

Regulatory Announcement

[Go to market news section](#)



Company Ideal Shopping Direct PLC
TIDM IDS
Headline Preliminary Results
Released 07:00 16-Apr-09
Number 6354Q07



RNS Number : 6354Q
Ideal Shopping Direct PLC
16 April 2009

For Immediate Release

16 April 2009

Ideal Shopping Direct PLC (the 'Company')

Preliminary Results For the 52 weeks ended 28 December 2008

Financial Highlights

- Sales declined by 2.0% to £94.7 million (2007: £96.6 million)
- Underlying trading loss of £4.0 million (2007: Profit £5.8 million) before exceptional charges of £9.2 million (2007: £0.57 million)
- Cash of £8.4 million at 28 December 2008 (2007: £16.7 million)

Operational Highlights

- Restructuring of Board and senior management team
- Craft was largest and best performing category with sales up 23% to £21.0 million
- Strategic business review undertaken by new management
- Focus on improved delivery times and overall customer experience
- Relocation of call centre to the UK from India to improve customer service
- Reintroduced customer agents for call handling from March 2009
- Review of sourcing strategies and logistics solutions have reduced stock levels and warehouse facilities
- Introduction of new branded products to continue; gardening and food categories extended
- Trials with a number of high street and catalogue retailers are taking place

Paul Wright, Chairman, commented:

"2008/2009 has seen significant change within Ideal, and a complete restructuring of the Board and Senior Management team. The business has quickly stabilised, with strong and experienced managers joining the Company. We have a real depth of home shopping knowledge and despite previous management problems, we remain a business that is strategically well placed to take advantage of market trends toward a genuine multi-channel business in TV shopping and e-commerce. Following a re-evaluation of strategy and direction by the new management team, initiatives are now in place to restore the business to growth and profitability."

For further information please contact:

Paul Wright, Chairman
Mike Hancox, Chief Executive
Ian Jebson, Finance Director
Ideal Shopping Direct +44 (0) 20 7466 5000

Michael Meade, Oliver Cardigan Nominated Adviser
Mark Lander - Corporate Broking
Numis Securities +44 (0) 20 7260 1000

Richard Darby, Nicola Cronk, Miranda Higham
Buchanan Communications +44 (0) 20 7466 5000

Notes to editors:

Ideal Shopping Direct is one of the UK's leading home shopping retailers, selling via its TV channels and the internet. Its main channel, Ideal World, is broadcast on the rapidly expanding Freeview platform as well as on Sky, Virgin Media, Freesat and BT Vision. It has three other channels on Sky, 'Ideal World 2', 'Ideal World 3' and 'Create and Craft'.

'Ideal World' offers a broad selection of general merchandise with six product categories, led by Home, Leisure and Craft along with Fashion, Health & Beauty and Jewellery. 'Ideal World 2 and 3' repeat selected shows of Ideal World and 'Create and Craft' is a niche channel selling craft products.

Ideal's transactional websites www.idealworld.tv and www.createandcraft.com carry a live web stream of the TV broadcasts and offer a wide selection of products sold on TV as well as web-only deals.

For more information see www.idealshoppingdirect.tv.

Chairman's statement

Against a backdrop of difficult trading conditions and poor decisions by the previous management, I am deeply disappointed to report that the financial results for 2008 show a record loss of £13.2 million and a sales decline of 2.0%. As previously anticipated in the 23 March trading update, excluding exceptional charges of £9.2 million the trading loss was £4.0 million. The exceptional costs include many non-cash provisions that write down the value of our balance sheet, together with a number of restructuring costs. These charges have been incurred to put us in a clearer position from which to return the Company to profitability.

Given these results, the Board is not in a position to recommend payment of a final dividend.

On 3 February 2009, the Board was restructured and I returned to the Company as Non-executive Chairman. Valerie Kaye also joined the Board as a Non-executive Director at this time. Together we have considerable experience and a deep knowledge and understanding of the business and the opportunities for future profitable growth. We are excited at the prospect of working with Mike Hancox, our new Chief Executive who joined the Board on 3 November 2008, Ian Jebson, who joined the Board as Finance Director on 1 March 2009, and the rest of the management team in restoring the business to growth and profitability. David Williams, Terry Donovan and Susan Ellis all stepped down from the Board on 3 February 2009. Pam Aujla stepped down from the Board on 23 March 2009.

On behalf of the new Board and shareholders, I would like to thank colleagues for their hard work during 2008. The financial performance of the Company does not reflect the effort and commitment that many people have put into the business and if we can remain focused on the strategy of the new management team, I am confident of an improvement in performance.

