Capito Holdings Limited

Report and financial statements

for the period ended 1 October 2008

Company registration number: SC304913

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Capito Holdings Limited

Directors and advisers for the period ended 1 October 2008

Directors
Alan Middleton
Charles Briggs
Ian Milligan (resigned 15 October 2008)
Allan Merrit
Ian Cameron (appointed 18 June 2008)
Stewart McQuillian (appointed 28 October 2008)

Secretary
Ian Cameron

Auditors
PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

Bankers
Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Solicitors
Maclay Murray & Spens
151 St Vincent Street
Glasgow
G2 5NJ

Registered Office
Caputhall Road
Deans
Livingston
EH54 8AS

Capito Holdings Limited

Directors' report for the period ended 1 October 2008

The directors of Capito Holdings Limited ("the Company") present their report and audited consolidated financial statements of the Company and its subsidiary undertaking ("the Group") for the period ended 1 October 2008.

Financial statements
The Company has changed its accounting reference date to 30 September. Financial statements have been prepared for the period ended 1 October 2008 with the comparative period from 4 July 2006, being the date of incorporation of the Company, to 31 March 2007.

Review of the business
The principal activity of Capito Holdings Limited is that of a holding company.

Share capital
The authorised share capital of the Company was increased on 1 October 2008 by £3,215.50 by the creation of an additional 8,967 ordinary shares of 10p each and 23,188 'A' ordinary shares of 10p each.

On 2 April 2007, 108 ordinary shares were issued for a cash consideration of £3,726. On 1 October 2008, 4,348 ordinary shares and 20,290 'A' ordinary shares were issued for a total net cash consideration of £825,021.

Results and dividends
The loss for the period, after taxation, was £1,114,356.

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Group are considered to be competition from ICT solutions providers and staff retention.

Financial risk management objectives and policies
The Company's principal financial instruments are cash, debt discounting, and general banking facilities, all of which are utilised to facilitate normal trading operations.

The main risks from the Company's financial instruments are credit and cash flow risk.

The Company mitigates credit risk by thorough credit vetting of clients prior to commencement of trade and periodically thereafter, systematic enforcement of credit limits and agreed payment terms and insuring of trade debt.

The Company mitigates cash flow risk by discounting debt with a third party to ensure sufficient funding to satisfy trade creditors as they fall due, enforcement of customer credit limits and agreed payment terms.

Key performance indicators
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Political and charitable contributions
During the period the Company made no charitable contributions.

Auditors and disclosure of information to auditors
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

On behalf of the Board



Ian Cameron
Company Secretary
30 January 2009

Statement of directors' responsibilities in respect of the financial statements

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 period. 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 Group and of the profit or loss of the Company and Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Ian Cameron
Company Secretary
30 January 2009

Independent auditors' report to the members of Capito Holdings Limited

We have audited the Group and parent company financial statements (the "financial statements") of Capito Holdings Limited for the period ended 1 October 2008 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 1 October 2008 and of the Group's loss and cash flows for the period 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
3 February 2009

Capito Holdings Limited

Consolidated profit and loss account for the period ended 1 October 2008

	Note	Period to 1 October 2008 £	Period to 31 March 2007 £
Turnover	1	**21,051,968**	8,513,380
Cost of sales		**(16,948,332)**	(6,633,419)
Gross profit		**4,103,636**	1,879,961
Administrative expenses		**(4,757,884)**	(1,266,862)
Operating (loss)/profit	2	**(654,248)**	613,099
Interest receivable		**1,887**	8,802
Interest payable and similar charges	5	**(588,614)**	(167,388)
(Loss)/profit on ordinary activities before taxation		**(1,240,975)**	454,513
Taxation on loss/(profit) on ordinary activities	6	**126,619**	(183,440)
Loss/(profit) for the financial period	18	**(1,114,356)**	271,073

The Group has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been provided.

All of the Group's operations are continuing.

