

REGISTERED NUMBER: 01420396 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013  
FOR  
BRITISH HARLEQUIN PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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**BRITISH HARLEQUIN PLC**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**DIRECTORS:**

R K Dagger  
G F W Dagger

**SECRETARY:**

Mrs V J Dagger

**REGISTERED OFFICE:**

Festival House  
Chapman Way  
Tunbridge Wells  
Kent  
TN2 3EF

**REGISTERED NUMBER:**

01420396 (England and Wales)

**AUDITORS:**

Greenaway Chartered Accountants  
and Statutory Auditors  
150 High Street  
Sevenoaks  
Kent  
TN13 1XE

**BANKERS:**

Barclays Bank plc  
80 High Street  
Sevenoaks  
Kent  
TN13 1LR

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their strategic report of the company and the group for the year ended 31 December 2013.

**REVIEW OF BUSINESS**

The directors are very satisfied that the group is on a path of expansion, relying on its experienced and dedicated staff to capitalise on the Harlequin and Black Cat brands to protect and increase its market share in recovering trading conditions and to confront faltering competition.

Harlequin has identified new suppliers which will ensure that product reliability continues to be robust. The group has now opened the office in Berlin to service more than one hundred million affluent German-speaking Europeans. The group has continued to expand its business into USA and has acquired a 25,000 sq. ft. freehold building in New Jersey which enables it to establish a manufacturing base and assure stock facilities for the expanding business.

Black Cat remains confident that its new acoustic products will attract the increasing interest of the institutional sector in 2014.

**PRINCIPAL RISKS AND UNCERTAINTIES**

It is the directors' duty to focus on the principal risk confronting the business such as those relating to commercial, staff resource, liquidity, operation and regulatory risk and business continuity.

**Commercial Risk**

The directors are aware that not only are the prices of raw materials under inflationary pressure in a recovering economy, but in the specialised sector in which Harlequin operates they have to monitor government policy regarding education and the performing arts. At the same time they manage the risk associated with their ability to continue to provide a high level of service to the company's customers including the supply of goods in an unbeaten timescale.

**Staff Resource Risk**

Staff resource is critical to the group's operation and staff retention, training and progress to leadership skills are essential aspects of management control.

**Operation and Regulatory Risk**

The group operates in an increasingly regulated environment by adhering to health and safety and global standards for product quality both in the USA and Europe. The chairman is an active member of the PLASA association which sets American National Standards for the performing arts and entertainment.

**Liquidity Risk**

The company seeks to mitigate any liquidity risk by maintaining sufficient levels of funds within the business to meet its forecast working capital requirements. The group policy has consistently been to build up its reserves to enable it to manage its resources and such risks. These risks are managed by management on a regular basis with reference to trading and cashflow forecasts.

**Business Continuity Risk**

The group has developed appropriate, reliable IT systems to properly process its control over stock and its business and service to customers. The directors have measures in hand to manage these risks.

**FUTURE DEVELOPMENTS**

The directors intend to develop the group's activities as in previous years while consolidating its manufacturing of sprung floors. The group continues to expand its UK warehousing to ensure it is able to satisfy increasing European customer demand.

**ON BEHALF OF THE BOARD:**

  
R K Dagger - Director

27 June 2014

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2013.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of dealing in goods and services connected with education, the theatre and entertainment industry.

**DIVIDENDS**

An interim dividend was paid during the year ended 31 December 2013 of £100,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

R K Dagger  
G F W Dagger

**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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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 group'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 group's auditors are aware of that information.

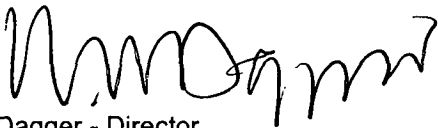
**BRITISH HARLEQUIN PLC (REGISTERED NUMBER: 01420396)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**AUDITORS**

The auditors, Greenaway Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'R K Dagger', written in a cursive style.