Strategy

To grow the business profitably, we will refocus on the business fundamentals that made it successful. The Board is focused on increasing customer loyalty, improving customer service, extending the diversity of product whilst avoiding stock risk, and demonstrating these products across a range of price points within a convenient and entertaining shopping environment. Controls are being significantly improved with a focus on cash management. We will be driving our existing TV shopping audience towards multi-channel retailing using our websites and other established marketing tools including e-commerce, whilst at the same time reinforcing our brand values of family, friendship and fun.

Outlook

In a very tough retail environment, 2009 has begun with sales slightly ahead of our expectations. Importantly, we continue to acquire a substantial number of new customers and we are introducing new commercial and best practice home shopping initiatives during the first half of 2009, which will have a significant and I believe positive impact on the business. The new management has hit the ground running and is already making a strong contribution to trading performance. With this in mind, I am cautiously optimistic that we can return the business to profitability.

Paul Wright
Chairman
16 April 2009

Chief Executive's review

The 2008 financial year witnessed a very challenging economic environment and sales fell by 2.0%. This is a disappointing performance given the optimism that existed through the first three quarters of 2008. At the end of the financial year, Fashion and Jewellery categories had declined with sales down 18% to £9.0 million and 45% to £3.8 million respectively. Home, Leisure, Health & Beauty remained broadly flat at £47.3 million and Craft showed strong sales growth, up 23% to £21.0 million.

Profitability declined during the year to a net loss of £13.2 million; this includes an underlying trading loss of £4.0 million and exceptional costs of £9.2 million. The exceptional items include stock, doubtful debt and returns provision increases following policy review, costs associated with decisions made by previous

management such as investment in IT systems now deemed not wholly fit for purpose, impairment of goodwill associated with the acquisition of Superstore TV (since renamed Ideal Sourcing Ltd) and costs associated with the aborted planned building of a new warehouse. They also include legal, professional and staff costs in the restructuring of the Board and Senior Management and ensuring that the business is appropriately structured for the future. Finally, they include the expected loss of deposits held with Kaupthing, Singer and Friedlander.

Market trends

TV shopping as a market continued to grow, at circa 3% during 2008 (source Electronic Retailers Association). The market is driven primarily by consumers gaining access to TV shopping channels as they switch over from analogue to digital television. We estimate that the size of the market is now approximately £1.4 billion at retail sales value of which we have a share of approximately 6%.

Our internet sales in 2008 were £22.7 million. Our customer profile is predominantly in the age 50+ category, which in internet sales is the fastest growing consumer area of the market. We see this as a significant area of potential growth and a key part of our strategy is to reposition the business as a multi channel retailer, rather than predominantly as a TV shopping company.

Craft is now the largest category at Ideal Shopping, representing 26% of total product sales in 2008. The market for crafting in the UK exceeds £2 billion and we see this as a major area of opportunity in a fragmented market place.

Operational review

During 2008, our Ideal World channel was launched on Freesat thereby increasing our potential audience. Our Sky Vitality channel was also re-branded as Ideal World 2 and Ideal World 3 was launched on Sky. Together with Freeview, Sky and Virgin cable, we now broadcast to approximately 23 million homes, representing 89% of all UK households.

The Ideal World and Create and Craft websites were re-launched in mid 2008. Both sites however, will require further investment and operational focus to establish them as destination sites.

The introduction of new IT systems in 2007 caused significant operational problems throughout 2008. The systems fall short of the functionality required for the range of products that we offer, and options, including possible replacement, are currently under consideration.

We have had success with a number of products during the year but have become over reliant on a small number of successful lines. More airtime has been given to products that sold well but this has resulted in a lack of variety in our scheduling. We have already started to address this by expanding our branded range and broadening our categories.

We continue to recruit new customers to our TV channels and websites at the rate of almost 1000 new customers a day. 330,000 new customers were recruited in 2008, up 6.6% on 2007.

To improve our poor customer service experience our call centre operation was moved back to the UK from India in October 2008. An automated phone ordering system was introduced in September 2008 and customer feedback has indicated that this was an unpopular initiative. As a result, we have re-introduced the option of customer agents for call handling from March 2009. Improving service to customers will be a key focus of the management team in order to increase customer retention in 2009. For example, a revised process for handling new customers will be introduced in April 2009 and improved delivery times are expected from May 2009.