Capito Holdings Limited

Balance sheets as at 1 October 2008

	Note	1 October 2008 Group £	1 October 2008 Company £	31 March 2007 Group £	31 March 2007 Company £
Fixed assets					
Intangible fixed assets – goodwill	7	**2,917,180**	**-**	3,179,864	-
Tangible fixed assets	8	**294,852**	**-**	320,513	-
Investment in subsidiary undertakings	9	**-**	**5,050,297**	-	5,050,297
		3,212,032	**5,050,297**	3,500,377	5,050,297
Current assets					
Stocks	10	**124,530**	**-**	287,537	-
Debtors	11	**4,341,251**	**-**	5,890,958	-
Cash at bank and in hand		**830,902**	**830,902**	-	336
		5,296,683	**830,902**	6,178,495	336
Creditors: amounts falling due within one year	12	**(5,595,095)**	**(2,685,066)**	(5,814,788)	(1,553,903)
Net current (liabilities)/assets		**(298,412)**	**(1,854,164)**	363,707	(1,553,567)
Total assets less current liabilities		**2,913,620**	**3,196,133**	3,864,084	3,496,730
Creditors: amounts falling due after more than one year	13	**(2,583,156)**	**(2,583,156)**	(3,222,790)	(3,222,790)
Provisions for liabilities and charges					
Deferred taxation	16	**-**	**-**	(25,221)	-
Net assets		**330,464**	**612,977**	616,073	273,940
Capital and reserves					
Called up share capital	17/18	**3,473**	**3,473**	998	998
Share premium account	18	**1,170,274**	**1,170,274**	344,002	344,002
Profit and loss account	18	**(843,283)**	**(560,770)**	271,073	(71,060)
Shareholders' funds	18	**330,464**	**612,977**	616,073	273,940

The financial statements on pages 7 to 22 were approved by the board of directors on 30 January 2009 and were signed on its behalf by:

Charles Briggs
Director

Capito Holdings Limited

Consolidated cash flow statement for the period ended 1 October 2008

	Note	Period to 1 October 2008 £	Period to 31 March 2007 £
Net cash inflow from operating activities	2(b)	**1,145,378**	789,670
Returns on investments and servicing of finance			
Interest received		**1,887**	8,802
Interest paid		**(588,614)**	(167,388)
Net cash outflow from returns on investments and servicing of finance		**(586,727)**	(158,586)
Taxation (paid)/received		**(528,259)**	2,146
Capital expenditure and financial investment			
Disposal of tangible fixed assets		**5,699**	-
Purchase of tangible fixed assets		**(120,647)**	(41,881)
Net cash outflow for capital expenditure and financial investment		**(114,948)**	(41,881)
Acquisitions			
Purchase of trade and assets		-	(58,000)
Purchase of subsidiary undertaking		-	(5,050,297)
Net overdrafts acquired with subsidiary undertaking		-	(873,700)
Net cash outflow from acquisitions		-	(5,981,997)
Net cash outflow before financing		**(84,556)**	(5,390,648)
Financing			
Issue of ordinary share capital		**828,747**	345,000
Increase in invoice financing		**1,576,226**	305,029
(Decrease)/increase in borrowings		**(385,873)**	3,219,205
Net cash inflow from financing		**2,019,100**	3,869,234
Increase/(decrease) in cash		**1,934,544**	(1,521,414)
Reconciliation of net cash flow to movement in net debt	15		
Increase/(decrease) in cash		**1,934,544**	(1,521,414)
Increase in invoice financing		**(1,576,226)**	(305,029)
Movement in borrowings		**385,873**	(3,219,205)
Movement in Net debt in period		**744,191**	(5,045,648)

Capito Holdings Limited

Accounting policies

Accounting convention
The financial statements are prepared under the historical cost convention and in accordance with the Companies Act and applicable Accounting Standards in the United Kingdom.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 1 October 2008. Goodwill arising on acquisitions represents the premium between the purchase consideration and the fair value of the separable net assets acquired, is included in the balance sheet as a fixed asset and is amortised on straight line basis over its useful economic life.

