

GALLERIA HOLDINGS LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2011**

Company Registration Number 4384051

RSM Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

SATURDAY



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COMPANIES HOUSE

GALLERIA HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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GALLERIA HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2011

The board of directors	I Duncan-Lewis P Lee T S Bittleston M R Humphreys
Company secretary	P Lee
Business address	Brundrett House 19 Sandbach Road South Alsager Cheshire ST7 2LT
Registered office	Brundrett House 19 Sandbach Road South Alsager Cheshire ST7 2LT
Auditors	RSM Tenon Audit Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Accountants	RSM Tenon Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP

GALLERIA HOLDINGS LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31 DECEMBER 2011

Despite the reduction in revenues in the current year, I consider 2011 to have been a very successful year for the business

The trading results presented by the company show a slowing of revenues year on year with overall sales reducing to £2 91m from £4 25m in 2010. The principle reason for the reduction was a slowing in project activity in 2011, resulting from reduced software orders in 2010. The lag in project delivery and the prudent revenue recognition policy employed by the business means this resulted in reduced service and licence revenues being recognised in the year.

As was noted in my 2010 report the business took the necessary steps to realign overhead early in 2010 in line with business requirements. This prudent cost control was maintained in 2011. As a consequence of this good housekeeping, despite the reduced revenues in the year, the business restricted EBITDA performance to a modest loss of £112k in 2011 at an EBITDA level.

I can report that the final quarter of 2011 was very positive for the business in terms of new business wins. Additionally we see the new business pipeline stronger at the end of 2011 than at any time since 2008. I am confident we will see a return to profitability in 2012.

During the year the business continued to develop and implement new products, part of our strategy to develop a comprehensive suite of products covering all aspects of the merchandising, planning, automation and optimisation process.

Increasing the emphasis on the CPG market in addition to retail and building the services division of the business will I am sure increase the reach and diversity.

I can also report that the organisation's strategy of looking to develop new geographic markets is starting to bear fruit. 2011 saw our first implementation in Russia and I am expectant that 2012 will see the business securing further new customers in Eastern Europe where the economic environment remains more buoyant than in Western Europe and North America.

As with other software companies, Galleria is seeing an interest in alternative delivery formats especially in the form of cloud. Galleria's continued development with regards to flexible delivery methods allowing customers to enjoy the benefits of the solutions in a hosted environment, as a work group solution, or fully integrated into their organisation. This will further improve recurring revenues and smooth earnings - we very much welcome the change in buyer behaviour on this front.

2012 will see three more new solutions come to market as Galleria launches Galleria Foundation Services, our integrated data hub and workflow management solution, Strategic Assortment a solution providing insight into product assortment depth, breadth and distribution and Store Operations Workbench, our store communication portal. Demand for the new applications is strong with orders already secured with a number of customers.

We look forward to 2012 with optimism and with an expectation that the business will continue to see an increase in performance with the growth being driven by the relevance and uptake of our best in class solution set and the rapidly growing consulting services division. Our offering is applicable to Tier 1 retailer's right down to smaller store chains and to manufacturers of all sizes, both in the developed and the more emerging markets.

GALLERIA HOLDINGS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2011

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

Principal Activity and Business Review

During the course of the year the group continued to consolidate its market position as the world's leading provider of integrated cluster, assortment and space planning solutions to retailers and CPG manufacturers

The directors consider the state of the group's affairs to be satisfactory

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 group and company and of the profit or loss of the group and company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are individually aware

- there is no relevant audit information of which the group's auditors are 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 auditors are aware of that information

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

Results and Dividends

The loss on the ordinary activities of the group before taxation amounted to £485,779 (2010 profit of £909,904). After deducting tax, the loss of £496,600 (2010 profit £909,014) has been transferred from (2010 to) reserves

Dividends of £Nil (2010 £Nil) on the ordinary shares were declared and approved during the year. A preference share dividend of £Nil (2010 £80,843) was accrued for at the year end

GALLERIA HOLDINGS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2011

Financial Instruments – risk management objectives and policies

The group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings

The management's objectives are to

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds,
- Minimise the group's exposure to fluctuating interest rates when seeking new borrowings, and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the group's trading activities

Hedge accounting is not used by the group

The group's funds are held primarily in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise

Research and Development

The company incurs development costs as part of the ongoing business. These are expensed through the profit and loss account as incurred

