and share-based payments as disclosed in the consolidated income statement.

Share-based employee remuneration

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 February 2006 are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for its senior employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

2. Accounting policies continued

All share-based remuneration is ultimately recognised as an expense in the consolidated income statement with a corresponding credit to reserves, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Financial liabilities

The Group's financial liabilities include trade and other payables, invoice finance and forward exchange contracts.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised in the consolidated income statement.

Finance charges are charged to the consolidated income statement on an accruals basis using the effective interest 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.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Invoice finance liabilities are recognised at the time the Group becomes a party to the contractual provisions of the invoice finance agreement.

Forward exchange contracts are entered into to mitigate exposure to foreign exchange fluctuations relating to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce substantially the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The foreign exchange contracts do not meet the criteria for treatment as an effective hedge and accordingly any gain or loss is recognised immediately in the income statement.

Other provisions, contingent liabilities and contingent assets

Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets and therefore not recognised.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required if, for example, as at the reporting date not all liabilities have been settled and certain assets and liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

Key areas of estimation uncertainty

Impairment of goodwill

The annual impairment assessment in respect of goodwill requires estimates of the value in use of cash generating units to which goodwill has been allocated to be calculated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows. The basis of review of the carrying value of goodwill is as detailed in note 9 to the consolidated financial statements.

Pension scheme valuation

The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the Group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. The specific assumptions adopted are disclosed in detail in note 18 to the consolidated financial statements. Profits and losses in relation to changes in actuarial assumptions are taken directly to reserves and therefore do not impact on the profitability of the business, but the changes do impact on net assets.

2. Accounting policies continued

Inventory

The Group reviews the net realisable value of, and demand for, its inventory on an ongoing basis to ensure recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices are the timing and success of future technological innovations, competitor actions, suppliers, prices and economic trends. If total inventory losses differ, the Group's consolidated net income in the year would have improved or declined, depending upon whether the actual results were better or worse than expected.

Bad debt provision

At each reporting period, the Directors review outstanding debts and determine appropriate provision levels. The recovery of certain debts is dependent on the individual circumstances of customers. As disclosed in note 12 there are a number of debts which remain outstanding past their due date, which the Directors believe to be recoverable.

Deferred tax assets

In determining the deferred tax asset to be recognised the Directors carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information. Estimates and judgements used in the financial statements are based on historical experience and other assumptions that the Directors and management consider reasonable and are consistent with the Group's latest budgeted forecasts where applicable. Judgements are based on the information available at each balance sheet date. Although these estimates are based on the best information available to the Directors, actual results may ultimately differ from those estimates.

Key judgements

The Directors do not consider they have had to make any critical judgements in applying the accounting policies which are described above.

Standards and interpretations not yet applied

The following new standards and interpretations, which are yet to become mandatory, have not been applied in the Group's consolidated financial statements for the year ended 31 January 2009.

	Effective for annual periods:
IAS 1 (Revised 2007) Presentation of Financial Instruments	beginning on or after 1 January 2009
IAS 23 (Revised 2007) Borrowing Costs (Revised 2007)	beginning on or after 1 January 2009
IAS 27 (Revised 2008) Consolidated and Separate Financial Statements	beginning on or after 1 July 2009
IAS 39 (Amendment) Financial Instruments: Recognition and Measurement — Eligible Hedged Items	beginning on or after 1 July 2009
IAS 39 (Amendment) Reclassification of Financial Assets: Effective Date and Transition	beginning on or after 1 July 2008
IAS 39 (Amendment) Embedded Derivatives	ending on or after 30 June 2009
IFRS 3 (Revised 2008) Business Combinations	beginning on or after 1 July 2009
IFRS 7 (Amendment) Financial Instruments: Disclosures — Improving Disclosures About Financial Instruments	beginning on or after 1 January 2009
IFRS 8 Operating Segments	beginning on or after 1 January 2009
IFRIC 9 (Amendment) Embedded Derivatives	ending on or after 30 June 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	beginning on or after 1 October 2008

Based on the current business model and accounting policies, the Group does not expect material impacts on the consolidated financial statements when the interpretations become effective.

Notes to the financial statements

3. Segmental reporting

(a) By business segment

For management purposes the Group is organised into two operating segments. The revenues, results and net assets for these segments are shown below:

	Bicycles and accessories £'000	Sports, leisure and toys £'000	Total £'000
Year ended 31 January 2009			
Revenue	19,763	15,398	35,161
Segment result before goodwill impairment	1,148	808	1,956
Goodwill impairment	(425)	—	(425)
Segment result after goodwill impairment	723	808	1,531
Unallocated corporate expenses			(830)
Operating profit			701
Finance costs			(173)
Finance income			65
Profit before taxation			593
Tax expense			(278)
Net profit for the year			315
Segment assets	12,123	4,227	16,350
Unallocated assets			3,616
Segment liabilities	(8,963)	(2,625)	(11,588)
Unallocated liabilities			(1,520)
Consolidated net assets			(13,108)
Capital additions	33	135	168
Depreciation and goodwill impairment	480	131	611
Year ended 31 January 2008			
Revenue	18,675	16,203	34,878
Segment result before goodwill impairment	1,192	800	1,992
Goodwill impairment	(16)	—	(16)
Segment result after goodwill impairment	1,176	800	1,976
Unallocated corporate expenses			(624)
Operating profit			1,352
Finance costs			(280)
Finance income			33
Profit before taxation			1,105
Tax expense			—
Net profit for the year			1,105
Segment assets	8,923	4,818	13,741
Unallocated assets			5,346
Segment liabilities	(6,506)	(4,294)	(10,800)
Unallocated liabilities			(1,393)
Consolidated net assets			(12,193)
Capital additions	157	102	259
Depreciation and goodwill impairment	84	84	168

3. Segmental reporting continued

(b) By geographical segment

	United Kingdom £'000	Europe £'000	Rest of the World £'000	Total £'000
Year ended 31 January 2009				
Revenue	33,397	1,432	332	35,161
Assets	16,891	—	3,075	19,966
Liabilities	(12,223)	—	(885)	(13,108)
Net assets	4,668	—	2,190	6,858
Capital additions	168	—	—	168
Year ended 31 January 2008				
Revenue	32,425	1,748	705	34,878
Assets	16,902	—	2,185	19,087
Liabilities	(11,028)	—	(1,165)	(12,193)
Net assets	5,874	—	1,020	6,894
Capital additions	259	—	—	259

4. Operating expenses

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Distribution costs	5,857	6,021
Administrative expenses	3,985	3,736
Goodwill impairment	425	16
Total operating expenses as shown in the consolidated income statement	10,267	9,773
The operating expenses disclosed above include the following charges:		
Employee benefits expense (note 6)	4,081	4,021
Depreciation	186	152
Goodwill impairment	425	16
Loss/(gain) on foreign exchange revaluations	325	(24)
Gain on forward currency contracts held at fair value	(394)	(85)
Other expenses	5,644	5,693

Auditors' remuneration in the capacity as auditors of the parent Company was £3,000 (31 January 2008 — £3,000) and in the capacity as auditors of the subsidiary companies was £59,000 (31 January 2008 — £57,000). Non audit remuneration in respect of tax compliance services totalled £13,000 (31 January 2008 — £12,000).

