Company No. 4936428

Grant Thornton

# Financial Statements Independent Media Support Group Limited

**For the year ended 30 June 2011**

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# Company information

| | |
|---|---|
| **Company registration number:** | 4936428 |
| **Registered office:** | 10th Floor, Centre Point<br>103 New Oxford Street<br>London<br>WC1A 1DD |
| **Directors:** | S M Sheridan OBE<br>P Woods<br>C Sheridan |
| **Secretary:** | Aldbury Associates |
| **Bankers:** | Nat West<br>Corporate Banking<br>Po Box 2162 20<br>Dean Street<br>London<br>W1A 1SX |
| **Auditor:** | Grant Thornton UK LLP<br>Grant Thornton House<br>202 Silbury Boulevard<br>Central Milton Keynes<br>MK9 1LW |

# Index to the financial statements

# Chairman's statement

## Introduction

Independent Media Support Group ("IMSG") offers media access services to broadcasters, film and DVD distributors, advertisers and their agencies The group offers a wide range of services incorporating pre-recorded and real-time subtitling translation, audio description, signing and voice-overs

## Business review

The group's principal activities consist of the following

### Deaf and hearing impaired subtitling

IMSG has contracts to deliver live and pre-recorded subtitling for programming including news and sport The provision of subtitles is skilled and requires significant training IMSG has sought to reduce the cost of providing its subtitling, primarily through the use of new technology, such as speech recognition

### Translation subtitling

The rapid proliferation of satellite and cable broadcasting that transcends national and regional borders, together with the growth of DVDs and other formats has expanded the need for translation subtitling The group has provided translation subtitling services for broadcasters, theatrical and home entertainment film release as well as corporate producers

### Signing

Signing is the use of hands and facial expressions to convey meaning and is best understood as a language in itself The Broadcasting Act 1996 introduced a statutory obligation upon certain UK broadcasters to provide signing services, an obligation which was extended by the Communications Act 2003 IMSG has supplied signing services to both broadcasters and major disability charities

### Audio description

Audio description is a recorded or 'live' verbal information service, for the blind or sight impaired, which describes, in between the dialogue, the action and events taking place in a film, television programme, video or theatre performance Again, the Communications Act 2003 increased the number of broadcasters upon which the obligation to provide audio description services is imposed The audio description unit of IMSG has worked on many major Hollywood productions

### Document translation

This is mainly translation of public policy and administrative documents from English to Welsh carried out by our subsidiary, Trosol, based in Cardiff

### Financial results

The economic climate continues to be challenging but it is pleasing to note that the group reported a profit for the year Group turnover for the year was £5 77m delivering an operating profit of £0 1m

Current activity demonstrates that our services continue to be in demand and in particular an increasing requirement from European Broadcasters as they continue to promote the provision of access services

The group is continuing to look for new opportunities and to consolidate existing relationships with customers

# The Report of the Directors

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

### Principal activities

The principal activities of the company and its subsidiaries are the provision of pre-recorded and real time subtitling, translation, audio description, signing and voice-over services A full review of the business activities for the year and the future developments of the group is given in the Chairman's Statement on page 3

### Results and dividends

The results of the group for the year ended 30 June 2011 and the financial position at the period end are set out in the Consolidated statement of comprehensive income and Consolidated Statement of Financial Position on pages 15 and 16

The directors do not propose the payment of a dividend

### Key performance indicators

The directors use several performance indicators, both financial and non-financial, to monitor the group's position However, turnover and net result before taxation are fundamental in the analysis of growth and future development of the group

### Financial risk management objectives and policies

The group uses financial instruments comprising cash and other liquid resources and various other items such as trade receivables and payables that arise directly from its operations The main purpose of these financial instruments is to provide finance for the group's operations The main risks arising from the group's financial instruments are liquidity risk, currency risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods and these are outlined in note 20 to these financial statements

### The directors and their interests

The membership of the Board during the year is set out below All directors served throughout the year, except where noted below

| | |
|---|---|
| S M Sheridan OBE | Executive Chairman |
| P Woods | Non-executive Director |
| C Sheridan | Non-executive Director |

The interests of the directors and their families in the shares of the company as at 30 June 2011 were as follows

| | **Ordinary shares of 2 5p each** | |
|---|---|---|
| | **Year Ended 30 June 2011 No** | 18 month period to 30 June 2010 No |
| S M Sheridan OBE | 19,695,384 | 19,695,384 |

# The Report of the Directors

## Employees

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind

It is the group's policy to give full and fair consideration to employment applications made by disabled persons and offer them the same opportunities for training and career development as are made to other employees The group endeavours to provide continued employment and training to those who have become disabled

Employees participate directly in the success of the business through the group's HM Revenue and Customs approved share option scheme

## The environment

The group's activities have marginal direct impact on the environment and contribute marginally to pollution

## Donations

During the year the group made charitable donations totalling £1,800 (period to 30 June 2010 - £750)

## Creditor payment policy

It is the policy of the group to pay all suppliers and other creditors on the due date for payment provided that goods and services are supplied in accordance with the contractual conditions Trade payables of the company at 30 June 2011 were equivalent to 31 days (period to 30 June 2010 - 22 days) purchases, based on the average daily amount invoiced by suppliers during the year