R K Dagger - Director

27 June 2014

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRITISH HARLEQUIN PLC**

We have audited the financial statements of British Harlequin Plc for the year ended 31 December 2013 on pages seven to thirty two. 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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BRITISH HARLEQUIN PLC**

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Lovitt (Senior Statutory Auditor)  
for and on behalf of Greenaway Chartered Accountants  
and Statutory Auditors  
150 High Street  
Sevenoaks  
Kent  
TN13 1XE

27 June 2014

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31/12/13		31/12/12	
		£	£	£	£
<b>TURNOVER</b>	2		<b>11,533,714</b>		<b>10,577,179</b>
Continuing operations		<b>10,914,233</b>		10,577,179	
Acquisitions		<b>619,481</b>		-	
		<u><b>11,533,714</b></u>		<u>10,577,179</u>	
Cost of sales	3		<b>7,024,720</b>		<b>6,404,635</b>
<b>GROSS PROFIT</b>	3		<b>4,508,994</b>		<b>4,172,544</b>
Net operating expenses	3		<b>3,540,352</b>		<b>3,479,960</b>
<b>OPERATING PROFIT</b>	5		<b>968,642</b>		<b>692,584</b>
Continuing operations		<b>584,885</b>		692,584	
Acquisitions		<b>383,757</b>		-	
		<u><b>968,642</b></u>		<u>692,584</u>	
Income from interest in associated undertakings		<b>227,870</b>		131,271	
Interest receivable and similar income		<b>25,710</b>		26,880	
		<u><b>253,580</b></u>		<u>158,151</u>	
			<b>1,222,222</b>		<b>850,735</b>
Interest payable and similar charges	6		<b>26,433</b>		<b>25,771</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>1,195,789</b>		<b>824,964</b>
Tax on profit on ordinary activities	7		<b>212,360</b>		<b>182,535</b>
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>			<u><b>983,429</b></u>		<u><b>642,429</b></u>

The notes form part of these financial statements

**BRITISH HARLEQUIN PLC (REGISTERED NUMBER: 01420396)**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>31/12/13</b>	<b>31/12/12</b>
	<b>£</b>	<b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>983,429</b>	<b>642,429</b>
Unrealised gain on revaluation		
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>983,429</b>	<b>642,429</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2013**

	Notes	31/12/13 £	31/12/12 £
<b>FIXED ASSETS</b>			
Intangible assets	10	(244,414)	(283,972)
Tangible assets	11	2,201,350	1,675,784
Investments	12		
Interest in associate		1,206,318	978,448
Other investments		-	1,925
		<u>3,163,254</u>	<u>2,372,185</u>
<b>CURRENT ASSETS</b>			
Stocks	13	2,446,414	2,274,826
Debtors	14	2,197,610	1,935,315
Cash at bank and in hand		1,320,399	669,693
		<u>5,964,423</u>	<u>4,879,834</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	3,004,051	2,179,721
		<u>5,964,423</u>	<u>4,879,834</u>
<b>NET CURRENT ASSETS</b>		<u>2,960,372</u>	<u>2,700,113</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,123,626</u>	<u>5,072,298</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(747,647)	(638,576)
<b>PROVISIONS FOR LIABILITIES</b>	20	(35,849)	(22,254)
<b>MINORITY INTERESTS</b>	21	(1,005,498)	(936,878)
<b>NET ASSETS</b>		<u>4,334,632</u>	<u>3,474,590</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	50,000	50,000
Revaluation reserve	23	471,855	471,855
Profit and loss account	23	3,812,777	2,952,735
<b>SHAREHOLDERS' FUNDS</b>	26	<u>4,334,632</u>	<u>3,474,590</u>

The financial statements were approved by the Board of Directors on 27 June 2014 and were signed on its behalf by:



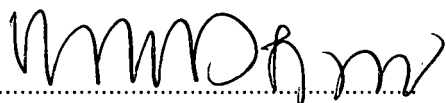
R K Dagger - Director

COMPANY BALANCE SHEET  
31 DECEMBER 2013

	Notes	31/12/13 £	31/12/12 £
<b>FIXED ASSETS</b>			
Intangible assets	10	19,266	-
Tangible assets	11	2,177,062	1,660,046
Investments	12	694,879	672,168
		<u>2,891,207</u>	<u>2,332,214</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,669,288	1,436,066
Debtors	14	806,473	741,633
Cash at bank and in hand		304,997	71,466
		<u>2,780,758</u>	<u>2,249,165</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	2,588,714	1,703,165
<b>NET CURRENT ASSETS</b>		<u>192,044</u>	<u>546,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,083,251</u>	<u>2,878,214</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(747,647)	(638,576)
<b>PROVISIONS FOR LIABILITIES</b>	20	(35,849)	(22,254)
<b>NET ASSETS</b>		<u>2,299,755</u>	<u>2,217,384</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	50,000	50,000
Revaluation reserve	23	471,855	471,855
Profit and loss account	23	1,777,900	1,695,529
<b>SHAREHOLDERS' FUNDS</b>	26	<u>2,299,755</u>	<u>2,217,384</u>

