

Global Personals Limited

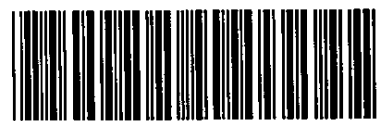
Report and Financial Statements

Year Ended

31 August 2010

Company Number 04880697

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Global Personals Limited

**Report and financial statements
for the year ended 31 August 2010**

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Directors

R Williams
S Pammenter
D Damiano
B Frost

Secretary and registered office

D Damiano, Minton Place, Victoria Street, Windsor, Berkshire, SL4 1EG

Company number

04880697

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Global Personals Limited

Report of the directors for the year ended 31 August 2010

The directors present their report together with the audited financial statements for the year ended 31 August 2010

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

The directors paid an interim ordinary dividend amounting to £233,333 (2009 - £507,695)

Principal activity, trading review and future developments

The principal activity of the company in the year under review was that of an on line dating company

The business has delivered excellent results in the year to August 31 2010 with a 16% growth in revenue along with a 36% increase in profit after tax despite increased competitive challenges and a worsening general economic climate. This double digit growth ensured the Company ended the year with a strong positive cash balance and continues to generate significant cash from ongoing operating activities. Looking forward we remain cautious of the economic environment but thanks to continued investment in our products, people and technology we are confident of the longer term opportunities for the business.

The core White Label business has deepened its relationships with all key strategic partners in the year and has generated a considerable increase in the overall number of partners and the volume of partner sites which it operates. An increase in revenue of 21% year on year was delivered along with an increase in gross margin which was particularly noteworthy given increased market pressures.

The year saw a significant investment in the core business processes with particular focus on the platform architecture and hosting capability, this was in conjunction with an increase in R&D expenditure which the Company believes maintains our position as the leading software provider as recognized in recent industry awards. Our technology remains flexible to the demands of the business and we will continue to provide our customers with the very best experience.

We have seen excellent growth in our International Markets with South Africa growing 330% year on year. We continue to believe that International expansion is a key pillar of future growth and profitability and the Executive team remain focused on building existing markets and entering new ones through 2011 and beyond.

Our people remain at the heart of our success. We have invested in all areas of the business and have continued to develop our teams to become centres of excellence in their respective fields. We have had particular focus in the second half of the year with the forging of a strong management team who have already made a significant impact on the business. This executive group will focus upon key strategic programmes to secure the long term profitability of the business.

To support ongoing recruitment and environment of our existing staff we have invested in new offices in central Windsor. This is combined with ongoing employee engagement activity. We know that positive engaged staff will deliver the best customer experience.

Our extensive brand and market research has led to significant improvements in our product and proposition. A series of major site features have been implemented and we have segmented our customer markets to increase our relevance to niche communities supporting acquisition, conversion and ongoing customer experience.

Global Personals Limited

Report of the directors for the year ended 31 August 2010 (*Continued*)

Principal activity, trading review and future developments (*continued*)

Careful investment has led to a material shift in growth and has established a platform for continued success in the current financial year and beyond. As the dominant white label market leader we will continue to innovate and develop across our chosen global markets, technology, marketing and our people. The economic outlook demands caution but we remain convinced that the long term growth of the business is secure.

In the post year end period our investments have continued to drive excellent growth. In the current financial year we have surpassed a number of previous records including highest ever revenue month, highest revenue day, highest volume of basics sign ups (with a customer joining every 10 seconds in December) and the highest level of paying subscribers ever.

Previous year and current performance across the business has been recognized in a number of awards. We were 8th in the Deloitte Top 50 UK Tech companies, 19th in the Deloitte Top 50 EMEA Tech companies, named Best Affiliate Program and Best Software Provider at the prestigious iDate awards in Miami, 13th in the Sunday Times Fast Track 100 and named Digital Business of the Year at the Digital Entrepreneur Awards.

Key performance indicators

Among the key financial indicators that the company uses to monitor and measure performance are the number of basic registration sign ups and daily cash collected. The performance in the year was as follows:

	2010	2009
Basic registrations (000's)	2,083	1,598
Daily cash collected (£'000)	45	40

The company also monitors non-financial indicators to measure performance and two of the most significant are level of staff turnover and from a technology perspective, application uptime.

Principle risks and uncertainties facing the business

The principle risk to the business is the possibility of losing key senior staff. The company has policies and procedures in place to reward and retain key staff and has introduced an EMI scheme to ensure that the interests of key staff, shareholders and Directors are aligned.

Directors

The directors of the company during the year were:

R Williams
S Pammenter
D Damiano
B Frost (appointed 13 July 2010)

Global Personals Limited

Report of the directors for the year ended 31 August 2010 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Auditors

All of the current directors have taken steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

R Williams

Director

Date

18/2/11

Global Personals Limited

Independent auditor's report

TO THE MEMBERS OF GLOBAL PERSONALS LIMITED

We have audited the financial statements of Global Personals Limited for the year ended 31 August 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB'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.