## Post balance sheet events

After the year end 4,972,721 shares owned by minority shareholders were purchased by the company for a consideration of approximately £63,000

# The Report of the Directors

### Directors' responsibilities for the financial statements

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union (IFRSs) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements,

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the directors is aware

- there is no relevant audit information of which the company'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 and group's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**ON BEHALF OF THE BOARD**

S M Sheridan OBE
Director
24 February 2012

Grant Thornton

# Report of the independent auditor to the members of Independent Media Support Group Limited

We have audited the financial statements of Independent Media Support Group Limited for the year ended 30 June 2011 which comprise the principal accounting policies, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the statement of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Grant Thornton

# Report of the independent auditor to the members of Independent Media Support Group Limited

**Opinion on other matters prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' 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

Steve Robinson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes

24 February 2012

# Principal accounting policies

### Basis of preparation

The group has chosen to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006 The financial statements have been prepared under the historical cost convention

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the group's accounting policies The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below

These financial statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the group operates

### Standards and interpretations not yet applied

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the group's 2011 financial statements

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes are effective 1 July 2010, though not yet EU-adopted, others effective 1 January 2011)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)

Based on the group's current business model and accounting policies, the directors do not expect material impacts on the group's financial statements when the Interpretations become effective

The group does not intend to apply any of these pronouncements prior to these becoming a requirement

# Principal accounting policies (continued)

### Basis of consolidation

These consolidated financial statements are for the company, Independent Media Support Group Limited and its subsidiaries as identified in Note 10

### Going concern

The financial statements are prepared on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future At 30 June 2011 the group had retained earnings of £3 15m (period ended 30 June 2010 - £3 05m)

The directors' assessment of the group's ability to continue as a going concern beyond the date of approval of the financial statements, by way of review of available cash facilities and forecasts, has concluded that it is appropriate to apply the going concern basis, and that the group will continue to be able to realise its assets and discharge its liabilities in the normal course of business on the basis of its current cash resources

### Goodwill

Goodwill arising on acquisition of a subsidiary represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses At the date of acquisition, the goodwill is allocated to cash generating units for the purpose of impairment testing and is tested at least annually for impairment

The classification and accounting treatment of business combinations that occurred prior to 1 January 2006 has not been reconsidered in preparing the Group's opening balance sheet at 1 January 2006 The written down value of goodwill recognised under UK GAAP at 1 January 2006 is the carrying value at the date of transition to IFRS

### Revenue

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

The group generates revenues from the provision of media access services consisting of deaf and hearing impaired subtitling, translation subtitling, signing and audio description Revenue on these services is recognised when the service has been delivered

Revenue generated from document translation is recognised when the service has been delivered

Payments received from customers prior to provision of the services noted above are recorded within creditors as payments on account

# Principal accounting policies (continued)

### Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful economic lives The rates generally applicable are

| | | |
|---|---|---|
| Leasehold property and improvements | - | remaining period of the lease |
| Computer equipment | - | 25% straight line |
| Other equipment | - | 10 - 15% straight line |
| Furniture and fixtures | - | 10 - 20% straight line |

### Leased assets

In accordance with IAS 17 'Leases', the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee A corresponding amount is recognised as a finance leasing liability

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term

### Taxation

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement

Deferred income taxes are calculated using the liability method on temporary differences This involves the comparison of the carrying amount of assets and liabilities in the financial statements with their respective tax bases In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets

Deferred tax liabilities are always provided for in full Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date

Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited directly to equity

# Principal accounting policies (continued)

### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All exchange differences are dealt with through the income statement

### Share-based payment transactions

The group issues equity settled share-based compensation to certain employees (including directors) Equity settled share-based payments are measured at fair value at the date of grant The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods
Fair value of share options with a share-price based performance condition is measured using the Binomial model Fair value of share options with no such performance condition is measured using the Binomial model

Where the terms of an equity-settled transaction are modified as a minimum an expense is recognised as if the terms had not been modified In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured by the date of modification

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, any expense not yet recognised for the transaction is recognised immediately However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancellation and the new transaction are treated as if they were a modification of the original transaction, as described in the previous paragraph

### Financial instruments

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

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

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

### Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, bank deposits available on demand and bank term deposits of less than one year Bank overdrafts also form part of net cash and cash equivalents for the purposes of the cash flow statement

# Principal accounting policies (continued)

**Financial instruments (continued)**

**Trade and other receivables**
Trade receivables are measured at initial recognition at fair value Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired

**Trade payables**
Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method where the effect is material

**Borrowings**
Borrowings are recognised initially at fair value, net of transaction costs Subsequent measurement is based on amortised cost and any difference between the proceeds (net of transaction of costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

**Investments in subsidiaries**
Investments in subsidiaries are included in these financial statements at the cost of the ordinary shares capital acquired Adjustments to this value are only made when, in the opinion of the directors, a permanent diminution in value has taken place and where there is no prospect of an improvement in the foreseeable future

**Provisions**

Provisions are recognised when the group has an obligation as a result of a past event and it is probable that the group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

**Share capital**

Ordinary shares are classified as equity Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs

**Share premium**

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of direct issue costs

**Own shares**

The consideration paid for the acquisition of own shares is deducted from equity shareholders' funds

**Share option reserve**

The share option reserve represents equity-settled share-based employee remuneration until such share options are exercised

