Zonal Retail Data Systems Limited

Directors' Report and Financial Statements

for the year ended 30 June 2011

Registered Number SC069596

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SCT 19/01/2012 #68

COMPANIES HOUSE

Zonal Retail Data Systems Limited

Directors and Advisers

Directors	**B J McLean – Chairperson** **S J McLean** **H S McLean** **J A McLean** **E A Barclay** **P M Edwards** **R A McLean - Non Executive** **R Hammond - Non Executive**
Secretary	**E A Barclay**
Bankers	**Clydesdale Bank PLC** **Clydesdale Bank Plaza** **Festival Square** **50 Lothian Road** **Edinburgh** **EH3 9BT**
Solicitors	**Biggart Baillie** **96 Fountainbridge** **Edinburgh** **EH3 9QA**
Auditor	**RSM Tenon Audit Limited** **Statutory Auditor** **160 Dundee Street** **Edinburgh** **EH11 1DQ**
Registered Office	**24 Forth Street** **Edinburgh** **EH1 3LH**

Zonal Retail Data Systems Limited

Directors' report for the year ended 30 June 2011

The Directors present their report and the audited financial statements of the group for the year to 30 June 2011.

Principal activities

During the year the group's principal activity continued to be that of the manufacture and installation of EPoS systems for the hospitality industry and the provision of serviced office accommodation.

On 19 July 2010, the group acquired the entire ordinary share capital of Freshnet Systems Limited. The trade, assets and liabilities of the acquired company were hived up to Zonal Retail Data Systems Limited on 30 June 2011. The principal activity of Freshnet Systems Limited is the provision of an online procurement system for the hospitality industry.

Results and dividends

The group returned a profit on ordinary activities after interest and taxation of £1,971,916 (2010: £1,860,434).

Dividends paid are detailed in note 8 to the accounts.

Review of the business

I am delighted to report that the Zonal group has yet again exceeded expectations and achieved another record year in all aspects of our business, this despite a great deal of turmoil in the hospitality industry and the economy in general.

Some notable achievements have been the highly successful integration of our Freshnet purchase, some major system upgrades to our core clients and a large contract win confirming Zonal's position as the true market leader in the UK hospitality EPoS arena with 3 out of the top 4 managed operators as Zonal clients.

Just as key has been the continuing development of our people taking us to a new level of professionalism and innovation along with substantial investment in all areas of the company. Our continued focus on customer service stands us apart from the rest of the industry and has underpinned our continued success.

Turnover increased to nearly £30m with operating profit at a healthy £2.7m along with a strong balance sheet. The company has managed to grow with no borrowings and a positive cash flow boding very well for the future of the business.

The current year has started well and with the launch of our Aztec People platform during the second quarter of 2012 we believe our market leading industry position will be maintained. The business is in excellent shape with real innovative products being delivered, a loyal customer base and a truly talented team.

Zonal Retail Data Systems Limited

Directors

The Directors who served the company during the year were as follows:

B J McLean
S J McLean
H S McLean
J A Mclean
E A Barclay
P M Edwards
R A McLean
R Hammond

Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of 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, individually, aware:

- there is no relevant audit information of which the company's auditor is 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.

Financial risk management

The company and the group makes little use of financial instruments other than an operational bank account. The company and the group finances its operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank borrowings. As a result the company's and the group's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company and the group.

Employment policy

It is the policy of the company and the group to encourage and develop every member of staff to realise their maximum potential. Wherever appropriate, vacancies are filled within the company and the group and adequate opportunities for internal promotion are given. The company and the group are committed to an ongoing training policy.

It is also the policy of the company and the group, where possible, to give consideration to disabled persons in their applications for employment within the company and the group, and to protect the interests of existing members of staff who are disabled.