5. Finance costs and finance income

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Finance costs		
Interest payable on bank overdrafts and invoice finance facilities	(148)	(268)
Expected return on pension scheme assets less interest on liabilities	(25)	(12)
Finance costs	(173)	(280)
Finance income		
Expected return on pension scheme assets less interest on liabilities	65	33

6. Directors' and employees' remuneration**Employee benefits expense**

Expense recognised for employee benefits is analysed below:

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Wages and salaries	3,474	3,483
Social security costs	378	333
Share-based employee remuneration	16	13
Pension scheme contributions — defined contribution schemes	213	185
Pension scheme contributions — defined benefit scheme	—	7
	4,081	4,021
	Number	Number
The average number of people (including Directors) employed by the Group during the year was:	110	126

Directors' remuneration

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Salaries and fees	438	456
Benefits	7	5
Share-based employee remuneration	8	7
Pension scheme contributions — defined contribution schemes	112	113
Pension scheme contributions — defined benefit schemes	—	7
	565	588

The Group considers the key management of the business to be the Directors of Tandem Group plc.

During the year the Group contributed to defined contribution pension schemes for M P J Keene and S J Grant. In the previous year the Group contributed to a defined benefit and a defined contribution pension scheme for M P J Keene and a defined contribution pension scheme for S J Grant. The highest paid Director received emoluments of £207,000 (2008 — £206,000) and had an accrued pension entitlement at the end of the year of £nil (2008 — £nil).

6. Directors' and employees' remuneration continued

Share-based employee remuneration

The following options were held at 31 January 2009 under the Group's share option schemes:

Number of shares	1 February 2008	Granted during year	Exercised during year	Cancelled during year	31 January 2009	Option price per 4p ordinary share	Exercise Period
<i>2007 Employee Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	540,000	—	—	—	540,000	12.625p	31/01/10 – 14/06/20
S J Grant	520,000	—	—	—	520,000	12.625p	31/01/10 – 14/06/20
Other employees	1,075,000	—	—	—	1,075,000	12.625p	31/01/10 – 14/06/20
<i>1996 Approved Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	95,000	—	—	—	95,000	11.5p	01/05/06 – 01/05/13
	100,000	—	—	—	100,000	10.0p	26/09/09 – 26/06/16
S J Grant	130,000	—	—	—	130,000	11.5p	01/05/06 – 01/05/13
	100,000	—	—	—	100,000	10.0p	26/06/09 – 26/06/16
Other employees	370,000	—	—	—	370,000	11.5p	01/05/06 – 01/05/13
	260,000	—	—	—	260,000	10.0p	26/06/09 – 26/06/16
<i>1996 Unapproved Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	165,000	—	—	—	165,000	11.5p	01/05/06 – 01/05/10
S J Grant	50,000	—	—	—	50,000	11.5p	01/05/06 – 01/05/10
Other employees	135,000	—	—	—	135,000	11.5p	01/05/06 – 01/05/10

The Group has the following outstanding share options and exercise prices:

	2009			2008		
	Number	Exercise price (pence)	Remaining contractual life (years)	Number	Exercise price (pence)	Remaining contractual life (years)
Date exercisable (option life):						
2006 (up to 2013) — Approved	595,000	11.5	4.2	595,000	11.5	5.2
2006 (up to 2010) — Unapproved	350,000	11.5	1.2	350,000	11.5	2.2
2009 (up to 2016)	460,000	10.0	7.4	460,000	10.0	8.4
2010 (up to 2020)	2,135,000	12.625	11.4	2,135,000	12.625	12.4

The ordinary share mid-market price on 31 January 2009 was 7.63p (2008 — 13.75p). During the year, the highest mid-market price was 19.25p (2008 — 20.5p) and the lowest was 6.75p (2008 — 7.13p). The weighted average exercise price of the options in issue was 11.98p (2008 — 11.98p).

The fair value of options granted was determined for IFRS 2 using the Black–Scholes valuation model. Significant inputs into the calculations were:

- exercise prices of 10p (2008 — 10p) and 12.625p (2008 — 12.625p);
- 36.3% (2008 — 36.3%) to 48.0% (2008 — 48.0%) volatility based on expected and historical share price;
- a risk-free interest rate of 0.86 % (2008 — 5.57%);
- all options are assumed to vest after three and a half years from the date of grant of the options; and
- no dividends

In total £16,000 (2008 — £13,000) of share-based employee remuneration expense has been included in the consolidated income statement. No liabilities were recognised due to share-based transactions.

Notes to the financial statements

7. Tax expense

The relationship between the expected tax expense at 28% (2008 — 30%) and the actual tax income recognised in the consolidated income statement can be reconciled as follows:

	Year ended 31 January 2009		Year ended 31 January 2008	
	£'000	%	£'000	%
Profit before taxation	593		1,105	
Tax rate	28%		30%	
Expected tax expense	166	28.0	332	30.0
Expenses not deductible for tax purposes	54	9.1	21	1.9
Movement in unrecognised deferred tax asset	29	4.9	(431)	(39.0)
Effect of differing rates on overseas taxation	(26)	(4.4)	29	2.6
Effect of change in tax rate	55	9.3	366	33.1
Other adjustments	—	—	(192)	(17.4)
Adjustment in respect of prior periods	—	—	(125)	(11.3)
Actual tax expense	278	46.9	—	—
Actual tax expense comprises:				
Current tax expense	200		104	
Deferred tax credit	78		(104)	
	278		—	

There is no tax expense or credit in relation to share-based payments credited to equity. At 31 January 2009 there are trading losses and loan relationship deficits of approximately £13,854,000 (2008 — £14,667,000) available for carry forward against future profits of the same trade.

8. Earnings per share

The calculation of earnings per share is based on the net profit and ordinary shares in issue during the year as follows:

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Net profit for the year — before goodwill impairment	740	1,121
Net profit for the year — after goodwill impairment	315	1,105
Weighted average shares in issue used for basic earnings per share	36,865,508	37,584,412
Weighted average dilutive shares under option	178,394	419,304
Average number of shares used for diluted earnings per share	37,043,902	38,003,716
	Pence	Pence
Basic earning per share — before goodwill impairment	2.01	2.98
Basic earnings per share — after goodwill impairment	0.85	2.94
Diluted earnings per share	0.85	2.91

9. Goodwill

	Goodwill £'000
Gross carrying amount at 1 February 2007, 1 February 2008 and 31 January 2009	7,193
Impairment provisions	
At 1 February 2007	4,516
Provided in the year	16
At 1 February 2008	4,532
Provided in the year	425
At 31 January 2009	4,957
Net book value	
At 31 January 2009	2,236
At 31 January 2008	2,661

Goodwill above relates to the following cash generating units:

	Date of acquisition	Goodwill on acquisition £'000
Pot Black Limited	28 September 2000	1,906
Dawes Cycles Limited	26 June 2001	895
Ben Sayers Limited	25 February 2002	715
Others (fully impaired)		3,677
		7,193

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is tested annually for impairment.