# Principal accounting policies (continued)

### Retirement benefits

**Defined Contribution Pension Scheme**
The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period

### Significant accounting estimates and judgements

In the process of applying the group's accounting policies, the directors have made the following estimates and judgements which have the most significant effect on the amounts recognised in the financial statements

**Goodwill**
The directors use their judgement to determine the extent to which goodwill has a value that will benefit the performance of the company over future periods To assist in making this judgement, the directors undertake an assessment, at least annually, of the carrying value of the group's capitalised goodwill In the assessment undertaking in 2008, value in use was derived from discounted one year cash flow projections using a growth rate of 3% to extrapolate the cash flow projections beyond the budget period and a discount rate of 7% relevant to the cost of capital adjusted for risks associated with the cash-generating unit The projection period is, in the opinion of the directors, an appropriate period over which to view the future results of the group's businesses for this purpose Changes to the assumptions of discount rates, growth rates, expected changes to costs and selling prices used in making these forecasts could significantly alter the directors' assessment of the carrying value of goodwill

**Share based remuneration**
The group uses the Binomial model to estimate fair value of shares granted Changes in the directors' estimates about the expected life of the options and the number of options that will eventually be exercised could impact the group results through an increase or decrease of a reduced tax charge

# Consolidated statement of comprehensive income

| | Note | Year Ended 30 June 2011 £'000 | 18 month period to 30 June 2010 £'000 |
|---|---|---|---|
| Revenue | 1 | 5,777 | 9,174 |
| Cost of sales | | (3,899) | (6,136) |
| **Gross profit** | | **1,878** | 3,038 |
| Administrative expenses | | (1,763) | (2,633) |
| **Operating profit/(loss)** | 3 | **115** | (405) |
| Finance income | 4 | - | 1 |
| Finance costs | 6 | (4) | (15) |
| **Profit for the year before taxation** | | **111** | 391 |
| Income tax charge | 7 | (12) | (13) |
| **Profit for the financial year from continuing activities** | | **99** | 378 |
| **Loss from discontinued activities** | 2 | - | (96) |
| **Profit for the year** | | **99** | 282 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **99** | 282 |
| **Total comprehensive income for the year, attributable to equity holders of the parent company** | | **99** | 282 |

The notes on pages 21 to 37 form an integral part of these financial statements

# Consolidated statement of financial position

| | Note | 30 June 2011 £'000 | 30 June 2010 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 8 | 3,000 | 3,000 |
| Property, plant and equipment | 9 | 91 | 179 |
| | | **3,091** | 3,179 |
| **Current assets** | | | |
| Trade and other receivables | 11 | 1,710 | 1,318 |
| Cash and cash equivalents | 19 | 49 | 121 |
| | | **1,759** | 1,439 |
| **Total assets** | | **4,850** | 4,618 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Called up share capital | 17 | 652 | 652 |
| Share premium account | | - | – |
| Share option reserve | | - | – |
| Retained earnings | | 3,153 | 3,054 |
| **Total equity** | | **3,805** | 3,706 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Finance lease obligations | 14 | - | 3 |
| Deferred tax liability | 15 | - | 74 |
| | | **-** | 77 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 718 | 718 |
| Borrowings | 13 | 327 | 111 |
| Finance lease obligations | 14 | - | 6 |
| | | **1,045** | 835 |
| **Total liabilities** | | **1,045** | 912 |
| **Total liabilities and equity** | | **4,850** | 4,618 |

These financial statements were approved and authorised for issue by the directors on 24/12/2012
and are signed on their behalf by

S M Sheridan OBE
Director

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

# Company statement of financial position

| | Note | 30 June 2011 £'000 | 30 June 2010 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiary undertakings | 10 | 3,619 | 3,619 |
| **Current assets** | | | |
| Trade and other receivables | 11 | 599 | 605 |
| Cash and cash equivalents | | 3 | – |
| | | **602** | 605 |
| **Total assets** | | **4,221** | 4,226 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Called up share capital | 17 | 652 | 652 |
| Share premium account | | – | – |
| Share option reserve | | – | – |
| Retained earnings | | 3,563 | 3,564 |
| **Total equity** | | **4,215** | 4,216 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 6 | 10 |
| Borrowings | 13 | – | – |
| **Total liabilities** | | **6** | 10 |
| **Total liabilities and equity** | | **4,221** | 4,226 |

In accordance with the exemptions permitted by section 230 of the Companies Act 2006 the income statement of the parent company has not been presented In the accounts of the parent company, the loss for the financial year amounted to £1,147 (period to 30 June 2010 - £35,752)

These financial statements were approved and authorised for issue by the directors on 24/2/2012 and are signed on their behalf by