We have reviewed our sourcing strategies and logistics solutions. With regard to sourcing we are now minimising firm sale purchases and proactively working with suppliers on sale or return, direct despatch and supplier held stock business models. This strategy reduced our reliance on Ideal Sourcing Ltd and has reduced gross stock levels to £6.1 million in February 2009 from £9.5 million in February 2008.

By reducing stock levels we have been able to withdraw from a number of warehouse facilities and now operate from 3 sites compared to a maximum of 9 sites in 2008. Annualised cost savings from this are around £0.5 million.

During 2009 we will work with our 'final mile' delivery carriers to improve delivery times and the overall customer experience. Throughout 2008, promotions offering free postage and packaging were consistently run to drive sales. In contrast, during 2009, free postage and packaging will be restricted as a promotional tool and consequently overall gross margins will show improvement.

In order to maximise profit, some overnight airtime is sold to third parties. During 2008, overnight Freeview airtime was sold to Smart TV Broadcasting but this arrangement ended in November 2008. A new contract with Game Network BV has been agreed to replace the Smart TV contract and this should begin in May 2009.

Future prospects

The scale of losses in 2008 has led to a re-evaluation of strategy and direction. We have restructured our Board and Senior Management team, and strategically we remain well placed to exploit the convergence of broadcast and online media. Our Create and Craft brand is showing exciting growth potential.

To grow our business profitably we need to focus on the business qualities that initially made the Company successful: customer service, retail entertainment and excellent product. In doing this, we will ensure that the Company operates with the appropriate controls and with a focus on cash management.

We know that our customers want us to provide engaging and demonstrable products, exclusive deals and a convenient shopping experience across a range of price points. We have already introduced new branded products such as Sony, Apple, Ann Harvey, Littlewoods, Vitamix and Polti, and this activity will continue in 2009. We are also extending our gardening and food categories and trialling broadcasts with a number of other high street and catalogue retailers. This enables us to offer our customers extended ranges of branded products without stocking the products ourselves, thereby avoiding stock risk.

Our primary growth opportunity lies with the internet, and we will focus on driving our existing TV shopping audience to our websites, as well as employing other established marketing and e-commerce tools. As Ideal Shopping develops from a TV shopping business to being a multi channel retailer, we will implement best practice home shopping strategies that maximise sales from all customer touch points, whilst at the same time reinforcing our brand values of family, friendship and fun.

Mike Hancox
Chief Executive
16 April 2009

Finance Director's review

Accounting policies

The Group's results for the year have been prepared under International Financial Reporting Standards.

Financial results

It has been necessary to conduct a detailed financial review of certain areas of the Group's balance sheet which has led to significant exceptional items.

In the interim results announcement made on 15 September 2008 a prior year adjustment was made as a result of an understatement of net liabilities in the opening balance sheet position for 2008. This adjustment of £0.4 million arose from errors arising during a computer system upgrade, implemented in June 2007. Consequently the comparative figures for 2007 have been restated.

The year on year comparison of key numbers is as follows:

£'000's	52 weeks ended 28 December 2008			52 weeks ended 30 December 2007		
	Underlying	Exceptional	Total	Underlying	Exceptional	Total
Sales Revenue	94,947	(290)	94,657	96,631	-	96,631
Gross profit	35,821	(3,048)	32,773	40,403	-	40,403
Operating (loss) / profit	(3,600)	(9,245)	(12,845)	5,019	(570)	4,449
(Loss) / Profit from continuing operations	(3,976)	(9,245)	(13,221)	5,767	(570)	5,197

Sales revenue declined by 2.0% year on year in total.

Exceptional charges of £3 million made against gross profit comprised £2.7 million (2007: £nil) from a review of the stock provisioning policy to adequately reflect markdown of slow moving and obsolete items and £0.3 million (2007: £nil) for sales returns. Underlying gross profit before non-underlying charges was 37.7% of sales revenue (2007: 41.8%). The reduction in gross profit of 4.1% was due to an increase in free P&P promotions during the year, as well as increased low margin technology sales and jewellery clearance activity.

Underlying overheads were 11.4% higher at £39.4 million (2007: £35.4 million) and as a consequence the underlying operational gearing of the group rose to 41.5% from 36.6%. The main increases in operating costs were salary and temporary staff and recruitment costs of £1.9 million, broadcasting costs of £1.5 million, (partially due to the purchase of Ideal World 3 broadcasting rights) and call centre costs of £0.5 million driven by the repatriation of our customer services team to the UK.

The reported operating loss, before exceptional items, was £3.6 million compared to a profit of £5.0 million for 2007.