Auditor

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

By order of the Board

Barclay

E A Barclay
Company Secretary

Date: 10/1/12

Zonal Retail Data Systems Limited

Independent Auditor's Report

To the Members of Zonal Retail Data Systems Limited

We have audited the group and parent financial statements ("the financial statements") of Zonal Retail Data Systems Limited for the year ended 30 June 2011 on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Zonal Retail Data Systems Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Fiona Martin, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
160 Dundee Street
Edinburgh
EH11 1DQ

Date: 11/1/12

Zonal Retail Data Systems Limited

Group profit and loss account for the year ended 30 June 2011

	Notes	30 June 2011	30 June 2010
		£	£
Group turnover	2	**29,900,207**	19,518,337
Cost of sales		**(15,859,775)**	(5,959,519)
Gross profit		**14,040,432**	13,558,818
Administrative expenses		**(11,316,471)**	(10,699,840)
Operating profit	3	**2,723,961**	2,858,978
Amounts written off investments	12	**-**	(211,457)
Interest payable and similar charges	5	**(3,429)**	(29,128)
Interest receivable	6	**4,979**	3,467
Profit on ordinary activities before taxation		**2,725,511**	2,621,860
Taxation on profit on ordinary activities	7	**(753,595)**	(761,426)
Profit for the financial year	20	**1,971,916**	1,860,434

All of the above figures relate to continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 11 to 28 form part of these financial statements.

Zonal Retail Data Systems Limited

Group balance sheet as at 30 June 2011

SC069596

	Notes	30 June 2011	30 June 2010
		£	£
Fixed assets			
Intangible assets	10	**384,808**	-
Tangible assets	11	**4,746,424**	3,853,138
Investments	12	**150,203**	150,203
		5,281,435	4,003,341
Current assets			
Stocks	13	**1,688,582**	1,591,750
Debtors	14	**6,777,427**	4,233,085
Cash at bank and in hand		**4,465,632**	4,573,981
		12,931,641	10,398,816
Creditors: amounts falling due within one year	15	**(8,558,496)**	(6,436,213)
Net current assets		**4,373,145**	3,962,603
Total assets less current liabilities		**9,654,580**	7,965,944
Capital and reserves			
Called up share capital	17	**1,045**	1,045
Foreign exchange reserve	20	**43,655**	59,304
Profit and loss account	20	**9,609,880**	7,905,595
Equity shareholders' funds	21	**9,654,580**	7,965,944

These financial statements were approved by the board of Directors and authorised for issue on 10/01/2012 and were signed on its behalf by:

S J McLean
Director

The notes on pages 11 to 28 form part of these financial statements.

Zonal Retail Data Systems Limited

Company balance sheet as at 30 June 2011

	Notes	30 June 2011	30 June 2010
		£	£
Fixed assets			
Intangible assets	10	**321,523**	-
Tangible assets	11	**4,586,266**	3,740,992
Investments	12	**150,205**	150,203
		5,057,994	3,891,195
Current assets			
Stocks	13	**1,561,965**	1,400,377
Debtors	14	**6,587,180**	4,156,146
Cash at bank and in hand		**4,388,583**	4,541,328
		12,537,728	10,097,851
Creditors: amounts falling due within one year	15	**(8,421,969)**	(6,304,718)
Net current assets		**4,115,759**	3,793,133
Total assets less current liabilities		**9,173,753**	7,684,328
Capital and reserves			
Called up share capital	17	**1,045**	1,045
Profit and loss account	20	**9,172,708**	7,683,283
Equity shareholders' funds	21	**9,173,753**	7,684,328

These financial statements were approved by the board of Directors and authorised for issue on 10/01/2012 and were signed on its behalf by:

S J. McL

S J McLean
Director

The notes on pages 11 to 28 form part of these financial statements.

Zonal Retail Data Systems Limited

Group cash flow statement for the year ended 30 June 2011

	Note	30 June 2011	30 June 2010
		£	£
Net cash inflow from operating activities	18	**2,884,068**	3,557,732
Returns on investments and servicing of finance			
Interest received		**4,979**	3,467
Interest paid		**(3,429)**	(29,128)
Taxation			
Corporation tax payments		**(1,249,813)**	(188,955)
Capital expenditure			
Payments to acquire tangible fixed assets		**(1,182,847)**	(500,615)
Receipts from disposals of tangible fixed assets		**33,724**	46,512
Acquisitions			
Purchase of subsidiary undertaking	10	**(573,813)**	-
Net cash balances acquired with subsidiary undertaking	10	**301,930**	-
Equity dividends paid		**(267,631)**	-
Net cash (outflow)/inflow before financing		**(52,832)**	2,889,013
Financing			
Term loan repayments		**-**	(436,512)
Hire purchase repayments		**(55,517)**	(115,894)
(Decrease)/increase in cash		**(108,349)**	2,336,607
Reconciliation of net cash flow to movement in net funds	19		
(Decrease)/increase in cash		**(108,349)**	2,336,607
Cash outflow from decrease in debt and hire purchase agreements		**55,517**	552,407
Change in net funds resulting from cash flows		**(52,832)**	2,889,014
Movement in net funds in the year		**(52,832)**	2,889,014
Net funds at 1 July 2010		**4,517,285**	1,628,271
Net funds at 30 June 2011		**4,464,453**	4,517,285

The notes on pages 11 to 28 form part of these financial statements.