The financial statements were approved by the Board of Directors on its behalf by:

*27 June 2014* and were signed on



R K Dagger - Director

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31/12/13 £	31/12/12 £
<b>Net cash inflow from operating activities</b>	1	<b>1,558,744</b>	<b>565,739</b>
<b>Returns on investments and servicing of finance</b>	2	<b>(723)</b>	<b>1,109</b>
<b>Taxation</b>		<b>(358,502)</b>	<b>(170,487)</b>
<b>Capital expenditure</b>	2	<b>(614,820)</b>	<b>(24,861)</b>
<b>Equity dividends paid</b>		<b>(100,000)</b>	<b>(265,000)</b>
		<b>484,699</b>	<b>106,500</b>
<b>Financing</b>	2	<b>166,007</b>	<b>(107,436)</b>
<b>Increase/(decrease) in cash in the period</b>		<b>650,706</b>	<b>(936)</b>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase/(decrease) in cash in the period		<b>650,706</b>	<b>(936)</b>
Cash (inflow)/outflow from (increase)/decrease in debt		<b>(166,007)</b>	<b>107,436</b>
Change in net debt resulting from cash flows		<b>484,699</b>	<b>106,500</b>
<b>Movement in net debt in the period</b>		<b>484,699</b>	<b>106,500</b>
<b>Net debt at 1 January</b>		<b>(79,161)</b>	<b>(185,661)</b>
<b>Net funds/(debt) at 31 December</b>		<b>405,538</b>	<b>(79,161)</b>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31/12/13 £	31/12/12 £
Operating profit	968,642	692,584
Depreciation charges	50,757	42,095
Loss/(profit) on disposal of fixed assets	1,572	(247)
Exchange difference on conversion	44,525	(38,738)
Increase in stocks	(171,588)	(241,069)
(Increase)/decrease in debtors	(262,295)	113,784
Increase/(decrease) in creditors	927,131	(2,670)
<b>Net cash inflow from operating activities</b>	<b>1,558,744</b>	<b>565,739</b>

## 2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31/12/13 £	31/12/12 £
<b>Returns on investments and servicing of finance</b>		
Interest received	25,710	26,880
Interest paid	(26,433)	(25,771)
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b>(723)</b>	<b>1,109</b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(22,883)	-
Purchase of tangible fixed assets	(597,612)	(36,969)
Sale of intangible fixed assets	-	1,614
Sale of tangible fixed assets	5,675	10,494
<b>Net cash outflow for capital expenditure</b>	<b>(614,820)</b>	<b>(24,861)</b>
<b>Financing</b>		
New loans in year	298,882	-
Loan repayments in year	(132,875)	(107,436)
<b>Net cash inflow/(outflow) from financing</b>	<b>166,007</b>	<b>(107,436)</b>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/13 £	Cash flow £	At 31/12/13 £
Net cash:			
Cash at bank and in hand	669,693	650,706	1,320,399
	<u>669,693</u>	<u>650,706</u>	<u>1,320,399</u>
Debt:			
Debts falling due within one year	(110,278)	(56,936)	(167,214)
Debts falling due after one year	(638,576)	(109,071)	(747,647)
	<u>(748,854)</u>	<u>(166,007)</u>	<u>(914,861)</u>
Total	<u>(79,161)</u>	<u>484,699</u>	<u>405,538</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 December 2013.

The profits and losses of subsidiary undertakings are consolidated from the date of acquisition. The difference between the cost of shares in subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Goodwill**

Goodwill, being the full amount paid in connection with the acquisition of Harlequin Europe SA, is being amortised evenly over its estimated useful life of twenty years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 4% on cost
Improvements to property	- 4% on cost
Plant and machinery	- 33% on cost
Fixtures and fittings	- 50% on cost, 33% on cost, 20% on cost, 15% on reducing balance and at varying rates on cost
Motor vehicles	- 33% on cost and 20% on reducing balance

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Financial statements of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 1. ACCOUNTING POLICIES - continued

**Associates**

Investments in associates are accounted for using the equity method of accounting. The investments are initially recognised at cost in the consolidated financial statements.

