REGISTERED NUMBER· 04187229 (England and Wales)

MASTERMAILER STATIONERY LIMITED
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

MASTERMAILER STATIONERY LIMITED
FOR THE YEAR ENDED 30 JUNE 2011

CONTENTS OF THE FINANCIAL STATEMENTS

COMPANY INFORMATION

DIRECTORS	P Woods J Perry P Rogers (resigned 26 September 2011) A Baldry (resigned 1 November 2010)
COMPANY SECRETARY	Friars Management Services Limited
REGISTERED NUMBER	04187229
REGISTERED OFFICE	Bloxham Mill Barford Road Bloxham Oxfordshire OX15 4FF
AUDITORS	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 30 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the selling of its worldwide-patented Mastermailer stationery products, which are manufactured for the company under a separate license agreement

Financial Results

For the year ended 30 June 2011, turnover rose to £1,245,450, which is an increase of 7 4% on last year (2010 £1,159,421) and, encouragingly, recovering close to turnover levels experienced in 2009 Gross profit margin, however, decreased to 34 3% (2010 42 2%) due mainly to price increases in paper, a more competitive market

Even with the increased turnover, we have reduced core administrative expenses to £403,037 (2010 £415,853) Total administrative expenses, which takes account of an exceptional item, comprising a profit on the release of provisions for trade creditors brought forward from prior years, were substantially lower at £292,622 (2010 £577,747)

As a result of the above exceptional items, our balance sheet, while still weak, has been strengthened

Litigation

We announced to the market in early September 2011 that we had come to an agreement on the civil action Our overriding objective was to protect the prime assets of the Company (including staffing, patent recovery and customer relations), limiting or ending the potential actions of the previous management and, importantly, whilst ensuring that we maintained and developed our sales momentum The civil action, followed by police action in 2009 which is still ongoing, was important in supporting the achievement of the Company's objectives

REPORT OF THE DIRECTORS continued

With good progress now achieved, we decided recently to cease pursing the Horler patent This will allow us to concentrate solely on running and developing the business The conclusion of the protracted civil negotiations will also bring to an end any unnecessary diversion of management time, as well as the large legal expenses which, up until now, have added heavily to the running costs of the Company

In brief, allowing both for defendants' security for costs' awards and our on-going legal fees, we estimate that potential liabilities of pursuing this action may have reached £150,000 by 30 April 2012 when the civil action case was due to be heard Had we not been able to meet these costs out of our cash-flow or raise the funds externally then our case could have been in danger Instead, by negotiating to stop the action at this stage, we have not only capped the outflow of funds but recovered the Pin Mailer patent in the process In such a High Court action, even though the odds of winning were much on our side, there can never be a definitive time scale to completion and with likely appeals and other case loads it could have continued for many months after the anticipated hearing date Of course, the same also goes for the Police investigation which started in November 2009 A quick decision by the Police and the Prosecution Service in our favour could have saved us significant legal fees over the period but the Police and the Crown Prosecution Service also have a significant number of high priority cases outside their control to contend with

Over the past two years the previous management team has been attempting to compete with us by acquiring the patent of a similar product to that of Mastermailer The assignment of this patent was disputed by the original holder, Jonathan Horler and, to strengthen our position in the market place, we had entered into a deal to acquire this patent ourselves should he have been successful in recovering ownership In October 2011, Mr Horler was unsuccessful in his action Whilst, of course, we would like to have taken control of this patent, we remain very confident that the Mastermailer product is of superior quality and we will continue to win the increased market share that we are currently experiencing

As mentioned earlier we have made a full provision to ensure that all remaining exceptional legal costs are fully covered We have not however assumed any recovery of assets from the Police investigation which continues

Trading outlook

Had we not taken over the management of Mastermailer when we did in 2009, I have little doubt that the Company would not have survived and, as such, shareholders would have lost the funds that they invested in the Company As it is, we are now moving steadily into profitability, have a positive cash flow each month and have a credible strategy for the Company Solid results for the past year and the first three months of the current year give us confidence that we continue to be on the right track We remain conscious that cash has to be managed carefully until we can put behind us all the costs of the past

Over the coming year, with what is proving to be an increasingly loyal customer base, we have the opportunity to steadily increase turnover and also recover some of the margin erosion of last year In addition we will continue to cut operating costs and anticipate delivering overhead figures considerably lower than last year

We are hopefully moving, therefore, from a very unusual period of considerable disturbance and reaction over the past few years to a greatly enhanced stability and a much more normal commercial prospect of careful sales development and growth, offering potential opportunities of reward for both shareholders and company staff

In managing the business the directors monitor various key performance indicators with the objective of maintaining or enhancing them wherever possible The key performance indicators for the year to 30 June 2011 were