Future Developments

Subsequent to the year end but prior to the signing of the financial statements a number of directors exercised share options available to them such that 3,800 ordinary 'A' shares, 6,100 ordinary 'B' shares, 12,600 ordinary 'D' shares and 12,600 ordinary 'E' shares were issued. Additionally, the company undertook a share buyback repurchasing the following share capital

77,400 ordinary shares
58,748 ordinary 'A' shares
72,443 ordinary 'B' shares
12,600 ordinary 'D' shares

Consideration for the share repurchase was £300,000

Directors and their Interests

The directors who held office during the year were

I Duncan-Lewis
J Richards
P Lee
T S Bittleston
M Humphreys

J Richards resigned as a director on 25 January 2012

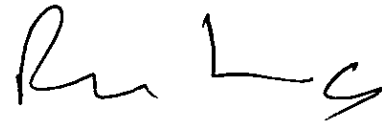
GALLERIA HOLDINGS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2011

Auditors

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Brundrett House
19 Sandbach Road South
Alsager
Cheshire
ST7 2LT

Signed by order of the directors



P Lee
Director

Approved by the directors on 27/04/12

GALLERIA HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GALLERIA HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2011

We have audited the group and parent company financial statements of Galleria Holdings Limited on pages 8 to 27 for the year ended 31 December 2011. The financial 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 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

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 group's and 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 annual report to identify material inconsistencies within the audited financial statements. If we become aware of any apparent material misstatements or 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 group's and 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.

Opinion on other matters prescribed by the Companies Act 2006

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

GALLERIA HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GALLERIA HOLDINGS LIMITED**

YEAR ENDED 31 DECEMBER 2011

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 14 to the financial statements concerning the repayment schedule for the group's loan notes. As explained in note 14, the loan notes holder, RBDC Investments Limited, is considering revised repayment terms for the loan notes and is not aware of a reason why it would demand repayment of the notes. Should RBDC Investments Limited not agree to provide appropriate new repayment terms the debt could be called for immediate repayment, which would result in the group no longer being a going concern. This condition indicates the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

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

Christopher Moss (Senior Statutory Auditor)
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date *27/09/12*

GALLERIA HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	2,906,427	4,250,780
Cost of sales		<u>(50,773)</u>	<u>(10,293)</u>
Gross profit		2,855,654	4,240,487
Administrative expenses		<u>(3,196,914)</u>	<u>(3,187,235)</u>
Operating (loss)/profit	3	(341,260)	1,053,252
Interest receivable		9,843	7,252
Interest payable	6	<u>(154,362)</u>	<u>(150,600)</u>
(Loss)/profit on ordinary activities before taxation		(485,779)	909,904
Tax on (loss)/ profit on ordinary activities	7	(10,821)	(890)
(Loss)/profit on ordinary activities after taxation	18	<u>(496,600)</u>	<u>909,014</u>

All of the activities of the group are classed as continuing

GALLERIA HOLDINGS LIMITED
COMPANY PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	182,182	175,139
Administrative expenses		(30,504)	(27,784)
Income from shares in group undertakings	5	<u>342,424</u>	<u>80,843</u>
Operating profit	3	494,102	228,198
Interest receivable		2,684	3,245
Interest payable	6	<u>(154,362)</u>	<u>(150,600)</u>
Profit on ordinary activities before taxation		342,424	80,843
Taxation on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation	18	<u>342,424</u>	<u>80,843</u>

All of the activities of the company are classed as continuing

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

GALLERIA HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
(Loss)/profit for the financial year attributable to the shareholders	(496,600)	909,014
Unrealised loss on translation of overseas subsidiary	(10,970)	(8,413)
Total gains and losses recognised since the last annual report	<u>(507,570)</u>	<u>900,601</u>

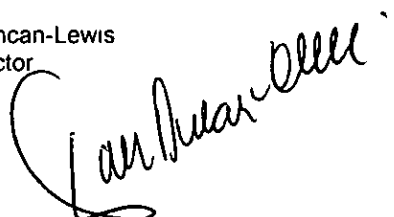
The notes on pages 14 to 27 form part of these financial statements

