

**Source Insurance Limited**  
**Report of the Directors and**  
**Audited Financial Statements for the Year Ended 31 December 2011**

Radnor House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff CF23 8AA



Registered to carry on audit work  
and regulated for a range of  
investment business activities by  
the Institute of Chartered  
Accountants in England and Wales

**bpu** Chartered Accountants is a  
trading name of BPU Ltd  
Company Number 3723948  
Registered in Wales

A list of directors is available from the  
registered office above

---

**Source Insurance Limited**

**Company Information  
for the Year Ended 31 December 2011**

---

**DIRECTORS:**

M R Cairns  
G L Davidson  
A A Masters

**REGISTERED OFFICE:**

Drake House  
Plymouth Road  
Penarth  
CF64 3TP

**REGISTERED NUMBER:**

02864963 (England and Wales)

**AUDITORS:**

BPU Limited  
Chartered Accountants  
Statutory Auditor  
Radnor House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff  
CF23 8AA

**BANKERS:**

National Westminster Bank plc  
2 Plymouth Road  
Penarth  
Vale of Glamorgan  
CF64 3YN

**Source Insurance Limited (Registered number: 02864963)**

**Report of the Directors  
for the Year Ended 31 December 2011**

---

The directors present their report with the financial statements of the company for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a general insurance intermediary

**REVIEW OF BUSINESS**

The company's core business remains the provision of general insurance products through intermediary brokers. Growth on general insurance was 6% with income of £9.5m compared with £9m in the previous 12 months.

The directors are pleased with the development of the company during the period and the financial results and retained profit as at the year end. The directors believe that the company's product portfolio is an excellent match to the current needs of the market and that consequently Source is well positioned to grow its customer base in spite of less favourable economic conditions.

**RESULTS**

The results for the year are set out in the profit and loss account.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2011 will be £497,585 (2010 - £1,393,484).

**FIXED ASSETS**

Details of movements in fixed assets are set out in note 7 of the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

G L Davidson  
A A Masters

Other changes in directors holding office are as follows:

M R Cairns - appointed 17 March 2011  
M T Guest - resigned 23 March 2011  
A McLauchlan - resigned 7 December 2011

**INTRODUCTION OF THE EURO**

The directors have considered the potential impact and extent of the introduction of the Euro on the business and its operation.

The directors are of the opinion that there will be no major problems in this area and they do not feel that costs associated with it will be of a material nature.

**Report of the Directors  
for the Year Ended 31 December 2011**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**THIS REPORT WAS APPROVED BY THE BOARD:**



A A Masters - Director

Date 27 July 2012

## Report of the Independent Auditors to the Members of Source Insurance Limited

---



We have audited the financial statements of Source Insurance Limited for the year ended 31 December 2011 on pages six to twenty one. 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 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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 31 December 2011 and of its 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Radnor House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff CF23 8AA

Registered to carry on audit work  
and regulated for a range of  
investment business activities by  
the Institute of Chartered  
Accountants in England and Wales

bpu Chartered Accountants is a  
trading name of BPU Ltd  
Company Number 3723948  
Registered in Wales

A list of directors is available from the  
registered office above

**Report of the Independent Auditors to the Members of  
Source Insurance Limited**

---



**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'John Huw Palin'.

John Huw Palin ACA (Senior Statutory Auditor)  
for and on behalf of BPU Limited  
Chartered Accountants  
Statutory Auditor

Date 30 July 2012

Radnor House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff CF23 8AA

Source Insurance Limited (Registered number: 02864963)

**Profit and Loss Account  
for the Year Ended 31 December 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>		<b>9,528,789</b>	9,007,949
Cost of sales		<b>(4,913,774)</b>	(4,730,864)
<b>GROSS PROFIT</b>		<b>4,615,015</b>	4,277,085
Administrative expenses		<b>(3,929,391)</b>	(2,663,076)
<b>OPERATING PROFIT</b>	3	<b>685,624</b>	1,614,009
Interest receivable & similar income		<b>28,807</b>	13,825
		<b>714,431</b>	1,627,834
Interest payable & similar charges	4	<b>(6,585)</b>	(8,073)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>707,846</b>	1,619,761
Tax on profit on ordinary activities	5	<b>(188,111)</b>	(447,774)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>519,735</b>	1,171,987