Fixed assets
Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and its intended use.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset over its expected useful life, at the following rates:

Plant and machinery	-	20% reducing balance
Motor vehicles	-	25% reducing balance
Office furniture and fittings	-	20% reducing balance
Office equipment	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks
Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Taxation
In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item. Tax, current and deferred, is calculated using tax rates and laws enacted or substantially enacted at the balance sheet date.

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Deferred taxation (continued)

Deferred tax is measured at the average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Capital issue costs

Issue costs relating to bank loans and other forms of debt are initially deducted from the liability and subsequently written off to the profit and loss account over the term of the debt in line with Financial Reporting Standard No 4.

Capito Holdings Limited

Notes to the financial statements for the period ended 1 October 2008

1. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is recognised at the point at which the risks and rewards of ownership are transferred to the third party.

Turnover is attributable to one continuing activity, the sale of hardware, software and related services and relates to sales in the United Kingdom.

2. Profit on ordinary activities before taxation

(a) This is stated after charging:

	Period to 1 October 2008 £	Period to 31 March 2007 £
Depreciation of owned fixed assets	**142,471**	47,172
Goodwill amortisation	**262,685**	152,603
Auditor's remuneration:		
- Audit services	**33,534**	19,500
- Non audit services	**8,000**	6,000
Hire of plant, machinery and vehicles	**103,531**	45,883

(b) Reconciliation of operating (loss)/profit to net cash inflow from operating activities:

Operating (loss)/profit	**(654,248)**	613,099
Depreciation	**142,471**	47,172
Amortisation of goodwill	**262,684**	152,603
Amortisation of debt issue costs	**12,906**	3,585
Decrease in stocks	**163,007**	48,616
Gain on disposal of fixed assets	**(1,862)**	-
Decrease/(increase) in debtors	**1,816,907**	(1,663,160)
(Decrease)/increase in creditors	**(596,487)**	1,587,755
Net cash inflow from continuing operating activities	**1,145,378**	789,670

3. Directors' emoluments

	Period to 1 October 2008 £	Period to 31 March 2007 £
Emoluments	**577,255**	137,275
Contributions to defined contribution pension scheme	**25,410**	7,850
	602,665	145,125

Defined pension scheme contributions were paid during the period in respect of 4 directors (2007: 3 directors).

4. Staff costs

	Period to 1 October 2008 £	Period to 31 March 2007 £
Wages and salaries	**6,551,684**	1,404,654
Social security costs	**683,695**	150,888
Other pension costs	**117,920**	26,903
	7,353,299	1,582,445

The average weekly number of employees during the period was as follows:

By activity	Period to 1 October 2008 Number	Period to 31 March 2007 Number
Administration	**29**	24
Sales/technical	**106**	79
	135	103

5. Interest payable and similar charges

	Period to 1 October 2008 £	Period to 31 March 2007 £
Bank overdraft interest	**131,707**	1,956
Invoice finance fees	**80,018**	46,399
Loan interest	**376,889**	105,974
Other interest	-	13,059
	588,614	167,388

6. Tax on profit on ordinary activities

(a) The tax (credit)/charge is made up as follows:

	Period to 1 October 2008 £	Period to 31 March 2007 £
Current tax:		
UK corporation tax on (losses)/profits of the period	**(88,789)**	190,933
Adjustments in respect of previous periods	**8,291**	-
Total current tax (credit)/charge	**(80,498)**	190,933
Deferred tax:		
Origination and reversal of timing differences	**(44,440)**	(7,493)
Changes in tax rates or laws	**(1,681)**	-
Total deferred tax credit	**(46,121)**	(7,493)
Tax on (loss)/profit on ordinary activities	**(126,619)**	183,440

6. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax (credit)/charge for the period:

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 29.33% (2007: 30%). The differences are reconciled below:

	Period to 1 October 2008 £	Period to 31 March 2007 £
(Loss)/profit on ordinary activities before tax	**(1,240,975)**	454,513
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.33% (2007: 30%):	**(364,019)**	136,354
Disallowed expenses and non taxable income	**93,931**	47,086
Capital allowances in excess of depreciation	**7,465**	7,493
Other timing differences	**173,834**	-
Adjustments in respect of previous periods	**8,291**	-
Current tax (credit)/charge for the period	**(80,498)**	190,933