Zonal Retail Data Systems Limited

Notes to the financial statements for the year ended 30 June 2011

1 Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting
The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and on the basis that the group and company can continue to operate as a going concern.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover
Turnover comprises the value of sales of EPoS systems and installation and maintenance, income from the provision of an online procurement system for the hospitality industry and income from the provision of serviced office accommodation. Turnover excludes value added tax and trade discounts.

Goodwill
Goodwill arising on the acquisition of a company represents the excess of the cost of acquisition over the fair value of the separable net assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year which may impact on the goodwill recognised.

Where the cost of acquisition includes an element which is contingent upon the outcome of future events whose outcome is uncertain, an assessment is made as to the amounts that are expected to become payable. Those estimates are reassessed in each accounting period until the uncertainty is removed and outcome is certain. This re-assessment will require adjustments to be made to the carrying value of the associated goodwill to which the contingent consideration relates.

Goodwill is capitalised and written off on a straight line basis over its useful economic life of 3 years. Provision is made for any impairment in its value. The useful economic life is the expected period over which the company expects to derive an economic benefit and is reviewed on an annual basis.

Research and development
Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Trademarks
Trademarks are amortised over their estimated useful economic life of 10 years.

Notes to the financial statements for the year ended 30 June 2011 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Land and buildings	2% - 10% straight line basis
Motor vehicles	33% straight line basis
Office equipment	10% - 33% straight line basis
Office furniture	12.5% - 20% straight line basis

Under the provisions of Financial Reporting Standard No 15 the company has capitalised costs which are directly attributable to the bringing the asset concerned into working condition for intended use. These costs amount to £681,236, which includes the initial cost of the acquisition of the property. No depreciation is provided on the asset under the course of construction until such time as development of the property is completed.

Investments
Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stock
Stocks are stated at the lower of cost and net realisable value and are determined on a first in first out basis. Cost of finished goods comprises materials, direct labour and attributable overheads. During the prior year the Company upgraded its systems and took the opportunity to move from an average cost basis to a first in first out basis, with no material impact on the valuation of stock. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

A deferred tax asset is regarded as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated on an undiscounted basis at the tax rates expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions
The company operates a defined contribution pension scheme on behalf of employees of the company. Payments made to the scheme are charged to the profit and loss account in the period to which they relate.

Notes to the financial statements for the year ended 30 June 2011 (continued)

1 Principal accounting policies (continued)

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses are recognised in the Foreign Exchange Reserve.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Hire purchase agreements
Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

	30 June 2011	30 June 2010
	£	£
United Kingdom	**28,892,109**	18,797,743
Other markets	**1,008,098**	720,594
	29,900,207	19,518,337

Information with regard to turnover and profit in the group's activities and a market analysis of turnover has not been given as, in the opinion of the Directors, it would be prejudicial to the interests of the group.

Notes to the financial statements for the year ended 30 June 2011 (continued)

3 Operating profit

	30 June 2011	30 June 2010
	£	£
Operating profit is stated after charging/(crediting):		
Auditor's remuneration - Audit services	**12,000**	10,750
Auditor's remuneration – Non audit services	**5,000**	1,250
Amortisation of goodwill	**257,269**	-
Depreciation of owned fixed assets	**276,936**	179,495
Depreciation of assets held under hire purchase agreements	**9,281**	76,365
Directors' emoluments	**812,971**	723,295
Profit on disposal of fixed assets	**(28,274)**	(29,128)
Research and development costs	**2,304,439**	2,154,174
Property operating lease costs	**134,643**	134,371
Net (gain)/loss on foreign currency translation	**(16,154)**	619

Notes to the financial statements for the year ended 30 June 2011 (continued)

4 Staff numbers and costs

	30 June 2011	30 June 2010
	£	£
Staff costs (including Directors)		
Wages and salaries	**6,577,631**	5,761,825
Social security costs	**655,620**	650,846
Other pension costs	**182,323**	153,564
	7,415,574	6,566,235
Directors' remuneration		
Aggregate emoluments	**812,971**	723,295
Aggregate pension contributions	**37,573**	33,893
Emoluments of highest paid director	**157,816**	120,813
Pension contributions of highest paid director	**-**	9,267

R Hammond also received fees of £6,000 during the year ended 30 June 2011 in respect of his role as Non Executive Director of Zonal Retail Data Systems Limited.