S M Sheridan OBE
Director

# Consolidated statement of cash flows

| | Note | Year Ended 30 June 2011 £'000 | 18 Month Period to 30 June 2010 £'000 (restated) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **99** | 282 |
| Adjustments for | | | |
| Tax charge | | **12** | 13 |
| Finance income | | - | (1) |
| Finance cost | | **4** | 15 |
| Depreciation and amortisation | 3 | **108** | 152 |
| Loss from discontinued operations | | - | 96 |
| | | **223** | 557 |
| Movements in working capital | | | |
| Increase in trade and other receivables | 11 | **(372)** | 88 |
| Increase in trade and other payables | 12 | **(21)** | (429) |
| Cash generated from operations | | **(170)** | 216 |
| Interest paid | | **(4)** | (15) |
| Taxation paid | | **(85)** | (41) |
| **Net cash from operating activities in continuing operations** | | **(259)** | 160 |
| **Net cash flow from operating activities in discontinued operations** | | - | (96) |
| **Total net cash flow from operating activities** | | **(259)** | 64 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(20)** | (55) |
| **Net cash used by investing activities** | | **(20)** | (55) |
| **Cash flows from financing activities** | | | |
| Cash inflow from finance leases | | **(9)** | (25) |
| Finance income received | | - | 1 |
| **Net cash from financing activities** | | **(9)** | (24) |
| **Net decrease in cash and cash equivalents** | | **(288)** | (15) |
| Cash and cash equivalents at the beginning of the period | | **10** | 25 |
| **Cash and cash equivalents at the end of the period** | 19 | **(278)** | 10 |

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

# Company statement of cash flows

| | Note | **Year Ended 30 June 2011 £'000** | 18 Month Period to 30 June 2010 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (1) | (36) |
| Adjustments for | | | |
| Finance cost | | – | 11 |
| | | **(1)** | (25) |
| Decrease in trade and other receivables | 11 | **33** | 410 |
| Decrease in trade and other payables | 12 | **(4)** | (154) |
| Cash generated from operations | | **28** | 231 |
| Interest paid | | – | (11) |
| Tax paid | | **(25)** | – |
| **Net cash from operating activities** | | **3** | 220 |
| **Cash flows from financing activities** | | **–** | – |
| **Net Increase in cash and cash equivalents** | | **3** | 220 |
| Cash and cash equivalents at the beginning of the period | | **–** | (220) |
| **Cash and cash equivalents at the end of the period** | 19 | **3** | – |

# Statements of changes in equity

**The Group**

| | Share Capital £'000 | Share premium account £'000 | Share option reserve £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2009 | 652 | 4,741 | - | (1,969) | 3,424 |
| Reclassification to retained earnings | - | (4,741) | - | 4,741 | - |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 282 | 282 |
| Balance at 30 June 2010 | 652 | - | - | 3,054 | 3,706 |
| Balance at 1 July 2010 | 652 | - | - | 3,054 | 3,706 |
| Other comprehensive income | - | - | - | - | - |
| Profit for the year | - | - | - | 99 | 99 |
| **Balance at 30 June 2011** | 652 | - | - | 3,153 | 3,805 |

**The Company**

| | Share Capital £'000 | Share premium account £'000 | Share option reserve £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2009 | 652 | 4,741 | - | (1,142) | 4,251 |
| Reclassification to retained earnings | - | (4,741) | - | 4,741 | - |
| Total comprehensive income for the year | - | - | - | (35) | (35) |
| Balance at 30 June 2010 | 652 | - | - | 3,564 | 4,216 |
| Balance at 1 July 2010 | 652 | - | - | 3,564 | 4,216 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (1) | (1) |
| **Balance at 30 June 2011** | 652 | - | - | 3,563 | 4,215 |

# Notes to the financial statements

## 1 Revenue and profit on ordinary activities before taxation

The revenue and profit before tax are attributable to the two principal activities of the group

A geographical analysis of turnover is given below

| | Year Ended 30 June 2011 £'000 | 18 months to 30 June 2010 £'000 |
|---|---|---|
| United Kingdom | **5,029** | 8,096 |
| Rest of Europe | **691** | 985 |
| Rest of the World | **57** | 93 |
| | **5,777** | 9,174 |

## 2 Discontinued operations

At the end of 2009 management decided to discontinue the Scandinavian business (Independent Media Support Scandinavia Limited) This decision was taken by the board after considering the current losses it had generated alongside its ability to generate future profits for the group Consequently, assets and liabilities allocable to Independent Media Support Scandinavia were classified as a disposal group Revenue and expenses, gains and losses relating to the discontinuation of this subgroup was eliminated from profit or loss from the Group's continuing operations were shown as a single line item on the face of the income statement (see 'loss for the year from discontinued operations')

# Notes to the financial statements

## 2 Discontinued operations (continued)

Operating profit of Independent Media Support Scandinavia Limited' until the date of disposal and the profit or loss is summarised as follows

| | 18 month period to 30 June 2010 £'000 |
|---|---|
| **Revenue** | 139 |
| Cost of sales | (114) |
| **Gross profit** | 25 |
| Administrative expenses | (119) |
| **Operating loss** | (94) |
| Finance income | 2 |
| Finance costs | (4) |
| **Loss for the year before taxation** | (96) |
| Income tax (charge)/credit | - |
| **Loss for the financial year from discontinued operations** | (96) |
| **Total profit for the financial period, attributable to equity holders of the parent company** | 282 |

