

COMPANY REGISTRATION NUMBER 04759938

HOST CONTRACT MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2010

taylorcocks | chartered accountants
and tax advisers

Abbey House
Hickleys Court
South Street
Farnham
Surrey
GU9 7QQ

HOST CONTRACT MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 5
Independent auditor's report to the shareholders	6 to 7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 to 17
The following pages do not form part of the financial statements	
Detailed profit and loss account	19
Notes to the detailed profit and loss account	20 to 21

HOST CONTRACT MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr J. R. Brand Mrs A. M. Houghton
Company secretary	Mrs A. M. Houghton
Registered office	Liss House Station Road Liss Hampshire GU33 7AD
Auditor	taylorcocks Chartered Accountants & Statutory Auditor Abbey House Hickleys Court South Street Farnham Surrey GU9 7QQ
Bankers	Barclays Bank Plc 19 North Street Guildford Surrey GU1 4AG

HOST CONTRACT MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2010

The directors present their report and the financial statements of the company for the year ended 31st December 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of catering.

DIRECTOR'S STATEMENT

I am very happy to be publishing our 2010 results which have seen Host double our pre-tax profits by 100% on 2009 to £415,732 (£207,063).

Our turnover has decreased by 1.85% over 2009 due to the company's sales team tendering for some large national/group contracts that we didn't win. As a result of the time taken up by these tenders we subsequently missed out on smaller 'bread and butter' jobs. We have corrected that balance for 2010 with the appointment of Andrew Scott as Sales Director and a strengthening of the marketing and telesales department.

Our GP has improved from 14.75% to 18.10%, due to improved purchasing and firmer cost control in our fixed price business. Operations Director Deborah Homshaw has worked hard with the operations team to achieve this result so congratulations go to her team.

This is an achievement that we are all proud of. Especially in a difficult financial environment that is seeing a great deal of market testing which has created a very competitive marketplace. But that is not a bad thing, and the challenges that have been thrown at Host have been met with various developments and innovations.



The most significant innovation that we have put in place over 2010 has been our 'HighStreet' service. Designed to deliver a fast, healthy and modern set of brands, the target is nil cost catering, and depending on tariff and numbers on site, this is now an achievable objective. The offers are very much in line with the current eating trends that are prevalent on our High Streets, and can be revolved regularly for small facilities, or remain more static within a larger food court.

We have also seen our traditional fresh, local food service develop and mature and our profitability is borne from a sound operating base.

I must also mention our first Chairman who joined us in the latter part of the year. Bill Toner is a well known and highly successful caterer, having spent twenty five years at Sodexo rising to managing director, and a five year stint as Aramark's CEO. He joins us as our non-executive and having known Bill for too many of those thirty years I welcome him on board. I am looking forward to working with him within our next five year plan.

Our plan is based around more of the same, with organic and some acquisitive growth in our core markets, alongwith a very strong management development programme to ensure that we continue to employ great people and true committed professionals within the Host community.

I have thoroughly enjoyed the year, working within the community and look forward to the challenges that we are already making the most of over 2011!

Jerry Brand



HOST CONTRACT MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £415,729. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Given the size of the company, the director has not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the director are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price Risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The director will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest Rate Cash Flow Risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The director will revisit the appropriateness of this policy should the company's operations change in size or nature.

DIRECTORS

The directors who served the company during the year were as follows:

Mr J. R. Brand
Mr M. D. Chubb
Mrs A. M. Houghton

Mr M. D. Chubb retired as a director on 31st December 2010.
Mrs D Homshaw was appointed as a director on 6th January 2011.

HOST CONTRACT MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2010

DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

HOST CONTRACT MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2010

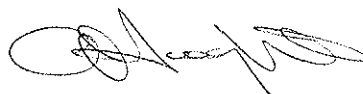
AUDITOR

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

Registered office:

Liss House
Station Road
Liss
Hampshire
GU33 7AD

Signed by order of the directors



MRS A. M. HOUGHTON
Company Secretary

Approved by the directors on 14 February 2011

HOST CONTRACT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOST CONTRACT MANAGEMENT LIMITED

YEAR ENDED 31st DECEMBER 2010

We have audited the financial statements of Host Contract Management Limited for the year ended 31st December 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

HOST CONTRACT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOST CONTRACT MANAGEMENT LIMITED *(continued)*

YEAR ENDED 31st DECEMBER 2010

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.



