L.J. CREATE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2009

Registered no 941599

L.J. CREATE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2009

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The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activities

The principal activities of the company continue to be the manufacture, sale and distribution of electronic teaching equipment.

Results and dividends

The company made a profit for the financial year of £2,140,542 (2008: loss of £266,486).

The directors do not recommend the payment of a dividend.

Business review and future developments

The company has had an excellent twelve months, sales for the year were £10.08m (2008: £5.11m) giving a pre-tax profit of £2.89m (2008: loss before tax of £0.61m).

The increase in turnover has been due to;

- Overseas business, primarily from Kazakhstan;
- UK sales to schools and colleges where the increase has been largely due to sales of products specifically aimed at the new Engineering Diploma.

Currently, the situation in our markets is as follows:

In the USA business conditions continue to be difficult with limited education spending in the area of vocational studies. By the end of 2009 we anticipate that some indication on direction of education funding will come from the new administration.

In the UK we are expecting success with the recently released round of school funding for vocational diploma programmes. We are still unclear as to whether funds from the Building Schools for the Future projects will be applied to the areas of study that we address.

Further large overseas projects are anticipated but the timing of these orders remains difficult to predict with the current financial climate likely to slow progress in certain countries.

The cost cutting measures that we have been forced to take in the past 3-4 years have placed us in a strong position to weather the current business downturn. We confidently predict that we will be able to maintain a profitable operation over the coming 2-3 years, with our growth very much dependant on changes in USA education and on the rate of progress of the British government's 14-19 initiative.

Currently we operate with some 35% fewer staff than we employed just five years ago. The directors wish to commend all staff on the achievement of a record level of delivered sales in the past 12 months, despite their reduced numbers.

Key financial performance indicators

	2009	2008
Turnover (£)	**10,079,218**	5,111,501
Gross profit (£)	**6,674,294**	2,912,077
Gross margin (%)	**66.2%**	57.0%
Profit/(loss) before tax (£)	**2,893,414**	(609,534)

Financial risk management policies and objectives

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are also closely monitored to keep the risk of bad debts to a minimum.

The company uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, primarily interest rate risk and currency risk. The company finances its operations through a mixture of long and short term bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The company is exposed to transaction foreign exchange risk as a result of trading in overseas markets. The bulk of overseas sales are to LJ Technical Systems Inc, a fellow group undertaking based in the United States. Both the income and cost base of this company are in US$ and there is, therefore, a natural hedge over foreign exchange risk from the overall group perspective. Where an overseas contract is significant in value the directors may choose to hedge the foreign exchange risk by the use of forward currency contracts, although no such contracts were in force at any point during the year.

Research and development

The company commits resources to research and development to assist in securing its competitive position in chosen markets. The cost of research and development for the year is disclosed within note 2 to the financial statements.

Valuation of fixed assets

In the opinion of the directors, the market value of the freehold land and buildings at 31 March 2009 would exceed the book value included in the financial statements, but they are unable to quantify this excess in the absence of a full professional valuation.

Directors

The directors who held office during the year are as follows:

L J Rowe
T D Whiting
D T Breeze
S G Jones
C J Rowe
A J Whitely (resigned 24 October 2008)

L.J. CREATE LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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
- 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 that 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 each of the directors is 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

The company has passed an elective resolution dispensing with:

(a) The laying of financial statements and reports before the company in general meeting;

(b) the holding of an annual general meeting; and

(c) the obligation to appoint an auditor annually.

ON BEHALF OF THE BOARD

L J Rowe
Director
29 October 2009

GrantThornton

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF L.J. CREATE LIMITED

We have audited the financial statements of L.J. Create Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and 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).

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 report of the directors 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 report of the directors 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 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.

GrantThornton

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF L.J. CREATE LIMITED

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 31 March 2009 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 report of the directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

NORWICH

29 October 2009.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

The principal accounting policies of the company are set out below.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group, and consolidated financial statements in which the company is included are publicly available.

DEPRECIATION

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Freehold buildings	-	40 years
Office equipment and computers	-	5 years
Plant and machinery	-	5 years
Fixtures, fittings and equipment	-	5 years
Motor vehicles	-	5 years

Freehold land is not depreciated.

FINANCIAL 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 financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments 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 instruments are debited direct to equity.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are retranslated 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 prevailing at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

PENSION COSTS

The company operates an executive pension scheme and an employees pension scheme both of which are independently administered and are defined contribution schemes. The pension cost in the financial statements represents contributions payable by the company to the schemes in respect of the accounting period.

RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred.

LEASES

The cost of assets acquired on finance leases and hire purchase agreements are capitalised and written off over their estimated useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Operating lease rentals are charged to the profit and loss account in the year in which the expense is incurred.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Raw materials and other stocks are valued at cost on a first in first out basis. Work in progress is valued at cost of raw materials plus cost of manufacture. Finished goods and work in progress include a proportion of attributable overhead appropriate to the particular stage reached in the manufacturing process.

DEFERRED TAXATION

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Provision is not made for deferred tax assets unless there is a reasonable certainty of their recovery against future taxable profits. Deferred taxation balances are not discounted.

TURNOVER

Turnover represents sales to customers, at invoiced value less value added tax, made during the year. Turnover is recognised at the point that goods are despatched to the customer.

RELATED PARTIES

The company has taken advantage of the exemption available under Financial Reporting Standard 8 whereby companies which are 90% or more owned by another company, do not have to disclose transactions with group companies.

L.J. CREATE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	1	**10,079,218**	5,111,501
Cost of sales		**(3,404,924)**	(2,199,424)
Gross profit		**6,674,294**	2,912,077
Distribution costs		**(354,628)**	(377,924)
Administrative expenses		**(3,812,048)**	(3,140,389)
Other operating income	3	**385,660**	52,364
Operating profit/(loss)		**2,893,278**	(553,872)
Interest receivable and similar income	6	**17,684**	320
Interest payable and similar charges	7	**(17,548)**	(55,982)
Profit/(loss) on ordinary activities before taxation	2	**2,893,414**	(609,534)
Tax on profit/(loss) on ordinary activities	8	**(752,872)**	343,048
Profit/(loss) for the financial year	18	**2,140,542**	(266,486)

There are no recognised gains and losses other than those passing through the profit and loss account.

All items included in the profit and loss account are derived from continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

L.J. CREATE LIMITED COMPANY NO 941599

BALANCE SHEET AT 31 MARCH 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	9		**1,727,097**		1,760,381
Current assets					
Stocks and work in progress	10	**735,894**		649,155	
Debtors *	11	**1,618,465**		946,964	
Cash in hand and at bank		**1,075,669**		4,094	
		3,430,028		1,600,213	
Creditors: amounts falling due within one year	12	**(1,951,407)**		(2,291,710)	
Net current assets *			**1,478,621**		(691,497)
Total assets less current liabilities			**3,205,718**		1,068,884
Creditors: amounts falling due after more than one year	13		**(19,724)**		(23,432)
Net assets			**3,185,994**		1,045,452
Capital and reserves					
Called up equity share capital	17		**12,476**		12,476
Share premium account	18		**64,920**		64,920
Capital redemption reserve	18		**131,619**		131,619
Profit and loss account	18		**2,976,979**		836,437
Equity shareholder's funds	19		**3,185,994**		1,045,452

* Debtors and net current assets include amounts receivable after more than one year of £762,297 (2008: £62,801).

These financial statements were approved by the board of directors and authorised for issue on 29 October 2009.

L J Rowe **Director**

T D Whiting

T D Whiting **Director**

The accompanying accounting policies and notes form an integral part of these financial statements.

1 ANALYSIS OF TURNOVER

	2009 £	2008 £
United Kingdom	**2,374,060**	2,218,657
North and Central America	**1,147,760**	1,387,728
Europe and Rest of World	**6,557,398**	1,505,116
	10,079,218	5,111,501

The turnover and result before taxation are attributable to the manufacture and sale of electronic teaching equipment.

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2009 £	2008 £
Auditor's remuneration - audit fees	**11,775**	11,600
Depreciation of tangible fixed assets:		
Owned	**65,029**	87,308
Hire purchase	**5,475**	1,020
Loss/(profit) on disposal of tangible fixed assets	**308**	(22,064)
Operating lease payments		
Property	**123,805**	135,270
Plant and machinery	**7,000**	10,439
Research and development expenditure	**684,071**	767,124
Directors' remuneration (note 4)	**839,954**	485,121
Provision against amounts due from fellow group undertakings	**237,593**	55,645

3 OTHER OPERATING INCOME

	2009	2008
	£	£
Management charges to fellow group undertaking	**10,914**	52,364
Exchange gain on loan to fellow group undertaking	**374,746**	-
	385,660	52,364

4 DIRECTORS' EMOLUMENTS

	2009	2008
	£	£
Directors' emoluments	**810,166**	454,301
Company contributions to money purchase pension schemes	**30,485**	30,820

The emoluments of the highest paid director were £230,458 (2008: £129,623) and company pension contributions of £13,200 were made to a money purchase scheme on his behalf (2008: £13,200).