There are no discontinued operations to report in the current financial year

## 3 Operating profit/(loss) on ordinary activities before taxation

The operatıng profit/(loss) on ordınary actıvıtıes before taxatıon ıs stated after chargıng

| | Year ended 30 June 2011 £'000 | 18 month perıod to 30 June 2010 £'000 |
|---|---|---|
| Amortısatıon and ımpaırment of goodwıll | | |
| Deprecıatıon | | |
| Property, plant and equıpment, owned | 96 | 130 |
| Assets held under finance leases | 12 | 21 |
| | | |
| Audıtor's remuneratıon | | |
| Fees payable to the company's audıtor for the audıt of the annual financıal statements | 25 | 34 |
| Fees payable to the Company's audıtor for other servıces | | |
| Tax servıces | 7 | 3 |
| Other | 1 | 6 |
| | | |
| Other operatıng lease rentals - land and buıldıngs | 169 | 293 |
| | | |
| Exceptıonal ıtems | | |
| Newcastle Closure | - | 307 |
| Provısıon for bad debt, from dıscontınued operatıon | - | 181 |
| Wrıte off leasehold Improvements, early termınatıon of Carlısle Street lease | 22 | - |

The Newcastle Office was closed ın May 2010, five months later than planned IMSS was dıssolved and provıde for ın full for loss of all ınvestments ın the prıor year Lease for Carlısle Street premıses was termınated prematurely ın August 2011 Remaınıng capıtal ımprovements and dılapıdatıon cost has been wrıtten off durıng the perıod

## 4 Finance income

| | Year ended 30 June 2011 £'000 | 18 month period to 30 June 2010 £'000 |
|---|---|---|
| Bank interest receivable | - | 2 |
| Bank interest receivable – IMS Scandinavia | - | 2 |
| | - | 4 |

## 5 Directors and employees

Amounts paid to directors, who are the key management personnel of the Company, during the year were as follows

| | Year ended 30 June 2011 | 18 month period to 30 June 2010 |
|---|---|---|
| Emoluments | - | 340 |
| Pension contributions to money purchase pension schemes | - | (2) |
| | - | 338 |

The emoluments of the highest paid director were £Nil (period to 30 June 2010 - £Nil) During the year none of the directors received any share options and none were exercised No retirement benefits were accruing for directors under money purchase pension schemes (period to 30 June 2010 1)

Staff costs during the year, including directors, were as follows

| | Year ended 30 June 2011 £'000 | 18 month period to 30 June 2010 £'000 |
|---|---|---|
| Wages and salaries | 3,321 | 4,741 |
| Social security costs | 343 | 565 |
| Other pension costs | 67 | 116 |
| | 3,731 | 5,422 |

## 5 Directors and employees (continued)

The average number of employees of the group during the year was

| | Year ended 30 June 2011 No | 18 month period to 30 June 2010 No |
|---|---|---|
| Management and administration | 17 | 21 |
| Production | 107 | 103 |
| | 124 | 124 |

## 6 Finance costs

| | Year ended 30 June 2011 £'000 | 18 month period to 30 June 2010 £'000 |
|---|---|---|
| Interest on bank loans and overdrafts | 4 | 13 |
| Interest on obligations under finance leases | - | 2 |
| | 4 | 15 |

## 7 Tax on profit on ordinary activities

(a) Analysis of charge for the year

| | Year ended 30 June 2011 £'000 | 18 month period to 30 June 2010 £'000 |
|---|---|---|
| Current tax | | |
| UK corporation tax at 27 5 % (period to 30 June 2011 – 21%) | 34 | 13 |
| Adjustment in respect of prior periods | - | – |
| Total current tax | 34 | 13 |
| Deferred tax | | |
| Origination and reversal of timing differences | (22) | – |
| Total deferred tax | (22) | – |
| Tax on profit on ordinary activities | 12 | 13 |

## 7 Tax on profit on ordinary activities (continued)

(b) Factors affectıng the tax charge for the year

The tax assessed for the year dıffers from the standard rate of corporatıon tax ın the UK of 27 5 % (penod to 30 June 2010 -28%) The dıfferences are explaıned as follows

| | **Year ended 30 June 2011 £'000** | 18 month penod to 30 June 2010 £'000 |
|---|---|---|
| Profit on ordınary actıvıtıes before tax | **111** | 294 |
| Profit on ordınary actıvıtıes multıplıed by standard rate of corporatıon tax ın the UK of 27 5% (penod to 30 June 2011 – 21%) | **31** | 62 |
| Effect of | | |
| Expenses not deductıble for tax purposes | **4** | 2 |
| Share-based payments | **-** | – |
| Dıfferences between capıtal allowances and depreciatıon | **12** | 7 |
| Margınal relıef | **(8)** | – |
| Tax losses avaılable to carry forward | **(7)** | (76) |
| Unutılısed tax losses | **-** | 18 |
| Short term tımıng dıfference | **2** | – |
| Adjustments to tax charge ın respect of prıor penods | **-** | – |
| Current tax charge for the penod | **34** | 13 |

There are no tax losses (penod to 30 June 2010 - £17,031) avaılable to set agaınst future tradıng profit of the group

## 8 Intangible assets

| **The group** | **Goodwıll £'000** |
|---|---|
| Net book value at 30 June 2010 and at 30 June 2011 | **3,000** |