The recoverable amounts were determined based on a value-in-use calculation, covering a detailed one year conservative forecast, followed by an extrapolation of expected cash flow over the next four years at growth rates of between 5.0% and 7.5%, which represents a conservative long-term average growth rate, followed by year five cash flows in perpetuity. The discount rate used is 7.97%. The growth rate used does not exceed the long-term average growth for the market in which the Group operates. A forecast period of ten years has been used representing the expected minimum period that the business model is sustainable assuming no significant changes in the business. Internal and external market data has been used in setting the assumptions.

Goodwill and impairment policies are detailed in note 1 to these consolidated financial statements.

10. Property, plant and equipment

	Short leasehold land and buildings £'000	Vehicles £'000	Plant and machinery £'000	Total £'000
Gross carrying amount				
At 1 February 2007	412	22	4,313	4,747
Additions	1	—	258	259
Disposals	(8)	—	(1,340)	(1,348)
At 1 February 2008	405	22	3,231	3,658
Additions	32	—	136	168
Disposals	—	—	(1,309)	(1,309)
Foreign exchange adjustments	15	—	29	44
At 31 January 2009	452	22	2,087	2,561
Depreciation				
At 1 February 2007	243	22	4,079	4,344
Provided in the year	21	—	131	152
Eliminated on disposals	(8)	—	(1,340)	(1,348)
At 1 February 2008	256	22	2,870	3,148
Provided in the year	30	—	156	186
Eliminated on disposals	—	—	(1,300)	(1,300)
Foreign exchange adjustments	15	—	24	39
At 31 January 2009	301	22	1,750	2,073
Net book amount at 31 January 2009	151	—	337	488
Net book amount at 31 January 2008	149	—	361	510

All assets stated above are secured by a fixed and floating charge over the assets of the Group.

11. Inventories

	At 31 January 2009 £'000	At 31 January 2008 £'000
Finished goods for resale	7,583	5,582

Cost of sales includes material costs of £22,659,000 (2008 — £22,450,000) and other costs of £1,534,000 (2008 — £1,303,000).

12. Trade and other receivables

	At 31 January 2009 £'000	At 31 January 2008 £'000
Trade receivables	4,832	4,991
Prepayments and accrued income	319	470
Other receivables	635	95
	5,786	5,556

Trade and other receivables are usually due within 30 and 90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables as the amounts recognised resemble a large number of receivables from various customers.

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and accordingly a provision of £369,000 (2008 — £317,000) has been made. The movement in the provision for impairment losses can be reconciled as follows:

	At 31 January 2009 £'000	At 31 January 2008 £'000
At 1 February	317	166
Amounts written off	(116)	(9)
Impairment loss	209	175
Impairment loss reversed	(41)	(15)
At 31 January	369	317

Some of the unimpaired trade receivables were past due as at the reporting date. The age of trade receivables at the reporting date was:

	At 31 January 2009 £'000	At 31 January 2008 £'000
Not past due	4,536	4,234
Past due 0–90 days	276	732
Past due 91–180 days	17	23
Past due more than 180 days	3	2
	4,832	4,991

13. Cash and cash equivalents

	At 31 January 2009 £'000	At 31 January 2008 £'000
Cash and cash equivalents per consolidated cash flow statement	2,121	2,389

Cash and cash equivalents consist of cash at bank and in hand. All cash at bank and in hand held by subsidiary undertakings, are available for use by the Group.

14. Trade and other payables

	At 31 January 2009 £'000	At 31 January 2008 £'000
Trade payables	6,495	5,490
Other payables	2,041	2,302
	8,536	7,792

The Directors consider, due to their short duration, that the carrying amounts recognised in the consolidated balance sheet to be a reasonable approximation of the fair value of trade and other payables.

15. Financial liabilities

	At 31 January 2009 £'000	At 31 January 2008 £'000
Invoice finance liability	2,589	2,300

16. Financial assets and liabilities

The financial assets of the Group, all of which fall due within one year, comprised:

	At 31 January 2009				At 31 January 2008			
	Assets held at fair value through profit or loss £'000	Loans and receiv- ables £'000	Assets not within the scope of IAS 39 £'000	Total £'000	Assets held at fair value through profit or loss £'000	Loans and receiv- ables £'000	Assets not within the scope of IAS 39 £'000	Total £'000
Cash and cash equivalents:								
— Sterling	—	1,731	—	1,731	—	2,117	—	2,117
— US dollars	—	349	—	349	—	253	—	253
— Euro	—	37	—	37	—	24	—	24
— Others	—	4	—	4	—	(5)	—	(5)
	—	2,121	—	2,121	—	2,389	—	2,389
Trade and other receivables	437	4,886	463	5,786	43	5,029	484	5,556
Inventories	—	—	7,583	7,583	—	—	5,582	5,582
Current assets	437	7,007	8,046	15,490	43	7,418	6,066	13,527

16. Financial assets and liabilities continued

The financial liabilities of the Group, all of which fall due within one year, comprised:

	At 31 January 2009			At 31 January 2008		
	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Trade and other payables	7,128	1,408	8,536	6,308	1,484	7,792
Invoice finance liability	2,589	—	2,589	2,300	—	2,300
Current tax liability	—	276	276	—	326	326
Current liabilities	9,717	1,684	11,401	8,608	1,810	10,418

The Group is exposed through its operations to one or more of the following financial risks:

Interest rate risk

The Group's banking and invoice finance facilities are subject to variable interest rates. As a result, changes in interest rates could have an impact on the net result for the year and to equity. Interest rate sensitivities have not been presented here as the amounts would not be material to the financial statements.

Liquidity risk

Liquidity risk is managed centrally on a Group basis. Bank and invoice finance facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and capital expenditure.

Credit risk

The Group faces credit risk due to the credit it extends to customers in the normal course of business. All customers are subject to strict credit checking and acceptance procedures in order to minimise the risk to the Group. Credit limits are agreed and closely monitored on a local level and credit insurance is held against some accounts.

Foreign currency risk

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast purchases in US dollars and other currencies. All forward exchange contracts are considered by management to be part of economic hedge arrangements, but have not been formally designated. The decision to hedge is influenced by the size of the exposure, the certainty of it arising and the exchange rate prevailing at the time.

The fair values for these contracts have been estimated using relevant market exchange and interest rates.