GALLERIA HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	9		1,596,782		1,764,782
Tangible assets	10		<u>101,572</u>		<u>149,616</u>
			1,698,354		1,914,398
Current assets					
Debtors	12	456,860		569,189	
Cash at bank and in hand		<u>1,081,731</u>		<u>2,189,974</u>	
		1,538,591		2,759,163	
Creditors					
Amounts falling due within one year	13	<u>(3,510,180)</u>		<u>(2,933,226)</u>	
Net current liabilities			<u>(1,971,589)</u>		<u>(174,063)</u>
Total assets less current liabilities			(273,235)		1,740,335
Creditors					
Amounts falling due after more than one year	14		-		(1,506,000)
			<u>(273,235)</u>		<u>234,335</u>
Capital and reserves					
Called up share capital	17		7,950		7,950
Share premium account	18		77,498		77,498
Merger reserve	18		1,490,973		1,490,973
Profit and loss account	18		(1,851,541)		(1,343,971)
Capital redemption reserve	18		1,885		1,885
Shareholders' (deficit)/funds	19		<u>(273,235)</u>		<u>234,335</u>

These financial statements were approved by the directors and authorised for issue on 27/09/12 on behalf of the board by

I Duncan-Lewis
Director



P Lee
Director



The notes on pages 14 to 27 form part of these financial statements

GALLERIA HOLDINGS LIMITED
Registered Number 4384051

COMPANY BALANCE SHEET

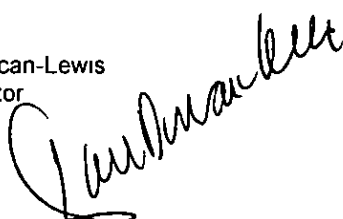
AS AT 31 DECEMBER 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Investments	11		2,586,561		2,586,561
Current assets					
Debtors	12	342,424		-	
Cash at bank and in hand		308,089		384,126	
		<u>650,513</u>		<u>384,126</u>	
Creditors					
Amounts falling due within one year	13	<u>(2,797,258)</u>		<u>(1,367,295)</u>	
Net current liabilities			<u>(2,146,745)</u>		<u>(983,169)</u>
Total assets less current liabilities			439,816		1,603,392
Creditors					
Amounts falling due after more than one year	14		-		(1,506,000)
			<u>439,816</u>		<u>97,392</u>
Capital and Reserves					
Called up share capital	17		7,950		7,950
Share premium account	18		77,498		77,498
Profit and loss account	18		352,483		10,059
Capital redemption reserve	18		1,885		1,885
Shareholders' funds	19		<u>439,816</u>		<u>97,392</u>

These financial statements were approved by the directors and authorised for issue on
on behalf of the board by

27/04/12

I Duncan-Lewis
Director



P Lee
Director



The notes on pages 14 to 27 form part of these financial statements

GALLERIA HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Cash outflow from operating activities	20	(1,063,538)	(419,598)
Returns on investments and servicing of finance	21	9,843	(66,770)
Taxation		(10,205)	(7,647)
Capital expenditure and financial investment	21	(14,161)	(659)
Dividends		(30,182)	-
Decrease in cash in the year	22	<u>(1,108,243)</u>	<u>(494,674)</u>
Reconciliation of net cash outflow to movement in net funds/(debt)			
Decrease in cash in the year	22	(1,108,243)	(494,674)
Net funds at 1 January 2011	22	683,974	1,178,648
Net (debt)/funds at 31 December 2011	22	<u>(424,269)</u>	<u>683,974</u>

The notes on pages 14 to 27 form part of these financial statements

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1 Principal Accounting Policies

Accounting Convention

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

Basis of Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all of its subsidiary undertakings made up to the balance sheet date. The results of subsidiary undertakings are included in the group financial statements from their effective date of acquisition or up to their effective date of disposal.

Goodwill arising on consolidation, representing the excess of consideration paid over the fair values of the net assets acquired, is written off over its useful economic life of 20 years.

Turnover

Turnover represents the value of work done for customers including attributable profit and after adjusting for all foreseeable future losses but excluding value added tax.

Revenue in respect of maintenance agreements is recognised on a straight-line basis over the term of the agreement. Revenue relating to professional services at a predetermined rate is recognised as the service is provided. Revenue not recognised in the profit and loss account under these policies is classified as deferred income within the balance sheet.

Revenue in respect of software licences is recognised on shipment and substantial acceptance by the customer, when there are no significant vendor obligations remaining, when the fee is fixed and determinable and when collectability is considered probable.

Revenue in respect of fixed price implementation projects is recognised on a percentage completion basis. Pre-contract fees are recognised on completion of the associated work.