7. Intangible fixed assets

Group	**Purchased goodwill** £	**Goodwill arising on consolidation** £	**Goodwill** £
Cost			
At 1 April 2007 and 1 October 2008	**30,000**	**3,302,467**	**3,332,467**
Amortisation			
At 1 April 2007	15,000	137,603	152,603
Charge for period	15,000	247,684	262,684
At 1 October 2008	**30,000**	**385,287**	**415,287**
Net book value			
At 1 October 2008	**-**	**2,917,180**	**2,917,180**

8. Tangible fixed assets

Group	Furniture, fittings & office equipment £	Plant and equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2007	699,024	23,745	44,508	767,277
Additions	112,996	-	7,850	120,846
Disposals	(308)	-	(25,039)	(25,347)
At 1 October 2008	**811,712**	**23,745**	**27,319**	**862,776**
Depreciation				
At 1 April 2007	394,126	18,299	34,338	446,763
Charge for year	136,173	1,634	4,664	142,471
Disposals	(109)	-	(21,201)	(21,310)
At 1 October 2008	**530,190**	**19,933**	**17,801**	**567,924**
Net book value				
At 1 October 2008	**281,522**	**3,812**	**9,518**	**294,852**
At 31 March 2007	304,897	5,446	10,170	320,513

9. Investments

Company	Shares in subsidiaries £
Cost and net book value at 1 October 2008 and 31 March 2007	**5,050,297**

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Capito Limited	Scotland	683,780 ordinary shares of 10p each	100%	Provision of information and communication technology services

10. Stocks

	1 October 2008 Group £	1 October 2008 Company £	31 March 2007 Group £	31 March 2007 Company £
Finished goods and goods for resale	**124,530**	-	287,537	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. Debtors

	1 October 2008 Group £	1 October 2008 Company £	31 March 2007 Group £	31 March 2007 Company £
Due within one year:				
Trade debtors	**3,511,179**	-	5,404,191	-
Prepayments	**562,872**	-	486,767	-
Deferred tax asset (note 16)	**20,900**	-	-	-
Corporation tax recoverable	**246,300**	-	-	-
	4,341,251	-	5,890,958	-

12. Creditors: amounts falling due within one year

	1 October 2008		31 March 2007	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	**1,671,823**	**111,983**	1,623,344	-
Bank overdraft	**417,772**	-	1,521,414	-
Term loan	**266,667**	**266,667**	-	-
Inter-company payables	-	**2,203,063**	-	1,478,084
Current corporation tax	-	-	362,457	-
Other taxes and social security	**227,398**	-	221,008	-
VAT	**187,039**	-	774,018	-
Due under invoice finance agreement	**1,881,255**	-	305,029	-
Other creditors	**55,021**	**51,803**	55,021	51,803
Accruals and deferred income	**888,120**	**51,550**	952,497	24,016
	5,595,095	**2,685,066**	5,814,788	1,553,903

Interest is not charged on inter-company payable balances and there is no fixed repayment date

13. Creditors: amounts falling due more than one year

	1 October 2008		31 March 2007	
	Group	Company	Group	Company
	£	£	£	£
Loan stock	**1,755,000**	**1,755,000**	1,755,000	1,755,000
Term loan	**828,156**	**828,156**	1,467,790	1,467,790
	2,583,156	**2,583,156**	3,222,790	3,222,790

14. Loans and borrowings

	1 October 2008		31 March 2007	
	Group	**Company**	Group	Company
	£	**£**	£	£
Loan stock	**1,755,000**	**1,755,000**	1,755,000	1,755,000
Due under invoice finance agreement	**1,881,255**	**-**	305,029	-
Bank loans and overdraft	**681,693**	**263,921**	2,989,204	1,467,790
	4,317,948	**2,018,921**	5,049,233	3,222,790
Maturity of financial liabilities				
In one or less, or on demand	**1,734,792**	**(564,235)**	1,826,443	-
Between one and two years	**705,417**	**705,417**	-	-
Between two and five years	**1,877,739**	**1,877,739**	-	-
In more than five years	**-**	**-**	3,222,790	3,222,790
	4,317,948	**2,018,921**	5,049,233	3,222,790

The amount due under an invoice finance agreement is secured by a first charge over trade debtors. At 1 October 2008, the amount of debt due under an invoice finance agreement amounted to £1,881,255 (2007: £305,029). The Company has granted to its bankers a bond and floating charge over all of the assets of the Company.

