

# Financial Statements The TALL Group of Companies Limited

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For the year ended 31 December 2011

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Company No 6548791

## Company information

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

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## Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 December 2011

### **Principal activity and business review**

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

### **Financial overview**

Revenue decreased in 2011 to £13,598,723 (2010 £13,618,145) Operating loss (before exceptional costs, interest and tax) was £690,976, (2010 profit £143,017) Subsequent to the year end, in May 2012, the directors placed ID Data Cards Limited into administrative receivership This decision was based on the continued poor trading performance of the operation compounded by the current economic climate and was taken to protect the positive trading performance of the remaining group operating companies The trade and operations of ID Data Cards Limited have been sold to a third party entity

Gross profit as a percentage of sales fell to 41.8% (2010 45.3%)

### **Operating costs**

Operating costs increased as a percentage of sales to 46.8% (2010 44.2%)

### **Cash management**

Cash flows were under pressure, particularly at ID Data Cards Ltd, where significant trading losses were incurred during the year

### **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 maintained accreditations to Visa, 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**

With a consistent market for the Group's core products, the directors continue to have a positive outlook for the prospect of the Group

### **Results and dividends**

The loss for the year, after exceptional costs, interest and taxation amounted to £949,383 (2010 profit £57,903) No dividend has been recommended by the directors

### 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 2011 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 £
<b>Financial Assets</b>				
Cash	-	141,987	-	141,987
Trade debtors	-	-	2,236,031	2,236,031
	-	141,987	2,236,031	2,378,018
<b>Financial liabilities</b>				
Finance leases and hire purchase contracts	289,903	-	-	289,903
Trade creditors	-	-	1,434,307	1,434,307
Confidential invoice discounting	-	610,017	-	610,017
Bank loan and overdraft	-	693,386	-	693,386
	289,903	1,303,403	1,434,307	3,027,613

### 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 are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



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

27/09/2012



## 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 2011 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 5, 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](http://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 2011 and of the group's loss 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.



## Independent auditors' 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,  
Statutory Auditor, Chartered Accountants  
Manchester

*27 September* 2012



## 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

### 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 is calculated so as to write off the cost of an asset as follows

Goodwill	-	useful economic life
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### 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

## Principal accounting policies

### **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.

### **Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Consolidated profit and loss account

	Note	2011 £	2010 £
<b>Turnover – continuing operations</b>	1	8,238,868	8,149,388
– discontinuing operations	1	5,359,855	5,468,757
		<u>13,598,723</u>	<u>13,618,145</u>
<b>Cost of sales - continuing operations</b>		(3,865,204)	(3,769,951)
- discontinuing operations		(4,054,235)	(3,680,404)
		<u>(7,919,439)</u>	<u>(7,450,355)</u>
<b>Gross profit – continuing operations</b>		4,373,664	4,379,437
– discontinuing operations		1,305,620	1,788,353
		<u>5,679,284</u>	<u>6,167,790</u>
<b>Net operating costs - continuing operations</b>		(4,054,621)	(4,011,157)
- discontinuing operations		(2,315,639)	(2,013,616)
	2	<u>(6,370,260)</u>	<u>(6,024,773)</u>
<b>Operating profit/(loss) before exceptional operating costs</b>			
– continuing operations		319,043	368,280
– discontinuing operations		(1,010,019)	(225,263)
		<u>(690,976)</u>	<u>143,017</u>
<b>Exceptional operating costs - continuing operations</b>		-	-
- discontinuing operations		(235,987)	-
		<u>(235,987)</u>	<u>-</u>
<b>Operating profit/(loss) – continuing operations</b>		319,043	368,280
– discontinuing operations		(1,246,006)	(225,263)
		<u>(926,963)</u>	<u>143,017</u>
<b>Net interest</b>	4	<u>(75,889)</u>	<u>(76,771)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	1	(1,002,852)	66,246
<b>Tax on (loss)/profit on ordinary activities</b>	6	53,469	(8,343)
<b>(Loss)/profit for the financial year</b>	17	<u>(949,383)</u>	<u>57,903</u>

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

## Consolidated balance sheet

	Note	2011 £,000	2010 £,000
<b>Fixed assets</b>			
Intangible assets	8	-	(454,522)
Tangible assets	9	1,490,275	2,018,048
		<u>1,490,275</u>	<u>1,563,526</u>
<b>Current assets</b>			
Stocks	11	1,323,587	1,367,141
Debtors	12	2,505,371	2,685,828
Cash at bank and in hand		141,987	399,028
		<u>3,970,945</u>	<u>4,451,997</u>
<b>Creditors . amounts falling due within one year</b>	13	<u>(4,036,245)</u>	<u>(3,498,016)</u>
<b>Net current (liabilities)/ assets</b>		<b>(65,300)</b>	<b>953,981</b>
<b>Total assets less current liabilities</b>		<u>1,424,975</u>	<u>2,517,507</u>
<b>Creditors . amounts falling due after more than one year</b>	14	<b>(545,874)</b>	<b>(643,544)</b>
<b>Provisions for liabilities</b>	15	-	(45,479)
<b>Net assets</b>		<u><b>879,101</b></u>	<u><b>1,828,484</b></u>
<b>Capital and reserves</b>			
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	1,909,631	2,859,014
<b>Shareholders' funds</b>	18	<u><b>879,101</b></u>	<u><b>1,828,484</b></u>

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

27/09/2012



W S D Lamb

Director

## Company balance sheet

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	10	<u>1,650,408</u>	<u>1,920,408</u>
<b>Creditors : amounts falling due within one year</b>	13	<u>(1,370,408)</u>	<u>(1,370,408)</u>
<b>Net current assets</b>		<u>280,000</u>	<u>550,000</u>
<b>Total assets less current liabilities</b>		<u><u>280,000</u></u>	<u><u>550,000</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	194,924	194,924
Capital redemption reserve	17	85,076	85,076
Profit and loss account	17	-	270,000
<b>Shareholders' funds</b>	18	<u><u>280,000</u></u>	<u><u>550,000</u></u>

The financial statements were authorised for issue and approved by the Board of Directors on  
2012

W S D Lamb

Director

## Consolidated cash flow statement

	Note	2011 £	2010 £
<b>Net cash inflow from operating activities</b>	19	<u>(93,688)</u>	<u>(739,534)</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid		<u>(75,889)</u>	<u>(76,771)</u>
<b>Net cash cashflow returns on investments and servicing of finance</b>		(75,889)	(76,771)
<b>Taxation</b>			
Tax paid		-	(113,586)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(143,685)	(114,862)
Sale of tangible fixed assets		<u>6,300</u>	<u>10,000</u>
<b>Net cash outflow for capital expenditure and financial investment</b>		<u>(137,385)</u>	<u>(104,862)</u>
<b>Net cash outflow before financing</b>		(306,962)	(1,034,753)
<b>Financing</b>			
Net increase in bank loans and invoice discounting	21	191,215	534,097
Capital element of finance lease repayments	21	<u>(38,207)</u>	<u>(68,975)</u>
<b>Net cash inflow from financing</b>		153,008	465,122
<b>Decrease in cash in the year</b>	21	<u><u>(153,954)</u></u>	<u><u>(569,631)</u></u>

## Notes to the financial statements

### 1 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit before taxation is attributable to the principal activities of the Group. The analysis of turnover by geographical market is as follows:

	2011 £	2010 £
United Kingdom	10,529,408	10,306,733
Europe	903,657	2,803,739
Rest of World	2,165,658	507,673
	<u>13,598,723</u>	<u>13,618,145</u>

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

	2011 £	2010 £
Amortisation of intangible assets	(454,522)	(228,600)
Auditor's remuneration		
– Audit services	24,550	24,050
– Non-audit services	4,400	7,100
Depreciation		
– owned assets	322,839	262,634
– assets held under finance leases	85,647	128,252
(Profit) on disposal of fixed assets	(2,914)	(550)
Operating lease rentals – plant and equipment	65,151	4,479
– other	330,478	258,924
	<u>330,478</u>	<u>258,924</u>

### 2 Net operating costs

	2011 £	2010 £
Distribution costs	674,375	304,265
Administration expenses	5,695,885	5,720,508
	<u>6,370,260</u>	<u>6,024,773</u>

### 3 Exceptional operating costs

	2011 £	2010 £
Impairment of assets of discontinued operations	235,987	-
	<u>235,987</u>	<u>-</u>

## Notes to the financial statements

### **4 Net interest**

	2011 £	2010 £
On bank loans and overdrafts	38,303	36,474
On confidential invoice discounting	17,318	14,395
On finance leases and hire purchase contracts	20,462	26,334
	<u>76,083</u>	<u>77,203</u>
Bank interest received	(194)	(432)
	<u>75,889</u>	<u>76,771</u>

### **5 Directors and employees**

	2011 £	2010 £
Staff costs during the year were as follows		
Wages and salaries	5,426,517	5,256,340
Social security costs	541,162	517,973
Other pension costs	132,525	143,094
	<u>6,100,204</u>	<u>5,917,407</u>

	2011 Number	2010 Number
The average number of employees during the year was		
Production	147	143
Administration	76	76
	<u>223</u>	<u>219</u>

	2011 £	2010 £
Remuneration in respect of directors was as follows		
Emoluments	827,954	739,297
Pension contributions to money purchase pension schemes	30,120	40,071
	<u>858,074</u>	<u>779,368</u>

During the year 11 (2010 10) directors participated in money purchase pension schemes

	2011 £	2010 £
Remuneration in respect of the highest paid director was as follows		
Emoluments	<u>139,881</u>	<u>123,386</u>



## Notes to the financial statements

### 6 Tax on (loss)/profit on ordinary activities

	2011 £	2010 £
The tax (credit)/charge represents		
UK corporation tax at 26.49% (2010: 28%)	(3,657)	(4,088)
Adjustments in respect of prior year	-	(17,496)
	<u>(3,657)</u>	<u>(21,584)</u>
Deferred tax (note 15)	<u>(49,812)</u>	<u>29,927</u>
	<u><u>(53,469)</u></u>	<u><u>8,343</u></u>

#### Factors affecting the tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 26.49% (2010: 28%). The differences are explained as follows:

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	<u>(1,002,852)</u>	<u>66,461</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 26.49% (2010: 28%)	(265,687)	18,609
Effect of:		
Expenses not deductible for tax purposes	252,011	31,525
Difference between capital allowances and depreciation	25,479	(47,875)
Other short term timing differences	(7,247)	3,376
Unrelieved tax losses	21,459	13,053
Additional deduction for research and development expenditure	(29,672)	(22,776)
Adjustment to tax charge in respect of prior years	-	(17,496)
Current tax charge for the year	<u><u>(3,657)</u></u>	<u><u>21,584</u></u>

### 7 (Loss)/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 loss for the year was £270,000 (2010: profit £270,000).

## Notes to the financial statements

### 8 Intangible fixed assets

	Negative Goodwill £
<b>Cost</b>	
At 1 January 2011 and at 31 December 2011	<u>(683,122)</u>
<b>Amortisation</b>	
At 1 January 2011	(228,600)
Provided in the year	<u>(454,522)</u>
At 31 December 2011	<u>(683,122)</u>
<b>Net book value</b>	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>(454,522)</u>

### 9 Tangible fixed assets

Group	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2011	662,196	98,225	4,035,650	1,228,376	6,024,447
Additions	-	6,450	146,663	21,104	174,217
Disposals	-	(774)	(32,822)	-	(33,596)
At 31 December 2011	<u>662,196</u>	<u>103,901</u>	<u>4,149,491</u>	<u>1,249,480</u>	<u>6,165,068</u>
<b>Depreciation</b>					
At 1 January 2011	130,925	14,019	2,763,560	1,097,895	4,006,399
Charge for the year	11,675	20,859	334,268	41,684	408,486
Impairments	-	-	282,120	7,998	290,118
Disposals	-	(220)	(29,990)	-	(30,210)
At 31 December 2011	<u>142,600</u>	<u>34,658</u>	<u>3,349,958</u>	<u>1,147,577</u>	<u>4,674,793</u>
<b>Net book amount</b>					
At 31 December 2011	<u>519,596</u>	<u>69,243</u>	<u>799,533</u>	<u>101,903</u>	<u>1,490,275</u>
At 31 December 2010	<u>531,271</u>	<u>84,206</u>	<u>1,272,090</u>	<u>130,481</u>	<u>2,018,048</u>

Included within the net value of £1,490,275 are assets held under finance leases with a net book value of £354,148 (2010 £631,838) Depreciation charged on these assets in the year amounted to £85,647 (2010 £74,048)

No tangible fixed assets are held by the company

## Notes to the financial statements

### 10 Fixed asset investments

Company	Subsidiary undertakings £
Cost net book amount	
At 1 January 2011 and 31 December 2011	<u>1,650,408</u>

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 2011 £	2010 £	Company 2011 £	2010 £
Raw materials and consumables	1,037,530	1,174,661	–	–
Work in progress	193,782	103,278	–	–
Finished goods	92,275	89,202	–	–
	<u>1,323,587</u>	<u>1,367,141</u>	<u>–</u>	<u>–</u>

### 12 Debtors

	2011 £	Group 2010 £	2011 £	Company 2010 £
Trade debtors	2,236,031	2,374,572	–	–
Corporauon tax debtor	–	16,237	–	–
Other debtors	98,660	–	–	–
Deferred tax asset (note 15)	4,333	–	–	–
Prepayments and accrued income	166,347	295,019	–	–
	<u>2,505,371</u>	<u>2,685,828</u>	<u>–</u>	<u>–</u>

## Notes to the financial statements

### 13 Creditors : amounts falling due within one year

	2011 £	Group 2010 £	2011 £	Company 2010 £
Bank loan and overdraft	693,386	647,229	—	—
Invoice discounting	610,017	550,360	—	—
Obligations under finance leases (note 11)	149,965	108,188	—	—
Trade creditors	1,434,307	1,166,914	—	—
Social security and other taxes	517,994	358,241	—	—
Amounts owed to group undertakings	—	—	1,370,408	1,370,408
Other creditors	42,402	413,647	—	—
Accruals and deferred income	588,174	253,437	—	—
	<u>4,036,245</u>	<u>3,498,016</u>	<u>1,370,408</u>	<u>1,370,408</u>

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

	2011 £	Group 2010 £	2011 £	Company 2010 £
Bank loan	405,936	423,622	—	—
Obligations under finance leases	139,938	219,922	—	—
	<u>545,874</u>	<u>643,544</u>	<u>—</u>	<u>—</u>

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

Borrowings are repayable as follows:

	2011 £	Group 2010 £	2011 £,000	Company 2010 £
<i>Within one year</i>				
Bank overdraft	527,147	630,234	—	—
Bank loans	166,239	16,995	—	—
Finance leases	149,965	108,188	—	—
<i>After one and within two years</i>				
Bank loans	18,966	17,954	—	—
Finance leases	86,780	102,976	—	—
<i>After two years and within five years</i>				
Bank loans	63,562	60,168	—	—
Finance leases	53,158	116,946	—	—
<i>After five years</i>				
Bank loans	323,408	345,500	—	—
	<u>1,389,225</u>	<u>1,398,961</u>	<u>—</u>	<u>—</u>

## Notes to the financial statements

### 15 Provisions for liabilities

Group	Deferred taxation £
At 1 January 2011	45,479
Movement in year	(49,812)
At 31 December 2011 (Note 12)	<u>(4,333)</u>

The deferred tax liability is calculated using a tax rate of 26% and is set out below

	2011 £	2010 £
Accelerated capital allowances	11,989	67,043
Losses	(12,583)	(12,120)
Other timing differences	(3,739)	(9,444)
	<u>(4,333)</u>	<u>45,479</u>

### 16 Share capital

	2011 £	2010 £
<b>Authorised</b>		
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
<b>Allotted, called up and fully paid</b>		
280,000 Ordinary shares of £1 each	<u>194,924</u>	<u>194,924</u>

### 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 2011	85,076	(1,310,530)	2,859,014	85,076	270,000
Loss for the year	-	-	(949,383)	-	(270,000)
At 31 December 2011	<u>85,076</u>	<u>(1,310,530)</u>	<u>1,909,631</u>	<u>85,076</u>	<u>-</u>

### 18 Reconciliation of movements in shareholders' funds

	Group 2011 £	2010 £	Company 2011 £	2010 £
(Loss)/profit for the period	(949,383)	57,903	(270,000)	-
Dividends received	-	-	-	270,000
Opening shareholders funds	1,828,484	1,770,581	550,000	280,000
Closing shareholders funds	<u>879,101</u>	<u>1,828,484</u>	<u>280,000</u>	<u>550,000</u>

## Notes to the financial statements

### 19 Net cash inflow from operating activities

	2011 £000	2010 £000
Operating (loss)/profit	(926,963)	143,017
Amortisation of intangible fixed assets	(454,522)	(228,600)
Depreciation on tangible fixed assets	408,486	390,886
Impairment of tangible fixed assets	290,118	-
Decrease/(increase) in stocks	43,554	(373,070)
Decrease/(increase) in debtors	164,220	(1,181,542)
Increase in creditors	384,333	510,325
Profit on disposal of fixed assets	(2,914)	(550)
Net cash outflow from operating activities	<u>(93,688)</u>	<u>(739,534)</u>

### 20 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Decrease in cash in the year	(153,954)	(569,631)
Cash inflow from bank loans and HP agreements	<u>(153,008)</u>	<u>(465,122)</u>
Net cash movement	<u>(306,962)</u>	<u>(1,034,753)</u>
Non cash movements	-	94,459
Change in net debt in the year	<u>(306,962)</u>	<u>(940,294)</u>
Opening net debt	<u>(1,550,293)</u>	<u>(609,999)</u>
Closing net debt	<u>(1,857,255)</u>	<u>(1,550,293)</u>

### 21 Analysis of changes in net debt

	1 January 2011 £000	Cashflow £000	31 December 2011 £000
Cash at bank and in hand	399,028	(257,041)	141,987
Bank overdraft	<u>(630,234)</u>	<u>103,087</u>	<u>(527,147)</u>
	(231,206)	(153,954)	(385,160)
Debt	(440,617)	(131,558)	(572,175)
Invoice discounting	(550,360)	(59,657)	(610,017)
Finance lease obligations	<u>(328,110)</u>	<u>38,207</u>	<u>(289,903)</u>
	<u>(1,319,087)</u>	<u>(153,008)</u>	<u>(1,472,095)</u>
Net debt	<u>(1,550,293)</u>	<u>(306,962)</u>	<u>(1,857,255)</u>

## Notes to the financial statements

### 22 Operating lease commitments

Operating lease commitments amounting to £192,057 (2010 £145,212) are due within one year. The leases to which these amounts relate expire as follows:

	2011 £		2010 £	
	Land and buildings £	Other £	Land and buildings £	Other £
<b>Operating leases which expire</b>				
Within one year	4,950	1,376	33,561	31,672
Within two to five years	155,975	29,756	75,500	4,479
After more than five years	160,925	31,132	109,061	36,151

### 23 Post Balance Sheet Event

Subsequent to the year end, in May 2012, the directors placed ID Data Cards Limited into administrative receivership. This decision was based on the continued poor trading performance of the operation compounded by the current economic climate and was taken to protect the positive trading performance of the remaining group operating companies. The trade and operations of ID Data Cards Limited have been sold to a third party entity.



**HRG Inv 919071112251 items for confirmation xls**

**Kelly Young** to Alison Florey, Zoe Pitman, Gail McPhail,  
Irene Gittins, Ruth F Dane, Matthew Mayes,  
Emma Woodward-Clark, Sue Pincott, Virginie  
Turnbull, Laura Smith

14/09/2012 15 57

Cc Paul M Walker, James Powell, Andrew Howie, William  
McWilliams, Joy O Ajadi, George McCracken, Darren M Mason,  
Phil C Green

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Dear All,

For authorisation and audit purposes we have been asked to gain confirmation **from both the Booker and Traveller** that the Travel/Accommodation booked through HRG on the attached sheet is correct

Please can you reply quoting the above Invoice number with your confirmation

Many thanks and if you have any queries then please do not hesitate to contact me

Kind regards

**Kelly Young | Purchase & Expense Ledger Assistant | National  
Finance**

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