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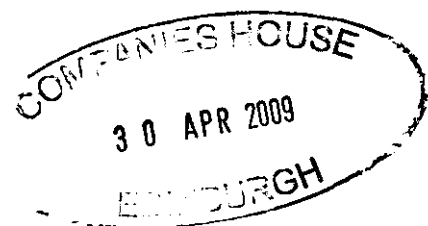
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PROSOURCE.IT (UK) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008



Company Registration Number SC242550

Tenon Limited
Accountants and Business Advisers
160 Dundee Street
Edinburgh
EH11 1DQ

PROSOURCE.IT (UK) LTD
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

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PROSOURCE.IT (UK) LTD
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 JUNE 2008

The board of directors	Craig Adams Alan Cowie Stephen Mackie Stewart Proctor
Company secretary	Stephen Mackie
Business address	1 Hilldowntree Business Centre Banchory Devenick Aberdeen AB12 5YL
Registered office	1 Hilldowntree Business Centre Banchory Devenick Aberdeen AB12 5YL
Auditor	Tenon Audit Limited Registered Auditor 160 Dundee Street Edinburgh EH11 1DQ
Accountants	Tenon Limited Accountants and Business Advisers 160 Dundee Street Edinburgh EH11 1DQ
Bankers	Clydesdale Bank plc 1 Queens Cross Aberdeen AB15 4XU
Solicitors	Paull & Williamsons Investment House 6 Union Row Aberdeen AB10 1DQ

PROSOURCE.IT (UK) LTD
THE DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2008

The directors present their report and the financial statements of the company for the year ended 30 June 2008.

Principal activities and business review

The principal activity of the company during the year was the supply of IT personnel and computer consultancy services.

Trading conditions during the year were relatively benign although our exposure to customers in the financial sector slowed our growth to 11.5%. Our business outside the financial sector increased by 28%, which is consistent with 2006-2007 when our non-financial sector business grew by 31%.

After our increased investment in core corporate services during 2006-2007, we were able to maintain net margin at 22%, with our overall profit also increasing by 11.5% on a like for like basis.

Along with a buoyant Oil & Gas sector, long term sales campaigns with two large organisations came to fruition to deliver a further 4 successive quarters of year-on-year quarter growth, bringing us to 20 consecutive quarters of continuous year-on-year quarter growth since the company was formed as a result of the merger of Promac and Outsource IT in June 2003.

In line with our revenue & profit growth, our workforce increased by just over 10% and, although cautious for the year ahead, we expect to continue to increase head count for the foreseeable future.

The current economic environment suggests that the next 12 months will be a period of uncertainty. Our business in the financial sector will continue to be limited and the recent downwards correction to the oil price will negatively impact discretionary IT infrastructure investments in the Oil & Gas sector. On the positive side our order book and portfolio balance are strong and we have customers in a broad spectrum of business sectors.

Our continual focus on managing our corporate overhead provides us with a competitive advantage compared with our traditional, larger rivals and we aim to use this period of corporate retrenchment as an opportunity to leverage our proven ability to deliver quality & value at lower cost. As such, despite the economic uncertainty, we are forecasting our sixth successive year of double digit growth.

One of the highlights of the past 12 months was the establishment of prosource.it in the US with the opening of a Houston presence. The operation is expected to break even in its first year and will enhance our ability to compete for international business and participate in global projects.

Results and dividends

The profit for the year, after taxation, amounted to £1,882,687. Particulars of dividends paid are detailed in note 8 to the financial statements.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its 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.

Directors

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

Craig Adams
Alan Cowie
Stephen Mackie
Stewart Proctor

PROSOURCE.IT (UK) LTD
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2008

Directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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; 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 proper accounting records which 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 1985. 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 auditor is aware of that information.

Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



A Cowie

Director

Approved by the directors on 2nd Feb 2009

PROSOURCE.IT (UK) LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROSOURCE.IT (UK) LTD
YEAR ENDED 30 JUNE 2008

We have audited the financial statements of Prosource.IT (UK) Ltd on pages 6 to 18 for the year ended 30 June 2008. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

PROSOURCE.IT (UK) LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROSOURCE.IT (UK) LTD *(continued)*
YEAR ENDED 30 JUNE 2008

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
160 Dundee Street
Edinburgh
EH11 1DQ

Date:- *23/4/09*

PROSOURCE.IT (UK) LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2008

	Note	2008 £	2007 £
Turnover	2	12,124,342	10,928,902
Cost of sales		(8,842,408)	(7,884,636)
Gross profit		<u>3,281,934</u>	<u>3,044,266</u>
Administrative expenses		(620,842)	(1,616,019)
Operating profit	3	<u>2,661,092</u>	<u>1,428,247</u>
Interest receivable		14,178	13,848
Interest payable and similar charges	6	–	(4,091)
Profit on ordinary activities before taxation		<u>2,675,270</u>	<u>1,438,004</u>
Tax on profit on ordinary activities	7	(792,583)	(430,688)
Profit for the financial year		<u><u>1,882,687</u></u>	<u><u>1,007,316</u></u>

All of the activities of the company are classed as continuing.