Average number of employees (including Directors) was:		
Administration	**41**	31
Manufacturing, installation and maintenance	**113**	108
Research and development	**38**	36
Total	**192**	175

Four directors (2010: 4) were accruing benefits under pension schemes at the year end.

5 Interest payable and similar charges

	30 June 2011	30 June 2010
	£	£
On loans	**-**	19,918
On hire purchase	**3,429**	7,862
Other interest	**-**	1,348
	3,429	29,128

Notes to the financial statements for the year ended 30 June 2011 (continued)

6 Interest receivable

	30 June 2011	30 June 2010
	£	£
Bank interest receivable	4,979	3,280
Other interest receivable	-	187
	4,979	3,467

7 Taxation

(a) Analysis of charge in the year	30 June 2011	30 June 2010
	£	£
In respect of the year:		
UK Corporation tax based on the results for the year at 27.5% (2010: 28%)	721,146	793,439
Over provision in prior year	(52,551)	(44,013)
	668,595	749,426
Deferred tax:		
Origination and reversal of timing differences (note 16)	85,000	12,000
Tax on profit on ordinary activities	753,595	761,426

Notes to the financial statements for the year ended 30 June 2011 (continued)

7 Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 27.5% (2010: 28%)

	30 June 2011	30 June 2010
	£	£
Profit on ordinary activities before taxation	**2,725,511**	2,621,860
Profit on ordinary activities by rate of tax	**749,515**	734,121
Effects of:		
Expenses not deductible for tax purposes	**56,283**	93,706
Capital allowances for year in excess of depreciation charge	**(47,084)**	(14,753)
Amounts not eligible to UK tax	**(28,371)**	(19,635)
Utilisation of tax losses brought forward on acquisition of subsidiary undertaking	**(9,197)**	-
Adjustments to tax charge in respect of previous periods	**(52,551)**	(44,013)
Total current tax	**668,595**	749,426

8. Dividends

Dividends on equity shares	30 June 2011	30 June 2010
	£	£
Paid during the year:		
Equity dividends on ordinary shares	**267,631**	-
Proposed after the year end (not recognised as a liability):		
Equity dividends on ordinary shares	**209,000**	-

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company, after tax and dividends, was £1,757,056 (2010: £1,779,605).

Notes to the financial statements for the year ended 30 June 2011 (continued)

10 Intangible assets

Group	Trademarks	Purchased goodwill	Total
	£	£	£
Cost			
At 30 June 2010	-	-	-
Acquired on purchase of subsidiary undertaking	36,350	-	36,350
Additions	-	637,098	637,098
At 30 June 2011	**36,350**	**637,098**	**673,448**
Amortisation			
At 30 June 2010	-	-	-
Acquired on purchase of subsidiary undertaking	27,925	-	27,925
Charge for year	3,446	257,269	260,715
At 30 June 2011	**31,371**	**257,269**	**288,640**
Net book value			
At 30 June 2011	**4,979**	**379,829**	**384,808**
Net book value			
At 30 June 2010	-	-	-

Notes to the financial statements for the year ended 30 June 2011 (continued)

10 Intangible assets (continued)

Company	Trademarks	Purchased goodwill	Total
	£	£	£
Cost			
At 30 June 2010	-	-	-
Transfers	36,350	316,544	352,894
At 30 June 2011	**36,350**	**316,544**	**352,894**
Amortisation			
At 30 June 2010	-	-	-
Transfers	31,371	-	31,371
At 30 June 2011	**31,371**	**-**	**31,371**
Net book value			
At 30 June 2011	**4,979**	**316,544**	**321,523**
Net book value			
At 30 June 2010	-	-	-

During the year, the group acquired the entire ordinary share capital of Freshnet Systems Limited. The trade, assets and liabilities of the acquired company were hived up to Zonal Retail Data Systems Limited on 30 June 2011. The carrying value of the investment in Freshnet Systems Limited was transferred to goodwill when the business was hived up. Prior to this transfer, £257,269 had been written off the cost of the investment. The assets acquired included systems development work which had been fully written down at the date of acquisition.

