

Report of the Directors and
Audited Financial Statements for the Year Ended 30th June 2011
for
Vigilant Security (Scotland) Limited
Company Registration SC212151

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Vigilant Security (Scotland) Limited

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for the Year Ended 30th June 2011

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Vigilant Security (Scotland) Limited

Company Information
for the Year Ended 30th June 2011

DIRECTORS:

P Williamson
S Morley
J W E Percy
J Dunion

SECRETARY:

J Dunion

REGISTERED OFFICE:

Security House
23 Loganbarns Road
Dumfries
DG1 4BZ

REGISTERED NUMBER:

SC212151

AUDITORS:

Grant Thornton UK LLP
1-4 Atholl Crescent
Edinburgh
EH3 8LQ

SOLICITORS:

Shepherd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

BANKERS:

Lloyds Banking Group plc
110 St Vincent Street
Glasgow
G2 5ER
Scotland

Vigilant Security (Scotland) Limited

Report of the Directors
for the Year Ended 30th June 2011

The directors present their report with the financial statements of the company for the year ended 30th June 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of security personnel and services.

REVIEW OF BUSINESS

As in shown on page 4, the company declared a loss before tax of £157,098. Turnover increased 64% to £7,751,330. The directors are satisfied with this performance.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st July 2010 to the date of this report.

P Williamson
S Morley
J W E Percy

Other changes in directors holding office are as follows:

J Dunion - appointed 19th April 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 of the profit or loss of the company 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;
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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.

FUTURE DEVELOPMENTS

The Company has won significant new orders for manned guarding which will each increase in value throughout the next 12 months and the Directors have indicated that they expect a further increase in turnover for the year ending 30 June 2012.

FINANCIAL RISK MANAGEMENT

The Directors keep the Company's risk management as an agenda item and the Company's policies are constantly under review.

POLICY ON DISABLED PERSONS

The Company is an equal opportunities employer and the Directors review the recruitment policy of the Company to ensure there is no discrimination in the selection process.

EMPLOYEE INFORMATION

The Company ensures that all employees are appropriately briefed on the Company's performance and policies on a regular basis.

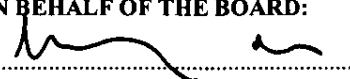
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

During the year BDO LLP resigned as auditors and Grant Thornton UK LLP were appointed to fill the casual vacancy. A resolution proposing the re-appointment of Grant Thornton UK LLP will be put to the shareholders at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


S Morley - Director

Date: 22.11.11

Independent auditor's report to the members of Vigilant Security (Scotland) Limited

We have audited the financial statements of Vigilant Security (Scotland) Limited for the year ended 30th June 2011 which comprise the profit and loss account, the balance sheet and the related notes. 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 2, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2011 and of its loss 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As discussed more fully in note 1, the Directors have considered the financing requirements of the business over the next 12 to 18 months. They have identified that the business may require additional finance facilities in that period and whilst the Directors have had discussions with potential financiers and believe they will be able to secure the necessary funding for the group activities, these discussions have not yet been concluded.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

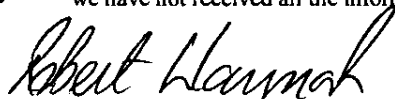
Opinion on other matter prescribed by the Companies Act 2006

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.

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 financial statements are not 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.



Robert Hannah
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Edinburgh
[DATE] 22/11/11

Vigilant Security (Scotland) Limited

Profit and Loss Account
for the Year Ended 30th June 2011

	Notes	2011 £	2010 £
TURNOVER	2	7,751,330	4,730,206
Cost of sales		<u>(6,677,798)</u>	<u>(3,615,266)</u>
GROSS PROFIT		1,073,532	1,114,940
Administrative expenses		<u>(1,164,111)</u>	<u>(926,981)</u>
		(90,579)	187,959
Other operating income		<u>-</u>	<u>375</u>
OPERATING (LOSS)/PROFIT	4	(90,579)	188,334
Interest payable and similar charges	5	<u>(66,519)</u>	<u>(48,510)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(157,098)	139,824
Tax on (loss)/profit on ordinary activities	6	<u>(24,336)</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>(181,434)</u></u>	<u><u>139,824</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

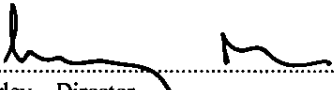
The company has no recognised gains or losses other than the (losses)/profits for the current year or previous year.