Retirement benefits are accruing to four (2008: five) directors in respect of money purchase pension schemes.

5 STAFF NUMBERS AND COSTS

The average number of employees of the company, including directors, during the year was as follows:

	Number of employees	
	2009	2008
Production	**21**	20
Development and technical support	**23**	31
Office and management	**10**	10
Sales and distribution	**25**	26
	79	87

The aggregate payroll costs of these persons were as follows:

	2009	2008
	£	£
Wages and salaries	**2,613,697**	2,370,449
Social security costs	**283,418**	218,554
Pension costs	**71,898**	78,436
	2,969,013	2,667,439

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Interest receivable from group undertakings	**13,564**	-
Bank interest	**4,120**	320
	17,684	320

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
On bank loans and overdrafts	**15,739**	53,283
Finance charges payable in respect of hire purchase contracts	**1,125**	2,053
Other interest payable	**684**	646
	17,548	55,982

8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of charge/(credit) for the year

	2009 £	2008 £
Current tax		
Corporation tax charge in respect of current year	**433,099**	-
Payment for group relief	**97,541**	-
Over provision in respect of previous years	**-**	(110,855)
Total current tax (note 8(b))	**530,640**	(110,855)
Deferred tax		
Origination and reversal of timing differences	**337,989**	(232,193)
Adjustment in respect of prior year	**(115,757)**	-
Total deferred tax (note 14)	**222,232**	(232,193)
Total tax charge/(credit)	**752,872**	(343,048)

TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting the taxation charge/(credit) for the year

The taxation charge/(credit) assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	**2,893,414**	(609,534)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%) - expected charge/(credit)	**810,156**	(182,860)
Effects of:		
Expenses not deductible for tax purposes	**58,474**	30,731
Differences between capital allowances and depreciation	**(593)**	(4,848)
Other timing differences	**(132)**	(281)
Utilisation of tax losses	**(337,265)**	-
Accumulation of tax losses	**-**	157,258
Adjustments to tax charge in respect of previous year	**-**	(110,855)
Current taxation charge/(credit) for year (note 8(a))	**530,640**	(110,855)

9 TANGIBLE FIXED ASSETS

	Freehold property £	Office equipment and computers £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2008	1,823,427	482,104	580,496	149,306	114,629	3,149,962
Additions	6,090	10,706	8,033	-	14,499	39,328
Disposals	-	-	(9,282)	-	(11,500)	(20,782)
At 31 March 2009	1,829,517	492,810	579,247	149,306	117,628	3,168,508
Depreciation						
At 1 April 2008	166,393	446,867	560,639	147,119	68,563	1,389,581
Charge for year	24,213	14,497	8,990	853	21,951	70,504
On disposals	-	-	(9,282)	-	(9,392)	(18,674)
At 31 March 2009	190,606	461,364	560,347	147,972	81,122	1,441,411
Net book value at 31 March 2009	**1,638,911**	**31,446**	**18,900**	**1,334**	**36,506**	**1,727,097**
Net book value at 31 March 2008	1,657,034	35,237	19,857	2,187	46,066	1,760,381

The net book value of tangible fixed assets includes an amount of £23,297 (2008: £14,274) in respect of assets held under hire purchase contracts. The amount of depreciation allocated during the year for such assets amounts to £5,475 (2008: £1,020). Included within freehold property is land with a net book value of £860,000 (2008: £860,000) for which no depreciation has been charged.

10 STOCKS AND WORK IN PROGRESS

	2009 £	2008 £
Raw materials	**424,248**	368,562
Work in progress	**119,319**	196,788
Finished goods	**192,327**	83,805
	735,894	649,155

11 DEBTORS

	2009 £	2008 £
Trade debtors	**182,198**	541,396
Amounts owed by parent undertaking	**62,801**	62,801
Amounts owed by fellow subsidiary undertakings	**1,228,013**	15,625
Corporation tax	-	32,307
Deferred tax asset (note 14)	**9,961**	232,193
Prepayments	**80,364**	62,642
Other debtors	**55,128**	-
	1,618,465	946,964

The amounts owed by the parent undertaking of £62,801(2008: £62,801) fall due after more than one year. Included within amounts owed by fellow subsidiary undertakings is amounts of £699,496 (2008: £Nil) falling due after more than one year.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans (note 13)	-	1,294
Mortgage (note 13)	**217,209**	276,300
Bank overdraft	-	644,619
Obligations under hire purchase contracts (note 13)	**11,422**	7,000
Trade creditors	**249,296**	524,139
Amounts owed to fellow subsidiary undertakings	**14,823**	22,010
Corporation tax	**433,099**	-
Taxation and social security	**113,932**	232,515
Other creditors	-	9,916
Accruals and deferred income	**911,626**	573,917
	1,951,407	2,291,710

As described in more detail in note 13 the mortgage has been classified as due within one year in accordance with the requirements of FRS 25 'Financial Instruments: disclosure and presentation'.