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 August 2010 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Global Personals Limited

Independent auditor's report (*Continued*)

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 explanation we require for our audit

BDO UK

*Donald Williams, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date *18 Feb 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Global Personals Limited

Profit and loss account for the year ended 31 August 2010

	Note	2010 £	2009 £
Turnover	2	13,692,872	11,799,779
Cost of sales		<u>(7,128,278)</u>	<u>(5,874,405)</u>
Gross profit		6,564,594	5,925,374
Administrative expenses		<u>(6,273,411)</u>	<u>(5,508,221)</u>
Operating profit	5	291,183	417,153
Interest receivable and similar income		289	476
Interest payable and similar charges	6	<u>(2,510)</u>	<u>(3,037)</u>
Profit on ordinary activities before taxation		288,962	414,592
Taxation	7	<u>(2,391)</u>	<u>(242,148)</u>
Profit on ordinary activities after taxation	16,17	<u>286,571</u>	<u>172,444</u>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The accompanying notes on pages 9 to 18 form an integral part of these financial statements

Global Personals Limited

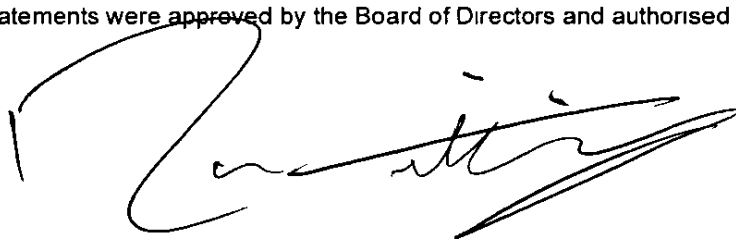
Balance sheet at 31 August 2010

Company number 04880697	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	10		140,863		160,353
Tangible assets	11		309,629		145,985
			<u>450,492</u>		<u>306,338</u>
Current assets					
Debtors	12	1,641,190		1,201,911	
Cash at bank and in hand		766,292		895,996	
		<u>2,407,482</u>		<u>2,097,907</u>	
Creditors' amounts falling due within one year	13	1,371,080		1,464,372	
Deferred income		<u>1,713,989</u>		<u>1,233,775</u>	
Net current liabilities			(677,587)		(600,240)
Provisions	14		(32,907)		(19,338)
			<u>(260,002)</u>		<u>(313,240)</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		(260,102)		(313,340)
Shareholders' deficit	17		<u>(260,002)</u>		<u>(313,240)</u>

The financial statements were approved by the Board of Directors and authorised for issue on

18/2/11

R Williams
Director



The accompanying notes on pages 9 to 18 form an integral part of these financial statements

Global Personals Limited

Cash flow statement for the year ended 31 August 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	20		561,909		1,545,373
Taxation					
UK corporation tax paid			(139,216)		(60,659)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(268,570)		(99,739)	
Purchase on intangible assets		(39,200)		(63,153)	
			(307,770)		(162,892)
Equity dividends paid	8		(233,333)		(507,695)
Cash (outflow)/inflow before financing	21		(118,410)		814,127
Financing					
Capital element of finance lease rental payments			(11,294)		(12,773)
(Decrease)/increase in cash	22		(129,704)		801,354

The accompanying notes on pages 9 to 18 form an integral part of these financial statements,

Global Personals Limited

Notes forming part of the financial statements for the year ended 31 August 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards

The following principal accounting policies have been applied

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis

Group financial statements

Consolidated accounts are not prepared where the result and financial position of subsidiary undertakings are immaterial to the group

Going concern

The directors have prepared forecasts to demonstrate that the company will have sufficient funding for ongoing operations. While there will always remain some inherent uncertainty within the cash flow forecasts, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements are signed. As such, the directors have adopted the going concern basis in preparing these financial statements

Turnover

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured

Turnover represents membership subscription fees generated from customers who subscribe to online dating services. There are two divisions which are

- Business to Customer - Own brand dating sites
- Business to Business - Website platforms provided and managed for brand and media owner

Deferred revenue is recognised due to payments being made up front and in full for membership subscriptions. The revenue is spread on a straight line basis over the subscription period. The same basis of recognition is applied to the associated partner share of revenues

Accrued revenue is recognised where subscriptions have been placed but cash has not yet cleared the bank

Depreciation

Tangible assets are held at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

- Leasehold improvements - Recognised over the lifetime of the lease
- Fixtures, fittings and equipment - 25% straight line

Global Personals Limited

Notes forming part of the financial statements for the year ended 31 August 2010 (*Continued*)

1 Accounting policies (*Continued*)

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Acquired intangible assets

Intangible assets are recognised at cost and are amortised on a straight line basis over the estimated useful life at the following rates

Platform	-	20%
Domain names	-	20%

Internally generated intangibles - Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions are expressed in sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses and translation differences are taken directly to the profit and loss account.