		2011	2010
Sales growth percentage	%	7 4	(9 6)
Gross margin percentage	%	34 3	42 2
Trade debtor days	Days	55	58
Trade creditor days	Days	73	115
Stockholding days	Days	12	7

REPORT OF THE DIRECTORS Continued

RISKS AND UNCERTAINTIES

The principal risks to the group which the directors have identified are the trends over time for payslip and other confidential data to be delivered electronically rather than in hard copy form In addition there is the risk that competing products may be introduced to the market that offer similar functionality to the Mastermailer products at similar or lower cost The Company will mitigate these risks by seeking new product and market opportunities and be defending its patents vigorously

Interest rate risk
The Company finances its operations by a mix of interest free advances from its parent company and bank borrowings The exposure to interest rate fluctuations is therefore limited and so the directors do not believe the Company is materially sensitive to interest rate risk

Liquidity risk
The Company is exposed to liquidity risk through its normal trading cycle and through the exceptional costs referred to in note 7 The preparation of regular forecasts of the short term and long term funding requirements ensure sufficient liquidity is available for the activities of the Company Working capital requirements are amply satisfied by the invoice discounting facility while exceptional requirements are met by the parent company

Currency risk
The Company transacts its business primarily in the UK in GBP and so has very limited exposure to currency risk

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £121,170 (2010 loss of £105,526)

The directors have not recommended payment of a dividend

DIRECTORS

The directors who served during the year were
P Woods
J Perry
P Rogers
A Baldry

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

AUDITORS

The Auditors, Kingston Smith LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006

This report was approved by the board on 9 November 2011 and signed on its behalf

J Perry
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTERMAILER STATIONERY LIMITED

We have audited the financial statements of Mastermailer Stationery Limited for the year ended 30 June 2011 which comprise the profit and loss account, the Balance Sheet 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our 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 3 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition we read all the financial and non- financial information in the Report of the Directors and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any material misstatements of inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements -

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice, and
- have been prepared in accordance with the 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTERMAILER STATIONERY LIMITED Continued

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

9 November 2011

Matthew Meadows (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

MASTERMAILER STATIONERY LIMITED
FOR THE YEAR ENDED 30 JUNE 2011

PROFIT AND LOSS ACCOUNT

	Note	2011 £	2011 £	2010 £	2010 £
TURNOVER	2		1,245,450		1,159,421
Cost of sales			(818,693)		(670,141)
GROSS PROFIT			426,757		489,280
Administrative expenses		(403,037)		(415,853)	
Exceptional items	7				
Release of deferred grant income		300,360		-	
Patent income		70,215		-	
Professional fees		(260,160)		(161,894)	
Total administrative expenses			(292,622)		(577,747)
OPERATING PROFIT/(LOSS)	3		134,135		(88,467)
Other income			10,000		-
			144,135		(88,467)
Interest payable and similar charges	6		(22,965)		(17,059)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			121,170		(105,526)
Tax on loss on ordinary activities	8		-		-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	15		121,170		(105,526)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 10 to 17 form part of these financial statements

MASTERMAILER STATIONERY LIMITED
FOR THE YEAR ENDED 30 JUNE 2011

REGISTERED NUMBER: 04390634 (England and Wales)

BALANCE SHEET

	Notes	2011 £	2011 £	2010 £	2010 £
FIXED ASSETS					
Intangible fixed assets	9		-		-
Tangible fixed assets	10		3,729		3,970
			3,729		3,970
CURRENT ASSETS					
Stocks	11	26,313		13,279	
Debtors	12	276,129		267,501	
Cash at bank and in hand		924		990	
		303,366		281,770	
CREDITORS					
Amounts falling due within one year	13	(2,374,959)		(2,474,774)	
NET CURRENT LIABILITIES			(2,071,593)		(2,193,004)
NET LIABILITIES			(2,067,864)		(2,189,034)
CAPITAL AND RESERVES					
Called up share capital	14		2,400		2,400
Profit and loss account	15		(2,070,264)		(2,191,434)
SHAREHOLDERS' DEFICIT	16		(2,067,864)		(2,189,034)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 November 2011

J Perry

Director

The notes on pages 10 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

Going Concern
Over the past few years the company has been embroiled in protracted legal actions to safeguard its assets and to protect its position in the market place As referred to in the Director's report these actions have now been concluded and the focus is now on growing turnover and improving margins This is borne out by good trading results for the first few months of the new year which, coupled with no further exceptional costs, means the company is now generating positive cash flows A substantial part of the Company's current liabilities £1,753,989 (2010 £1,536,156) are due to the parent company which has indicated that it will continue to support it Also within trade creditors and accruals are amounts owing in respect of the legal actions mentioned in the Director's report and there are payment plans to clear these debts gradually over the coming months The directors have prepared projected cash flow information for the period ending 30 June 2013 and on the basis of this information are satisfied that the current banking facilities and trading revenues provide adequate resources to meet the company's working capital requirements for the foreseeable future As a result the accounts have been prepared on the basis that the group will continue as a going concern