The Group's US dollar forward contracts relate to cash flows that have been forecasted for 2009. At 31 January 2009, a cumulative gain of £394,000 (2008 — £85,000) has been recorded in the consolidated income statement in relation to these instruments.

Notes to the financial statements

17. Deferred taxation

Deferred taxation arising from temporary differences and unused tax losses can be summarised as follows:

	31 January 2007 £'000	Movement in the year £'000	31 January 2008 £'000	Movement in the year £'000	31 January 2009 £'000
Provided					
Pension obligations	(641)	562	(79)	(191)	(270)
Accelerated capital allowances	(331)	(135)	(466)	(222)	(688)
Short-term temporary differences	(38)	(10)	(48)	95	47
Unused tax losses	(344)	(41)	(303)	205	(98)
Total	(1,354)	458	(896)	(113)	(1,009)
Presented as:					
Deferred tax asset	(1,354)	384	(970)	(39)	(1,009)
Deferred tax liability	—	74	74	(74)	—
Total	(1,354)	458	(896)	(113)	(1,009)
Unprovided					
Accelerated capital allowances	(96)	77	(19)	(8)	(27)
Short-term temporary differences	14	(14)	—	(22)	(22)
Unused tax losses	(4,022)	284	(3,738)	632	(3,106)
Capital losses	(1,142)	76	(1,066)	(800)	(1,866)
ACT	(648)	—	(648)	—	(648)
Total	(5,894)	423	(5,471)	(198)	(5,669)

A deferred tax asset has not been recognised in respect of certain trading losses, capital losses, excess management expenses and advance corporation tax (ACT) as the Group does not anticipate sufficient taxable trading profits, capital gains, utilisation of management expenses or recovery of ACT, respectively, to arise within the foreseeable future.

18. Pension scheme arrangements

The Group operates two funded pension schemes, The Tandem Group Pension Plan and The Casket Group Retirement and Death Benefit Scheme. In addition, subsidiary companies of the Group contribute to individual personal pension plans and defined contribution schemes.

The Tandem Group Pension Plan

A contributory pension scheme, the Tandem Group Pension Plan, has two sections. One provides benefits based on final pensionable salary, the other provides benefits based on defined contributions. The scheme is closed to new members.

The assets of the scheme are held separately from those of the Group, being invested with managed funds.

Contributions to the final salary section are determined by an independent qualified actuary on the basis of the triennial valuation using the Attained Age Method.

The present value of the defined benefit obligations as at the balance sheet dates as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Present value of defined benefit obligation					
at the beginning of the year	7,190	10,749	11,340	9,296	8,777
Current service cost	—	14	39	33	37
Contributions	—	2	5	5	5
Interest cost	439	513	545	478	473
Actuarial loss/(gain)	248	(1,227)	(697)	1,945	393
Benefits paid	(494)	(1,021)	(483)	(417)	(389)
Payment due to members following buyout of non-statutory increases	—	(352)	—	—	—
Past service saving	—	(1,488)	—	—	—
Present value of defined benefit obligation 31 January	7,383	7,190	10,749	11,340	9,296

18. Pension scheme arrangements continued

For determination of the pension obligation, the following actuarial assumptions were used:

	2009	2008	2007	2006	2005
Discount rate	6.70%	6.30%	5.50%	4.90%	5.25%
Increase in pensionable salaries	—*	3.60%	3.15%	2.75%	3.75%
Increase in pensions in payment	Up to 5.00%	Up to 5.00%	5.00%	5.00%	5.00%
Increase in deferred pensions		3.00% to 5.00% for all years			
Inflation assumption	3.30%	3.60%	3.15%	2.75%	2.75%
Mortality assumption table	PA92 (YOB MC)	PA92 (C=2010)	PA92 (C=2010)	PA92 (C=2010)	PA90 rated down 2 years

* There are no members whose benefits are linked to salaries.

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets at the beginning of the year	8,161	9,202	9,139	8,041	7,740
Expected return on scheme assets	504	546	499	471	447
Actuarial (loss)/gain	(1,541)	(682)	(77)	953	166
Contributions	106	116	124	91	77
Benefits paid	(494)	(1,021)	(483)	(417)	(389)
Fair value of scheme assets at 31 January	6,736	8,161	9,202	9,139	8,041

The long-term expected rates of return were:

	2009	2008	2007	2006	2005
Equities	7.4%	7.6%	7.5%	7.5%	8.0%
Property	6.4%	6.6%	6.5%	—	—
Gilts	4.4%	4.6%	4.5%	4.5%	5.0%
Corporate Bonds	6.7%	5.8%	5.5%	—	—
Cash and other	1.5%	5.5%	5.0%	4.5%	4.0%

The value of assets in the scheme was:

	At 31 January 2009 £'000	At 31 January 2008 £'000	At 31 January 2007 £'000	At 31 January 2006 £'000	At 31 January 2005 £'000
Equities	3,168	3,677	4,346	3,263	2,603
Property	699	873	981	—	—
Gilts	2,012	2,686	2,910	5,839	5,452
Corporate Bonds	683	900	960	—	—
Cash and other	174	25	5	37	(14)
Total fair value of assets	6,736	8,161	9,202	9,139	8,041

Notes to the financial statements

18. Pension scheme arrangements continued

The reconciliation of movements in the year were as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Surplus/(deficit) at the beginning of the year	971	(1,547)	(2,201)	(1,255)	(1,037)
Movement in year:					
Current service cost	—	(14)	(39)	(33)	(37)
Contributions	106	114	119	86	72
Finance income/(cost)	65	33	(46)	(7)	(26)
Actuarial (loss)/gain	(1,789)	545	620	(992)	(227)
Payment due to members following buyout of non-statutory increases	—	352	—	—	—
Past service saving	—	1,488	—	—	—
(Deficit)/surplus at 31 January	(647)	971	(1,547)	(2,201)	(1,255)
Related deferred tax asset/(liability)	181	(272)	464	660	377
Net (deficit)/surplus at 31 January	(466)	699	(1,083)	(1,541)	(878)

At 31 January 2008 a surplus of £264,000 and deferred taxation liability of £74,000 was recognised, notwithstanding the valuations of £971,000 and £272,000 respectively in the above table, representing the value of the economic benefit that the Directors expected to flow to the Group.

	2009	2008	2007	2006	2005
History of experience gains and losses					
<i>Difference between the actual and expected return on scheme assets</i>					
Amount (£'000)	(1,541)	(682)	(77)	953	166
Percentage of scheme assets	(22.9)%	(8.4)%	(0.8)%	10.4%	2.1%
<i>Experience losses on scheme liabilities</i>					
Amount (£'000)	(542)	(539)	—	(447)	(83)
Percentage of scheme liabilities	7.3%	7.5%	—	3.9%	0.9%
Total amount recognised in the statement of recognised income and expense					
Amount (£'000)	(1,789)	545	620	(992)	(227)
Percentage of the present value of the scheme liabilities	(24.2)%	7.6%	5.8%	(8.7)%	(2.4)%

The expected contributions in the year ending 31 January 2010 are £91,000.