Taylor Cooks

16/2/2011

HOST CONTRACT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	14,191,413	14,459,181
Cost of sales		<u>11,622,556</u>	<u>12,327,133</u>
GROSS PROFIT		2,568,857	2,132,048
Administrative expenses		<u>2,152,238</u>	<u>1,913,396</u>
OPERATING PROFIT	3	416,619	218,652
Interest receivable		636	47
Interest payable and similar charges	6	(1,523)	(10,037)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>415,732</u>	<u>208,662</u>
Tax on profit on ordinary activities	7	3	1,599
PROFIT FOR THE FINANCIAL YEAR		<u>415,729</u>	<u>207,063</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.

The notes on pages 11 to 17 form part of these financial statements.

HOST CONTRACT MANAGEMENT LIMITED

BALANCE SHEET

31st DECEMBER 2010

	Note	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		249,930		240,422
CURRENT ASSETS					
Stocks	9	40,890		45,746	
Debtors	10	1,912,866		1,799,837	
Cash at bank		741,406		44,217	
		<u>2,695,162</u>		<u>1,889,800</u>	
CREDITORS: Amounts falling due within one year	11	<u>1,974,482</u>		<u>1,575,341</u>	
NET CURRENT ASSETS			<u>720,680</u>		<u>314,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>970,610</u>		<u>554,881</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		1,401,451		1,401,451
Profit and loss account	15		(430,841)		(846,570)
SHAREHOLDERS' FUNDS	16		<u>970,610</u>		<u>554,881</u>

These financial statements were approved by the directors and authorised for issue on 14-02-11, and are signed on their behalf by:



 MR J. R. BRAND

Company Registration Number 04759938

The notes on pages 11 to 17 form part of these financial statements.

HOST CONTRACT MANAGEMENT LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31st DECEMBER 2010

	Note	2010		2009	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		760,667		119,415
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	17		(887)		(9,990)
TAXATION	17		(10)		(1,589)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	17		(62,581)		(11,374)
INCREASE IN CASH	17		<u>697,189</u>		<u>96,462</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over term of lease
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	25% straight line
Equipment	-	25% straight line

Stocks

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

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2010 £	2009 £
United Kingdom	<u>14,191,413</u>	<u>14,459,181</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2010 £	2009 £
Depreciation of owned fixed assets	53,059	47,919
Loss on disposal of fixed assets	14	--
Auditor's remuneration - as auditor	<u>11,011</u>	<u>9,970</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2010 No	2009 No
Number of production staff	412	439
Number of administrative staff	33	28
Number of roving staff	7	13
Number of Caternet staff	<u>12</u>	<u>11</u>
	<u>464</u>	<u>491</u>

The aggregate payroll costs of the above were:

	2010 £	2009 £
Wages and salaries	6,232,321	6,663,512
Social security costs	460,854	480,953
Other pension costs	13,442	14,421
Pensions paid to former employees	5,927	5,622
	<u>6,712,544</u>	<u>7,164,508</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2010 £	2009 £
Remuneration receivable	259,032	211,406
Value of company pension contributions to money purchase schemes	<u>5,927</u>	<u>5,622</u>
	<u>264,959</u>	<u>217,028</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

5. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2010 No	2009 No
Money purchase schemes	<u>3</u>	<u>3</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Interest payable on bank borrowing	128	4,457
Other similar charges payable	1,395	5,580
	<u>1,523</u>	<u>10,037</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax:		
UK Corporation tax based on the results for the year at 21% (2009 - 21%)	3	10
Over/under provision in prior year	-	1,589
Total current tax	<u>3</u>	<u>1,599</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 - 21%).

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>415,732</u>	<u>208,662</u>
Profit on ordinary activities by rate of tax	87,304	43,819
Capital allowances in excess of depreciation	(5,377)	(295)
Disallowable expenses	1,416	1,009
Depreciation	3,082	3,082
Expensive leased cars	1,129	589
Losses brought forward	(163,425)	(211,619)
Losses carried forward	75,874	163,425
Over provision in prior year	-	1,589
Total current tax (note 7(a))	<u>3</u>	<u>1,599</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST						
At 1 Jan 2010	225,398	152,800	9,095	-	27,911	415,204
Additions	-	38,316	308	21,500	2,776	62,900
Disposals	-	(889)	-	-	-	(889)
At 31 Dec 2010	<u>225,398</u>	<u>190,227</u>	<u>9,403</u>	<u>21,500</u>	<u>30,687</u>	<u>477,215</u>
DEPRECIATION						
At 1 Jan 2010	22,540	120,259	6,110	-	25,873	174,782
Charge for the year	22,540	22,474	1,418	5,375	1,252	53,059
On disposals	-	(556)	-	-	-	(556)
At 31 Dec 2010	<u>45,080</u>	<u>142,177</u>	<u>7,528</u>	<u>5,375</u>	<u>27,125</u>	<u>227,285</u>
NET BOOK VALUE						
At 31 Dec 2010	<u>180,318</u>	<u>48,050</u>	<u>1,875</u>	<u>16,125</u>	<u>3,562</u>	<u>249,930</u>
At 31 Dec 2009	<u>202,858</u>	<u>32,541</u>	<u>2,985</u>	<u>-</u>	<u>2,038</u>	<u>240,422</u>