Exceptional operating costs of £6.2 million were significantly driven by an impairment review of the Group's IT systems resulting in a write off of £1.1 million (2007: £nil), a review of physical assets and policy adjustment resulting in a £0.4 million write off (2007: £nil), an investment made in a planning permission application of £0.7 million (2007: £nil), and goodwill written off amounting to £1.5 million (2007: £nil) arising from the acquisition of Ideal Sourcing Limited (formerly Superstore TV Limited) in 2006. This write off has been taken after a strategic

review following the loss of a key account in 2008, an increased cost base primarily due to exchange rate movements, and reduced dependency on direct imported product. We have also incurred legal and professional fees of £0.4 million (2007: £nil), and doubtful debt provisions of £0.7 million (2007: £nil). Finally, there was the loss of a £0.6 million deposit with Kaupthing Singer & Friedlander deemed irrecoverable and restructuring costs of £0.8 million (2007: £0.6 million).

Total exceptional costs of £9.2 million include a £1.8 million cash cost arising from the Kaupthing Singer & Friedlander deposit of £0.6 million, restructuring costs of £0.8 million and legal and professional fees of £0.4 million.

From an underlying trading loss of £4.0 million (2007: £5.8 million profit), the reported loss after exceptional items before tax was £13.2 million compared to a profit of £5.2 million in the previous year.

Taxation

There was a tax credit of £1.7 million for the financial year (2007: charge £1.5 million). The accounts for 2008 do not reflect the benefit of a deferred tax asset in respect of the anticipated tax losses carried forward of £4.0 million. On 26 March 2009 the Company received a repayment of tax paid relating to the 2007 taxable profits amounting to £1.3 million.

Earnings per share

Basic earnings per share (EPS) were a loss of 38.9p (2007: Earnings 12.6p) with diluted EPS being a loss of 38.9p (2007: Earnings 12.5p).

Cash flow, debt and capital structure

The closing gross cash balances were £8.4 million (2007: £16.7 million). The net cash outflow of £8.3 million arose from the following; £4.1 million cash outflow from operating activities, £2.1 million from capital expenditure, £1.4 million from payment of dividends, £0.6 million from payment of finance and bank loans and £0.2 million from income tax paid.

Bank Facilities

On 9 April 2009 bank facilities were confirmed with Barclays Bank Plc. These include a 10 year mortgage which has 5 years to maturity. The mortgage had a balance of £1.86 million at 28 December 2008 and is repayable by quarterly instalments of £0.08 million. Furthermore, there are bank guarantees of £0.35 million with a renewal date of 30 April 2010.

Capital expenditure and revaluations

Capital expenditure for the year was £2.1 million of which £1.1 million relates to the purchasing of rights to broadcast on Ideal World 3, £0.5 million was spent on computer equipment, £0.3 million on website upgrades and the remaining £0.2 million being spent on TV equipment and other fixtures and fittings. The accounts reflect the downward revaluation of land and buildings completed on 7 January 2009 which indicated values for the distribution, TV and offices at £5.7 million and land, earmarked for potential expansion, at £1.1 million. As part of the impairment review of the IT system referred to above, the remaining life of that asset was revised to 27 months at 28 December 2008 compared to its original useful life assessment of 45 months.

Dividend

The Board is not recommending a final dividend (2007: 3.75p). An interim dividend was paid giving a total dividend for the year of 1.75p (2007: 5.5p).

Consolidated Income Statement

	52 weeks ended			52 weeks ended		
	28 December 2008			30 December 2007		
	£'000			£'000		
	Underlying	Exceptional	Total	Underlying	Exceptional	Total
<i>Notes</i>		<i>Note 2</i>			<i>Note 2</i>	
Sales Revenue	94,947	(290)	94,657	96,631	-	96,631
Cost of Sales	(59,126)	(2,758)	(61,884)	(56,228)	-	(56,228)
Gross profit	35,820	(3,048)	32,773	40,403	-	40,403
Distribution costs	(4,519)	-	(4,519)	(3,639)	-	(3,639)
Administrative expenses	(34,839)	(6,197)	(41,037)	(31,462)	(570)	(32,032)
Other expenses	(63)	-	(63)	(283)	-	(283)
Operating (loss)/ profit	(3,601)	(9,245)	(12,846)	5,019	(570)	4,449
Finance costs	(643)	-	(643)	(69)	-	(69)
Finance income	267	-	267	817	-	817
(Loss)/ profit from continuing operations	(3,978)	(9,245)	(13,223)	5,767	(570)	5,197

Tax expense net	3	1,669	(1,462)
Net profit for the period		<u>(11,553)</u>	<u>3,735</u>
Attributable to equity shareholders of Ideal Shopping Direct Plc		<u>(11,553)</u>	<u>3,735</u>
(Loss)/ earnings per share			
Continuing operations:			
Basic	4	(38.9)	12.6
Diluted	4	(38.9)	12.5

* Exceptional items in 2008 comprise of asset write-downs and other non underlying expenses associated with restructuring of the Group's business. Comparative figures comprise of restructuring expenses only. Full details are contained in Note 2.