Cash flow
The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

Turnover
Turnover is measured at the fair value of the consideration received or receivable for goods and services supplied in the normal course of business, net of trade discounts and value added tax

Sales of goods or services are recognised when they have been supplied

Intangible fixed assets and amortisation
Intangible fixed assets are valued at cost less amortisation and impairment Amortisation is calculated to write off the cost in equal installments over their estimated useful life

Amortisation is provided at the following rates

Development expenditure	-	10% on a straight line basis

Development expenditure is only amortised where the product is fully developed and brought into commercial use

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Office furniture and equipment	-	25% on a reducing balance basis

Operating leases
Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

NOTES TO THE FINANCIAL STATEMENTS continued

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

Deferred taxation
Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Research and development
Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account

Government grants
Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned Other grants are credited to the profit and loss account as the related expenditure is incurred Where conditions attach to the grant the income is deferred until these conditions are met

Invoice discounting
The Company discounts its trade invoices with amounts receivable included within trade debtors due within one year and cash advances within bank loans and overdrafts due within one year The debts are with full recourse and the accounting treatment in accordance with FRS 5 is to present the debtors and the liability separately Discounting fees and interest are charged to the profit and loss when incurred

Preference shares
The preference shares in issue are redeemable and as such we consider that there is a contractual obligation to repay the capital introduced and have therefore disclosed these as a liability rather than equity

2 TURNOVER

The whole of the turnover is attributable to selling stationery products

A geographical analysis of turnover is as follows

	2011	2010
	£	£
United Kingdom	1,245,450	1,159,421
Rest of World	-	-
	1,245,450	1,159,421

NOTES TO THE FINANCIAL STATEMENTS continued

3 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	2011 £	2010 £
Amortisation – intangible fixed assets	-	12,003
Depreciation of tangible fixed assets owned by the company	1,105	1,134
Auditors' remuneration	14,500	14,500
Fees payable to the company auditor for non audit services	1,250	2,300
Operating lease rentals – land and buildings	43,800	44,344
Exceptional income (note 7)	(370,575)	-
Exceptional costs (note 7)	260,160	187,581

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	151,550	149,610
Social security costs	16,073	15,963
	167,623	165,573

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

	2011 No.	2010 No.
Administration and selling	4	4

5 DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	113,374	111,410

6 INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	503	919
On other loans	22,462	16,120
Other interest payable	-	20
	22,965	17,059

NOTES TO THE FINANCIAL STATEMENTS continued

7 EXCEPTIONAL ITEMS

The directors are satisfied that it is appropriate to release grant income of £300,360 to the profit and loss account following legal advice received during the year

Patent income of £70,215 was received in the year under an agreement with the disputed owner of a patent Mastermailer wished to acquire in return for funding the legal costs to establish ownership

The professional fees of £260,160 (2010 £187,581) are principally in respect of actions taken to protect group assets or recover assets that are alleged to have been misappropriated by the previous directors

8 TAXATION

	2011 £	2010 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX	-	-
DEFERRED TAX		
Origination and reversal of timing differences	-	-
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2010 higher than) the standard rate of corporation tax in the UK (21%) The differences are explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	121,170	(105,526)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 21%)	25,446	(22,160)
EFFECTS OF		
Expenses not deductable for tax purposes	826	542
Depreciation in excess of capital allowances for the year	(376)	1,926
Utilisation of tax losses	(25,896)	19,692
CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

At 30 June 2011 the company had tax losses carried forward of £621,608 (2010 £744,920)

A deferred tax asset of £129,613 (2010 £150,359) has not been recognized within the financial statements on the grounds that there is insufficient evidence that the amount would be recoverable

Due to the ongoing legal cases, referred to in note 7, it is possible the tax losses may require amendment if further detail comes to light regarding the company's historical expenditure

NOTES TO THE FINANCIAL STATEMENTS continued

9. INTANGIBLE FIXED ASSETS

	Deferred development expenditure £
COST	
At 1 July 2010	618,755
Disposals	-
At 30 June 2011	618,755
AMORTISATION	
At 1 July 2010	618,755
Charge for the year	-
Eliminated on disposal	-
At 30 June 2011	618,755
NET BOOK VALUE	
At 30 June 2011	-
At 30 June 2010	-

10. TANGIBLE FIXED ASSETS

	Office furniture and equipment £
COST	
At 1 July 2010	8,135
Additions	864
Disposals	-
At 30 June 2011	8,999
DEPRECIATION	
At 1 July 2010	4,165
Charge for the year	1,105
Eliminated on disposal	-
At 30 June 2011	5,270
NET BOOK VALUE	
At 30 June 2011	3,729
At 1 July 2010	3,970