The Casket Group Retirement and Death Benefit Scheme

Prior to 1995, Casket Plc operated a defined benefits pension scheme. On 31 May 1995 proceedings commenced to wind up this scheme. On 1 June 1995 a new defined contribution scheme commenced. Current employees at that time had an amount transferred to individual accounts in the new scheme. Former employees had their deferred benefits transferred to be payable out of a contingency fund.

The present value of the defined benefit obligations as at the balance sheet dates are as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Present value of defined benefit obligation at the beginning of the year	2,171	2,223	2,304	2,077	1,885
Interest cost	135	121	112	108	103
Actuarial (gain)/loss	(511)	(124)	(168)	155	123
Benefits paid	(58)	(49)	(25)	(36)	(34)
Present value of defined benefit obligation 31 January	1,737	2,171	2,223	2,304	2,077

18. Pension scheme arrangements continued

For determination of the pension obligation, the following actuarial assumptions were used:

	2009	2008	2007	2006	2005
Discount rate	6.70%	6.30%	5.50%	4.90%	5.25%
Increase in pensions in payment	3.30%	3.60%	3.15%	2.75%	2.75%
Increase in pensionable salaries*	—	—	—	—	—
Increase in deferred pensions	3.30%	3.60%	3.15%	2.75%	2.75%
Inflation assumption	3.30%	3.60%	3.15%	2.75%	2.75%
Mortality assumption table	PA92 (YOB MC)	PA92 (C=2010)	PA92 (C=2010)	PA92 (C=2010)	PA90 rated down 2 years

* There are no members whose benefits are linked to salaries.

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets at the beginning of the year	1,625	1,633	1,468	1,164	997
Expected return on scheme assets	110	109	99	84	73
Actuarial (loss)/gain	(367)	(169)	(10)	153	128
Contributions	110	101	101	103	—
Benefits paid	(58)	(49)	(25)	(36)	(34)
Fair value of scheme assets at 31 January	1,420	1,625	1,633	1,468	1,164

The long-term expected rates of return were:

	2009	2008	2007	2006	2005
Equities	7.4%	7.6%	7.5%	7.5%	8.0%
Property	6.4%	6.6%	6.5%	—	—
Gilts	4.4%	4.6%	4.5%	4.5%	5.0%
Cash and other	1.5%	5.5%	5.0%	4.5%	4.0%

The value of assets in the scheme were:

	At 31 January 2009 £'000	At 31 January 2008 £'000	At 31 January 2007 £'000	At 31 January 2006 £'000	At 31 January 2005 £'000
Equities	810	952	977	883	772
Property	183	207	244	216	—
Gilts	377	422	394	356	297
Cash and other	50	44	18	13	95
Total fair value of assets	1,420	1,625	1,633	1,468	1,164

Notes to the financial statements

18. Pension scheme arrangements continued

The reconciliation of movements in the year were as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Deficit at the beginning of the year	(546)	(590)	(836)	(913)	(888)
Movement in year:					
Contributions	110	101	101	103	—
Other finance cost	(25)	(12)	(13)	(24)	(30)
Actuarial gain/(loss)	144	(45)	158	(2)	5
Deficit at 31 January	(317)	(546)	(590)	(836)	(913)
Related deferred tax asset	89	153	177	251	274
Net deficit at 31 January	(228)	(393)	(413)	(585)	(639)

	2009	2008	2007	2006	2005
History of experience gains and losses					
<i>Difference between the actual and expected return on scheme assets</i>					
Amount (£'000)	(367)	(169)	(10)	153	128
Percentage of scheme assets	(25.8)%	(10.4)%	(0.6)%	10.4%	11.0%
<i>Experience gains/(losses) on scheme liabilities</i>					
Amount (£'000)	351	—	103	175	(38)
Percentage of scheme liabilities	20.2%	—%	4.6%	7.6%	(1.8)%
Total amount recognised in the statement of recognised income and expense					
Amount (£'000)	144	(45)	158	(2)	5
Percentage of the present value of the scheme liabilities	8.3%	(2.1)%	7.1%	(0.1)%	0.2%

The expected contributions in the year ending 31 January 2010 are £101,000.

Group pension scheme deficit

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<i>(Deficit)/surplus</i>					
The Tandem Group Pension Plan	(647)	971	(1,547)	(2,201)	(1,255)
The Casket Group Retirement and Death Benefit Scheme	(317)	(546)	(590)	(836)	(913)
	(964)	425	(2,137)	(3,037)	(2,168)
<i>Related deferred tax asset/(liability)</i>					
The Tandem Group Pension Plan	181	(272)	464	660	377
The Casket Group Retirement and Death Benefit Scheme	89	153	177	251	274
	(694)	306	(1,496)	(2,126)	(1,517)

The amounts recognised in the consolidated statement of recognised income and expense in the year ended 31 January 2009 are a loss of £827,000 in respect of the Tandem Group Pension Plan and a gain of £80,000 in respect of the Casket Group Retirement and Death Benefit Scheme. The net cumulative actuarial gain taken directly to the statement of recognised income and expense since the date of transition to IFRS on 1 February 2006 is £1,193,000 in total in respect of both schemes.

Deferred tax liabilities and assets have been recognised in respect of the surpluses and deficits on the Tandem and Casket schemes to the extent that it is believed probable that a benefit will arise.

19. Equity

	Number of Shares	£'000
Authorised		
<i>Ordinary shares 4p each</i>		
At 1 February 2007, 1 February 2008 and 31 January 2009	51,875,000	2,075
<i>Non-voting "A" ordinary shares of 1p each</i>		
At 1 February 2007, 1 February 2008 and 31 January 2009	125,000,000	1,250
Total authorised share capital at 1 February 2008 and 31 January 2009	176,875,000	3,325
Allotted, called up and fully paid		
<i>Ordinary shares of 4p each</i>		
At 1 February 2007 and 1 February 2008	37,584,412	1,503
Share buyback	(1,600,000)	(64)
At 31 January 2009	35,984,412	1,439

During the year the Group purchased 1,600,000 of its ordinary shares and held them as treasury shares.