Consolidated Balance Sheet

	28 December 2008	30 December 2007 (as restated)
	£000	£000
Assets		
Non-current		
Property, plant and equipment	8,574	9,904
Intangible assets	3,302	3,083
Goodwill	-	1,523
Deferred tax assets	131	71
Total non-current assets	<u>12,007</u>	<u>14,581</u>
Current		
Inventories	3,872	6,750
Trade and other receivables	4,538	5,516
Current tax assets	1,300	97
Cash and cash equivalents	8,399	16,697
Total current assets	<u>18,109</u>	<u>29,060</u>
Total assets	<u>30,116</u>	<u>43,641</u>
Equity		
Share capital	895	894
Share premium	314	308
Other reserves	1,666	2,642
Retained earnings	5,963	18,832
Total equity attributable to equity holders of the company	<u>8,838</u>	<u>22,676</u>
Liabilities		
Non-current		
Loan and borrowings	-	1,863
Deferred tax liabilities	131	705
Total non-current liabilities	<u>131</u>	<u>2,568</u>
Current		
Provisions	803	449
Trade and other payables	18,166	16,979
Loans and borrowings	1,863	339
Current tax liabilities	94	321
Dividends payable	221	-
Obligations under finance leases	-	309

Total current liabilities	<u>21,147</u>	<u>18,397</u>
Total liabilities	<u>21,278</u>	<u>20,965</u>
Total equity and liabilities	<u>30,116</u>	<u>43,641</u>

Consolidated Statement of Recognised Income and Expenses

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 (as restated) £000
Revaluation of property, plant and equipment	(938)	439
Income tax on income and expense recognised directly in equity	214	(62)
Income and expense recognised directly in equity	<u>(724)</u>	<u>377</u>
(Loss)/profit for the period	<u>(11,552)</u>	<u>3,735</u>
Total recognised income and expense for the period attributable to equity holders of the company	(12,276)	4,112
Impact of prior year adjustments on retained earnings at start of year	<u>(591)</u>	
Total income and expense recognised since last annual report	<u>(12,867)</u>	

Consolidated statement of cash flows

For the 52 weeks ended 28 December 2008

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 (as restated) £000
Cash flows from operating activities		
(Loss)/profit for the period	(11,552)	3,735
Depreciation	683	763
Amortisation of intangible assets	577	301
Impairment of assets	324	-
Loss on disposal	745	-
Impairment of Goodwill	1,523	-
Equity settled share-based payment transactions	63	230
Income tax expense	(1,669)	1,462
Net finance (expense)/income	<u>(231)</u>	<u>(416)</u>
	<u>(9,537)</u>	<u>6,075</u>
Change in inventories	2,878	(1,369)
Change in trade and other receivables	978	(2,921)
Change in trade and other payables	1,187	1,837
Change in provisions	354	109
	<u>(4,140)</u>	<u>3,731</u>
Interest paid	(36)	(69)
Income tax paid	(181)	(1,482)
Net cash (used in)/from operating activities	(4,357)	2,180
Cash flows from investing activities		
Acquisition of property, plant and equipment	(767)	(808)
Acquisition of other intangible assets	(1,396)	(1,860)
Proceeds from sale of property, plant and equipment	7	-
Interest received	267	485
Net cash used in investing activities	(1,889)	(2,183)

Cash flows from financing activities		
Proceeds from issue of share capital	7	121
Repayment of bank loans	(339)	(339)
Payment of finance lease liability	(309)	(433)
Dividends paid	(1,411)	(1,333)
Net cash used in financing activities	(2,052)	(1,984)
Net decrease in cash and cash equivalents	(8,298)	(1,987)
Cash and cash equivalents at beginning of period	16,697	18,684
Cash and cash equivalents at end of period	8,399	16,697

Notes:

1) Accounting policies

Ideal Shopping Direct Plc, a public limited company, is the Group's ultimate parent. It is incorporated and domiciled in the UK. Ideal Shopping Direct Plc's shares are listed on the Alternative Investment Market of the Stock Exchange.