Income is recognised on other services as and when the work is invoiced, with adjustment to match revenue to the period in which the service was provided.

Profit is taken on fixed price projects while the project is in progress having regard to the proportion of the project which has been completed at the balance sheet date. Provision is made for all foreseeable future losses.

Patents

Patents are stated at cost less accumulated amortisation. Amortisation is provided so as to write off the cost of the assets over their expected useful economic lives.

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1 Principal Accounting Policies (continued)

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost is defined as those amounts that are directly attributable to bringing the asset into working condition for its intended use.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The principal annual rates and methods used are:

Computer equipment	3 - 6 years straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line

Leasing and Hire Purchase

All leases are held as operating leases where substantially all of the benefits and risks of ownership remain with the lessor and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease.

Fixed Asset Investments

Fixed asset investments are stated at cost, less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the profit from ordinary activities.

Deferred Taxation

Deferred taxation 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.

Deferred tax assets are recognisable 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.

Pension Costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1 Principal Accounting Policies (continued)

Research and Development

The group incurs development costs as part of the ongoing business. Where applicable these are capitalised and amortised over the life of the project. In 2011 and 2010 no development costs have been capitalised. The costs expensed through the profit and loss account are £1,107,309 (2010 £1,047,703).

Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The profit and loss accounts and balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange adjustments arising from the translation of opening balance sheets are taken to reserves.

2 Turnover

The turnover for the period was derived from the group's principal activity.

An analysis of turnover is given below

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
United Kingdom	456,703	182,182	479,145	175,139
United States of America	2,324,313	-	3,771,635	-
Rest of the world	125,411	-	-	-
	<u>2,906,427</u>	<u>182,182</u>	<u>4,250,780</u>	<u>175,139</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/
(crediting)

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Research and development expenditure written off	1,107,309	-	1,047,703	-
Amortisation	168,000	-	168,000	-
Depreciation of owned fixed assets	61,375	-	74,801	-
Loss on disposal of fixed assets	830	-	-	-
Net loss on foreign currency translation	14,847	-	6,309	-
Operating lease rentals – land & buildings	53,219	-	52,386	-

In the current year Galleria Holdings Limited has incurred the audit fee for the whole group of £8,400 (2010 £8,400). This has been recharged to the subsidiary companies as part of the management charge.

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4 Directors and Employees

Staff costs during the period were as follows

	2011	2010
	£	£
Wages and salaries	1,963,257	2,098,655
Social security costs	206,456	223,603
Pension costs	45,837	11,830
	<u>2,215,550</u>	<u>2,334,088</u>

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Total contributions for the period were £45,837 (2010: £11,830).

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

	2011	2010
	Number	Number
Management and administration	7	6
Technical	32	30
Selling	11	17
	<u>50</u>	<u>53</u>

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Aggregate emoluments	577,896	549,452
Directors' pension contribution to personal pension schemes	40,695	6,000
	<u>618,591</u>	<u>555,452</u>

The number of directors who have been granted share options under long term incentive schemes was as follows

	2011	2010
	Number	Number
Share option schemes	<u>2</u>	<u>2</u>

No share options have been exercised by directors in the year

The emoluments of the highest paid director were as follows

	2011	2010
	£	£
Total emoluments (excluding pension contributions)	156,422	121,928
Pension contributions	12,117	-
	<u>168,539</u>	<u>121,928</u>

The number of directors accruing retirement benefits was as follows

	2011	2010
	Number	Number
Personal pension schemes	<u>4</u>	<u>4</u>

No wages and salaries have been incurred by Galleria Holdings Limited during the year

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

5 Income from shares in group undertakings

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Dividends received	-	342,424	-	80,843

6 Interest Payable

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Other loans	154,362	154,362	150,600	150,600
	<u>154,362</u>	<u>154,362</u>	<u>150,600</u>	<u>150,600</u>

7 Taxation

(a) Analysis of charge in year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
UK taxation				
UK corporation tax based on the results for the year at 20% (2010 - 21%)	-	-	841	-
Under/(over) provision in the prior year	126	-	(33)	-
	<u>126</u>	<u>-</u>	<u>808</u>	<u>-</u>
Foreign tax				
Current tax on income for the year	10,695	-	82	-
	<u>10,821</u>	<u>-</u>	<u>890</u>	<u>-</u>