9. STOCKS

	2010 £	2009 £
Stock	<u>40,890</u>	<u>45,746</u>

10. DEBTORS

	2010 £	2009 £
Trade debtors	759,458	1,078,880
VAT recoverable	-	103,749
Other debtors	1,067,786	373,870
Prepayments and accrued income	85,622	243,338
	<u>1,912,866</u>	<u>1,799,837</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

11. CREDITORS: Amounts falling due within one year

	2010		2009	
	£	£	£	£
Trade creditors		1,456,470		1,136,677
Other creditors including taxation and social security:				
Corporation tax	3		10	
PAYE and social security	169,384		152,288	
VAT	115,844		-	
Other creditors	176,105		150,758	
		<u>461,336</u>		<u>303,056</u>
Accruals and deferred income		56,676		135,608
		<u>1,974,482</u>		<u>1,575,341</u>

12. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2010 the company had annual commitments under non-cancellable operating leases as set out below.

	2010		2009	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	11,361	-	-
Within 2 to 5 years	-	38,609	-	19,926
After more than 5 years	64,000	-	64,000	-
	<u>64,000</u>	<u>49,970</u>	<u>64,000</u>	<u>19,926</u>

13. RELATED PARTY TRANSACTIONS

The company was under the control of Mr J. Brand throughout the current and previous year. Mr J. Brand is a director and shareholder.

Mr J. Brand is also a director and shareholder in Caternet Limited. During the year Host Contract Management Limited was charged management fees from Caternet Limited of £120,000. At the balance sheet date the amounts owed by Caternet Limited totalled £1,057,936 (2009 - £350,775) shown in 'Other debtors'. During the year the company paid rent to Caternet Limited totalling £32,000 (2009 - £32,000)

14. SHARE CAPITAL

Authorised share capital:

	2010	2009
	£	£
1,401,451 Ordinary shares of £1 each	<u>1,401,451</u>	<u>1,401,451</u>

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	<u>1,401,451</u>	<u>1,401,451</u>	<u>1,401,451</u>	<u>1,401,451</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

15. PROFIT AND LOSS ACCOUNT

	2010	2009
	£	£
Balance brought forward	(846,570)	(1,053,633)
Profit for the financial year	<u>415,729</u>	<u>207,063</u>
Balance carried forward	<u>(430,841)</u>	<u>(846,570)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit for the financial year	415,729	207,063
Opening shareholders' funds	<u>554,881</u>	<u>347,818</u>
Closing shareholders' funds	<u>970,610</u>	<u>554,881</u>

17. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	416,619	218,652
Depreciation	53,059	47,919
Loss on disposal of fixed assets	14	-
Decrease/(increase) in stocks	4,856	(8,696)
(Increase)/decrease in debtors	(113,029)	992,523
Increase/(decrease) in creditors	<u>399,148</u>	<u>(1,130,983)</u>
Net cash inflow from operating activities	<u>760,667</u>	<u>119,415</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010	2009
	£	£
Interest received	636	47
Interest paid	<u>(1,523)</u>	<u>(10,037)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(887)</u>	<u>(9,990)</u>

TAXATION

	2010	2009
	£	£
Taxation	<u>(10)</u>	<u>(1,589)</u>

HOST CONTRACT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

17. NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	2010 £	2009 £
Payments to acquire tangible fixed assets	(62,900)	(11,374)
Receipts from sale of fixed assets	319	-
Net cash outflow from capital expenditure	<u>(62,581)</u>	<u>(11,374)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
Increase in cash in the period	697,189	96,462
Movement in net funds in the period	697,189	96,462
Net funds at 1 January 2010	44,217	(52,245)
Net funds at 31 December 2010	<u>741,406</u>	<u>44,217</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2010 £	Cash flows £	At 31 Dec 2010 £
Net cash:			
Cash in hand and at bank	44,217	697,189	741,406
Net funds	<u>44,217</u>	<u>697,189</u>	<u>741,406</u>