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Obligations under hire purchase contracts (payable within five years)	**1,542**	5,250
Other creditors	**18,182**	18,182
	19,724	23,432

The obligations under hire purchase contracts are secured on the assets acquired.

The amounts payable by the company for the mortgage and bank loans fall due for payment as follows:

	2009	2008
	£	£
Mortgages:		
Within one year	**217,209**	276,300
Bank loans:		
Within one year	**-**	1,294

Presentation of financial liabilities

Following the introduction of FRS 25 'Financial Instruments: disclosure and presentation', where a company is in breach of a loan covenant at the balance sheet date that triggers, even if only theoretically, payment on demand then the debt must be re-classified as falling due within one year. At the year end the company was in breach of certain loan covenants and the mortgage has therefore been re-classified as falling due within one year.

Subsequent to the year end, the lender has not demanded repayment as a consequence of the breach of covenants relating to the mortgage. The amounts shown as due in less than one year have continued to be paid in accordance with the original terms of the mortgage.

Terms of repayment and security

The company has given its bankers security over the title deeds of Costessey Park House and Costessey Park Golf Course, to secure the mortgage. The mortgage attracts interest at 1.75% above LIBOR.

14 DEFERRED TAXATION

	£
Balance at beginning of year - deferred tax asset	232,193
Origination and reversal of timing differences	(222,232)
At end of year - deferred tax asset	**9,961**

The deferred tax asset in the financial statements consists of:

	Provided	
	2009	2008
	£	£
Depreciation in excess of capital allowances	**6,826**	7,949
Other timing differences	**3,135**	3,500
Losses	**-**	220,744
	9,961	232,193

15 COMMITMENTS

(a) Operating lease commitments

At 31 March 2009 the company had the following annual commitments under non-cancellable operating leases in respect of:

	2009	2008
	£	£
Plant and machinery:		
Expiring between one and two years	**17,080**	10,248

	2009	2008
	£	£
Land and buildings		
Expiring within one year	**92,854**	-
Expiring between one and two years	**-**	123,805

(b) Capital commitments

As at 31 March 2009, the company was committed to capital expenditure of £Nil (2008: £Nil) in respect of assets ordered but not received.

16 CONTINGENT LIABILITIES

The company together with other group undertakings, has guaranteed the bank borrowing of the group. The total net group bank borrowing outstanding at 31 March 2009 amounted to £Nil (2008: £1,983,331).

At the year end, the company had a potential obligation to make safe a listed building that it owns. The estimated cost of carrying out this work is £70,000 (2008: £70,000).

At the year end the company had given guarantees in respect of a contract with the Department of Contracts and Ministry of Finance in Malta. The amount guaranteed was £33,486 (2008: £32,301).

17 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
Equity shares		
Ordinary shares of £1 each	**153,711**	153,711
Allotted, issued and fully paid		
Equity shares		
Ordinary shares of £1 each	**12,476**	12,476

18 RESERVES

	Profit and loss account £	Capital redemption reserve £	Share premium £
At beginning of year	836,437	131,619	64,920
Profit for the financial year	2,140,542	-	-
At end of year	**2,976,979**	**131,619**	**64,920**

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2009 £	2008 £
Profit/(loss) for the financial year	**2,140,542**	(266,486)
Net increase/(decrease) to shareholder's funds	**2,140,542**	(266,486)
Opening shareholder's funds - equity	**1,045,452**	1,311,938
Closing shareholder's funds - equity	**3,185,994**	1,045,452

20 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of LJ Group Limited. The ultimate controlling party is Larry Rowe by virtue of his controlling interest in the share capital of LJ Group Limited.

Larry Rowe had balances on his directors current account as follows:

	At end of year £	At beginning of year £
Due to the company/(amount owed by the company)	**225**	(9,916)

The maximum balance outstanding during the year was £9,916 (2008: £9,916).