The company dıd not hold any goodwıll

## 9 Property, plant and equipment

| The group | Leasehold property improvements £'000 | Computer, and other equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2010 | 56 | 1,665 | 1,721 |
| Transfer | (5) | 5 | - |
| Additions | - | 20 | 20 |
| At 30 June 2011 | 51 | 1,690 | 1,741 |
| **Depreciation** | | | |
| At 1 July 2010 | 29 | 1,513 | 1,542 |
| Provided in the year | 22 | 86 | 108 |
| At 30 June 2011 | 51 | 1,599 | 1,650 |
| Net book value at 30 June 2011 | **-** | **91** | **91** |
| Net book value at 30 June 2010 | **27** | **152** | **179** |

The company did not hold any property, plant and equipment

The net book value of assets held under finance leases is £3,252 (period ended 30 June 2010 - £26,000)

## 10 Investments

### Investments in subsidiary undertakings

| | Shares in group undertakings £'000 |
|---|---|
| **Cost** | |
| At 30 June 2010 and 30 June 2011 | 5,170 |
| **Impairment** | |
| At 30 June 2010 and 30 June 2011 | 1,551 |
| Net book value at 30 June 2011 | **3,619** |
| Net book value at 30 June 2010 | 3,619 |

## 10 Investments (continued)

At 30 June 2011 the Company held shares in the following undertakings

| Subsidiary | Country of Incorporation | Class of share capital held | Proportion held by parent | Nature of Business |
|---|---|---|---|---|
| Independent Media Support Limited * | England and Wales | Ordinary | 100% | Media access services |
| Trosol Cyfyngedig ** | England and Wales | Ordinary | 100% | Translation and subtitling |
| Independent Media Productions Limited ** | England and Wales | Ordinary | 100% | Non-trading |
| IMS Subtitling Limited ** | England and Wales | Ordinary | 100% | Dormant |

* Directly owned by Independent Media Support Group Limited
** Owned by Independent Media Support Limited

All subsidiaries are included in the consolidated financial statements and all have an accounting period to 30 June 2011 Furthermore, the principal activity of each of the subsidiaries is consistent with the parent, which is the provision of pre-recorded and real time submitting, translation, audio description, signing and voice-over services

## 11 Trade and other receivables

| | The group | | The company | |
|---|---|---|---|---|
| | **30 June 2011 £'000** | 30 June 2010 £'000 | **30 June 2011 £'000** | 30 June 2010 £'000 |
| Trade receivables | **717** | 550 | **-** | – |
| Other receivables | **674** | 416 | **-** | 29 |
| Amounts owed by group undertakings | **-** | – | **523** | 527 |
| Deferred tax asset | **118** | 98 | **27** | – |
| Prepayments and accrued income | **201** | 254 | **49** | 49 |
| | **1,710** | 1,318 | **599** | 605 |

The average credit period on sales is 45 days (period ended 30 June 2010 - 22 days) No interest is charged on the receivables An allowance has been made for estimated irrecoverable amounts from trade receivables made by reference to past default experience

The directors consider that the carrying amount of trade and other receivables approximates to their fair value

## 12 Trade and other payables

| | The group | | The company | |
|---|---|---|---|---|
| | **30 June 2011 £'000** | 30 June 2010 £'000 | **30 June 2011 £'000** | 30 June 2010 £'000 |
| Trade payables | **225** | 216 | **2** | 2 |
| Social security and other taxes | **345** | 314 | **1** | - |
| Corporation Tax | **34** | 13 | **-** | - |
| Accruals and deferred income | **107** | 166 | **3** | 8 |
| Other payables | **7** | 9 | **-** | - |
| | **718** | 718 | **6** | 10 |

The average credit period taken for trade purchases is 31 days (period ended 30 June 2010 - 22 days)

The directors consider that the carrying amount of trade payables approximates to their fair value

## 13 Borrowings

| | The group | | The company | |
|---|---|---|---|---|
| | **30 June 2011 £'000** | 30 June 2010 £'000 | **30 June 2011 £'000** | 30 June 2010 £'000 |
| Bank overdraft | **327** | 111 | **-** | - |

The bank overdraft and loans are secured by a fixed and floating charge over the assets of the company and its subsidiary and by a cross guarantee between the two companies in respect of these borrowings

All borrowings are denominated in UK pounds

The bank overdraft is subject to an annual review At 30 June 2011 the company had undrawn committed borrowing facilities in the form of bank overdrafts

## 14 Finance lease obligations

At 30 June 2011 no obligations under finance leases existed in either the group or company in the group, £nil in the company (period ended 30 June 2010 £9k)

## 15 Deferred taxation

### The group

The deferred taxation assets/(liabilities) recognised and not recognised in the financial statements are set out below

| | Amount provided | | Amount unprovided | |
|---|---|---|---|---|
| | **30 June 2010 £'000** | 30 June 2010 £'000 | **30 June 2010 £'000** | 30 June 2010 £'000 |
| Deferred tax on loans to participators | **98** | 98 | – | – |
| Accelerated capital allowances | **16** | – | – | 8 |
| Tax losses | – | – | – | 4 |
| Short term timing difference | **2** | – | – | 4 |

The group has a net deferred tax asset of £117,551 (period ended 30 June 2010 £114,888) comprising tax losses of £ Nil (period ended 30 June 2010 £3,577), fixed asset timing differences of £16,481 (period ended 30 June 2010 £7,801), short term timing differences of £2,272 (period ended 30 June 2010 £4,712) and loans to participators of £98,798 (period ended 30 June 2010 £98,798)