The carrying amount of the investment is adjusted in each period by the Group's share of the associates profit or loss less any amortisation or write-off for goodwill, the Group's share of any relevant gains or losses, and any other changes in the associates net assets including distributions to its owners. The Group's share of the associates profit or loss is recognised in the consolidated profit and loss account of the Group's share of the net assets is shown in the consolidated balance sheet.

## 2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31/12/13 £	31/12/12 £
United Kingdom	4,889,862	3,429,764
Europe	6,071,383	6,013,529
Rest of the world	572,469	1,133,886
	<u>11,533,714</u>	<u>10,577,179</u>

An analysis of turnover by geographical origin is given below:

	2013 £	2012 £
United Kingdom	3,510,132	4,965,369
Europe	7,369,633	5,154,722
Rest of the World	653,949	457,088
	<u>11,533,714</u>	<u>10,577,179</u>

## 3. ANALYSIS OF OPERATIONS

	Continuing £	31/12/13 Acquisitions £	Total £
Cost of sales	<u>6,925,731</u>	<u>98,989</u>	<u>7,024,720</u>
Gross profit	<u>3,988,502</u>	<u>520,492</u>	<u>4,508,994</u>
Net operating expenses:			
Administrative expenses	3,916,097	136,735	4,052,832
Other operating income	(512,480)	-	(512,480)
	<u>3,403,617</u>	<u>136,735</u>	<u>3,540,352</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 3. ANALYSIS OF OPERATIONS - continued

	Continuing £	31/12/12 Acquisitions £	Total £
Cost of sales	<u>6,404,635</u>	<u>-</u>	<u>6,404,635</u>
Gross profit	<u>4,172,544</u>	<u>-</u>	<u>4,172,544</u>
Net operating expenses:			
Administrative expenses	3,854,462	-	3,854,462
Other operating income	<u>(374,502)</u>	<u>-</u>	<u>(374,502)</u>
	<u>3,479,960</u>	<u>-</u>	<u>3,479,960</u>

## 4. STAFF COSTS

	31/12/13 £	31/12/12 £
Wages and salaries	<b>2,147,254</b>	2,103,875
Social security costs	<b>259,551</b>	248,600
Other pension costs	<b>47,211</b>	142,891
	<u><b>2,454,016</b></u>	<u>2,495,366</u>

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

	31/12/13	31/12/12
Installation	<b>2</b>	4
Administration	<b>16</b>	16
Selling	<b>31</b>	18
Warehouse	<b>9</b>	6
	<u><b>58</b></u>	<u>44</u>

## 5. OPERATING PROFIT

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

	31/12/13 £	31/12/12 £
Other operating leases	<b>9,557</b>	-
Depreciation - owned assets	<b>65,506</b>	58,813
Loss/(profit) on disposal of fixed assets	<b>1,572</b>	(247)
Goodwill amortisation	<b>(16,517)</b>	(16,717)
Patents and licences amortisation	<b>1,767</b>	-
Auditors' remuneration	<b>20,340</b>	22,165
Auditors' remuneration for non audit work	<u><b>9,034</b></u>	<u>8,758</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

5. OPERATING PROFIT - continued

Directors' remuneration	214,378	198,380
Directors' pension contributions to money purchase schemes	7,570	104,680
	<u>214,378</u>	<u>198,380</u>

Information regarding the highest paid director for the year ended 31 December 2013 is as follows:

	31/12/13	
	£	
Emoluments etc	120,197	
Pension contributions to money purchase schemes	2,500	
	<u>120,197</u>	

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/13	31/12/12
	£	£
Bank interest	3,031	2,465
Bank loan interest	23,402	23,306
	<u>26,433</u>	<u>25,771</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31/12/13	31/12/12
	£	£
Current tax:		
UK corporation tax	198,765	182,336
Deferred tax	13,595	199
Tax on profit on ordinary activities	<u>212,360</u>	<u>182,535</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 7. TAXATION - continued