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

7 Taxation (continued)

The current tax assessed for the year is higher than tax on the results for the year at the standard rate of tax applicable to the company and group at 20% (2010 21%) The difference is explained below

(b) Factors affecting current tax charge

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Profit/(loss) on ordinary activities before taxation	(485,779)	342,424	909,904	80,843
Profit/(loss) on ordinary activities by rate of tax	(97,156)	68,485	191,080	16,977
Effect of				
Expenses not deductible for tax purposes	1,765	-	229	-
Non-taxable income	-	(68,485)	-	(16,977)
Depreciation in excess of capital allowances	4,296	-	8,740	-
Losses carried back	801	-	-	-
Losses created/(utilised)	160,458	-	(192,001)	-
Goodwill amortisation	33,600	-	35,280	-
R & D tax credit	(93,750)	-	(31,500)	-
Effects of foreign tax	681	-	(10,905)	-
Adjustment to tax charge in respect of previous years	126	-	(33)	-
	10,821	-	890	-

(c) Factors that may affect future tax charges

The group has UK corporation tax losses of £1,245,457 (2010 £443,171) to carry forward against future taxable profits, subject to approval of HM Revenue & Customs

8 Dividends on Equity Shares

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Declared and paid during the year	-	-	-	-
Proposed at the year-end (recognised as a liability)				
Preferred ordinary shares at £Nil	-	-	80,843	80,843
(2010 £0.71) per share	-	-	80,843	80,843

GALLERIA HOLDINGS LIMITED
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9 Intangible fixed assets

Group	Patents £	Goodwill £	Total £
Cost			
At 1 January 2011	11,686	3,209,065	3,220,751
At 31 December 2011	11,686	3,209,065	3,220,751
Amortisation			
At 1 January 2011	11,686	1,444,283	1,455,969
Provided in the period	-	168,000	168,000
At 31 December 2011	11,686	1,612,283	1,623,969
Net book value			
At 31 December 2011	-	1,596,782	1,596,782
At 31 December 2010	-	1,764,782	1,764,782

10 Tangible Fixed Assets

Group	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2011	419,394	4,026	1,900	425,320
Additions	13,532	829	-	14,361
Disposals	(90,403)	-	(1,900)	(92,303)
At 31 December 2011	342,523	4,855	-	347,378
Depreciation				
At 1 January 2011	274,603	626	475	275,704
Charge for the year	59,835	1,145	395	61,375
Disposals	(90,403)	-	(870)	(91,273)
At 31 December 2011	244,035	1,771	-	245,806
Net book value				
At 31 December 2011	98,488	3,084	-	101,572
At 31 December 2010	144,791	3,400	1,425	149,616

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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11 Fixed Asset Investments

Company	Subsidiary undertakings £
Cost and net book value	
At 1 January 2011 and 31 December 2011	<u>2,586,561</u>

The company holds more than 20% of the share capital of the following companies, which are included in the consolidation

Name	Class of share	Proportion held	Country of incorporation	Nature of Business
Galleria Retail Technology Solutions Limited	£1 ordinary	100%	UK	Software design and computer consultancy
The Galleria Group Limited	£1 ordinary (1)	100%	UK	Dormant
Galleria Retail Technology Solutions Inc	N/A	100%	USA	Software design and computer consultancy

(1) Held indirectly through Galleria Retail Technology Solutions Limited

The company's voting rights in respect of its investments are held in the same proportion as the company's share of the ordinary share capital

12 Debtors due within one year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade debtors	355,892	-	437,640	-
Amounts owed by group companies	-	342,424	-	-
Other debtors	26,305	-	66,047	-
Prepayments	74,663	-	65,502	-
	<u>456,860</u>	<u>342,424</u>	<u>569,189</u>	<u>-</u>

GALLERIA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13 Creditors: Amounts Falling Due Within One Year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade creditors	125,205	9,218	103,269	10,445
Corporation tax	2,172	-	1,556	-
Other creditors	677	-	675	-
Amounts owed to group companies	-	949,737	-	1,055,932
Other taxes and social security	143,841	-	92,309	-
Accruals	1,651,442	251,460	2,624,392	189,893
Dividends payable	80,843	80,843	111,025	111,025
Loan notes	<u>1,506,000</u>	<u>1,506,000</u>	<u>-</u>	<u>-</u>
	<u>3,510,180</u>	<u>2,797,258</u>	<u>2,933,226</u>	<u>1,367,295</u>