Deferred tax assets are recognised only to the extent that their recoverability is considered probable The deferred tax above relates to s455 (directors loan) tax The corporation tax creditor is increased to show s455 tax due to HMRC and the corresponding entry increases the deferred tax asset, reflecting timing differences

## 16 Pension commitments

### Defined Contribution Pension Scheme

The group operates a defined contribution pension scheme for the benefit of the employees The assets of the scheme are administered by trustees in funds independent from those of the group The pension cost charge represents contributions payable by the group to the funds' and for the year amounted to £ 67,299 (period ended 30 June 2010 - £115,726) Contributions totalling £9,694 (period ended 30 June 2010 - £6,691) were payable to the funds at the balance sheet date and are included in trade and other payables

## 17 Share capital

| | **30 June 2011 £'000** | 30 June 2010 £'000 |
|---|---|---|
| Authorised | | |
| 40,000,000 ordinary shares of 2 5p each | **1,000** | 1,000 |
| Allotted, called up and fully paid | | |
| 26,087,000 ordinary shares of 2 5p each | **652** | 652 |

## 18 Share options

The group operates an HMR&C approved share option scheme under which options for ordinary shares have been granted to directors, advisors, consultants and employees Each share option entitled the holder to convert one share option into one ordinary share of Independent Media Support Group Plc on exercise

No amounts are paid or payable by the recipient on receipt of the option The options carry neither dividend nor voting rights Options are forfeited if the employee leaves the group before the options vest

The number of options granted is subject to approval by the company directors

The following share-based payment arrangements were in existence during the current or prior reporting periods

| | |
|---|---|
| Number granted | 1,995,256 |
| Number lapsed | 1,887,156 |
| Date of grant | 24 June 2004 |
| Date from which exercisable | 24 June 2007 |
| Expiry date | 23 June 2014 |
| Exercise price | 57 5p |
| Fair value at grant date | 23 3p |

Details of options included within the above and pertaining to directors are contained within the Report of the Directors

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year

| | **30 June 2011** Average Exercise Price per share P | **Number No** | 30 June 2010 Average Exercise Price per share P | Number No |
|---|---|---|---|---|
| Outstanding at 1 July | 57 5 | 83,100 | 57 5 | 108,100 |
| Granted | | | | |
| Lapsed | (57 5) | (10,000) | (57 5) | (25,000) |
| Exercised | | | | |
| **Outstanding at 30 June** | **57.50** | **73,100** | **57.5** | **83,100** |
| Exercisable at 30 June | 57 5 | 73,100 | 57 5 | 83,100 |

## 18 Share options (continued)

The fair value of options is measured using the Binomial model of valuation, which is considered to be the most appropriate valuation technique The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, based on an estimate of the share awards that will actually vest The estimate of vesting is reviewed annually, with any impact on the cumulative charge being recognised immediately

The inputs into the Binomial option model of valuation for 2007 were as follows

| | |
|---|---|
| Weighted average exercise price | 18p |
| Expected volatility | 20% |
| Year of exercise | 2010 |
| Risk free rate | 4 5% |
| Expected dividend | 0% |

## 19 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and cash in banks, net of outstanding bank overdrafts Cash and cash equivalents at the end of the financial period as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows

| | **The group** | | **The company** | |
|---|---|---|---|---|
| | **30 June 2011 £'000** | 30 June 2010 £'000 | **30 June 2011 £'000** | 31 June 2010 £'000 |
| Cash and bank balances | **49** | 121 | **3** | – |
| Bank overdrafts | **(327)** | (111) | **-** | – |
| | **278** | 10 | **3** | – |

## 20 Financial instruments

### Capital risk management

The group manages capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 19 and equity attributable to equity holders of the parent company as disclosed in the balance sheet

The disclosure of the gearing ratio has not been included on the basis that the group was in a net funds position at both 30 June 2011 and 30 June 2010

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed on pages 12 and 13 of the financial statements

## 20 Financial instruments (continued)

### Treasury policies and financial risk

Surplus funds are intended to support short term working capital requirements These funds are invested through the use of short term and period deposits, with a policy of maximising fixed interest returns as well as providing the flexibility required to fund on-going operations It is not a group policy to invest in financial derivatives Although the financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risks could arise and the Board will continue to review its existing policies in the future

### Categories of financial instruments

| | **30 June 2011** **£** | 31 June 2010 £ |
|---|---|---|
| Financial assets | | |
| Loans and receivables | 1,440 | 1,185 |
| | | |
| Financial liabilities | | |
| Other financial liabilities | 559 | 908 |

### Interest risk management

The group is exposed to interest rate risk as the group borrows funds at both fixed and floating interest rates

Interest rate risk arises from

- the fixed element of finance leases where the group typically uses finance leases for fixed periods of up to five years to finance the purchase of assets where it is considered to be a more effective use of funds,
- the overdraft facility, which bears a floating interest rate, and
- cash and short term deposits which bear a floating interest rate

*Interest rate sensitivity analysis*

The sensitivity analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's profit for the year ended 30 June 2011 would • increase/decrease by £ 1,000 (period to 30 June 2010 - £1,406) This is attributable to the group's exposure to interest rates on its variable rate borrowings