The notes form part of these financial statements

Vigilant Security (Scotland) Limited**Balance Sheet****30th June 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	<u>171,081</u>	<u>197,166</u>
CURRENT ASSETS			
Debtors	8	1,719,574	1,567,009
CREDITORS			
Amounts falling due within one year	9	<u>(1,500,966)</u>	<u>(1,174,277)</u>
NET CURRENT ASSETS		<u>218,608</u>	<u>392,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		389,689	589,898
CREDITORS			
Amounts falling due after more than one year	10	(26,826)	(32,824)
Provisions	12	<u>(7,223)</u>	<u>-</u>
		<u>355,640</u>	<u>557,074</u>
CAPITAL AND RESERVES			
Called up share capital	13	40,000	40,000
Revaluation reserve	14	-	20,000
Profit and loss account	14	<u>315,640</u>	<u>497,074</u>
SHAREHOLDER'S FUNDS	17	<u>355,640</u>	<u>557,074</u>

The financial statements were approved and authorised for issue by the Board of Directors on 22 NOVEMBER 2011 and were signed on its behalf by:


.....
S Morley – Director
Company Number SC212151

The notes form part of these financial statements

Vigilant Security (Scotland) Limited
Notes to the Financial Statements
for the Year Ended 30th June 2011

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis. The Company is dependent on Croma Group plc (the 'Group'), of which the company is a subsidiary, and the ongoing provision of its own finance arrangements to continue to operate as a going concern.

The financial statements have been prepared on a going concern basis. The Company's activities are funded by Croma Group plc (the 'Group'), of which the company is a subsidiary, and the ongoing provision of its own finance arrangements to continue to operate as a going concern.

In the preparation of the financial statements, on a going concern basis, the directors have reviewed the cash flow forecasts and working capital requirements of the company for the 12 month period from the date of approval of these financial statements. The company is reliant on the financial support of its parent company, which has undertaken to provide such support for at least 12 months from the date of approval of these financial statements.

The Company and Group's activities are funded by a combination of long term equity capital, convertible loan notes, and short term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading and primarily invoice discounting facilities.

In considering the ability of the Company and Group to meet its obligations as they fall due, the directors have considered the following matters: the expected trading and cash requirements of the group, the level of overheads likely to accrue, the repayment of creditors and the potential cash outflows associated with the Group's convertible loan notes which are repayable between December 2012, January 2013 and February 2013.

The Directors have considered a range of scenarios in respect of each of these variables. Most of these scenarios indicate that the Directors will have to raise some additional finance during the year, although the level of funding required is highly dependent on the assumptions within each scenario. At the date of signing these financial statements the additional finance has not been secured. The Directors have had discussions with potential funders and believe they will be able to secure the necessary finance.

From a trading perspective, whilst there are inevitable pressures from the current general economic climate, the Board remains positive about the retention and outlook of the Group's main trading operations. The full year effect of recent contract wins across the group has been factored into the Board's profit and cash flow projections. The invoice discounting and overdraft facilities fall due for review on 30 September 2012.

In consideration of the potential cash outflows associated with the convertible loan notes, the holders of the loan notes have the option to either convert their debt into equity in the Group or repayment in cash on the due dates. Given the current share price the Directors consider it is unlikely that the debt will be converted into shares. The redemption profile is as follows:

£400,000 on 20 December 2012

£120,000 on 20 December 2012

£200,000 on 29 January 2013

£100,000 on 28 February 2013

The Board maintains a close working relationship with the holders of these loans and expects to discuss maturity options with the loan note holders in the near future and have obtained indications of a willingness to enter into such negotiations from the note holders.

The Directors are confident that adequate funds will be raised to fund the creditors' repayments, redemption or redemption dates deferred; however, there can be no guarantee that these funds will be raised or redemption dates deferred.

The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate and/or the funding available from invoice discounting and the overdraft was not available. Furthermore, the reliance by the Group to raise additional funding to finance the repayment of creditors or the loan note redemption or to successfully negotiate the redemption date of its loan notes indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity are debited direct to equity.