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

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

The notes form part of these financial statements

**Source Insurance Limited (Registered number: 02864963)**

**Balance Sheet  
31 December 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>987,123</b>	859,553
Investments	8	<b>100</b>	-
		<b>987,223</b>	859,553
<b>CURRENT ASSETS</b>			
Debtors	9	<b>763,674</b>	980,298
Cash at bank and in hand		<b>2,409,729</b>	2,018,878
		<b>3,173,403</b>	2,999,176
<b>CREDITORS</b>			
Amounts falling due within one year	10	<b>2,862,117</b>	2,722,088
<b>NET CURRENT ASSETS</b>		<b>311,286</b>	277,088
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,298,509</b>	1,136,641
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	<b>(338,755)</b>	(291,386)
<b>PROVISIONS FOR LIABILITIES</b>	15	<b>(23,000)</b>	(2,000)
<b>ACCRUALS AND DEFERRED INCOME</b>	16	<b>(272,622)</b>	(201,273)
<b>NET ASSETS</b>		<b>664,132</b>	641,982
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	<b>2,000</b>	2,000
Profit and loss account	18	<b>662,132</b>	639,982
<b>SHAREHOLDERS' FUNDS</b>	22	<b>664,132</b>	641,982

The notes form part of these financial statements

**Source Insurance Limited (Registered number: 02864963)**

**Balance Sheet - continued**  
**31 December 2011**

---

The financial statements were approved by the Board of Directors on  
27 July 2012 and were signed on its behalf by



G L Davidson - Director

The notes form part of these financial statements

**Cash Flow Statement  
for the Year Ended 31 December 2011**

		2011		2010	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	1		<b>1,428,955</b>		<b>1,408,815</b>
<b>Returns on investments and servicing of finance</b>	2		<b>22,222</b>		<b>5,752</b>
<b>Taxation</b>			<b>(457,378)</b>		<b>(433,784)</b>
<b>Capital expenditure and financial investment</b>	2		<b>(174,708)</b>		<b>(25,315)</b>
<b>Equity dividends paid</b>			<b>(497,585)</b>		<b>(1,393,484)</b>
			<b>321,506</b>		<b>(438,016)</b>
<b>Financing</b>	2		<b>69,345</b>		<b>(18,733)</b>
<b>Increase/(decrease) in cash in the period</b>			<b>390,851</b>		<b>(456,749)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>					
	3				
Increase/(decrease) in cash in the period		<b>390,851</b>		<b>(456,749)</b>	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<b>(69,345)</b>		<b>18,733</b>	
Change in net funds resulting from cash flows			<b>321,506</b>		<b>(438,016)</b>
<b>Movement in net funds in the period</b>			<b>321,506</b>		<b>(438,016)</b>
<b>Net funds at 1 January</b>			<b>1,707,916</b>		<b>2,145,932</b>
<b>Net funds at 31 December</b>			<b>2,029,422</b>		<b>1,707,916</b>

The notes form part of these financial statements

**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2011**

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>685,624</b>	1,614,009
Depreciation charges	<b>47,038</b>	56,601
Decrease/(increase) in debtors	<b>216,624</b>	(96,598)
Increase/(decrease) in creditors	<b>479,669</b>	(165,197)
<b>Net cash inflow from operating activities</b>	<b><u>1,428,955</u></b>	<b><u>1,408,815</u></b>

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>28,807</b>	13,825
Interest paid	<b>(6,059)</b>	(8,073)
Interest element of hire purchase payments	<b>(526)</b>	-
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>22,222</u></b>	<b><u>5,752</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	<b>(174,608)</b>	(25,315)
Purchase of fixed asset investments	<b>(100)</b>	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(174,708)</u></b>	<b><u>(25,315)</u></b>
<b>Financing</b>		
New loans in year	<b>398,100</b>	-
Capital repayments in year	<b>(328,755)</b>	(18,733)
<b>Net cash inflow/(outflow) from financing</b>	<b><u>69,345</u></b>	<b><u>(18,733)</u></b>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2011