## 20 Financial instruments (continued)

At 30 June 2011, the group's liabilities have contractual maturities which are summarised below

| | Current | | | | Non-current | |
|---|---|---|---|---|---|---|
| | Within 6 months | | 6 to 12 months | | 1 to 5 years | |
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | **£'000** | £'000 | **£'000** | £'000 | **£'000** | £'000 |
| Finance lease Obligations | - | 3 | - | 3 | - | 3 |
| Borrowings | **327** | 111 | - | - | - | - |
| Trade payables | **225** | 216 | - | - | - | - |
| Other short-term financial liabilities | **492** | 501 | - | - | - | - |
| Totals | **1,044** | 831 | | 3 | - | 3 |

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date

**Credit risk management**
Credit risk refers to the credit risk that a counter party will default on its contractual obligations resulting in financial loss to the group The principal credit risk arises from the group's trade receivables In order to manage credit risk, the directors set limits for customers based on a combination of payment history and review of third party information pertaining to the customers' financial position Ongoing credit evaluation is performed on the financial condition of accounts receivable The carrying value of the loans and receivables of £1,440k is considered to best represent the maximum exposure to credit risk

**Liquidity risk management**
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Surplus funds are invested on a short term basis on bank deposit and therefore such funds are available at short notice

**Foreign currency risk management**
The group has minimal foreign currency denominated trade receivables or payables and therefore is not materially subject to foreign exchange risk

**Borrowing facilities**
There were undrawn borrowing facilities of approximately £73,000 (period to 30 June 2010 - £289,000)

**Interest rate risk profile of financial assets and liabilities**

| | | Interest rate | | |
|---|---|---|---|---|
| | Total | Fixed | Floating | Zero |
| | £'000 | £'000 | £'000 | £'000 |
| Financial assets | | | | |
| At 30 June 2011 | | | | |
| Sterling | 49 | - | 49 | - |
| | 49 | - | 49 | - |
| Financial liabilities | | | | |
| At 30 June 2011 | | | | |
| Bank overdraft | 327 | - | 327 | - |
| Finance lease agreements | - | - | - | - |
| | 327 | - | 327 | - |

## 21 Transactions with related parties

Transactions and balances between the company and its subsidiaries, which are related parties of the company, are as follows

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Amounts owed by group undertakings | **523** | 527 |
| Loan made to (repayments from) group undertakings | **-** | (407) |

S M Sheridan has a balance on a directors loan account of £618,393 (period ended 30 June 2010 - £363,893) and received remuneration of £149,950 (period ended 30 June 2010 - £154,829) from the subsidiary for her role as Executive Director and Chairman The outstanding balance due on the directors loan account has been included within other debtors £254,500 of S M Sheridan's Directors loan was repaid after the year end

At the period end M Angell owed £31,000 (Period ended 30 June 2011 - £31,000) He also received remuneration from the subsidiary of £125,000 for his role of executive director The outstanding balance due on the directors loan account has been included within other debtors

During the year C Sheridan received remuneration from the subsidiary of £24,000 (period to 30 June 2010 £21,000) for his role as Non-Executive Director

## 22 Leasing commitments

**The group**
Total commitments under non-cancellable operating leases are as follows

| | Land and Buildings 2011 £'000 | Other 2011 £'000 | Land and Buildings 2010 £'000 | Other 2010 £'000 |
|---|---|---|---|---|
| Within one year | **348** | **-** | 175 | - |
| Between two and five years | **110** | **-** | 256 | - |
| After five years | **13** | **-** | 54 | - |
| | **471** | **-** | 485 | - |

The company had no commitments under non-cancellable operating leases

## 23 Notes to the statement of cash flows

### Reconciliation of net cash flow to movement in net funds

**The group**

| | 2011 £ | 2010 £ (restated) |
|---|---|---|
| Increase in cash in the period | (288) | (15) |
| Cash outflow in respect of hire purchase | 9 | 25 |
| Changes in net funds resulting from cash flows | (279) | 10 |
| Net funds at 1 July | 1 | (9) |
| Net funds at 30 June | (278) | 1 |

**The company**

| | 2011 £ | 2010 £ |
|---|---|---|
| Increase in cash in the period | 3 | 220 |
| Changes in net funds resulting from cash flows | 3 | 220 |
| Net funds at 1 July | - | (220) |
| Net funds at 30 June | 3 | - |

### Analysis of changes in net funds

**The group**

| | At 1 July 2010 £ (restated) | Cash flows £ | At 30 June 2011 £ |
|---|---|---|---|
| Cash/(overdrafts) | | | |
| Cash in hand and at bank | 121 | (72) | 49 |
| Overdrafts | (111) | (216) | (327) |
| | 10 | (288) | (278) |
| Debt | | | |
| Hire purchase agreements | (9) | 9 | - |
| Net funds | 1 | (279) | (278) |

**The company**

| | At 1 July 2010 £ | Cash flows £ | At 30 June 2011 £ |
|---|---|---|---|
| Cash/(overdrafts) | | | |
| Cash in hand and at bank | - | 3 | 3 |
| Net funds | - | 3 | 3 |

## 24 Ultimate controlling party

The ultimate controlling party throughout both periods was S M Sheridan OBE, a majority shareholder of the company who is also a director

## 25 Post balance sheet events

After the year end 4,972,721 shares owned by minority shareholders were purchased by the company for a consideration of approximately £63,000