20. Statement of movements in capital and reserves

	Share capital £'000	Shares held in treasury £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 February 2007	1,503	—	5,258	1,036	1,427	(32)	(4,130)	5,062
Net profit for the year	—	—	—	—	—	—	1,105	1,105
Retranslation of overseas subsidiaries	—	—	—	—	—	(5)	—	(5)
Net actuarial gain on pension schemes	—	—	—	—	—	—	719	719
Share-based payments	—	—	—	—	—	—	13	13
Balance at 1 February 2008	1,503	—	5,258	1,036	1,427	(37)	(2,293)	6,894
Net profit for the year	—	—	—	—	—	—	315	315
Retranslation of overseas subsidiaries	—	—	—	—	—	583	—	583
Net actuarial loss on pension schemes	—	—	—	—	—	—	(747)	(747)
Share-based payments	—	—	—	—	—	—	16	16
Share buyback	—	(64)	—	—	—	—	(139)	(203)
Cancellation of share premium account	—	—	(5,258)	—	—	—	5,258	—
Balance at 31 January 2009	1,503	(64)	—	1,036	1,427	546	2,410	6,858

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. The Company obtained shareholder approval to cancel its share premium account at an Extraordinary General Meeting held on 21 July 2008. Implementation of the cancellation was subject to approval of the High Court which was confirmed and effective on 18 August 2008. Following this approval, on 20 August 2008, the Company purchased 1,600,000 of its own shares at a price of 12.7 pence and transferred them into treasury.

The merger reserve was created as a result of merger relief being claimed in respect of previous share issues.

Other reserves include a capital redemption reserve and a translation reserve. These reserves are non-distributable.

The profit and loss account includes all current and prior period results and share-based payments as disclosed in the consolidated income statement.

21. Financial commitments

The total charge for the year for operating lease rentals in respect of land and buildings was £793,000 (2008 — £885,000) and for other operating leases was £213,000 (2008 — £120,000).

	At 31 January 2009		At 31 January 2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating lease commitments				
Total future minimum payments under operating leases:				
Within 1 year	728	155	815	173
Within 2 to 5 years	2,587	293	2,522	268
More than 5 years	876	—	1,498	—
	4,191	448	4,835	441

Total future minimum lease commitments include £614,000 in respect of premises at Pinchbeck, Spalding, previously occupied by the Group's former Garden Leisure Division, which have been sublet at an equivalent annual rental.

22. Related parties

The only related parties are the Directors. Transactions with the Directors are disclosed in note 6.

23. Contingent assets and liabilities

The Group had no contingent liabilities at 31 January 2009 or 31 January 2008.

24. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders.

In order to maintain or adjust the capital structure, the Group may adopt a number of approaches to meet these objectives. The principal instruments which are used to meet the Group's working capital requirements are equity, bank overdrafts and invoice finance arrangements.

Company balance sheet under UK GAAP

At 31 January 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	4	680	1,217
Investments	4	1,909	1,909
Tangible assets	5	1	1
		2,590	3,127
Current assets			
Debtors	6	4,435	4,468
Cash at bank and in hand		2,289	3,480
		6,724	7,948
Creditors – amounts falling due within one year	7	(5,282)	(5,571)
		1,442	2,377
Net current assets			
Total assets less current liabilities and net assets before pension scheme (deficit)/surplus			
		4,032	5,504
Net pension scheme (deficit)/surplus	13	(466)	190
		3,566	5,694
Net assets after pension scheme (deficit)/surplus			
Capital and reserves			
Called up share capital	9	1,503	1,503
Shares held in treasury	10	(64)	—
Share premium account	10	—	5,258
Merger reserve	10	1,036	1,036
Capital redemption reserve	10	1,427	1,427
Profit and loss account	10	(336)	(3,530)
		3,566	5,694
Shareholders' funds			

The financial statements were approved by the Board of Directors on 6 May 2009.

G Waldron
Director

M P J Keene
Director

The accompanying notes on pages 34 to 42 form part of these UK GAAP financial statements.

Notes to the UK GAAP financial statements

1. Accounting policies

Basis of preparation

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

The principal accounting policies of the Company are set out below, which have remained unchanged from the previous year.

Investments

Investments in the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 131 of the Companies Act 1985 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

Goodwill

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets acquired, is capitalised within fixed assets and amortised on a straight-line basis over 20 years. It is considered that the businesses to which the goodwill relates will generate profits indefinitely, but a 20 year amortisation period has been prudently used. Goodwill impairment reviews have been conducted in both the current and comparative periods.

Negative goodwill is amortised over the lives of the identifiable assets to which it relates.

Tangible fixed assets

Tangible fixed assets are held at cost unless the value is impaired, at which point they are carried at the higher of net realisable value or the present value of future cash flows arising from that asset. On all other assets, depreciation is provided on a straight-line basis to write off the assets over their economic lives as follows:

Plant and machinery	3–10 years
---------------------	------------

Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Where monetary assets and liabilities exist in foreign currencies, they are translated into sterling at the exchange rates ruling at the balance sheet date. Differences on exchange are taken directly to the profit and loss account.

Financial instruments

The Company's financial instruments comprise cash and forward exchange contracts. Forward exchange contracts are used to fix the value of the related asset or liability in the contract currency and at the contract rate, and any gains or losses on these instruments are taken to the profit and loss account. The Company does not trade in financial instruments.

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance

sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Pension costs

Retirement benefits to employees are funded by contributions from the Company and employees. Payments to the Company's pension plans, which are financially separate and independent from the Company, are made in accordance with periodic calculations by independent consulting actuaries. The costs of funding the plans are accounted for over the period covering the employees' service.

The difference between the fair values of the assets held in the Company's defined benefit pension schemes and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Company's balance sheet as a pension scheme asset or liability as appropriate, adjusted for deferred taxation. The carrying value of any resulting pension scheme asset is restricted to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement benefits'.

For further pension information see note 13.

Share-based employee remuneration

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 February 2006 are recognised in the financial statements. The Company operates equity-settled share-based remuneration plans for its senior employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in the profit and loss account with a corresponding credit to reserves, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

2. Profit for the financial year

The Company has taken advantage of section 230 (4) 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 year was £1,114,000 (2008 — £521,000).

Auditors' remuneration incurred by the Company during the year for audit services totalled £3,000 (2008 — £3,000) and for tax compliance services totalled £1,000 (2008 — £1,000).

3. Directors' and employees' remuneration

Expense recognised for Director and employee benefits is analysed below:

	Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
Wages and salaries	342	356
Benefits	4	4
Social security costs	41	42
Share-based employee remuneration	16	13
Pension scheme contributions — defined contribution scheme	92	69
Pension scheme contributions — defined benefit scheme	—	7
	495	491
	Number	Number
The average number of persons employed by the Company during the year was:	3	4

During the year the Company contributed to a defined contribution pension scheme for M P J Keene. In the previous year the Group contributed to a defined benefit and a defined contribution pension scheme for M P J Keene. The highest paid Director received emoluments of £188,000 (2008 — £206,000) and had an accrued pension entitlement at the end of the year of £nil (2008 — £nil).