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company 94% of turnover is associated with the UK market with the remaining 6% from overseas activity

3 Employees

	2010 £	2009 £
Staff costs, including directors, consist of		
Wages and salaries	2,708,055	1,903,101
Social security costs	291,097	203,039
Other pension costs	37,838	6,070
	<u>3,036,990</u>	<u>2,112,210</u>

The average number of employees, including directors, during the year was 75 (2009 - 76)

4 Directors' remuneration

	2010 £	2009 £
Directors' remuneration consists of		
Emoluments	552,957	271,885
Company contributions to money purchase pension schemes	4,878	-
	<u>557,835</u>	<u>271,885</u>
Highest paid director		
Emoluments	<u>225,000</u>	<u>160,000</u>

There was 1 director in the company's defined contribution pension scheme during the year (2009 - none)
The liability at year end was £333 33 (2009 - £Nil)

There was 1 director in the company's personal pension scheme during the year (2009 - none)
The liability at year end was £437 50 (2009 - £Nil)

5 Operating profit

	2010 £	2009 £
This has been arrived at after charging		
Amortisation	58,690	64,800
Depreciation	104,926	80,056
Impairment of investment	-	300,000
Fee payable to company's auditor in respect of the statutory audit of the financial statements	23,000	21,000
Fee payable to the company's auditor and it's associates for tax services	6,000	4,000
Operating lease rentals - land and buildings	175,830	149,745
Research and development expenditure	<u>984,335</u>	<u>556,170</u>

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (*Continued*)

6 Interest payable and similar charges

	2010 £	2009 £
Finance leases and hire purchase contracts	2,510	3,037

7 Taxation on profit from ordinary activities

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax on profits of the year	72,413	219,938
UK corporation tax adjustment on prior year	(83,591)	2,872
Total current tax	(11,178)	222,810
<i>Deferred tax (note 14)</i>		
Origination of timing differences	11,880	(14,801)
Adjustment on prior year	1,689	34,139
	13,569	19,338
Total tax charge	2,391	242,148

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	288,962	414,592
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	80,909	116,085
Effects of		
Expenses not deductible for tax purposes	6,489	89,052
Depreciation on assets not eligible for capital allowances	4,988	14,351
Adjustment to tax charge in respect of previous years	(83,591)	2,872
Other differences	-	450
Capital allowances in excess of depreciation	(11,880)	-
Over provision in respect of previous years marginal relief	(8,093)	-
Current tax (credit)/charge for year	(11,178)	222,810

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (*Continued*)

8 Dividends

	2010 £	2009 £
Dividends paid of £2 33 (2009 - £5,076) per share	233,333	507,695

The current year dividend was paid after a subdivision of the authorised and issued ordinary shares of the company, which took place on the 18 May 2009 (Note 15) The prior year dividend was paid before the subdivision

9 Investment

	£
<i>Cost</i>	
At 1 September 2009	300,000
Disposal	(180,000)
	<hr/>
At 31 August 2010	120,000
	<hr/>
<i>Provision for impairment</i>	
At 1 September 2009	(300,000)
Disposal	180,000
	<hr/>
At 31 August 2010	(120,000)
	<hr/>
<i>Net book value</i>	
At 31 August 2009 and 31 August 2010	-
	<hr/>

The investment relates to Servicepals Limited, a business providing social networking sites for armed forces personnel Global Personals held 100% of the issued share capital of the business as at 31 August 2009

In September 2009, 60% of the issued share capital of Servicepals Limited was sold to Mr Jack Knowles for cash consideration of £1 Global Personals Limited retained a 40% interest in the business Servicepals is accounted for as an associate as at the 31 August 2010

There was no profit or loss on disposal of the 60% share

The results and financial position of Servicepals Limited for the period in which it was a 100% subsidiary were immaterial to the group in both the current and prior year and have therefore not been consolidated

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (*Continued*)

10 Intangible assets

	Platform £	Domain names £	Total £
<i>Cost</i>			
At 1 September 2009	162,000	63,153	225,153
Additions	39,200	-	39,200
	<hr/>	<hr/>	<hr/>
At 31 August 2010	201,200	63,153	264,353
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 September 2009	64,800	-	64,800
Charge for the year	38,025	20,665	58,690
	<hr/>	<hr/>	<hr/>
At 31 August 2010	102,825	20,665	123,490
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2010	98,375	42,488	140,863
	<hr/>	<hr/>	<hr/>
At 31 August 2009	97,200	63,153	160,353
	<hr/>	<hr/>	<hr/>

11 Tangible assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 September 2009	62,947	185,296	248,243
Additions	164,620	103,950	268,570
Disposals	(62,947)	-	(62,947)
	<hr/>	<hr/>	<hr/>
At 31 August 2010	164,620	289,246	453,866
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 September 2009	55,222	47,036	102,258
Charge for the year	41,384	63,542	104,926
Disposals	(62,947)	-	(62,947)
	<hr/>	<hr/>	<hr/>
At 31 August 2010	33,659	110,578	144,237
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2010	130,961	178,668	309,629
	<hr/>	<hr/>	<hr/>
At 31 August 2009	7,725	138,260	145,985
	<hr/>	<hr/>	<hr/>

Global Personals Limited

Notes forming part of the financial statements for the year ended 31 August 2010 (Continued)

11 Tangible assets (Continued)

The net book value of tangible fixed assets includes an amount of £Nil (2009 - £11,294) in respect of assets held under finance leases. The related depreciation charge on these assets for the year was £5,357 (2009 - £12,661).

12 Debtors

	2010 £	2009 £
Trade debtors	98,047	72,238
Other debtors	21,411	2,660
Prepayments	1,264,932	804,469
Accrued income	256,800	322,544
	<u>1,641,190</u>	<u>1,201,911</u>

All amounts shown under debtors are due for payment within one year.

13 Creditors' amounts falling due within one year

	2010 £	2009 £
Trade creditors	90,049	83,149
Other taxation and social security	463,262	312,425
Corporation tax	72,413	222,810
Other creditors	24,825	10,870
Accruals	720,531	823,824
Finance leases obligations	-	11,294
	<u>1,371,080</u>	<u>1,464,372</u>

14 Provisions

	Deferred taxation £
At 1 September 2009	19,338
Charged to profit and loss account (note 7)	13,569
	<u>32,907</u>
Balance at 31 August 2010	

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (Continued)

15 Share capital

	Allotted, issued and fully paid			
	2010	2009	2010	2009
	Number	Number	£	£
Ordinary shares of £0.001 each	100,000	100,000	100	100

On the 18 May 2009, each of the issued ordinary shares of £1 each in the capital of the company were subdivided into 1,000 shares of £0.001 each

16 Reserves

	Profit and loss account £
At 1 September 2009	(313,340)
Profit for the year	286,571
Dividends (note 8)	(233,333)
At 31 August 2010	(260,102)

17 Reconciliation of movements in shareholders' deficit

	Note	2010 £	2009 £
Profit for the year		286,571	172,444
Dividends	8	(233,333)	(507,695)
		53,238	(335,251)
Opening shareholders' (deficit)/funds		(313,240)	22,011
Closing shareholders' deficit		(260,002)	(313,240)

Global Personals Limited

Notes forming part of the financial statements for the year ended 31 August 2010 (Continued)

18 Commitments under operating leases

As at 31 August 2010, the company had annual commitments under non-cancellable operating leases as set out below

	2010 Land and buildings £	2009 Land and buildings £
Operating leases which expire		
Within one year	-	79,662
In two to five years	169,622	-
	<u>169,622</u>	<u>79,662</u>

19 Related party transactions

R Williams is a director and shareholder of Rawnnet Limited. During the year, the company entered into an arms length transactions with Rawnnet Limited for rental income payable to Global Personals of £Nil (2009 - £47,099)

As at 31 August 2010 £7,242 was receivable from Rawnnet Limited (2009 - £22,067 was receivable)

R Williams received dividends of £175,000 during the year (2009 - £397,195). No amounts were outstanding at the year end (2009 - £Nil)

S Pammenter received dividends of £58,333 during the year (2009 - £110,500). No amounts were outstanding at the year end (2009 - £Nil)

20 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	288,962	414,592
Depreciation	163,616	144,856
Increase in debtors	(439,279)	(666,299)
Increase in creditors	548,610	1,352,224
Impairments	-	300,000
	<u>561,909</u>	<u>1,545,373</u>
Net cash inflow from operating activities		

Global Personals Limited

Notes forming part of the financial statements
for the year ended 31 August 2010 (*Continued*)

21 Reconciliation of net cash inflow to movement in net funds

	2010 £	2009 £
(Decrease)/increase in cash in the year	(118,410)	814,127
Movement in net funds in the year	(118,410)	814,127
Opening net funds	884,702	70,575
Closing net funds	766,292	884,702

22 Analysis of net funds

	At 1 September 2009 £	Cash flow £	At 31 August 2010 £
Cash in hand and at bank	895,996	(129,704)	766,292
Obligations under finance leases	(11,294)	11,294	-
Total	884,702	(118,410)	766,292