Net deficit on acquisition of Freshnet Systems Limited	£
Fixed assets	17,821
Debtors	368,716
Cash at bank	301,930
Creditors	(751,752)
Net deficit acquired	(63,285)
Goodwill	637,098
Satisfied by	
Cash (page 10)	**573,813**

Notes to the financial statements for the year ended 30 June 2011 (continued)

10 Intangible assets (continued)

In the opinion of the Directors, there were no material differences between the book value and fair value of the assets acquired.

11 Tangible assets

Group	Land and buildings	Motor vehicles	Office equipment	Office furniture	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost						
At 30 June 2010	3,873,773	676,925	541,163	1,503,344	-	6,595,205
Additions	-	311,379	163,437	26,795	681,236	1,182,847
Foreign currency loss	-	-	-	(7,290)	-	(7,290)
Reclassification	-	35,707	-	(35,707)	-	-
Acquired on purchase of subsidiary undertaking	-	-	147,640	27,455	-	175,095
Disposals	-	(160,819)	-	-	-	(160,819)
At 30 June 2011	**3,873,773**	**863,192**	**852,240**	**1,514,597**	**681,236**	**7,785,038**
Depreciation						
At 30 June 2010	464,884	453,447	499,798	1,323,938	-	2,742,067
Charge for year	49,968	163,973	41,748	30,528	-	286,217
Acquired on purchase of subsidiary undertaking	-	-	146,067	19,632	-	165,699
Reclassification	-	33,362	-	(33,362)	-	-
On disposals	-	(155,369)	-	-	-	(155,369)
At 30 June 2011	**514,852**	**495,413**	**687,613**	**1,340,736**	**-**	**3,038,614**
Net book value						
At 30 June 2011	**3,358,921**	**367,779**	**164,627**	**173,861**	**681,236**	**4,746,424**
Net book value						
At 30 June 2010	3,408,889	223,478	41,365	179,406	-	3,853,138

During the year, the company acquired the entire ordinary share capital of Freshnet Systems Limited. The trade, assets and liabilities of the acquired company were hived up to Zonal Retail Data Systems Limited on 30 June 2011.

Notes to the financial statements for the year ended 30 June 2011 (continued)

11 Tangible assets (continued)

Included within the net book value of £4,746,424 (2010: £3,853,138) is £783 (2010: £55,833) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,281 (2010: £76,365).

Company	Land and buildings	Motor vehicles	Office equipment	Office furniture	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost						
At 30 June 2010	3,873,773	676,925	541,163	1,279,914	-	6,371,775
Additions	-	235,810	163,437	25,316	681,236	1,105,799
Acquired on purchase of subsidiary undertaking	-	13,084	147,640	27,455	-	188,179
Disposals	-	(125,112)	-	-	-	(125,112)
At 30 June 2011	**3,873,773**	**800,707**	**852,240**	**1,332,685**	**681,236**	**7,540,641**
Depreciation						
At 30 June 2010	464,884	453,447	499,798	1,212,654	-	2,630,783
Charge for year	49,968	161,792	40,361	23,337	-	275,458
Acquired on purchase of subsidiary undertaking	-	2,181	147,454	20,506	-	170,141
On disposals	-	(122,007)	-	-	-	(122,007)
At 30 June 2011	**514,852**	**495,413**	**687,613**	**1,256,497**	**-**	**2,954,375**
Net book value						
At 30 June 2011	**3,358,921**	**305,294**	**164,627**	**76,188**	**681,236**	**4,586,266**
Net book value						
At 30 June 2010	3,408,889	223,478	41,365	67,260	-	3,740,992

During the year, the company acquired the entire ordinary share capital of Freshnet Systems Limited. The trade, assets and liabilities of the acquired company were hived up to Zonal Retail Data Systems Limited on 30 June 2011.

Included within the net book value of £4,586,266 (2010: £3,740,992) is £783 (2010: £55,833) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,281 (2010: £76,365).