Other creditors of £677 (2010 £675) relate to amounts owed to the defined contribution pension scheme

The loan notes are secured over the assets of the group

14 Creditors: Amounts Falling Due After More Than One Year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Loan notes	<u>-</u>	<u>-</u>	<u>1,506,000</u>	<u>1,506,000</u>

The loan notes are secured over the assets of the group

Analysis of Borrowings by Year of Repayment

Borrowings fall due for repayment

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Due within one year	1,506,000	1,506,000	-	-
Between one and two years	<u>-</u>	<u>-</u>	<u>1,506,000</u>	<u>1,506,000</u>
	<u>1,506,000</u>	<u>1,506,000</u>	<u>1,506,000</u>	<u>1,506,000</u>

The company has entered into a loan note agreement with RBDC Investments Limited dated 16 May 2002 (as amended). The agreement specifies a repayment date for the loan notes of 30 June 2012. RBDC Investments Limited continues to hold the loan notes and is presently considering revised repayment terms. RBDC Investments Limited has confirmed that, subject to the company complying with the terms and conditions of the loan notes agreement, it is not aware of a reason why RBDC Investments Limited would demand repayment of the notes. The directors believe that the company is in compliance with the terms and conditions of the loan notes agreement.

In accordance with Financial Reporting Standard 4 "Capital Instruments" the cost of raising finance on certain loans is allocated to the profit and loss account over the life of the instrument.

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15 Commitments under operating leases

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as set out below

	<i>Land & buildings</i>	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	<u>12,938</u>	<u>52,386</u>

16 Deferred Taxation

	Group 2011	Company 2011	Group 2010	Company 2010
	£	£	£	£
Amount provided at 20% (2010 21%)				
Accelerated capital allowances	-	-	5,874	-
Tax losses available	-	-	(5,874)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2011, there is an unprovided deferred tax asset in respect of losses carried forward of £193,915 (2010 £87,192)

The company has not provided for this deferred tax asset due to uncertainty as to the timing over which the asset will crystallise

Additionally, a deferred tax asset of £2,564 (2010 liability of £5,874 provided for) in respect of timing differences between depreciation and capital allowances has not been recognised due to immateriality

17 Share Capital

	2011	2010
	£	£
Allotted, called up and fully paid		
681,500 ordinary shares of £0.01 each	6,815	6,815
113,500 preference shares of £0.01 each	1,135	1,135
	<u>7,950</u>	<u>7,950</u>
 The ordinary shares are split as follows	 2011	 2010
	£	£
Ordinary shares		
"A" ordinary shares	1,988	1,985
"B" ordinary shares	1,944	1,944
"C" ordinary shares	2,631	2,631
"D" ordinary shares	126	126
"E" ordinary shares	126	126
	<u>6,815</u>	<u>6,815</u>

The ordinary shares have rights to dividends and carry voting rights. The ordinary shares are also entitled to a return of assets on a winding up after distribution to the preference share holders.

The preference shares have no voting rights, but have preferential rights to dividends on a winding up.

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17 Share Capital (continued)

Share options

Tranche	Grant date	Shares included in the option	Number of share options					Exercise price	Period to which options are exercisable under normal circumstances
			As at 1 January 2011	Number granted	Number exercised	Cancelled in the year	As at 31 December 2011		
1	22/10/2003	"A" Ordinary	4,700	-	-	-	4,700	1 pence	Oct 2013
		"B" Ordinary	7,500	-	-	-	7,500	1 pence	Oct 2013

Tranche	Grant date	Exercise price	Period to which options are exercisable under normal circumstances	As at 1 January 2011	Number of employees holding options			As at 31 December 2011
					Issued	Cancelled	Exercised	
2	21/07/2006	1 pence	Jul 2016	23	-	-	-	23
3	19/10/2007	1 pence	Jul 2017	1	-	-	-	1
4	19/10/2007	1 pence	Jul 2017	1	-	-	-	1
5	14/07/2009	1 pence	Jul 2019	9	-	-	-	9
6	14/07/2009	1 pence	Jul 2019	7	-	-	-	7
7	17/08/2011	1 pence	Aug 2021	-	6	-	-	6

The number of shares which would be issued on exercise of tranches 2 and 3 is based on a proportion of the value of the company upon a sale

GALLERIA HOLDINGS LIMITED
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18 Reserves