**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:

	31/12/13 £	31/12/12 £
Profit on ordinary activities before tax	<u>1,195,789</u>	<u>824,964</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24%)	275,031	197,991
Effects of:		
Capital allowance in excess of Depreciation	(11,383)	1,204
Expenses not deductible for taxation	4,744	2,981
Non taxable overseas income	(218,318)	(147,794)
Overseas Tax	148,154	126,835
Change in corporation tax rate	537	1,119
Current tax charge	<u>198,765</u>	<u>182,336</u>

Included in UK Corporation Tax charge is an amount of £148,154 (2012: £126,835) relating to taxation charges from Harlequin Europe SA, Harlequin Espana and Harlequin Asia,

## 8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £182,371 (2012 - £153,455).

## 9. DIVIDENDS

	31/12/13 £	31/12/12 £
Interim	<u>100,000</u>	<u>265,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 10. INTANGIBLE FIXED ASSETS

## Group

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 January 2013	(334,123)	-	(334,123)
Additions	3,775	19,108	22,883
Reclassification/transfer	-	1,925	1,925
At 31 December 2013	<u>(330,348)</u>	<u>21,033</u>	<u>(309,315)</u>
<b>AMORTISATION</b>			
At 1 January 2013	(50,151)	-	(50,151)
Amortisation for year	(16,517)	1,767	(14,750)
At 31 December 2013	<u>(66,668)</u>	<u>1,767</u>	<u>(64,901)</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>(263,680)</u>	<u>19,266</u>	<u>(244,414)</u>
At 31 December 2012	<u>(283,972)</u>	<u>-</u>	<u>(283,972)</u>

## Company

	Patents and licences £
<b>COST</b>	
Additions	19,108
Reclassification/transfer	1,925
At 31 December 2013	<u>21,033</u>
<b>AMORTISATION</b>	
Amortisation for year	1,767
At 31 December 2013	<u>1,767</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>19,266</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 11. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Short leasehold £	Improvements to property £
<b>COST OR VALUATION</b>			
At 1 January 2013	1,500,000	-	68,729
Additions	474,273	3,195	3,994
At 31 December 2013	1,974,273	3,195	72,723
<b>DEPRECIATION</b>			
At 1 January 2013	15,093	-	11,186
Charge for year	15,093	-	1,808
Eliminated on disposal	-	-	-
Exchange differences	-	-	-
At 31 December 2013	30,186	-	12,994
<b>NET BOOK VALUE</b>			
At 31 December 2013	1,944,087	3,195	59,729
At 31 December 2012	1,484,907	-	57,543

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2013	138,902	194,220	139,626	2,041,477
Additions	18,445	30,043	67,662	597,612
Disposals	-	-	(31,614)	(31,614)
Exchange differences	1,466	1,063	646	3,175
At 31 December 2013	158,813	225,326	176,320	2,610,650
<b>DEPRECIATION</b>				
At 1 January 2013	94,720	152,585	92,109	365,693
Charge for year	15,266	10,277	23,062	65,506
Eliminated on disposal	-	-	(24,367)	(24,367)
Exchange differences	856	966	646	2,468
At 31 December 2013	110,842	163,828	91,450	409,300
<b>NET BOOK VALUE</b>				
At 31 December 2013	47,971	61,498	84,870	2,201,350
At 31 December 2012	44,182	41,635	47,517	1,675,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 11. TANGIBLE FIXED ASSETS - continued

## Group

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £	Short leasehold £	Improvements to property £
Valuation in 2009	342,488	-	-
Valuation in 2011	50,000	-	-
Cost	1,581,785	3,195	72,723
	<u>1,974,273</u>	<u>3,195</u>	<u>72,723</u>

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	-	-	-	342,488
Valuation in 2011	-	-	-	50,000
Cost	158,813	225,326	176,320	2,218,162
	<u>158,813</u>	<u>225,326</u>	<u>176,320</u>	<u>2,610,650</u>

## Company

	Freehold property £	Short leasehold £	Improvements to property £
<b>COST OR VALUATION</b>			
At 1 January 2013	1,500,000	-	68,729
Additions	474,273	3,195	3,994
At 31 December 2013	<u>1,974,273</u>	<u>3,195</u>	<u>72,723</u>
<b>DEPRECIATION</b>			
At 1 January 2013	15,093	-	11,186
Charge for year	15,093	-	1,808
Eliminated on disposal	-	-	-
At 31 December 2013	<u>30,186</u>	<u>-</u>	<u>12,994</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>1,944,087</u>	<u>3,195</u>	<u>59,729</u>
At 31 December 2012	<u>1,484,907</u>	<u>-</u>	<u>57,543</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 11. TANGIBLE FIXED ASSETS - continued

## Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2013	64,096	143,256	108,648	1,884,729
Additions	10,019	18,378	67,662	577,521
Disposals	-	-	(31,614)	(31,614)
At 31 December 2013	74,115	161,634	144,696	2,430,636
<b>DEPRECIATION</b>				
At 1 January 2013	30,988	106,285	61,131	224,683
Charge for year	6,469	8,302	21,586	53,258
Eliminated on disposal	-	-	(24,367)	(24,367)
At 31 December 2013	37,457	114,587	58,350	253,574
<b>NET BOOK VALUE</b>				
At 31 December 2013	36,658	47,047	86,346	2,177,062
At 31 December 2012	33,108	36,971	47,517	1,660,046

Included in cost or valuation of land and buildings is freehold land of £896,298 (2012 - £896,298) which is not depreciated.

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £	Short leasehold £	Improvements to property £
Valuation in 2009	342,488	-	-
Valuation in 2011	50,000	-	-
Valuation in 2013	-	3,195	-
Cost	1,581,785	-	72,723
	1,974,273	3,195	72,723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 11. TANGIBLE FIXED ASSETS - continued

## Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	-	-	-	342,488
Valuation in 2011	-	-	-	50,000
Valuation in 2013	-	-	-	3,195
Cost	74,115	161,634	144,696	2,034,953
	<u>74,115</u>	<u>161,634</u>	<u>144,696</u>	<u>2,430,636</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31/12/13 £	31/12/12 £
Cost	1,107,512	1,107,512
Aggregate depreciation	105,617	105,617
Value of land in freehold land and buildings	<u>1,001,895</u>	<u>1,001,895</u>

Freehold land and buildings were valued on an open market basis on 19 July 2011 by Jones Lang LaSalle.

## 12. FIXED ASSET INVESTMENTS

	Group		Company	
	31/12/13 £	31/12/12 £	31/12/13 £	31/12/12 £
Shares in group undertakings	-	-	532,508	507,872
Participating interests	1,206,318	978,448	162,371	162,371
Other investments not loans	-	1,925	-	1,925
	<u>1,206,318</u>	<u>980,373</u>	<u>694,879</u>	<u>672,168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

12. FIXED ASSET INVESTMENTS - continued

Additional information is as follows:

Group

	Interest in associate £
<b>COST OR VALUATION</b>	
At 1 January 2013	978,448
Revaluations	227,870
	<hr/>
At 31 December 2013	1,206,318
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2013	1,206,318
	<hr/>
At 31 December 2012	978,448
	<hr/>

Cost or valuation at 31 December 2013 is represented by:

	Interest in associate £
Valuation in 2009	482,768
Valuation in 2010	100,269
Valuation in 2011	101,769
Valuation in 2012	131,271
Valuation in 2013	227,870
Cost	162,371
	<hr/>
	1,206,318
	<hr/>

Since the incorporation of American Harlequin Corporation, the group has owned a 33.33% interest in the company. During 2010, this holding was increased to 39.33%. The investment is accounted for by the equity method of accounting. The 2009 consolidated financial statements account for the increase in the value of the investment since the original investment on incorporation.

Investments (neither listed nor unlisted) were as follows:

	31/12/13 £	31/12/12 £
Trade mark cost b/fwd	1,925	1,925
Reclassification/Transfer	(1,925)	-
	<hr/>	<hr/>
	-	1,925
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 12. FIXED ASSET INVESTMENTS - continued

## Company

	Shares in group undertakings £	Interest in associate £	Totals £
<b>COST</b>			
At 1 January 2013	507,872	162,371	670,243
Additions	24,636	-	24,636
At 31 December 2013	532,508	162,371	694,879
<b>NET BOOK VALUE</b>			
At 31 December 2013	532,508	162,371	694,879
At 31 December 2012	507,872	162,371	670,243

Investments (neither listed nor unlisted) were as follows:

	31/12/13 £	31/12/12 £
Trade mark cost b/fwd	1,925	1,925
Reclassification/Transfer	(1,925)	-
	-	1,925

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

## Subsidiaries

## Theatre Flooring Company

Country of incorporation: England

Nature of business: Dormant Company

Class of shares:	% holding
Ordinary	100.00

	13/3/13 £	31/3/12 £
Aggregate capital and reserves	3	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 12. FIXED ASSET INVESTMENTS - continued

**American Harlequin Corporation**

Country of incorporation: USA

Nature of business: Theatre and Entertainment Industry

	% holding	31/12/13 £	31/12/12 £
Class of shares:			
Ordinary	39.33		
Aggregate capital and reserves		4,222,075	3,582,127
Profit for the year		569,066	333,769
		<u>£</u>	<u>£</u>
Share of turnover of associates			2,696,738
Share of assets:			
Fixed assets		603,723	
Current assets		1,707,159	
		<u>2,310,882</u>	
Share of liabilities:			
Due within one year or less		222,594	
Due after more than more year		427,747	
		<u>(650,340)</u>	
			<u>1,660,542</u>
Share of net assets			

**Harlequin Europe S.A.**

Country of incorporation: Luxembourg

Nature of business: Theatre and Entertainment Industry

	% holding	31/12/13 £	31/12/12 £
Class of shares:			
Ordinary	60.00		
Aggregate capital and reserves		2,505,367	2,102,476
Profit for the year		357,889	268,086
		<u></u>	<u></u>

**Harlequin Asia Limited**

Country of incorporation: Hong Kong

Nature of business: Theatre and Entertainment Industry

	% holding	31/12/13 £	31/12/12 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		104,652	26,580
Profit for the year		78,641	58,381
		<u></u>	<u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 12. FIXED ASSET INVESTMENTS - continued

**Harlequin Deutschland**

Country of incorporation: Germany

Nature of business: Theatre and Entertainment Industry

Class of shares:	%
Ordinary	holding 100.00

	31/12/13
	£
Aggregate capital and reserves	140,584
Profit for the year	119,723

## 13. STOCKS

	Group		Company	
	31/12/13	31/12/12	31/12/13	31/12/12
	£	£	£	£
Stocks	2,446,414	2,274,826	1,669,288	1,436,066

## 14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/13	31/12/12	31/12/13	31/12/12
	£	£	£	£
Trade debtors	1,212,782	1,032,849	606,702	635,662
Amounts due from associate undertakings	-	2	102,272	35,694
Other debtors	37,961	9,698	14,264	-
Net wages	(1,651)	(1,102)	685	410
Directors' current accounts	861,921	839,847	-	20,058
VAT	-	4,212	-	-
Prepayments and accrued income	86,597	49,809	82,550	49,809
	2,197,610	1,935,315	806,473	741,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/13	31/12/12	31/12/13	31/12/12
	£	£	£	£
Bank loans and overdrafts (see note 17)	167,214	110,278	241,427	319,227
Trade creditors	1,123,131	786,247	753,515	543,051
Amounts due to associated undertakings	1,103,833	508,836	1,356,071	552,582
Tax	166,147	325,884	50,611	55,501
Social security and other taxes	169,047	177,405	36,517	36,846
VAT	10,448	-	28,025	57,808
Other creditors	34,591	-	21,844	-
Directors' current accounts	2,948	-	2,948	-
Accruals and deferred income	226,692	271,071	97,756	138,150
	<u>3,004,051</u>	<u>2,179,721</u>	<u>2,588,714</u>	<u>1,703,165</u>

## 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31/12/13	31/12/12	31/12/13	31/12/12
	£	£	£	£
Bank loans (see note 17)	<u>747,647</u>	<u>638,576</u>	<u>747,647</u>	<u>638,576</u>

## 17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31/12/13	31/12/12	31/12/13	31/12/12
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	74,213	208,949
Bank loans	167,214	110,278	167,214	110,278
	<u>167,214</u>	<u>110,278</u>	<u>241,427</u>	<u>319,227</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>167,214</u>	<u>110,278</u>	<u>167,214</u>	<u>110,278</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>423,808</u>	<u>330,835</u>	<u>423,808</u>	<u>330,835</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 years	<u>156,625</u>	<u>197,463</u>	<u>156,625</u>	<u>197,463</u>

