Grant Thornton

Financial Statements The TALL Group of Companies Limited

For the year ended 31 December 2010

Company No 6548791

Company information

Company registration number :	6548791
Registered office :	Unit 2 Pembroke Court Manor Park Runcorn Cheshire WA7 1TJ
Directors :	P G Andrew W S D Lamb P D Long M J Ruda
Secretary :	W S D Lamb
Auditor :	Grant Thornton UK LLP Registered Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the Directors

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

Principal activities and business review
The Group's principal activity is the provision of secure paper, electronic and card payment solutions

Financial overview
Revenue increased by 61% in 2010 to £13,618,145, (2009 £8,456,308) following the acquisition of ID Data Cards Ltd, in December 2009 Operating profit (before interest, tax and dividends) reduced to £143,017, (2009 £470,688)

Strategy
The Group has substantially expanded its presence in the secure payments marketplace, both in the UK and overseas, following the acquisition of ID Data Cards Ltd Now offering a full line of paper, electronic and card based solutions, the Group is transitioning many long standing customers to new generation payments solutions Entering the growing loyalty, gift, identity and prepaid card markets, the Group will offer innovative and integrated products and services to new and existing markets

Gross profit
Gross profit as a percentage of sales remained stable at 45 3% (2009 45 2%)

Operating costs
Operating charges increased as a percentage of sales to 44 2% (2009 39 6%), including costs associated with the integration of ID Data Cards Ltd and the continuing development of the international business

Cash management
Cash flows were carefully monitored during the year, with continued attention to credit control, and active management of the supply chains.

Capital expenditure
The directors constantly monitor the requirements to invest in, upgrade or replace machinery and equipment in order to maintain efficient production operations across the Group

Accreditations, training and development
The Group maintains accreditations to Mastercard, ISO 27001, ISO 9001, ISO 14001 and the Investors in People standard and ensures all its people review performance and participate in relevant training and development activities

Future prospects
The directors consider the performance of the Group to be satisfactory in the prevailing economic climate and recognize the potential for growth in new products and services and in new markets both in the UK and overseas.

Results and dividends
The profit for the year after taxation amounted to £57,903 (2009 £338,622) Particulars of dividends paid are detailed in note 6 to the financial statements

Directors

The membership of the board during the year is set out below All directors served throughout the year unless otherwise stated

P G Andrew
W S D Lamb
P D Long
M J Ruda

Financial risk management objectives and policies

The Group uses financial instruments, which include a bank overdraft, a cash and various items such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash safely and profitably Short term flexibility is achieved by an overall facility

Interest rate risk

The Group finances its operations through a mixture of retained profits and a bank overdraft The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2010 is shown below The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk

	Fixed	Interest rate Floating £	Zero £	Total £
Financial Assets				
Cash	-	399,028	-	399,028
Trade debtors	-	-	2,374,572	2,374,572
	-	399,028	2,374,572	2,773,600
Financial liabilities				
Finance leases and hire purchase contracts	328,110	-	-	328,110
Trade creditors	-	-	1,166,914	1,166,914
Confidential invoice discounting	-	550,360	-	550,364
Bank loan and overdraft	-	630,234	-	630,234
	328,110	1,180,594	1,166,914	2,675,622

Credit risk

The Group's principal financial assets are cash deposits, cash and trade debtors The credit risk associated with cash is limited The principal credit risk arises therefore from its trade debtors

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

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 required 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 laws) 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 and profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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

In so far as each of the directors is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP has expressed willingness to continue in office In accordance with Section 485(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General meeting

BY ORDER OF THE BOARD

WSD Lamb

W S D Lamb
Secretary
The TALL Group of Companies Limited
Company No 6548791

15 June 2011

GrantThornton

Independent auditors's report to the members of The TALL Group of Companies Limited

We have audited the financial statements of The TALL Group of Companies Limited for the year ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statements 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 set out on page 6, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 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

Grant Thornton

Independent auditors's report to the members of The TALL Group of Companies Limited

Opinion on other matters 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

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 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' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

John Shinnick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Senior Auditor, Chartered Accountants
Manchester
15 June 2011

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (United Generally Accepted Accounting Principles)

The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the circumstances of the company

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings Acquisitions are accounted for under the acquisition method

In December 2008, TALL Security Print Limited transferred its investment in Checkprint Limited to the TALL Group of Companies Limited At the same time, the TALL Group of Companies Limited acquired the entire share capital of TALL Security Print Limited The Group's shareholders before and after the reconstruction remained the same and subsequently the consolidated financial statements have been prepared using merger accounting principles These financial statements therefore present The TALL Group of Companies as if it had always been the parent undertaking of the Group

On 18 December 2009, I D Data Cards Limited acquired the trade and assets of Card Data Management Limited, through a newly formed subsidiary, ID Data Cards Limited The balance sheet for ID Data Cards Limited at 18 December 2009 has been consolidated into these financial statements as there was a minimal level of trade within the newly formed company in the residue of December

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets, except freehold land, by equal annual instalments over their expected useful economic lives The rates generally applicable are

Freehold property	2% per annum
Plant and machinery	10% - 20% per annum
Fixtures and fitting	10% per annum
Motor equipment	20% per annum

Amortisation

Amortisation if calculated so as to write off the cost of an asset as follows

Goodwill	-	useful economic life

Stocks

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

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion

Negative and bromides are capitalised within stock and amortised over their useful economic life of 3 years

Investments

Investments are stated at cost less provision for permanent diminution in value

Defined contribution pension scheme

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period

Research and development

Expenditure on research and development is written off in the year incurred

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Leased assets

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Consolidated profit and loss account

	Note	2010 £	2009 £
Turnover – continuing operations	1	**8,149,388**	8,456,308
–acquisitions	1	**5,468,757**	-
		13,618,145	8,456,308
Cost of sales		**(7,450,355)**	(4,633,939)
Gross profit		**6,167,790**	3,822,369
Net operating expenses	2	**(6,024,773)**	(3,351,681)
Operating profit – continuing operations		**368,280**	470,688
–acquisitions		**(225,263)**	-
		143,017	470,688
Net interest	3	**(76,771)**	(19,581)
Profit on ordinary activities before taxation	1	**66,246**	451,107
Tax on profit on ordinary activities	5	**(8,343)**	(112,485)
Profit for the financial year	17	**57,903**	338,622

The company has no recognised gains or losses other than the results for the year as set out above

Consolidated balance sheet

	Note	2010 £000	2009 £000
Fixed assets			
Intangible assets	8	**(454,522)**	(464,122)
Tangible assets	9	**2,018,048**	2,110,075
		1,563,526	1,645,953
Current assets			
Stocks	11	**1,367,141**	994,071
Debtors	12	**2,685,828**	1,488,049
Cash at bank and in hand		**399,028**	416,918
		4,451,997	2,899,038
Creditors : amounts falling due within one year	13	**(3,498,016)**	(2,218,432)
Net current assets		**953,981**	680,606
Total assets less current liabilities		**2,517,507**	2,326,559
Creditors : amounts falling due after more than one year	14	**(643,544)**	(540,426)
Provisions for liabilities	15	**(45,479)**	(15,552)
Net assets		**1,828,484**	1,770,581
Capital and reserves			
Called up share capital	16	**194,924**	194,924
Capital redemption reserve	17	**85,076**	85,076
Merger reserve	17	**(1,310,530)**	(1,310,530)
Profit and loss account	17	**2,859,014**	2,801,111
Shareholders' funds	18	**1,828,484**	1,770,581

The financial statements were approved by the Board of Directors on 15 June 2011

W S D Lamb Director

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

Company balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investments	10	**1,920,408**	1,920,408
Creditors : amounts falling due within one year	13	**(1,370,408)**	(1,640,408)
Net current assets		**550,000**	280,000
Total assets less current liabilities		**550,000**	280,000
Capital and reserves			
Called up share capital	16	**194,924**	194,924
Capital redemption reserve	17	**85,076**	85,076
Profit and loss account	17	**270,000**	–
Shareholders' funds	18	**550,000**	280,000

The financial statements were approved by the Board of Directors on 15 June 2011

W S D Lamb

W S D Lamb Director

Consolidated cash flow statement

	Note	2010 £	2009 £
Net cash inflow from operating activities	18	**(739,534)**	457,299
Returns on investments and servicing of finance			
Interest paid		**(76,771)**	(19,581)
Net cash cashflow/inflow returns on investments and servicing of finance		**(76,771)**	(19,581)
Taxation			
Tax paid		**(113,586)**	(100,377)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(114,862)**	(190,091)
Sale of tangible fixed assets		**10,000**	8,500
Net cash outflow for capital expenditure and financial investment		**(104,862)**	(181,591)
Acquisitions (note 19)		**-**	(270,000)
Equity dividends paid		**-**	(112,000)
Net cash (outflow)/inflow before financing		**(1,034,753)**	(226,250)
Financing			
Net increase in bank loans and invoice discounting	19	**534,097**	249,840
Re-purchase of equity shares	19	**-**	(638,070)
Capital element of finance lease repayments	19	**(68,975)**	47,652
Net cash outflow from financing		**465,122**	(340,578)
Decrease in cash in the year	21	**(569,631)**	(566,828)

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to the principal activities of the Group The analysis of turnover by geographical market is as follows

	2010 £	2009 £
United Kingdom	**10,306,733**	7,364,821
Europe	**2,803,739**	44,469
Rest of World	**507,673**	1,047,018
	13,618,145	8,456,308

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £	2009 £
Amortisation of intangible assets	**(228,600)**	9,369
Auditor's remuneration		
– Audit services	**24,050**	15,325
– Non–audit services	**7,100**	4,200
Depreciation		
– owned assets	**262,634**	151,412
– assets held under finance leases	**128,252**	31,198
Profit on disposal of fixed assets	**(550)**	(1,229)
Operating lease rentals – plant and equipment	**4,479**	5,972
– other	**258,924**	155,027

2 Net operating expenses

	2010 £	2009 £
Distribution costs	**304,265**	320,381
Administration expenses	**5,720,508**	3,031,300
	6,024,773	3,351,681

3 Net interest

	2010 £	2009 £
On bank loans and overdrafts	**36,474**	15,590
On confidential invoice discounting	**14,395**	-
On finance leases and hire purchase contracts	**26,334**	6,218
	77,203	21,808
Bank interest received	**(432)**	(2,227)
	76,771	19,581

4 Directors and employees

Staff costs during the year were as follows	2010 £	2009 £
Wages and salaries	**5,256,340**	3,239,880
Social security costs	**517,973**	304,527
Other pension costs	**143,094**	82,479
	5,917,407	3,626,886

The average number of employees during the year was	2010 Number	2009 Number
Production	**143**	85
Administration	**76**	57
	219	142

Remuneration in respect of directors was as follows	2010 £	2009 £
Emoluments	**739,297**	750,842
Pension contributions to money purchase pension schemes	**40,071**	28,587
	779,368	779,429

During the year 9 (2009 10) directors participated in money purchase pension schemes

Remuneration in respect of the highest paid director was as follows	2010 £	2009 £
Emoluments	**123,386**	134,093

5 Tax on profit on ordinary activities

The tax charge represents	2010 £	2009 £
UK corporation tax at 28% (2009 28%)	**(4,088)**	118,993
Adjustments in respect of prior year	**(17,496)**	-
	(21,584)	118,993
Deferred tax (note 12)	**29,927**	(6,508)
	8,343	112,485

Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2009 28%) The differences are explained as follows

	2010 £	2009 £
Profit on ordinary activities before taxation	**66,461**	451,107
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**18,609**	131,005
Effect of		
Expenses not deductible for tax purposes	**31,525**	8,975
Difference between capital allowances and depreciation	**(47,875)**	(1,032)
Other short term timing differences	**3,376**	5,293
Unrelieved tax losses	**13,053**	
Tax credits	**-**	(5,412)
Marginal relief	**-**	(2,190)
Additional deduction for research and development expenditure	**(22,776)**	(17,646)
Adjustment to tax charge in respect of prior years	**(17,496)**	-
Current tax charge for the year	**21,584**	118,993

6 Dividends

Dividends on shares classed as equity

	2010 £	2009 £
Paid during the year		
Dividends on £1 ordinary shares	**-**	112,000

7 Profit for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent company's profit for the year was £270,000 (2009 £750,070)

8 Intangible fixed assets

	Negative Goodwill £
Cost	
At 1 January 2010	(464,122)
Hindsight fair value adjustments (note)	(219,000)
At 31 December 2010	**(683,122)**
Amortisation	
At 1 January 2010	–
Provided in the year	(228,600)
At 31 December 2010	**(228,600)**
Net book value	
At 31 December 2010	**(454,522)**
At 31 December 2009	(464,122)

9 Tangible fixed assets

Group	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
Cost					
At 1 January 2010	659,996	83,198	4,114,045	1,188,399	6,045,638
Additions	2,200	55,527	210,605	39,977	308,309
Disposals	-	(40,500)	(289,000)	-	(329,500)
At 31 December 2010	**662,196**	**98,225**	**4,035,650**	**1,228,376**	**6,024,447**
Depreciation					
At 1 January 2010	119,272	28,287	2,738,259	1,049,745	3,935,563
Charge for the year	11,653	16,782	314,301	48,150	390,886
Disposals	-	(31,050)	(289,000)	-	(320,050)
At 31 December 2010	**130,925**	**14,019**	**2,763,560**	**1,097,895**	**4,006,399**
Net book amount					
At 31 December 2010	**531,271**	**84,206**	**1,272,090**	**130,481**	**2,018,048**
At 31 December 2009	540,724	54,911	1,375,786	138,654	2,110,075

Included within the net value of £2,018,048 are assets held under finance leases with a net book value of £631,838 (2009 £1,228,912) Depreciation charged on these assets in the year amounted to £74,048 (2009 £31,198)

No tangible fixed assets are held by the company

10 Fixed asset investments

Company	Subsidiary undertakings £
Cost net book amount	
At 1 January 2010 and 31 December 2010	**1,920,408**

During the year the company acquired the entire share capital of I D Data Cards Limited The details of the investments in the subsidiary undertakings are as follows

Name of subsidiary	Country of incorporation	Class of shares held	Proportion held by parent company	Nature of business
TALL Security Print Limited	United Kingdom	£1 ordinary shares	100%	Production of specialist cheques
Checkprint Limited	United Kingdom	£1 ordinary shares	100%	Production of specialist cheques
I D Data Cards Limited	United Kingdom	£1 ordinary shares	100%	Secure Card Solutions

11 Stocks

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Raw materials and consumables	**1,174,661**	892,043	–	–
Work in progress	**103,278**	71,050	–	–
Finished goods	**89,202**	30,978	–	–
	1,367,141	994,071	–	–

12 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	**2,374,572**	1,303,058	–	–
Corporation tax debtor	**16,237**		–	
Prepayments and accrued income	**295,019**	184,991	–	–
	2,685,828	1,488,049	–	–

13 Creditors : amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loan and overdraft	**647,229**	94,580	–	–
Bank overdraft	**550,360**	–	–	–
Obligations under finance leases (note 11)	**108,188**	391,911	–	–
Trade creditors	**1,166,914**	655,369	–	–
Corporation tax	–	118,933	–	–
Social security and other taxes	**358,241**	307,505	–	–
Amounts owed to group undertakings	–	–	**1,370,408**	1,640,408
Other creditors	**413,647**	337,583	–	–
Accruals and deferred income	**253,437**	312,551	–	–
	3,498,016	2,218,432	**1,370,408**	1,640,408

The bank loan is secured by charges on the freehold property Interest on the loan is charged at 5 5% and the bank loan is repayable in monthly instalments

The finance leases are secured on the assets to which they relate

14 Creditors : amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loan	**423,622**	440,793	–	–
Obligations under finance leases	**219,922**	99,633	–	–
	643,544	540,426	–	–

Obligations under finance leases are secured on the assets to which they relate

Borrowings are repayable as follows

	Group 2010 £	Group 2009 £	Company 2010 £000	Company 2009 £
Within one year				
Bank overdraft	**630,234**	78,493	–	–
Bank loans	**16,995**	16,087	–	–
Finance leases	**108,188**	391,911	–	–
After one and within two years				
Bank loans	**17,954**	16,995	–	–
Finance leases	**102,976**	66,242	–	–
After two years and within five years				
Bank loans	**60,168**	56,802	–	–
Finance leases	**116,946**	33,391	–	–
After five years				
Bank loans	**345,500**	366,996	–	–
	1,398,961	1,026,917	–	–

15 Provisions for liabilities

Group	Deferred taxation £
At 1 January 2010	15,552
Movement in year	29,927
At 31 December 2010	**45,479**

The deferred tax liability is calculated using a tax rate of 28% and is set out below

	2010 £	2009 £
Accelerated capital allowances	**67,043**	20,886
Losses	**(12,120)**	-
Other timing differences	**(9,444)**	(5,334)
	45,479	15,552

16 Share capital

	2010 £	2009 £
Authorised		
300,000 Ordinary shares of £1 each	**300,000**	300,000
Allotted, called up and fully paid		
280,000 Ordinary shares of £1 each	**194,924**	194,924

17 Reserves

Group and company	Group			Company	
	Capital redemption reserve £	Merger release £	Profit and loss account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	85,076	(1,310,530)	2,801,111	85,076	–
Profit for the year	–	–	57,903	–	–
Purchase of own shares	–	–	–	–	–
Dividends	–	–	–	–	270,000
At 31 December 2010	**85,076**	**(1,310,530)**	**2,859,014**	**85,076**	**270,000**

18 Reconciliation of movements in shareholders' funds

	Group 2010 £	2009 £	Company 2010 £	2009 £
Profit for the period	**57,903**	338,622	–	750,070
Dividends received/(paid)	–	(112,000)	**270,000**	(112,000)
Consideration paid for the purchase of own shares	–	(638,070)	–	(638,070)
Issue of share capital	–	–	–	–
Opening shareholders funds	**1,770,581**	2,182,029	**280,000**	280,000
Closing shareholders funds	**1,828,424**	1,770,581	**550,000**	280,000

19 Acquisition

On 18 December 2009, I D Data Cards Limited acquired the trade and assets of Card Data Management Limited for a consideration of £270,000 Provisional estimates of the fair values of the assets and liabilities acquired and goodwill arising on the transaction were included in the financial statements for the year ended 31 December 2009 Those estimates were provisional due to the close proximity of the acquisition to the group's financial year end

During the year ended 31 December 2010, in light of further information becoming available in respect of stock, debtors and creditors, the directors have amended their provisional estimates of the fair values of assets and liabilities acquired as follows

	Provisional fair value £	Hindsight Fair Value adjustments £	Revised fair value £
Tangible fixed assets	1,078,000	-	1,078,000
Stock	322,117	(51,000)	271,117
Debtors	33,341	(336)	33,005
Creditors	(699,336)	270,336	(429,000)
	734,122	219,000	953,122
Negative goodwill capitalised			(683,122)
			270,000
Satisfied by			
Intercompany loan			270,000

20 Net cash inflow from operating activities

	2010 £000	2009 £000
Operating profit	**143,017**	470,688
Amortisation of intangible fixed assets	**(228,600)**	9,369
Depreciation on tangible fixed assets	**390,886**	182,610
Decrease in stocks	**(373,070)**	110,775
(Increase)/decrease in debtors	**(1,181,542)**	(11,790)
(Decrease)/increase in creditors	**510,325**	(303,124)
Profit on disposal of fixed assets	**(550)**	(1,229)
Net cash (outflow)/ inflow from operating activities	**(739,534)**	457,299

21 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Decrease in cash in the year	**(569,631)**	(566,828)
Cash inflow from bank loans and HP agreements	**(465,122)**	(297,492)
Net cash movement	**(1,034,753)**	864,320
Non cash movements	**94,459**	(391,336)
Change in net debt in the year	**(940,294)**	(1,255,656)
Opening net funds/(debt)	**(609,999)**	645,657
Closing net (debt)/funds	**(1,550,293)**	(609,999)

22 Analysis of changes in net debt

	1 January 2010 £000	Cashflow £000	On acquisition £000	31 December 2010 £000
Cash at bank and in hand	416,918	(17,890)	–	**399,028**
Bank overdraft	(78,493)	(551,741)	–	**(630,234)**
	338,425	(569,631)	–	**(231,206)**
Debt	(456,880)	16,263	–	**(440,617)**
Invoice discounting	-	(550,360)	–	**(550,360)**
Finance lease obligations	(491,544)	68,975	94,459	**(328,110)**
	(948,424)	(465,122)		
Net debt	(609,999)	(1,034,753)	94,459	**(1,550,293)**

23 Operating lease commitments

Operatıng lease commıtments amountıng to £145,212 (2009 £186,271) are due wıthın one year The leases to whıch these amounts relate expıre as follows

	2010 £		2009 £	
	Land and buıldıngs £	Other £	Land and buıldıngs £	Other £
Operatıng leases whıch expire:				
Wıthın one year	**33,561**	**31,672**	–	21,781
Wıthın two to five years	**75,500**	**4,479**	75,500	13,490
After more than five years	**-**	**-**	75,500	–
After more than five years	**109,061**	**36,151**	151,000	35,271