Notes to the financial statements for the year ended 30 June 2011 (continued)

12 Investments

Group

Other investments	Country of registration	Class of shares held	30 June 2011 £	Provisions £	Repayments £	Additions £	30 June 2010 £
Exterity Limited	Scotland	Ordinary 5.2%	150,203	-	-	-	150,203
Siva Corporation Inc	USA	Ordinary 5.1%	-	-	-	-	-
Total			150,203	-	-	-	150,203

Company

Other investments	Country of registration	Class of shares held	30 June 2011 £	Provisions £	Repayments £	Additions £	30 June 2010 £
Exterity Limited	Scotland	Ordinary 5.2%	150,203	-	-	-	150,203
Siva Corporation Inc	USA	Ordinary 5.1%	-	-	-	-	-
Sub-total			150,203	-	-	-	150,203

Subsidiary undertakings

Holdings in subsidiaries, shown at cost adjusted for provisions and currency fluctuations, are as follows:

	Country of registration	Class of shares held	30 June 2011 £	Provisions £	Transfer £	Additions £	30 June 2010 £
Zonal Hospitality Systems Inc	USA	Common Paid in capital 100%	-	-	-	-	-
Freshnet Systems Limited	England	Ordinary 100%	2	-	(573,813)	573,815	-
			2	-	(573,813)	573,815	-
Loans to subsidiary undertakings							
Zonal Hospitality Systems Inc			-	(11,834)	-	11,834	-
Sub-total			-	(11,834)	-	11,834	-
Total			150,205	(11,834)	(573,813)	585,649	150,203

Notes to the financial statements for the year ended 30 June 2011 (continued)

12 Investments (continued)

Zonal Hospitality Systems Inc trades in United States of America as a supplier and installer of retail data systems for the hospitality industry.

During the year, the company acquired the entire ordinary share capital of Freshnet Systems Limited, a company which provides an online procurement system for the hospitality industry. The trade of the acquired company was hived up to Zonal Retail Data Systems Limited on 30 June 2011. Freshnet Systems Limited has ceased to trade.

13 Stocks

	Group		*Company*	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	£	£	**£**	£
Raw materials and consumables	**1,184,827**	891,120	**1,058,210**	891,120
Finished goods	**503,755**	700,630	**503,755**	509,257
	1,688,582	1,591,750	**1,561,965**	1,400,377

14 Debtors

	Group		*Company*	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	£	£	**£**	£
Amounts falling due within one year:				
Trade debtors	**6,187,060**	3,740,869	**5,996,813**	3,553,874
Amounts due by subsidiary undertaking (note 25)	**-**	-	**-**	110,056
Deferred tax asset (note 16)	**40,000**	125,000	**40,000**	125,000
Other debtors	**65,717**	3,212	**65,717**	7,612
Prepayments and accrued income	**484,650**	364,004	**484,650**	359,604
	6,777,427	4,233,085	**6,587,180**	4,156,146

Notes to the financial statements for the year ended 30 June 2011 (continued)

15 Creditors: amounts falling due within one year

	Group		*Company*	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	£	£	**£**	£
Hire purchase	**1,179**	56,696	**1,179**	56,696
Trade creditors	**3,186,119**	1,994,559	**3,133,345**	1,863,063
Other creditors	**162,163**	139,872	**202,019**	139,873
Corporation tax	**168,210**	749,426	**168,210**	749,426
Other taxes and social security	**680,027**	563,744	**672,522**	563,744
Accruals and deferred income	**4,360,798**	2,931,916	**4,244,694**	2,931,916
	8,558,496	6,436,213	**8,421,969**	6,304,718

Amounts due under hire purchase agreements are secured on the assets held under these agreements.

16 Deferred tax

Deferred taxation provided for in the financial statements is set out below. The asset has been provided for as it is anticipated that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. The deferred tax asset has been calculated using a tax rate of 26% (2010: 28%).