NOTES TO THE FINANCIAL STATEMENTS continued

11 STOCKS

	2011 £	2010 £
Fınıshed goods and goods for resale	26,313	13,279

12. DEBTORS

	2011 £	2010 £
Trade debtors	222,747	212,623
Other debtors	50,882	54,878
Prepayments	2,500	-
	276,129	267,501

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loans and overdraft	194,695	170,093
Trade creditors	272,637	373,204
Amounts owed to group undertakıngs	953,989	736,156
Taxatıon and socıal securıty	10,702	7,926
Other credıtors	1,821	340,610
Accruals and deferred ıncome	141,115	46,785
Share capıtal treated as debt	800,000	800,000
	2,374,959	2,474,774

Dısclosure of the terms and condıtıons attached to the non-equıty shares are made ın note 14

Borrowıngs ıncluded ın bank loans and overdrafts are secured on the assets of the company by fixed and floatıng charges regıstered on 20 May 2008 and 1 August 2008 by our bankers These borrowıngs are all repayable on demand and have varıable ınterest rates of 2 5% to 4 65% above bank base rate

We have consıdered the exposure of the financıal ınstruments ıncluded above to ınterest rate rısk, lıquıdıty rısk and currency rısk and comments as follows

Interest rate rısk
The Company finances ıts operatıons by a mıx of ınterest free advances from ıts parent company and bank borrowıngs The exposure to ınterest rate fluctuatıons ıs therefore lımıted and so the dırectors do not belıeve the Company ıs materıally sensıtıve to ınterest rate rısk

NOTES TO THE FINANCIAL STATEMENTS continued

Liquidity risk
The Company is exposed to liquidity risk through its normal trading cycle and through the exceptional costs referred to in note 7 The preparation of regular forecasts of the short term and long term funding requirements ensure sufficient liquidity is available for the activities of the Company Working capital requirements are amply satisfied by the invoice discounting facility while exceptional requirements are met by the parent company

Currency risk
The Company transacts its business primarily in the UK in GBP and so has very limited exposure to currency risk

14 SHARE CAPITAL

	2011 £	2010 £
SHARES CLASSIFIED AS CAPITAL		
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
2,400 Ordinary shares of £1 each	2,400	2,400

	2011 £	2010 £
SHARES CLASSIFIED AS DEBT		
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
800,000 Preference shares of £1 each	800,000	800,000

The preference shares carry no right to receive a dividend On winding up of the company the holder is entitled to receive the par value of the shares The preference shares were due to be redeemed at par value on 30 June 2007 The preference shares were not redeemed at that date as the company did not have sufficient distributable reserves

15. RESERVES

	Profit and loss account £
At 1 July 2010	(2,191,434)
Profit for the year	121,170
At 30 June 2011	(2,070,264)

NOTES TO THE FINANCIAL STATEMENTS continued

16 RECONCILATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Opening shareholders' deficit	(2,189,034)	(2,083,508)
Profit/(loss) for the year	121,170	(105,526)
Closing shareholders' deficit	(2,067,864)	(2,189,034)

17 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2011 the company had commitments under non-cancellable operating leases as follows

	2011 £	2010 £
Land and buildings		
Expiring within one year	18,450	18,450
Other assets		
Expiring within one year	4,199	-

18 TRANSACTIONS WITH DIRECTORS

During the year the company paid rent of £30,000 (2010 £30,000) to Mr P Rogers, a director of the company in the period, for the use of his London premises At the end of the year Mr Rogers owed the company £4,130 in relation to non-business expenses paid on his company credit card and advances against expenses for which receipts have not been received

19. RELATED PARTY DISCLOSURES

As at 30 June 2011 the amount due to Mastermailer Holdings Plc, ultimate parent undertaking, included in creditors was £953,989 (2010 £736,156) The Company has taken advantage of FRS8 and has not disclosed intra group transactions in these accounts

20 POST BALANCE SHEET EVENT

Over the past two years the previous management team has been attempting to compete with us by acquiring the patent of a similar product to that of Mastermailer The assignment of this patent was disputed by the original holder, Jonathan Horler and, to strengthen our position in the market place, we had entered into a deal to acquire this patent ourselves should he have been successful in recovering ownership In October 2011, Mr Horler was unsuccessful in his action Whilst, of course, we would like to have taken control of this patent, we remain very confident that the Mastermailer product is of superior quality and we will continue to win the increased market share that we are currently experiencing

21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Mastermailer Holdings Plc, a public limited company registered in England and Wales whose share are listed on the London PLUS market The parent company does not have an ultimate controlling party