The mortgage loan is secured by a first legal charge over the freehold land and buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

**Group**

	<b>Land and buildings</b>		<b>Other operating leases</b>	
	<b>31/12/13</b>	<b>31/12/12</b>	<b>31/12/13</b>	<b>31/12/12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring:				
Within one year	55,072	-	12,446	-
Between one and five years	-	-	17,764	-
	<u>55,072</u>	<u>-</u>	<u>30,210</u>	<u>-</u>

The parent company rents a property from the Dagger Executive Pension Scheme. The rent is £40,000 per annum, there is not defined term on the lease. However, the company must give three months notice if they wish to terminate it.

## 19. SECURED DEBTS

The following secured debts are included within creditors:

	<b>Company</b>	
	<b>31/12/13</b>	<b>31/12/12</b>
	<b>£</b>	<b>£</b>
Bank overdraft	74,213	208,949
Bank loans	914,861	748,854
	<u>989,074</u>	<u>957,803</u>

The bank overdrafts are secured by a debenture dated 19 May 1983.

## 20. PROVISIONS FOR LIABILITIES

	<b>Group</b>		<b>Company</b>	
	<b>31/12/13</b>	<b>31/12/12</b>	<b>31/12/13</b>	<b>31/12/12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred tax	35,849	22,254	35,849	22,254

**Group**

	<b>Deferred tax</b>
	<b>£</b>
Balance at 1 January 2013	22,254
Credit to profit and loss account during year	13,595
Balance at 31 December 2013	<u>35,849</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 20. PROVISIONS FOR LIABILITIES - continued

## Company

	Deferred tax £
Balance at 1 January 2013	22,254
Increase in provision	13,595
Balance at 31 December 2013	<u>35,849</u>

## 21. MINORITY INTERESTS

British Harlequin Plc owns 60% of Harlequin Europe SA.

Included in the share capital of Harlequin Europe SA is 31,000 Shares of €1 each which rank Pari Pasu with other shares in issue.

Harlequin Europe SA owns 100% of Harlequin Espana.

Included in the share capital of Harlequin Espana is 4,000 shares of €1 each which rank Pari Pasu with other shares in issue.

## 22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31/12/13 £	31/12/12 £
50,000	Ordinary		<u>50,000</u>	<u>50,000</u>

## 23. RESERVES

## Group

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	2,952,735	471,855	3,424,590
Profit for the year	983,429		983,429
Dividends	(100,000)		(100,000)
Exchange differences	45,233	-	45,233
Minority interest	(68,620)	-	(68,620)
At 31 December 2013	<u>3,812,777</u>	<u>471,855</u>	<u>4,284,632</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 23. RESERVES - continued

## Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	1,695,529	471,855	2,167,384
Profit for the year	182,371		182,371
Dividends	(100,000)		(100,000)
At 31 December 2013	<u>1,777,900</u>	<u>471,855</u>	<u>2,249,755</u>

## 24. RELATED PARTY DISCLOSURES

## R K Dagger

On 25th November 2011 a loan of one million euros was made to the director and major shareholder of the company Robert Dagger. This loan was due to be repaid on 24th May 2012, but the repayment date has been extended for a further 6 months. Interest has been charged on this loan at three percent per annum.

## 25. ULTIMATE CONTROLLING PARTY

The Groups ultimate controlling party is R K Dagger and family, by virtue of their shareholding.

## 26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

## Group

	31/12/13 £	31/12/12 £
Profit for the financial year	983,429	642,429
Dividends	(100,000)	(265,000)
	<u>883,429</u>	<u>377,429</u>
Exchange differences on conversion of subsidiaries	45,233	(39,102)
Minority interests	(68,620)	(173,749)
Net addition to shareholders' funds	860,042	164,578
Opening shareholders' funds	<u>3,474,590</u>	<u>3,310,012</u>
Closing shareholders' funds	<u>4,334,632</u>	<u>3,474,590</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	31/12/13	31/12/12
	£	£
Profit for the financial year	182,371	153,455
Dividends	(100,000)	(265,000)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>82,371</b>	<b>(111,545)</b>
Opening shareholders' funds	2,217,384	2,328,929
<b>Closing shareholders' funds</b>	<b>2,299,755</b>	<b>2,217,384</b>