15. Analysis of net debt

	At 1 April 2007	Cash flow	**At 1 October 2008**
	£	£	**£**
Bank balances and overdraft	(1,521,414)	1,934,544	**413,130**
Invoice finance	(305,029)	(1,576,226)	**(1,881,255)**
Loan stock	(1,755,000)	-	**(1,755,000)**
Bank loans	(1,467,790)	385,873	**(1,094,823)**
	(5,049,233)	744,191	**(4,317,948)**

16. Deferred taxation

Deferred tax (asset)/liability	1 October 2008 Group £	1 October 2008 Company £	31 March 2007 Group £	31 March 2007 Company £
Accelerated capital allowances	**(19,219)**	-	25,221	-
Changes in tax rates and law	**(1,681)**	-	-	-
Deferred tax (asset)/liability	**(20,900)**	-	25,221	-
Provision at start of period	**25,221**	-	-	-
On acquisition	**-**	-	32,714	-
Deferred tax release to the profit & loss account in the period	**(46,121)**	-	(7,493)	-
Deferred tax (asset)/liability at end of period	**(20,900)**	-	25,221	-

17. Share capital

	1 October 2008 £	31 March 2007 £
Authorised		
Ordinary shares of 10p	**1,558**	661
'A' ordinary shares of 10p	**2,739**	420
Allotted, called up and fully paid		
Ordinary shares of 10p	**1,024**	578
'A' ordinary shares of 10p	**2,449**	420

(a) Authorised share capital
On 30 September 2008, the authorised share capital was increased to £4,296.50, divided into 15,577 ordinary shares of 10p each and 27,388 'A' ordinary shares of 10p each by the creation of an additional 8,967 ordinary shares of 10p each and 23,188 'A' ordinary shares of 10p each.

(b) Issued share capital
On 2 April 2007, 108 ordinary shares were issued for a consideration of £3,726.
On 1 October 2008, 4,348 ordinary shares and 20,290 'A' ordinary shares were issued for a total net cash consideration of £825,021.

Holders of ordinary shares and 'A' ordinary shares shall be entitled to receive notice of, and attend and vote at, general meetings of the company.

18. Reconciliation of shareholders' funds and movements on reserves

Group	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2008	998	344,002	271,073	616,073
Issue of shares	2,475	826,272	-	828,747
Loss for the period	-	-	(1,114,356)	(1,114,356)
At 1 October 2008	**3,473**	**1,170,274**	**(843,283)**	**330,464**
Company				
At 1 April 2008	998	344,002	(71,060)	273,940
Issue of shares	2,475	826,272	-	828,747
Loss for the period	-	-	(489,710)	(489,710)
At 1 October 2008	**3,473**	**1,170,274**	**(560,770)**	**612,977**

19. Pension commitments

The Company operates defined contribution pension schemes for its directors and employees. The assets of the schemes are held separately from those of the Company in independently administered funds. There were no unpaid contributions outstanding at the period end (2007: £nil).

20. Other commitments

At 1 October 2008, the Group had the following annual commitments under non-cancellable operating leases;

	2008		2007	
	Land & buildings £	**Other operating leases £**	Land & buildings £	Other Operating leases £
Operating leases which expire:				
Within one year	**-**	**35,960**	15,159	64,636
In two to five years	**-**	**13,112**	-	66,046
Greater than five years	**110,000**	**-**	110,000	-
	110,000	**49,072**	125,159	130,682

21. Ultimate controlling party

From 1 October 2008, the ultimate parent undertaking and controlling party of the Company is Murray International Holdings Limited.