4. Intangible fixed assets and investments

	Unlisted investments in subsidiary undertakings £'000	Goodwill £'000	Negative goodwill £'000
Cost			
At 1 February 2008 and 31 January 2009	5,866	2,506	(197)
Amortisation and impairment provisions			
At 1 February 2008	3,957	1,289	(197)
Amortisation provided in the year	—	537	—
At 31 January 2009	3,957	1,826	(197)
Net book value			
At 31 January 2009	1,909	680	—
At 31 January 2008	1,909	1,217	—

The principal wholly owned subsidiary undertakings of the Company at the year end are listed below. M.V. Sports (Hong Kong) Limited was incorporated in and operates in Hong Kong. The other companies were incorporated in and operate in the United Kingdom.

	<i>Manufacturers and distributors of:</i>
Falcon Cycles Limited	Bicycles and bicycle accessories
Dawes Cycles Limited	Bicycles and bicycle accessories
MV Sports Group Plc	Sports, snooker and pool, outdoor play, toy and leisure products
M.V. Sports (Hong Kong) Limited	Sports, snooker and pool, outdoor play, toy and leisure products

5. Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 February 2008 and 31 January 2009	21
Depreciation	
At 1 February 2008 and 31 January 2009	20
Net book value	
At 31 January 2009	1
At 31 January 2008	1

6. Debtors

	2009 £'000	2008 £'000
<i>Amounts due within one year</i>		
Amounts due from subsidiary undertakings	4,344	4,342
Other debtors	8	14
Other taxation	75	68
Prepayments and accrued income	8	44
	4,435	4,468

7. Creditors — amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	76	50
Amounts due to subsidiary undertakings	4,783	4,784
Taxation and social security costs	16	14
Other creditors	133	422
Accruals	274	301
	5,282	5,571

8. Deferred taxation

	2009 £'000	2008 £'000
At the beginning of the year	(74)	(247)
Origination and reversal of timing differences	255	173
At 31 January	181	(74)

	Provided 2009 £'000	Not provided 2009 £'000	Provided 2008 £'000	Not provided 2008 £'000
Accelerated capital allowances	—	(5)	—	(5)
Short-term timing differences	—	(16)	—	—
Losses	—	(167)	—	—
Excess management expenses	—	(690)	—	(777)
Capital losses	—	(774)	—	(774)
Advance corporation tax (ACT)	—	(51)	—	(52)
Pensions	181	—	(74)	—
	181	(1,703)	(74)	(1,608)

A deferred tax asset has not been recognised in respect of certain trading losses, capital losses, excess management expenses and ACT as the Company does not anticipate sufficient taxable trading profits, capital gains, utilisation of management expenses or recovery of ACT respectively, to arise within the foreseeable future.

9. Called up share capital

	Number of shares	£'000
Authorised		
<i>Ordinary shares 4p each</i>		
At 1 February 2008 and 31 January 2009	51,875,000	2,075
<i>Non-voting "A" ordinary shares of 1p each</i>		
At 1 February 2008 and 31 January 2009	125,000,000	1,250
Total authorised share capital at 1 February 2008 and 31 January 2009	176,875,000	3,325
Allotted, called up and fully paid		
<i>Ordinary shares of 4p each</i>		
At 1 February 2008	37,584,412	1,503
Share buyback	(1,600,000)	(64)
At 31 January 2009	35,984,412	1,439

During the year the Group purchased 1,600,000 of its ordinary shares and held them as treasury shares.

9. Called up share capital continued

Share options

The following options were held at 31 January 2009 under the Company's share option schemes:

Number of shares	1 February 2008	Granted during year	Exercised during year	Cancelled during year	31 January 2009	Option price per 4p ordinary share	Exercise Period
<i>2007 Employee Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	540,000	—	—	—	540,000	12.625p	31/01/10 – 14/06/20
S J Grant	520,000	—	—	—	520,000	12.625p	31/01/10 – 14/06/20
Other employees	1,075,000	—	—	—	1,075,000	12.625p	31/01/10 – 14/06/20
<i>1996 Approved Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	95,000	—	—	—	95,000	11.500p	01/05/06 – 01/05/13
	100,000	—	—	—	100,000	10.000p	26/09/09 – 26/06/16
S J Grant	130,000	—	—	—	130,000	11.500p	01/05/06 – 01/05/13
	100,000	—	—	—	100,000	10.000p	26/06/09 – 26/06/16
Other employees	370,000	—	—	—	370,000	11.500p	01/05/06 – 01/05/13
	260,000	—	—	—	260,000	10.000p	26/06/09 – 26/06/16
<i>1996 Unapproved Share Option Scheme</i>							
Directors							
G Waldron	—	—	—	—	—	—	—
M P J Keene	165,000	—	—	—	165,000	11.500p	01/05/06 – 01/05/10
S J Grant	50,000	—	—	—	50,000	11.500p	01/05/06 – 01/05/10
Other employees	135,000	—	—	—	135,000	11.500p	01/05/06 – 01/05/10

The Group has the following outstanding share options and exercise prices:

	2009			2008		
	Number	Exercise price (pence)	Remaining contractual life (years)	Number	Exercise price (pence)	Remaining contractual life (years)
Date exercisable (option life):						
2006 (up to 2013) — Approved	595,000	11.5	4.2	595,000	11.5	5.2
2006 (up to 2010) — Unapproved	350,000	11.5	1.2	350,000	11.5	2.2
2009 (up to 2016)	460,000	10.0	7.4	460,000	10.0	8.4
2010 (up to 2020)	2,135,000	12.625	11.4	2,135,000	12.625	12.4

The ordinary share mid-market price on 31 January 2009 was 7.63p (2008 — 13.75p). During the year, the highest mid-market price was 19.25p (2008 — 20.5p) and the lowest was 6.75p (2008 — 7.13p). The weighted average exercise price of the options in issue was 11.98p (2008 — 11.98p).

The fair value of options granted was determined for IFRS 2 using the Black–Scholes valuation model. Significant inputs into the calculations were:

- exercise prices of 10p (2008 – 10p) and 12.625p (2008 — 12.625p);
- 36.3% (2008 — 36.3%) to 48.0% (2008 — 48.0%) volatility based on expected and historical share price;
- a risk-free interest rate of 0.86 % (2008 — 5.57%);
- all options are assumed to vest after three and a half years from the date of grant of the options; and
- no dividends

In total £16,000 (2008 — £13,000) of share-based employee remuneration expense has been included in the profit and loss account. No liabilities were recognised due to share-based transactions.

10. Statement of movements on reserves

	Shares held in treasury £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 February 2008	—	5,258	1,036	1,427	(3,530)	4,191
Loss for the year	—	—	—	—	(1,114)	(1,114)
Net actuarial loss on pension scheme	—	—	—	—	(827)	(827)
Share buyback	(64)	—	—	—	(139)	(203)
Share-based payments	—	—	—	—	16	16
Cancellation of share premium account	—	(5,258)	—	—	5,258	—
Balance at 31 January 2009	(64)	—	1,036	1,427	(336)	2,063

The Company obtained shareholder approval to cancel its share premium account at an Extraordinary General Meeting held on 21 July 2008. Implementation of the cancellation was subject to approval of the High Court, which was confirmed and effective on 18 August 2008. Following this approval, on 20 August 2008, the Company purchased 1,600,000 of its own shares at a price of 12.7 pence and transferred them into treasury.