---

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/11 £	Cash flow £	At 31/12/11 £
Net cash			
Cash at bank and in hand	2,018,878	390,851	2,409,729
	<u>2,018,878</u>	<u>390,851</u>	<u>2,409,729</u>
Debt			
Hire purchase	-	(75,459)	(75,459)
Debts falling due within one year	(19,576)	3,109	(16,467)
Debts falling due after one year	(291,386)	3,005	(288,381)
	<u>(310,962)</u>	<u>(69,345)</u>	<u>(380,307)</u>
Total	<u>1,707,916</u>	<u>321,506</u>	<u>2,029,422</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2011**

---

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Preparation of consolidated financial statements**

The financial statements contain information about Source Insurance Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company believes the results of its only subsidiary are immaterial on a group basis and has therefore taken the option not to prepare consolidated financial statements

**Turnover**

Turnover represents brokerage income for which the company takes credit upon inception of the corresponding insurance policy, where the premium has been received by the company, one of its insurance underwriters, or a third party collection agency

**Tangible fixed assets**

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

Freehold property	- 2% straight line
Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 25% - 33% straight line

Freehold property is maintained to ensure that its value does not diminish over time. The cost of maintenance of freehold property is charged to the profit and loss in the year incurred. In the directors' opinion, depreciation would be immaterial and has not been charged

**Deferred tax**

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse

**Hire purchase and leasing commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES - continued

**Insurance balances**

The company acts as an insurance intermediary and is not liable for premiums due to underwriters or for claims payable to clients. Notwithstanding this legal relationship with clients and underwriters, the company follows generally accepted accounting practice by showing debtors, cash and creditors relating to insurance business as assets and liabilities of the company itself. The company receives premiums and premium refunds under risk transfer agreements with underwriters.

**Hire purchase and leasing commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 STAFF COSTS

	2011 £	2010 £
Wages and salaries	2,789,847	1,587,423
Social security costs	233,993	154,800
	<u>3,023,840</u>	<u>1,742,223</u>

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

	2011	2010
Employees	<u>65</u>	<u>62</u>

3 OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation - owned assets	47,038	56,601
Audit fees	8,579	8,790
Non audit services	500	4,235
Operating lease rentals	<u>29,698</u>	<u>21,635</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

3 OPERATING PROFIT - continued

Directors' remuneration	<b>1,203,832</b>	<b>363,218</b>
-------------------------	------------------	----------------

Information regarding the highest paid director is as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Emoluments etc	<b>565,914</b>	<b>187,780</b>

4 INTEREST PAYABLE & SIMILAR CHARGES

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loan interest	<b>6,059</b>	<b>8,073</b>
Hire purchase	<b>526</b>	<b>-</b>
	<b>6,585</b>	<b>8,073</b>

5 TAXATION

**Analysis of the tax charge**

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Current tax		
UK corporation tax	<b>167,111</b>	<b>458,774</b>
Deferred tax	<b>21,000</b>	<b>(11,000)</b>
Tax on profit on ordinary activities	<b>188,111</b>	<b>447,774</b>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

5 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

	2011 £	2010 £
Profit on ordinary activities before tax	<u>707,846</u>	<u>1,619,761</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	184,040	453,533
Effects of Expenses not deductible for tax purposes	4,391	45
Tax Depreciation in excess of capital allowances	(21,320)	3,799
Prior period adjustment	-	1,397
Current tax charge	<u>167,111</u>	<u>458,774</u>

6 DIVIDENDS

	2011 £	2010 £
Ordinary shares of £1 each Paid	<u>497,585</u>	<u>1,393,484</u>

The directors have proposed a final dividend for the year ended 31 December 2011 of £143,532 which was paid in January and May 2012

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

7 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2011	782,265	94,887	89,642	242,741	1,209,535
Additions	-	-	10,742	163,866	174,608
At 31 December 2011	782,265	94,887	100,384	406,607	1,384,143
<b>DEPRECIATION</b>					
At 1 January 2011	-	78,218	77,866	193,898	349,982
Charge for year	-	10,462	6,904	29,672	47,038
At 31 December 2011	-	88,680	84,770	223,570	397,020
<b>NET BOOK VALUE</b>					
At 31 December 2011	782,265	6,207	15,614	183,037	987,123
At 31 December 2010	782,265	16,669	11,776	48,843	859,553