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

The notes on pages 9 to 18 form part of these financial statements.

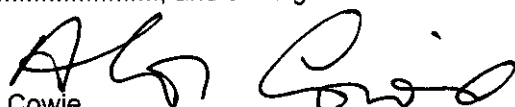
PROSOURCE.IT (UK) LTD

BALANCE SHEET

30 JUNE 2008

	Note	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	9		10,287		13,673
Investments	10		1,954		-
			<u>12,241</u>		<u>13,673</u>
Current assets					
Debtors	11	2,619,540		2,751,976	
Cash at bank		265,458		78,601	
		<u>2,884,998</u>		<u>2,830,577</u>	
Creditors: Amounts falling due within one year	12	<u>(1,815,874)</u>		<u>(1,725,198)</u>	
Net current assets			<u>1,069,124</u>		<u>1,105,379</u>
Total assets less current liabilities			<u>1,081,365</u>		<u>1,119,052</u>
Capital and reserves					
Called-up share capital	16		10,000		10,000
Share options reserve	17		17,384		11,346
Profit and loss account	18		1,053,981		1,097,706
Shareholders' funds	19		<u>1,081,365</u>		<u>1,119,052</u>

These financial statements were approved by the directors and authorised for issue on 2nd Feb 2009, and are signed on their behalf by:


A Cowie
Director

The notes on pages 9 to 18 form part of these financial statements.

PROSOURCE.IT (UK) LTD
CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		£	£
Net cash inflow from operating activities	20	2,539,154	1,259,271
Returns on investments and Servicing of finance			
Interest received		14,178	13,848
Interest paid		—	(4,091)
Net cash inflow from returns on investments and servicing of finance		14,178	9,757
Taxation		(433,052)	(568,953)
Capital expenditure			
Payments to acquire tangible fixed assets		(5,057)	(11,208)
Acquisition of investments		(1,954)	—
Net cash outflow from capital expenditure		(5,057)	(11,208)
Acquisitions and disposals			
Equity dividends paid		(1,926,412)	(669,973)
Increase in cash	20	<u>186,857</u>	<u>18,894</u>

The notes on pages 9 to 18 form part of these financial statements.

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents the invoiced value of employee placement services supplied by the company, net of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Tangible fixed assets are stated at cost, being purchase price, less depreciation.

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:

Plant & Machinery - 33% Straight Line

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.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund. The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1. Accounting policies (continued)

Deferred taxation

Deferred tax 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.

Deferred tax is calculated on an undiscounted basis at the tax rates that are 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.

No deferred tax asset is included in these financial statements as the sums involved are insignificant.

Share-based payments

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No expense is recognised for awards that do not ultimately vest provided vesting is not conditional on market related conditions.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

Investments

Investments are stated 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.

2. Turnover

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

An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	<u>12,124,342</u>	<u>10,928,902</u>

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

3. Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Equity-settled share-based payments	6,038	5,808
Depreciation of owned fixed assets	8,443	7,098
Auditor's remuneration	7,000	8,420
Operating lease costs:		
-Property	122,435	40,567
-Equipment	518	-
	<u> </u>	<u> </u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of administrative staff	6	7
Number of commercial staff	2	2
Number of operational staff	84	72
	<u>92</u>	<u>81</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	3,750,543	4,044,547
Social security costs	421,481	453,645
Other pension costs	127,625	79,228
	<u>4,299,649</u>	<u>4,577,420</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	246,922	1,211,575
Value of company pension contributions to money purchase schemes	8,448	9,570
	<u>255,370</u>	<u>1,221,145</u>

Emoluments of highest paid director:

	2008	2007
	£	£
Total emoluments (excluding pension contributions)	<u>64,693</u>	<u>381,590</u>

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

5. Directors' emoluments (continued)

The number of directors on whose behalf the company made pension contributions was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>4</u>	<u>5</u>

6. Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>4,091</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2008	2007
	£	£
UK Corporation tax	792,244	432,713
Under/(over) provision in prior year	<u>339</u>	<u>(2,025)</u>
	<u>792,583</u>	<u>430,688</u>

(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 28% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>2,675,270</u>	<u>1,438,004</u>
Profit on ordinary activities by rate of tax	749,076	431,401
Effects of:		
Expenses not deductible for tax purposes	2,293	2,729
Capital allowances for year in excess of depreciation	522	5
Tax chargeable at higher/(lower) rates	40,353	(1,422)
Adjustments to tax charge in respect of previous periods	<u>339</u>	<u>(2,025)</u>
Total current tax (note 7(a))	<u>792,583</u>	<u>430,688</u>

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

8. Dividends

Equity dividends

	2008 £	2007 £
Paid during the year:		
Equity dividends on ordinary shares type 'A'	1,240,974	448,900
Equity dividends on ordinary shares type 'B'	685,438	221,073
	<u>1,926,412</u>	<u>669,973</u>

9. Tangible fixed assets

	Plant & Machinery £
Cost	
At 1 July 2007	37,493
Additions	5,057
At 30 June 2008	<u>42,550</u>
Depreciation	
At 1 July 2007	23,820
Charge for the year	8,443
At 30 June 2008	<u>32,263</u>
Net book value	
At 30 June 2008	<u>10,287</u>
At 30 June 2007	<u>13,673</u>

10. Investments

Fixed Asset Investments

	£
Cost	
Additions	1,954
At 30 June 2008	<u>1,954</u>
Net book value	
At 30 June 2008	<u>1,954</u>
At 30 June 2007	<u>-</u>

On 17 June 2008 the company purchased 93% of a newly incorporated US company, Prosource.IT Inc. This company commenced trading in the US subsequent to 30 June 2008.

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

11. Debtors

	2008 £	2007 £
Trade debtors	2,555,284	2,737,634
Other debtors	24,523	–
Prepayments and accrued income	39,733	14,342
	<u>2,619,540</u>	<u>2,751,976</u>

12. Creditors: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	261,150	214,900
Corporation tax	792,244	432,713
PAYE and social security	118,770	220,201
VAT	411,366	338,111
Other creditors	20,637	1,489
Directors' current accounts	–	47
Accruals and deferred income	211,707	517,737
	<u>1,815,874</u>	<u>1,725,198</u>

13. Share-based payments

Equity-settled share-based payments

The company has a share option scheme for all employees (including directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting condition for employees is that they must be an eligible employee, and have neither given nor received notice of termination of their employment, up until the vesting date which is the earlier of:

- I. The date falling thirty days prior to the tenth anniversary of the last date of execution hereof or
- II. The date falling thirty days prior to the completion date of the disposal or III. On such date as the board determine at their sole discretion.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

97,008 share options are outstanding at the year end, with a weighted average exercise price (WAEP) of £8.41.

	2008		2007	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	81,413.00	6.75	71,786.00	5.92
Granted during the year	15,595.00	17.09	9,627.00	12.97
Outstanding at the end of the year	<u>97,008.00</u>	8.41	<u>81,413.00</u>	6.75

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

13. Share-based payments (continued)

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2007 – 8 years) and have the following exercise prices:

Expiry date	Exercise price £	2008 No	2007 No
15 December 2014	5.55	61,286	61,286
27 April 2016	8.07	10,500	10,500
28 February 2017	12.97	9,627	9,627
19 May 2018	17.09	15,595	-
		<u>97,008</u>	<u>81,413</u>

In the year ended 30 June 2008, options were granted on 19 May 2008. The estimated fair value of the options granted on that date was £36,779. In the year ended 30 June 2007, options were granted on 28 February 2007. The estimated fair value of the options granted on that date was £17,638.

The fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2008	2007
Weighted average share price - £	17.00	13.00
Weighted average exercise price - £	17.00	13.00
Expected volatility - %	53.00	53.00
Expected life - years	8.00	8.00
Risk free rate - %	4.50	5.01
Expected dividend yield - %	<u>13.00</u>	<u>13.00</u>

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

14. Commitments under operating leases

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & buildings £	Other items £	Land & buildings £	Other items £
Operating leases which expire:				
Within 1 year	86,298	-	72,913	518
Within 2 to 5 years	<u>25,000</u>	-	<u>15,000</u>	-
	<u>111,298</u>	-	<u>87,913</u>	<u>518</u>

PROSOURCE.IT (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

15. Related party transactions

Craig Adams, a director and shareholder of the company, is also a director of the company Seven Two Nine Seven LLP t/a The Moorings Bar. The company made sales of £25 (2007: £116) to this company during the year. The company was supplied good and services totalling £1,302 (2007: £742) from this company during the year.