11. Contingent liabilities

A cross guarantee exists between all companies in the Group for all amounts payable to HSBC Bank Plc. The maximum potential liability to the Company at year end was £168,000 (2008 — £1,091,000).

12. Capital commitments

There were no capital commitments at 31 January 2009 or at 31 January 2008.

13. Pension arrangements

The Tandem Group Pension Plan

A contributory pension scheme, the Tandem Group Pension Plan, has two sections. One provides benefits based on final pensionable salary, the other provides benefits based on defined contributions. The scheme is closed to new members.

The assets of the scheme are held separately from those of the Group, being invested with managed funds.

Contributions to the final salary section are determined by an independent qualified actuary on the basis of the triennial valuation using the Attained Age Method.

The present value of the defined benefit obligations as at the balance sheet dates are as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Present value of defined benefit obligation at the beginning of the year	7,190	10,749	11,340	9,296	8,777
Current service cost	—	14	39	33	37
Contributions	—	2	5	5	5
Interest cost	439	513	545	478	473
Actuarial loss/(gain)	248	(1,227)	(697)	1,945	393
Benefits paid	(494)	(1,021)	(483)	(417)	(389)
Payment due to members following buyout of non-statutory increases	—	(352)	—	—	—
Past service saving	—	(1,488)	—	—	—
Present value of defined benefit obligation 31 January	7,383	7,190	10,749	11,340	9,296

Notes to the UK GAAP financial statements

13. Pension arrangements continued

For determination of the pension obligation, the following actuarial assumptions were used:

	2009	2008	2007	2006	2005
Discount rate	6.70%	6.30%	5.50%	4.90%	5.25%
Increase in pensionable salaries	—*	3.60%	3.15%	2.75%	3.75%
Increase in pensions in payment	Up to 5.00%	Up to 5.00%	5.00%	5.00%	5.00%
Increase in deferred pensions		3.00% to 5.00% for all years			
Inflation assumption	3.30%	3.60%	3.15%	2.75%	2.75%
Mortality assumption table	PA92 (YOB MC)	PA92 (C=2010)	PA92 (C=2010)	PA92 (C=2010)	PA90 rated down 2 years

* There are no members whose benefits are linked to salaries.

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets at the beginning of the year	8,161	9,202	9,139	8,041	7,740
Expected return on scheme assets	504	546	499	471	447
Actuarial (loss)/gain	(1,541)	(682)	(77)	953	166
Contributions	106	116	124	91	77
Benefits paid	(494)	(1,021)	(483)	(417)	(389)
Fair value of scheme assets at 31 January	6,736	8,161	9,202	9,139	8,041

The long-term expected rates of return were:

	2009	2008	2007	2006	2005
Equities	7.4%	7.6%	7.5%	7.5%	8.0%
Property	6.4%	6.6%	6.5%	—	—
Gilts	4.4%	4.6%	4.5%	4.5%	5.0%
Corporate Bonds	6.7%	5.8%	5.5%	—	—
Cash and other	1.5%	5.5%	5.0%	4.5%	4.0%

The value of assets in the scheme were:

	At 31 January 2009 £'000	At 31 January 2008 £'000	At 31 January 2007 £'000	At 31 January 2006 £'000	At 31 January 2005 £'000
Equities	3,168	3,677	4,346	3,263	2,603
Property	699	873	981	—	—
Gilts	2,012	2,686	2,910	5,839	5,452
Corporate Bonds	683	900	960	—	—
Cash and other	174	25	5	37	(14)
Total fair value of assets	6,736	8,161	9,202	9,139	8,041

13. Pension arrangements continued

The reconciliation of movements in the year were as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Surplus/(deficit) at the beginning of the year	971	(1,547)	(2,201)	(1,255)	(1,037)
Movement in year:					
Current service cost	—	(14)	(39)	(33)	(37)
Contributions	106	114	119	86	72
Finance income/(cost)	65	33	(46)	(7)	(26)
Actuarial (loss)/gain	(1,789)	545	620	(992)	(227)
Payment due to members following buyout of non-statutory increases	—	352	—	—	—
Past service saving	—	1,488	—	—	—
(Deficit)/surplus at 31 January	(647)	971	(1,547)	(2,201)	(1,255)
Related deferred tax asset/(liability)	181	(272)	464	660	377
Net (deficit)/surplus at 31 January	(466)	699	(1,083)	(1,541)	(878)

At 31 January 2008 a surplus of £264,000 and deferred taxation liability of £74,000 was recognised, notwithstanding the valuations of £971,000 and £272,000 respectively in the above table, representing the value of the economic benefit that the Directors expected to flow to the Company.

	2009	2008	2007	2006	2005
History of experience gains and losses					
<i>Difference between the actual and expected return on scheme assets</i>					
Amount (£'000)	(1,541)	(682)	(77)	953	166
Percentage of scheme assets	(22.9)%	(8.4)%	(0.8)%	10.4%	2.1%
<i>Experience losses on scheme liabilities</i>					
Amount (£'000)	(542)	(539)	—	(447)	(83)
Percentage of scheme liabilities	7.3%	7.5%	—	3.9%	0.9%
Total amount recognised in the statement of total recognised gains and losses					
Amount (£'000)	(1,789)	545	620	(992)	(227)
Percentage of the present value of the scheme liabilities	(24.2)%	7.6%	5.8%	(8.7)%	(2.4)%

The expected contributions in the year ending 31 January 2010 are £91,000.

14. Related party transactions

Transactions between Group companies have not been disclosed as the Company has taken advantage of the exemption conferred by FRS 8 on the basis that Tandem Group plc prepares consolidated financial statements which are publicly available.

IMPORTANT INFORMATION FOR SHAREHOLDERS

Unsolicited mail

Some shareholders may receive unsolicited mail, including from unauthorised investment firms. For more information on unauthorised investment firms targeting UK investors, visit the website of the Financial Services Authority at www.moneymadeclear.fsa.gov.uk.

If you wish to limit the amount of unsolicited mail you receive contact:

The Mailing Preference Service

FREEPOST 29

(LON 20771)

London

W1E 0ZT

Telephone 020 7291 3310 or register online at:

www.mpsonline.org.uk

Duplicate mailings

If you receive duplicate mailings, it may be because we have more than one shareholding in your name. To ensure that your shares are registered correctly and amalgamated into one account, please contact the Company's registrars in writing to Capita Registrars, Northern House, Woods ome Park, Fenay Bridge, Huddersfield, HD8 0LA or by telephone on: **0871 664 0300**