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

Financial Reporting Standard Number 1

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a cashflow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Croma Group plc and the company is included in consolidated financial statements.

Turnover

The income of the Company is recognised from two main sources. Security personnel services are recognised in the month in which the work is carried out for the client. Keyholding income is recognised in equal instalments over the period of the contract. Amounts receivable for services are recognised net of VAT and trade discounts.

Goodwill

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Plant and machinery	- 25% on cost
Fixtures & Fittings	- 33% on cost
Office Equipment	- 15% on cost
Motor vehicles	- 25% on cost
Uniforms	- 100% on cost

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Deferred tax

UK corporation tax is provided at amounts expected to be paid or recovered using the applicable tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date only to the extent that, in the opinion of the directors, there is a reasonable possibility that a liability or asset will crystallise in the foreseeable future. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Foreign currencies

Foreign currency transactions are translated at the rate ruling when they occur. Foreign currency assets and liabilities are translated at the year-end spot rate. Any differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term and depreciated over the shorter of the assets useful economic life or the lease term, the corresponding lease commitments are shown as obligations to the lessor. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Vigilant Security (Scotland) Limited

Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

3. STAFF COSTS

	2011 £	2010 £
Wages and salaries	6,430,135	3,508,772
Social security costs	<u>613,715</u>	<u>323,751</u>
	<u>7,043,850</u>	<u>3,832,523</u>

The average monthly number of employees during the year was as follows:

	2011	2010
Direct employees	292	221
Management and administration	<u>12</u>	<u>11</u>
Employees (including directors)	<u>304</u>	<u>232</u>

	2011 £	2010 £
Directors' remuneration	<u>253,355</u>	<u>159,333</u>
Highest paid director	<u>127,773</u>	<u>110,951</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2011 £	2010 £
Hire of plant and machinery	9,121	9,121
Depreciation - owned assets	91,256	24,319
Depreciation - assets on hire purchase contracts	17,745	16,991
Loss on disposal of fixed assets	3,686	6,706
Auditors' remuneration	6,250	9,500
Auditors' remuneration for tax services.	<u>1,500</u>	<u>1,575</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank interest	5,227	360
Debt factor interest	58,933	45,938
Hire purchase	<u>2,359</u>	<u>2,212</u>
	<u>66,519</u>	<u>48,510</u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

6. TAXATION

	2011 £	2010 £
Domestic current year tax:		
UK corporation tax	-	-
Adjustment for prior periods	17,113	-
Deferred tax		
Capital allowances in excess of depreciation	<u>7,223</u>	<u>-</u>
Current tax charge	<u><u>24,336</u></u>	<u><u>-</u></u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

(Loss)/profit before taxation	<u><u>(157,098)</u></u>	<u><u>139,824</u></u>
Profit multiplied by the standard rate of taxation of 27.5% (2010: 28%)	(43,202)	39,151
Effects of:		
Disallowed expenditure	12,584	-
Depreciation in excess of capital allowances	5,291	-
Losses Carried Back	5,763	
Group relief surrendered	19,564	(39,151)
Adjustment to tax charge for previous periods	<u>17,113</u>	<u>-</u>
Total tax charge	<u><u>17,113</u></u>	<u><u>-</u></u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st July 2010	56,035	71,349	9,458
Additions	-	24,978	250
At 30th June 2011	<u>56,035</u>	<u>96,327</u>	<u>9,708</u>
DEPRECIATION			
At 1st July 2010	5,637	29,830	4,481
Charge for year	19,014	21,450	789
Eliminated on disposal	-	-	-
At 30th June 2011	<u>24,651</u>	<u>51,280</u>	<u>5,270</u>
NET BOOK VALUE			
At 30th June 2011	<u>31,384</u>	<u>45,047</u>	<u>4,438</u>
At 30th June 2010	<u>50,398</u>	<u>41,519</u>	<u>4,977</u>
	Motor Vehicles £	Uniforms £	Totals £
COST			
At 1st July 2010	98,294	55,820	290,956
Additions	19,313	43,061	87,602
Disposals	(16,819)	-	(16,819)
At 30th June 2011	<u>100,788</u>	<u>98,881</u>	<u>361,739</u>
DEPRECIATION			
At 1st July 2010	34,989	18,853	93,790
Charge for year	17,151	50,597	109,001
Eliminated on disposal	(12,133)	-	(12,133)
At 30th June 2011	<u>40,007</u>	<u>69,450</u>	<u>190,658</u>
NET BOOK VALUE			
At 30th June 2011	<u>60,781</u>	<u>29,431</u>	<u>171,081</u>
At 30th June 2010	<u>63,305</u>	<u>36,967</u>	<u>197,166</u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st July 2010	70,980
Additions	<u>15,563</u>
At 30th June 2011	<u>86,543</u>
DEPRECIATION	
At 1st July 2010	13,414
Charge for year	<u>17,745</u>
At 30th June 2011	<u>31,159</u>
NET BOOK VALUE	
At 30th June 2011	<u>55,384</u>
At 30th June 2010	<u>57,566</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	1,489,425	1,416,352
Amounts owed by group companies	162,641	124,156
Other debtors	37,320	23,812
Corporation Tax	4,401	-
Prepayments	<u>25,787</u>	<u>2,689</u>
	<u>1,719,574</u>	<u>1,567,009</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loans and overdrafts	881,822	631,357
Hire purchase contracts (see note 11)	20,547	18,672
Trade creditors	50,771	36,308
Amounts owed to group companies	34,938	-
Social security and other taxes	398,547	418,632
Prepaid income	5,546	7,137
Accrued expenses	88,867	62,171
Other Creditors	<u>19,928</u>	<u>-</u>
	<u>1,500,966</u>	<u>1,174,277</u>