Group	Share premium account £	Capital redemption reserve £	Merger reserve £	Profit and loss account £	Total £
At 1 January 2011	77,498	1,885	1,490,973	(1,343,971)	226,385
Loss for the period	-	-	-	(496,600)	(496,600)
Foreign exchange on overseas subsidiary	-	-	-	(10,970)	(10,970)
At 31 December 2011	<u>77,498</u>	<u>1,885</u>	<u>1,490,973</u>	<u>(1,851,541)</u>	<u>(281,185)</u>

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2011	77,498	1,885	10,059	89,442
Profit for the period	-	-	342,424	342,424
At 31 December 2011	<u>77,498</u>	<u>1,885</u>	<u>352,483</u>	<u>431,866</u>

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19 Reconciliation of Movements in Shareholders' Funds/(Deficit)

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
(Loss)/profit for the financial period	(496,600)	342,424	909,014	80,843
Dividends	-	-	(80,843)	(80,843)
Foreign currency translation	(10,970)	-	(8,413)	-
(Decrease)/increase in shareholders' funds	(507,570)	342,424	819,758	-
Opening shareholders' funds/(deficit) at 1 January 2011	234,335	97,392	(585,423)	97,392
Closing shareholders' (deficit)/funds at 31 December 2011	(273,235)	439,816	234,335	97,392

20 Reconciliation of Operating (Loss)/Profit to Operating Cash Flows

	Group 2011 £	Group 2010 £
Operating (loss)/profit	(341,260)	1,053,252
Depreciation and amortisation charges	229,375	242,801
Loss on disposal of fixed assets	830	-
Decrease/(increase) in debtors	112,329	(85,330)
Decrease in creditors	(1,053,842)	(1,621,908)
Net foreign exchange on translation of overseas subsidiary	(10,970)	(8,413)
	(1,063,538)	(419,598)

21 Gross Cash Flows

	Group 2011 £	Group 2010 £
Returns on investments and servicing of finance		
Interest received	9,843	7,252
Interest paid	-	(74,022)
Net cash inflow/(outflow) for returns on investments and servicing of finance	9,843	(66,770)
	Group 2011 £	Group 2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(14,361)	(659)
Sale of tangible fixed assets	200	-
Net cash outflow for capital expenditure and financial investment	(14,161)	(659)

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22 Analysis of Changes in Net Funds

	At 1 January 2011 £	Cash flows £	Other non- cash changes £	At 31 December 2011
Cash at bank and in hand	2,189,974	(1,108,243)	-	1,081,731
Debt due within one year	-	-	(1,506,000)	(1,506,000)
Debt due after one year	(1,506,000)	-	1,506,000	-
Net funds/(debt)	683,974	(1,108,243)	-	(424,269)

£307,130 (2010 £379,745) is held in an account designated by RBDC Investments Limited in respect of loan notes interest accrued but not paid

23 Transactions with Directors

Included in other debtors is a balance of £5,400 (2010 £Nil) due from J Richards. No interest has been charged on this loan. The maximum outstanding balance in the year was £5,400. The loan has been repaid following the year end.

24 Contingent Liabilities

There is a cross guarantee in place between all companies in the Galleria group, namely Galleria Holdings Limited, Galleria Retail Technology Solutions Limited and The Galleria Group Limited. At 31 December 2011 group borrowings under this cross guarantee totalled £Nil (2010 £Nil).

25 Derivatives

The company has no financial instruments that fall to be disclosed as derivatives.

26 Related Parties

The group has taken exemption under FRS8 "Related Party Disclosures" not to disclose transactions with other group companies, as the company has prepared consolidated financial statements.

During the year the group was charged rent of £51,750 (2010 £51,750) by an associated pension scheme. No amounts were outstanding at the balance sheet date (2010 £Nil).

27 Post Balance Sheet Events

Subsequent to the year end but prior to the signing of the financial statements a number of directors exercised share options available to them such that 3,800 ordinary 'A' shares, 6,100 ordinary 'B' shares, 12,600 ordinary 'D' shares and 12,600 ordinary 'E' shares were issued. Additionally, the company undertook a share buyback repurchasing the following share capital:

77,400 ordinary shares
58,748 ordinary 'A' shares
72,443 ordinary 'B' shares
12,600 ordinary 'D' shares

Consideration for the share repurchase was £300,000.

28 Control

The company was controlled by its directors, throughout the whole of this and the previous year.