The net book value of tangible fixed assets includes £121,260 in respect of assets held under hire purchase contracts

8 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
Additions	100
At 31 December 2011	100
<b>NET BOOK VALUE</b>	
At 31 December 2011	100

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

**Payzip Limited**

Nature of business Payment collection made simple

Class of shares	% holding
Ordinary	100.00

Information in relation to Payzip Limited is not provided as it is deemed to be immaterial

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	611,053	809,500
Amounts owed by group undertakings	10,678	-
Other debtors	39,060	7,603
VAT	785	-
Prepayments and accrued income	102,098	163,195
	<u>763,674</u>	<u>980,298</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loan (see note 12)	16,467	19,576
Hire purchase contracts (see note 13)	25,085	-
Trade creditors	2,029,065	2,070,724
Corporation tax	167,110	457,377
Social security and other taxes	108,632	39,962
Accruals and deferred income	515,758	134,449
	<u>2,862,117</u>	<u>2,722,088</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Bank loan (see note 12)	288,381	291,386
Hire purchase contracts (see note 13)	50,374	-
	<u>338,755</u>	<u>291,386</u>

12 LOANS

An analysis of the maturity of loans is given below

	2011 £	2010 £
Amounts falling due within one year or on demand		
Bank loans	<u>16,467</u>	<u>19,576</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>19,124</u>	<u>20,051</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

12 LOANS - continued

	2011 £	2010 £
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>269,257</u>	<u>63,119</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>208,216</u>

The bank loan is due to mature in July 2016, with an interest rate charged at base rate + 1.97%

13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2011 £	2010 £
Net obligations repayable		
Within one year	25,085	-
Between one and five years	<u>50,374</u>	<u>-</u>
	<u>75,459</u>	<u>-</u>

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

	Other operating leases	
	2011 £	2010 £
Expiring		
Within one year	-	13,042
Between one and five years	<u>45,212</u>	<u>-</u>
	<u>45,212</u>	<u>13,042</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

14 SECURED DEBTS

The following secured debts are included within creditors

	2011 £	2010 £
Bank loan	<u>304,848</u>	<u>310,962</u>

15 PROVISIONS FOR LIABILITIES

	2011 £	2010 £
Deferred tax	<u>23,000</u>	<u>2,000</u>

	Deferred tax £
Balance at 1 January 2011	2,000
Charged to profit & loss	<u>21,000</u>
Balance at 31 December 2011	<u>23,000</u>

16 ACCRUALS AND DEFERRED INCOME

	2011 £	2010 £
Accruals and deferred income	<u>272,622</u>	<u>201,273</u>

17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
2,000	Ordinary	£1	<u>2,000</u>	<u>2,000</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

---

18 RESERVES

	Profit and loss account £
At 1 January 2011	639,982
Profit for the year	519,735
Dividends	(497,585)
At 31 December 2011	<u>662,132</u>

19 CAPITAL COMMITMENTS

	2011 £	2010 £
Contracted but not provided for in the financial statements	<u>98,446</u>	<u>-</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

20 RELATED PARTY DISCLOSURES

a) Related parties

(i) Other/director:-

A A Masters  
G L Davidson

b) Consultancy services from related parties

	Net value of supply in year £	Balance owed at year end £
2011		
Other	92,842	1,500
2010		
Other	119,152	10,450

c) Dividends paid to directors during the year

	2011 £	2010 £
G L Davidson	34,831	97,544
M T Guest	19,903	55,739
A A Masters	253,769	710,677
A McLauchlan	74,638	209,023

21 ULTIMATE CONTROLLING PARTY

The company is ultimately controlled by A A Masters, the chairman and effective 51% shareholder

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	519,735	1,171,987
Dividends	(497,585)	(1,393,484)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>22,150</b>	<b>(221,497)</b>
Opening shareholders' funds	641,982	863,479
<b>Closing shareholders' funds</b>	<b>664,132</b>	<b>641,982</b>