The company's bankers hold a charge over the assets of the company, by way of a bond and floating charge in respect of the overdraft facility, and also a charge against the debtors ledger in respect of the invoice discounting facility, the liability for which, £797,998 (2010: £570,411), is included in bank loans and overdrafts.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Hire purchase contracts (see note 11)	<u>26,826</u>	<u>32,824</u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2011 £	2010 £
Net obligations repayable:		
Within one year	20,547	18,672
Between one and five years	<u>26,826</u>	<u>32,824</u>
	<u>47,373</u>	<u>51,496</u>

12. PROVISIONS

Deferred tax in respect of capital allowances in excess of depreciation:		
	2011 £	2010 £
At 1 July 2010	-	-
Accelerated capital allowances	<u>7,223</u>	<u>-</u>
At 30 June 2011	<u>7,223</u>	<u>-</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
40,000	Ordinary	£1	
			2011 £
			2010 £
			<u>40,000</u>
			<u>40,000</u>

14. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1st July 2010	497,074	20,000	517,074
(Loss) for the year	(181,434)	-	(181,434)
Release of revaluation reserve	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
At 30th June 2011	<u>315,640</u>	<u>-</u>	<u>315,640</u>

15. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party is Croma Group plc, a company registered in England and Wales.

Croma Group PLC prepares group financial statements and copies can be obtained from Croma Group PLC, Emerald House, East Street, Epsom, Surrey KT17 1HS.

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2011

16. RELATED PARTY DISCLOSURES

Gerald McGill, who was finance director of the parent company, Croma Group PLC, is a partner in Farries, Kirk & McVean, chartered accountants, who provided Vigilant with management accounts and payroll bureau services during the year. During the year Farries, Kirk & McVean were paid £11,700 (2010: £11,175) for the provision of these services. The balance outstanding at the year-end was £420 (2010: £1,100). All transactions occur on an arm's length basis.

Lord James Percy, a director of the company, is also a director of Syon Park, a customer of the company. Total sales during the year amounted to £37,961 of which £3,654 was outstanding at the year-end.

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
(Loss)/profit for the financial year	(181,434)	139,825
Release of Revaluation Reserve	(20,000)	-
Net addition to shareholder's funds	(201,434)	139,825
Opening shareholder's funds	<u>557,074</u>	<u>417,249</u>
Closing shareholder's funds	<u>355,640</u>	<u>557,074</u>

18. COMMITMENTS UNDER OPERATING LEASES

The company had annual non-cancellable operating leases relating to plant & machinery as set out below

	2011 £	2010 £
Leases due within 1 year	-	1,048
Leases due 2- 5 years	<u>660</u>	<u>2,092</u>
Total	<u>660</u>	<u>3,140</u>