(a) Accounting reference dates

For operational reasons the financial statements of the Group are prepared to the fourth Saturday in December. The financial statements of the Group and its subsidiary are for the 52 weeks ended 28 December 2008 and are compared with a 52 week period to 30 December 2007.

(b) Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs").

The financial statements were authorised for issue by the Board of Directors on 16 April 2009.

(c) Basis of measurement

The financial statements are prepared on an historical cost basis as modified by the revaluation of property, plant and equipment.

The Directors consider that the accounts should be prepared on a going concern basis for the following reasons:

- Full detailed profit and loss, balance sheet and cash flow forecasts have been prepared for the period to 4 April 2010.
- These forecasts show that the Company can operate as a going concern within its current banking facility.
- Barclays Bank has renewed current banking facilities to April 2010. This includes a commercial mortgage, secured by a charge and cross guarantees over the assets of group companies.

(d) Use of estimates and judgements

The preparation of financial statements, in conformity with adopted IFRSs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The financial information set out above does not constitute the company's statutory accounts for the years ended 28 December 2008 or 30 December 2007. The financial information for 2007 is derived from the statutory accounts for 2007 which have been delivered to the registrar of companies. The auditors have reported on the 2007 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for 2008 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

The audit report for 2008 will be unmodified and unqualified.

2) Exceptional items

Expenses and income incurred or received during the year, which due to their size and / or nature of being items

that are typically non-recurring, are drawn out for separate disclosure as exceptional items.

	2008 £'000	2008 £'000	2007 £'000
Included in sales revenue:			
Sales returns		290	0
Included in costs of sales:			
Stock write downs		2,758	
Included in administrative expenses:			
Restructuring costs		746	570
Doubtful debt provisions		752	
Legal and professional fees in respect of restructuring		355	
Bank deposit loss		616	
Write off planning permission costs (historical)	432		
Write off planning permission costs (acquired in the year)	260		
Impairment of IT system values	245		
Write off of IT expenditure (acquired in the year)	884		
Assets written off under new capitalisation policy	79		
Assets written off after physical audit	305		
Impairment of goodwill	1,523		
Asset write off's		3,728	0
		9,245	570

3) Income tax expense

The tax rate applicable to the Group was 28% on 1 April 2008 resulting in an effective tax rate for the period of 28.5%.

	2008		2007 (as restated)	
	£000	£000	£000	£000
(Loss)/profit for the period		(11,552)		3,735
Total income tax (credit) / expense		(1,669)		1,462
(Loss)/profit excluding income tax		(13,221)		5,197
Income tax using the Group's domestic tax rate	(28.50%)	(3,768)	30.00%	1,559
Adjustment in respect of prior periods	(0.33%)	(44)	(0.27%)	(14)
Non-deductible expenses	7.30%	965	1.83%	95
Unrecognised losses carried forward	8.91%	1,178	(3.43%)	(178)
	(12.62%)	(1,669)	28.13%	1,462

4) Earnings per share and dividends

Both the basic and diluted (loss)/earnings per share have been calculated using the net results attributable to shareholders of the Group as the numerator. None of the dilutive shares relate to interest or similar expense recognised in profit or loss for 2007 or 2008.

To calculate the diluted earnings per share figure, the weighted average of dilutive employee share options expected to vest has been added. The number represents management's best estimate at the balance sheet date, which is also used for calculating employee remuneration expense relating to share based payment transactions.

Reconciliation of average number of shares used for basic and diluted earnings per share

	2008 Number	2007 Number
Weighted average number of ordinary shares used for basic earnings per share	29,665,428	29,663,505
Weighted average number of dilutive shares under option	30,327	235,269

Weighted average number of ordinary shares for diluted earnings per share

29,695,755

29,898,774

The Directors do not propose a final dividend payment for 2008 (2007: £1,112,438; 3.75p per share). An interim dividend was paid resulting in a total dividend for the year of 1.75p (2007: 5.5p). At the year end £221,000 was outstanding and was paid on 29 December 2008.

Annual General Meeting

The Annual General Meeting will be held on 10 June 2009 at 9.30am at Ideal Home House, Newark Road, Peterborough, PE1 5WG.

Notice will be sent to shareholders with the Annual Report and Accounts.

This information is provided by RNS
The company news service from the London Stock Exchange

END

FR GUUUPCUPBGQA

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved