Registered No 3877786

SIT-UP LIMITED

Financial Statements
For the year ended 31 December 2011

	Pages

SIT-UP LIMITED

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

Ownership

The Company is a wholly owned subsidiary of Aurelius AG, a company incorporated in Germany

Principal activity

The principal activity of the Company during the year was television and online home shopping The directors do not anticipate that the business of the Company will change in the foreseeable future

Review of business and future developments

The results for the year are set out in the profit and loss account on page 6

During 2011 the UK economic climate declined further than anticipated and unfortunately the efficiency measures taken by the Company in 2011 were not sufficient to counterbalance the weaker trading environment sit-up started a turnaround programme in the summer of 2011 impacting all areas of the business The programme did not have sufficient time to reverse the losses incurred in the first nine months of the year but has stabilised the business and improved results in the final quarter of the year Turnover decreased by 10% to £131 4 million (2010 £146 4 million) as a result of the decline in consumer confidence and the Company decision to focus on improving margin rather than volume Gross Margin rose by 1% from 2010 to 35% The loss before tax amounted to £7 4 million (2010 loss £2 6 million)

The UK retail climate in 2012 has remained tough as ongoing tax rises and rising unemployment have adversely affected consumer sentiment However, the profit improvements anticipated in our turnaround plan are being achieved and we have seen significantly increased trading margins and reductions in the cost base All indications are that sit-up should return to a positive trading EBITDA profit in 2012

The Company's **bid** tv, **pricedrop** tv and **speed auction** tv brands are live interactive television and internet channels which auction a wide variety of goods using a falling price mechanism The bid tv and pricedrop tv channels were available in over 24 9 million homes in the UK on Sky Digital, Virgin Media, Freeview and Freesat as well as on the internet at www bid tv and www price-drop tv, during the year ended 31 December 2011 speedauction tv is available on the Sky digital and Virgin Media platforms as well as on the internet at www speedauction tv 2011 also saw the Company rebranding to bidshopping and a revamped online internet site was launched as www bidshopping co uk with both auction and fixed priced capability www pricedropper co uk continues to trade as a fixed priced website

As part of the turnaround programme, there was a decrease in the average number of staff employed from 346 to 329 as sit-up performed a review of operations which also resulted in the in-sourcing of some operational activities Although reducing in real cost terms to the business employment costs for the year as a percentage of turnover have increased to 9 4% (2010 8 5%)

The company reported a decrease in net assets as at 31 December 2011 to £9 6 million (2010 £17 0 million) as a result of the loss for the year

No external finance was arranged or settled and there was no movement in the called up equity share capital of the Company for the year ended 31 December 2011 Operations continue to be financed through the Company's own working capital and equity

Despite the difficult retail environment the Company maintained a positive cash balance throughout the year and the cash balance as at 31 December 2011 was £16 0 million (2010 £20 9 million)

SIT-UP LIMITED
Directors' report for the year ended 31 December 2011 (continued)

Going concern
The Company continues to adopt the going concern basis of accounting For further details, refer to note 1 - Accounting policies within the financial statements

Financial risk management
The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk and foreign exchange risk

Credit risk
Credit risk is the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge an obligation The nature of the Company's business is such that significantly all transactions require settlement at the point of shipment of goods to the customer It is not practical to instigate credit checks on all potential customers and reliance is placed on the prompt settlement of payments by the major credit and debit card companies In addition, the exposure is limited due to the high level of relatively low value transactions and high number of customers

The Company deposits surplus cash balances with banks with suitably high independent ratings

Liquidity risk
The Company is funded by a combination of equity and retained earnings and substantial cash deposits and has no external debt at the balance sheet date

Interest rate risk
The Company primarily has interest bearing assets, which comprise cash balances The interest rates are not fixed and so are subject to fluctuation The Company does not use derivative financial instruments to manage interest rate risks

Foreign exchange risk
The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates There are no forward foreign currency contracts in place at the balance sheet date

The directors will revisit the appropriateness of these policies should the Company's operations change in size or nature

Results and dividends
The loss for the financial year amounted to £7 4 million (2010 loss - £ 2 4 million) The directors do not recommend a final dividend for 2011 (2010 nil)

Directors
The directors of the Company who held office during the year and thereafter were as follows

Roland Winkler	(Appointed – 20 October 2011)
Pamela Aujla	(Appointed – 3 July 2012)
Ardnt Greiffenhofer	(Resigned – 13 September 2011)
Wendelin Mueller	(Resigned – 20 October 2011)

Employees

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company Communication with all employees continues through periodic briefings and the in-house intranet

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Creditor payment policy

The Company's policy concerning the payment of trade creditors is to settle the terms of payment with suppliers when agreeing the terms of each transaction Creditors are paid in accordance with the Company's contractual and other legal obligations Total creditors, at the year-end, represented 49 days (2010 - 49 days) of purchases

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware Having made enquiries of fellow directors each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies' Act 2006

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487 (2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

By order of the Board

Pamela Aujlā
26 September 2012

SIT-UP LIMITED
Statement of Directors' Responsibilities for the year ended 31 December 2011

The directors are responsible for preparing the Annual 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

SIT-UP LIMITED
Independent auditor to the member of sit-up Limited

We have audited the financial statements of sit-up Limited for the year ended 31 December 2011 which comprise the principal accounting policies, 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 Directors' Responsibilities Statement set out on page 4 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
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 entity'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 December 2011 and of its 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

Opinion on other matter 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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Grant Thornton UK LLP

Marc Summers, FCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 September 2012

SIT-UP LIMITED
Profit and loss account for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	**131,369**	146,438
Other operating income	3	**538**	1,341
		131,907	147,779
Cost of sales		**(85,771)**	(97,334)
Gross profit		**46,136**	50,445
Administrative expenses	4,6	**(53,548)**	(53,180)
Operating loss	4	**(7,412)**	(2,735)
Interest payable and similar charges	7	**(35)**	(33)
Interest receivable and other similar income	8	**54**	131
Loss on ordinary activities before taxation		**(7,393)**	(2,637)
Taxation	9	**-**	250
Loss on ordinary activities after taxation	20	**(7,393)**	(2,387)

All results relate to the continuing operations of the Company

There are no recognised gains and losses other than the loss of £7,393,000 attributable to the shareholder for the year ended 31 December 2011 (2010 loss - £2,387,000), therefore no separate statement of total recognised gains and losses has been prepared

SIT-UP LIMITED
Balance sheet as at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible fixed assets	10	**3,860**	3,845
Current assets			
Stocks	12	**5,041**	8,459
Debtors	13	**9,025**	11,418
Cash and cash equivalents		**16,021**	20,851
		30,087	40,728
Creditors amounts falling due within one year	14	**(23,932)**	(27,200)
Net current assets		**6,155**	13,528
Total assets less current liabilities		**10,015**	17,373
Provision for liabilities	15	**(388)**	(353)
Net assets		**9,627**	17,020
Capital and reserves			
Called up share capital	16	**126**	126
Share premium account	18	**12,735**	12,735
Capital redemption reserve	18	**5**	5
Profit and loss account	18	**(3,239)**	4,154
Total shareholder's funds	20	**9,627**	17,020

The financial statements of sit-up Limited, company registration number 3877786, were approved by the board of directors and authorised for issue on 26 September 2012 and signed on their behalf by

Pamela Aujla

26 September 2012

SIT-UP LIMITED
Cash flow statement for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Net cash outflow from operating activities	21	**(3,502)**	(3,562)
Returns on investment and servicing of finance			
Interest received		**62**	179
Interest paid		**-**	(3)
Net cash inflow from returns on investments and servicing of finance		**62**	176
Taxation		**207**	(207)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	10	**(1,597)**	(1,813)
Net cash outflow from capital expenditure and financial investment		**(1,597)**	(1,813)
Net cash outflow before financing		**(4,830)**	(5,406)
Financing			
Equity dividends paid		**-**	(11,085)
Repayment of loan from parent company		**-**	10,000
Net cash outflow from financing		**-**	(1,085)
Decrease in cash in the year	22	**(4,830)**	(6,491)

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

1 Principal accounting policies

Basis of accounting
These financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom Accounting policies for all material transactions have been applied consistently, unless otherwise stated, and are set out below

Going concern
The Company's business activities and financial risk management procedures, together with the factors likely to affect its future development, performance and position, are set out in the Directors Report on pages 1 and 2 The Company has no external debt and operations continue to be financed through the Company's own working capital and equity The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products, but the profit improvement programme implemented since the summer of 2011 has stabilised the business

The Company's forecasts and projections to 31 December 2013, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within its existing working capital and equity On this basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover
Turnover, which is stated net of Value Added Tax and discounts given, represents the invoiced value of goods and services supplied, less actual and expected returns, refunds and credit card charge-backs

Turnover is recognised in the profit and loss account upon despatch of the goods to the customer

Other operating income
Other operating income is stated net of Value Added Tax and recognised when the service to which the income relates has been satisfactorily performed in accordance with the relevant contract

Interest revenue
Revenue is recognised as interest accrues using the effective interest method

Pension scheme arrangements
The Company facilitates payments of pension contributions by its employees into a stakeholder pension scheme that is separately administered by an independent Company It also makes contributions to certain employees' personal defined contribution pension schemes These pension costs are charged to the profit and loss account as contributions become payable

Foreign currencies
Foreign currency transactions are translated to sterling at the rate of exchange on the day of the transaction Monetary assets or liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the year-end rate and any exchange differences are recognised in the profit and loss account

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Current tax
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition Incremental internal and external staff costs are capitalised where they relate to clearly defined software development projects The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned The principal annual terms used for this purpose are

Short leasehold properties	over length of the lease
IT and studio equipment	3 – 5 years
Fixtures and fittings	3 – 5 years
Studio set	1 year

Stock
Stock is stated at the lower of cost and net realisable value In general, cost is determined on a first in first out basis Where necessary, provision is made for obsolete, slow moving and defective stock

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call, together with other short term liquid investments

Provisions for liabilities
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Operating leases
Rentals applicable to operating leases, where substantially all of the benefits of ownership remain with the lessor, are charged against profits on a straight-line basis over the period of the lease

Group accounts
No group accounts have been prepared on the grounds that this company is itself a subsidiary undertaking and the ultimate holding company prepares consolidated financial statements which are publicly available

2 Turnover

The Company's turnover arises principally in the United Kingdom where its assets are located, and in one class of business

3 Other operating income

Other operating income arises primarily from the commissions from the introductions of customers to third parties and also from the sale of customer lists

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

4 Operating loss

	2011	2010
	£'000	£'000
The operating loss is stated after charging		
Net foreign exchange losses	-	241
Depreciation on tangible fixed assets		
Owned assets	1,663	1,704
Total Fees payable to the Company's auditors for the audit of the Company's annual accounts	40	40
Tax services	-	-
Total non-audit fees	-	-
Operating lease charges		
- Plant and machinery	58	83
Profit on disposal of fixed assets	-	-

Certain expenses are specifically attributable to the Company Where costs are incurred by other group companies on behalf of the Company, expenses are allocated to the Company on a basis that, in the opinion of the directors, is reasonable

5. Directors' remuneration

	2011	2010
	£'000	£'000
Emoluments (including benefits in kind)	-	182
Company contributions to personal pension scheme	-	18
Compensation for loss of office	30	296
	30	496
Highest paid director		
Emoluments (including benefits in kind)	-	182
Company contributions to personal pension scheme	-	18

A Greiffenhofer, W Mueller, R Winkler did not receive any emoluments for their services as directors of the Company

6. Employees

The average number of persons (including executive directors) employed by the Company during the year was

	2011 Number	2010 Number
By Activity		
Administration	**329**	346

Staff costs (for the above persons)	**£'000**	£'000
Wages and salaries	**11,182**	11,280
Social security costs	**1,232**	1,236
Pension costs	**47**	62
	12,461	12,578

Pension contributions of £nil (2010 - £nil) were outstanding at the year end

7 Interest payable and similar charges

	2011	2010
	£'000	£'000
On bank loans, overdrafts and other loans	**-**	3
Unwind of discount on provision (see note 15)	**35**	30
	35	33

8 Interest receivable and other similar income

	2011	2010
	£'000	£'000
Bank interest receivable	**54**	97
Interest on loan to parent undertaking sit-up Beteiligungs GmbH	**-**	34
	54	131

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

9 Tax on (loss)/profit on ordinary activities

	2011	2010
Current tax	**£'000**	£'000
UK Corporation tax – current	-	(207)
UK Corporation tax – prior period	-	(43)
Total current tax		(250)
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on ordinary activities	-	(250)

The current tax (credit)/ charge for the year is lower than the standard rate of corporation tax in the UK 26% (2010 - 28%)

The differences are explained below

	2011	2010
	£'000	£'000
Loss on ordinary activities before tax	**(7,393)**	(2,637)
Tax on pre tax loss at 26% (2010 – 28%)	**(1,922)**	(738)
Effects of		
Expenses not deductible	**2**	3
Accelerated capital allowances & other timing differences	**1,920**	528
Current tax	-	(207)

Deferred tax
The amount of deferred tax is as follows

Tax effect of timing differences because of	**2011 Provided**	**2011 Un-provided**	2010 Provided	2010 Un-Provided
	£'000	**£'000**	£'000	£'000
Excess of depreciation over capital allowances	**-**	**(1,422)**	-	**(1,242)**
Short term timing differences	**-**	**(150)**	-	**(189)**
Tax losses	**-**	**(1,851)**	-	**(499)**
	-	**(3,423)**	-	**(1,930)**

Deferred tax assets at 31 December 2011 of £1,422,000 (2010 - £1,242,000) in respect of depreciation in excess of capital allowances, £1,851,000 (2010 £499,000) in respect of losses carried forward and £150,000 (2010 - £189,000) in respect of short term timing differences have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

9 Tax on profit on ordinary activities (continued)

Analysis of movement in deferred tax asset held within current assets

	2011	2010
	£'000	£'000
As at 1 January and 31 December	-	-

10 Tangible fixed assets

	Short leasehold properties £'000	IT and studio equipment £'000	Fixtures and fittings £'000	Studio set £'000	Total £'000
Cost					
At 1 January 2011	1,819	6,504	559	47	8,929
Additions	-	1,635	-	43	1,678
Disposals	-	(2,152)	(218)	(42)	(2,412)
At 31 December 2011	**1,819**	**5,987**	**341**	**48**	**8,195**
Depreciation					
At 1 January 2011	1,206	3,557	313	8	5,084
Charge for the year	139	1,340	131	53	1,663
Disposals	-	(2,152)	(218)	(42)	(2,412)
At 31 December 2011	**1,345**	**2,745**	**226**	**19**	**4,335**
Net book Value					
At 31 December 2011	**474**	**3,242**	**115**	**29**	**3,860**
At 31 December 2010	613	2,947	246	39	3,845

11 Investments in subsidiaries

Ocean Tree Trading Limited a company incorporated in the UK is a wholly-owned dormant subsidiary of the Company

12 Stock

	2011	2010
	£'000	£'000
Finished goods for resale	5,041	8,459

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

13 Debtors

	2011	2010
	£'000	£'000
Trade debtors	2,424	2,283
Other debtors	295	340
Prepayments	5,140	7,307
Accrued income	1,166	1,281
Corporation tax debtor	-	207
	9,025	11,418

Included in other debtors are amounts due after more than one year totalling £135,000 (2010 - £135,000) in respect of a rent deposit

14 Creditors amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	16,676	19,708
Amounts due to fellow group undertakings	46	58
Other creditors, taxation and social security costs	3,173	2,123
Accruals and deferred income	4,037	5,311
	23,932	27,200

Amounts owed to fellow group undertakings occur in the normal course of business and are unsecured, interest free and repayable on demand

15 Provision for liabilities

	2011
	£'000
Provision for lease dilapidations	
At 1 January 2010	353
Unwind of discount on provision	35
At 31 December 2011	**388**

The Company has made alterations to certain of its leased properties Provision has been made for the obligation that exists to return the properties to their original state at the end of the lease

SIT-UP LIMITED

Notes to the financial statements for year ended 31 December 2011

16 Called up share capital

	2011	2010
	£'000	£'000
Authorised		
17,100,000 (2010 - 17,100,000) ordinary shares of 1p each	171	171
500,000 (2010 - 500,000) preference shares of 1p each	5	5
	176	176

	2011	2010
	£'000	£'000
Issued and fully paid		
12,563,114 (2010 - 12,563,114) ordinary shares of 1p each	126	126

17. Dividends on equity shares

	2011	2010
	£'000	£'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for year ended 31 December 2010 of nil (2009 - 7 96p) per ordinary share	-	1,000
Interim dividend for year end 31 December 2011 of nil (2010 - 80 28p) per ordinary share	-	10,085
	-	11,085
Proposed for approval by shareholders		
Proposed final dividend for 2011 - nil (2010 - nil)	-	-

18 Reserves

	Share Premium	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000
At 1 January 2011	12,735	5	4,154
Loss for the year	-	-	(7,393)
At 31 December 2011	12,735	5	(3,239)

19 Capital restructure

On 27 July 2010, the share premium account was reduced from £26,235,000 to £12,735,000 with the balance transferred to the profit and loss account The reduction was supported by a solvency statement The amount transferred to the profit and loss reserve of £13,500,000 was treated as a realised profit

20 Reconciliation of movements in shareholder's funds

	2011	2010
	£'000	£'000
Opening shareholder's funds	**17,020**	30,492
Reduction in Share Premium (Ref note 19)	-	(13,500)
Transfer to reserves from Share Premium	-	13,500
Loss for the financial year	**(7,393)**	(2,387)
Dividends paid on equity shares	-	(11,085)
Closing shareholder's funds	**9,627**	17,020

21 Reconciliation of operating loss to net cash outflow from operating activities

	2011	2010
	£'000	£'000
Operating loss	**(7,412)**	(2,735)
Depreciation on tangible fixed assets	**1,663**	1,704
Decrease/(increase) in stock	**3,418**	(2,753)
Decrease in debtors	**2,177**	3,916
Decrease in creditors and provisions	**(3,348)**	(3,694)
Net cash outflow from operating activities	**(3,502)**	(3,562)

22 Reconciliation of movement in net funds

	As at 1 January 2011	Cash flow	As at 31 December 2011
	£'000	£'000	£'000
Cash and cash equivalents	20,851	(4,830)	16,021
	20,851	**(4,830)**	**16,021**

23. Financial commitments

At 31 December the Company had annual commitments under non-cancellable operating leases and long-term contracts as follows

	Land and buildings		*Other*	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Expiring within one year	-	-	-	13
Expiring in one to five years	**505**	505	**580**	590
Expiring in over five years	-	-	-	-
	505	505	**580**	603

The Company had no capital commitments at 31 December 2011 (2010 - £nil)

24 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3c of FRS 8 – Related Party Disclosures, not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking

25 Parent undertaking and controlling party

The immediate parent company of sit-up Limited is sit-up Beteiligungs GmbH a company registered in Munich, Germany

The ultimate parent company and controlling entity of sit-up Limited and the smallest and largest group which prepares consolidated financial statements of which the Company forms a part is Aurelius AG, a company incorporated in Munich, Germany

A copy of the consolidated financial statements of Aurelius AG for the year ended 31 December 2011, which is publically available, may be obtained from the website of Aurelius AG www aureliusinvest com