	Group		*Company*	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	£	£	**£**	£
Fixed asset timing differences	**27,000**	90,000	**27,000**	90,000
Profit and loss account movement arising in year	**13,000**	35,000	**13,000**	35,000
	40,000	125,000	**40,000**	125,000

Notes to the financial statements for the year ended 30 June 2011 (continued)

17 Called-up share capital

	30 June 2011	30 June 2010
	£	£
Authorised		
1,045 Ordinary shares of £1 each	**1,045**	1,045
Issued, called up and fully paid		
1,045 Ordinary shares of £1 each	**1,045**	1,045

18 Reconciliation of operating profit to cash inflow from operating activities

	30 June 2011	30 June 2010
	£	£
Operating profit	**2,723,961**	2,858,978
Depreciation charges	**286,217**	255,860
Amortisation of goodwill	**257,269**	-
Amortisation of trademarks	**3,446**	-
Foreign exchange movements	**(8,358)**	25,103
Profit on sale of tangible fixed assets	**(28,274)**	(29,128)
Increase in stocks	**(96,832)**	(292,148)
Increase in debtors	**(2,260,626)**	(640,370)
Increase in creditors	**2,007,265**	1,379,437
Net cash inflow from operating activities	**2,884,068**	3,557,732

19 Analysis of changes in funds

	At 1 July 2010	Cash Flows	Other Changes	At 30 June 2011
	£	£	£	£
Cash at bank and in hand	4,573,981	(108,349)	-	**4,465,632**
Hire purchase creditors	(56,696)	55,517	-	**(1,179)**
	4,517,285	(52,832)	-	**4,464,453**

Notes to the financial statements for the year ended 30 June 2011 (continued)

20 Reserves

Group	Foreign exchange reserve	Profit and loss account	Total
	£	£	£
At 1 July 2009	23,680	6,045,161	6,068,841
Profit for the year	-	1,860,434	1,860,434
Exchange differences arising on translation	35,624	-	35,624
At 1 July 2010	59,304	7,905,595	7,964,899
Profit for the year	-	**1,971,916**	**1,971,916**
Equity dividends paid	-	**(267,631)**	**(267,631)**
Exchange differences arising on translation	**(15,649)**	-	**(15,649)**
At 30 June 2011	**43,655**	**9,609,880**	**9,653,535**

Company	Profit and loss account
	£
At 1 July 2009	5,903,678
Profit for the year	1,779,605
At 1 July 2010	7,683,283
Equity dividends paid	**(267,631)**
Profit for the year	**1,757,056**
At 30 June 2011	**9,172,708**

Notes to the financial statements for the year ended 30 June 2011 (continued)

21 Reconciliation of movement in shareholders' funds

Group	30 June 2011	30 June 2010
	£	£
Profit for the financial year	1,971,916	1,860,434
Exchange differences arising on translation	(15,649)	35,624
Equity dividends paid	(267,631)	-
	1,688,636	1,896,058
Opening shareholders' funds	7,965,944	6,069,886
At 30 June 2011	9,654,580	7,965,944

Company	30 June 2011	30 June 2010
	£	£
Profit for the financial year	1,757,056	1,779,605
Equity dividends paid	(267,631)	-
	1,489,425	1,779,605
Opening shareholders' funds	7,684,328	5,904,723
At 30 June 2011	9,173,753	7,684,328

22 Capital commitments

At 30 June 2011 the group had commitments as follows:

Group	30 June 2011	30 June 2010
	£	£
Future capital expenditure contracted but not provided for	216,000	29,000

At 30 June 2011 the company had commitments as follows:

Company	30 June 2011	30 June 2010
	£	£
Future capital expenditure contracted but not provided for	216,000	29,000

Notes to the financial statements for the year ended 30 June 2011 (continued)

23 Commitments under operating leases

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as set out below:

Group	30 June 2011 Land and Buildings	30 June 2010 Land and Buildings
	£	£
Operating leases which expire:		
After 5 years	134,643	119,968

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below:

Company	30 June 2011 Land and Buildings	30 June 2010 Land and Buildings
	£	£
Operating leases which expire:		
After 5 years	134,643	119,968

24 Derivatives

The group has no financial instruments that fall to be classed as derivatives.

25 Related party transactions

Advantage has been taken of the exemption granted by Financial Reporting Standard No 8, Related Party Disclosures, not to report details of transactions with entities which are more than 100% controlled by a common parent undertaking.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard No 8.

26 Ultimate controlling party

In the opinion of the Directors, Morton Fraser Trustees Limited who were appointed on the 6 July 2010 as Trustees on behalf of the McLean Family Trust are considered to be the ultimate controlling party by virtue of the McLean Family Trust's majority shareholding in the company.