Craig Adams, was in receipt of loans from the company to the amount of £30,000 (2007: £234,000) during the year. At the year end Craig Adams was due £Nil (2007: £2) by the company. The highest balance outstanding during the year was £29,998 (2007: £99,998).

Alan Cowie, a director and shareholder of this company, was in receipt of loans from the company to the amount of £Nil (2007: £127,800) during the year. At the year end Alan Cowie was due £Nil (2007: £Nil) to the company. The highest balance outstanding during the year was £Nil (2007: £129,930)

Steve Mackie, a director and shareholder of this company, was in receipt of loans from the company to the amount of £Nil (2007: £370,000) during the year. During the year Steve Mackie made loans to the company to the amount of £200,000 (2007: £Nil). At the year end Steve Mackie was due £Nil (2007: £23) by the company. The highest balance outstanding during the year was £125,000 (2007: £220,000).

Stewart Proctor, a director and shareholder of this company, was in receipt of loans from the company to the amount of £Nil (2007: £370,000) during the year. During the year Stewart Proctor made loans to the company to the amount of £200,000 (2007: £Nil). At the year end Stewart Proctor was due £Nil (2007: £23) by the company. The highest balance outstanding during the year was £125,000 (2007: £220,000).

16. Share capital

Authorised share capital:

	2008 £	2007 £
670,000 Ordinary Class 'A' shares of £0.01 each	6,700	6,700
330,000 Ordinary Class 'B' shares of £0.01 each	3,300	3,300
100,000 Ordinary Class 'C' shares of £0.01 each	1,000	1,000
	<u>11,000</u>	<u>11,000</u>

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
Ordinary Class 'A' shares of £0.01 each	670,000	6,700	670,000	6,700
Ordinary Class 'B' shares of £0.01 each	330,000	3,300	330,000	3,300
	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>

The 'A', 'B' and 'C' ordinary shares rank equally in all respects, except that in addition the 'C' shares do not carry voting rights and are subject to the rules of the Enterprise Management Incentive Scheme.

PROSOURCE.IT (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

17. Share options reserve

	2008	2007
	£	£
Balance brought forward	11,346	5,538
Recognition of equity-settled share-based payments in the year (note 13)	6,038	5,808
Balance carried forward	<u>17,384</u>	<u>11,346</u>

18. Profit and loss account

	2008	2007
	£	£
Balance brought forward	1,097,706	760,363
Profit for the financial year	1,882,687	1,007,316
Equity dividends	(1,926,412)	(669,973)
Balance carried forward	<u>1,053,981</u>	<u>1,097,706</u>

19. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	1,882,687	1,007,316
Equity dividends	(1,926,412)	(669,973)
Recognition of equity-settled share-based payments in the year (note 16)	6,038	5,808
Net (reduction)/addition to shareholders' funds	<u>(37,687)</u>	<u>343,151</u>
Opening shareholders' funds	1,119,052	775,901
Closing shareholders' funds	<u>1,081,365</u>	<u>1,119,052</u>

20. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£	£
Operating profit	2,661,092	1,428,247
Depreciation	8,443	7,098
Decrease/(increase) in debtors	132,436	(792,314)
(Decrease)/increase in creditors	(268,855)	610,432
Equity-settled share-based payments	6,038	5,808
Net cash inflow from operating activities	<u>2,539,154</u>	<u>1,259,271</u>

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20. Notes to the statement of cash flows *(continued)*

Reconciliation of net cash flow to movement in net funds

	2008	2007
	£	£
Increase in cash in the year	186,857	18,894
Movement in net funds in the year	<u>186,857</u>	<u>18,894</u>
Net funds at 1 July 2007	<u>78,601</u>	<u>59,707</u>
Net funds at 30 June 2008	<u>265,458</u>	<u>78,601</u>

Analysis of changes in net funds

	At		At
	1 July 2007	Cash flows	30 June 2008
	£	£	£
Net cash:			
Cash in hand and at bank	<u>78,601</u>	<u>186,857</u>	<u>265,458</u>
Net funds	<u>78,601</u>	<u>186,857</u>	<u>265,458</u>

21. Ultimate controlling party

In the opinion of the directors, the company has no ultimate controlling party.