COMPANY NUMBER: 03184978

CROMA SECURITY SOLUTIONS GROUP PLC

REPORT AND FINANCIAL STATEMENTS

30 June 2013

CONTENTS

COMPANY INFORMATION

Directors	S J F Morley (Executive Chairman) R M Fiorentino (Group Chief Executive) R A Juett ACA (Finance Director) C N McMicking (Non – Executive) Lord J W E Percy (Non – Executive) A N Hewson MA FCA CF (Non – Executive)
Secretary	R A Juett
Registered office	Unit 6 Fulcrum 4 Solent Way Whiteley Fareham Hampshire PO15 7FT
Registered number	03184978
Nominated advisers and brokers	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Registered independent auditors	Grant Thornton UK LLP 7 Exchange Crescent Edinburgh EH3 8AN
Solicitors	Shepherd + Wedderburn LLP 1 Exchange Crescent Edinburgh EH3 8UL
Registrars	Neville Registrars Limited 18 Laurel Lane West Midlands B63 3DA
Principal Bankers	Lloyds Banking Group plc PO Box 1000 London BX1 1LT Svenska Handelsbanken AB 3 Thomas More Square London E1W 1WY
Website	http://www.cssgroupplc.com/

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 June 2013

I have pleasure in reporting to shareholders the Group's final results for the year to 30 June 2013 which has seen tangible progress in shaping the Group.

The focus of the Group remains that of delivering sustained organic growth by concentrating on our unique offering to the security market. Our aim is to offer a total, vertically integrated security service to clients who demand the most exacting service and technology. The security market remains fragmented and presents a clear opportunity for an integrated provider.

Operational Overview

Since our acquisition of the CSS Companies in 2012, we have successfully integrated our Board and management teams. Likewise we have integrated our security service offering into a joined up and simple proposition. However, growth in cross selling between divisions has been slower than initially anticipated due to the constraints of existing contracts and geographical separation.

The maintenance and expansion of solutions to our present clients is fundamental. We continue to develop historical clients, some of whom currently use a diverse range of contractors, in order to bring all their needs under one roof when this makes good business sense for both parties.

In tandem, we are also aggressively marketing our unique technical solutions: Fastvein® and our Vehicle Impact Protection System. These products which delivered Group revenues of £0.1m in 2013 have required more investment in time and funding but it is vital that the Group stands apart in innovation. This is not innovation for its own sake, we have developed products that will improve client's safety and security while cementing valuable intellectual property for the Group and our Shareholders.

Group Financials

The financial results of the Group reflect the improvements resulting from the acquisition of the CSS Companies in 2012 and the financial restructuring which occurred at the time.

Group turnover increased broadly in line with our expectations from £9.9m to £13.2m. However, with investments being made in infrastructure to support the Group's development into a full service national security provider, and with some delays in our order pipeline, we delivered operating profits of £0.09m after amortisation and impairment charges of £0.30m. Although this is an improvement from our prior year operating loss of £0.41m, this was still below our expectations at the start of the year. The Board remain optimistic that we will see a continued improvement in operating profits for the coming year.

Our balance sheet net assets are at £8.56m (2012: £8.40m) including intangible assets of £7.19m.

Cash flow was positive at £0.39m which helped us repay the final tranche of the higher coupon loan notes. With our investment in improved credit control procedures we expect our debtor days to continue to improve and our cash flow to remain positive.

The results of our main operating divisions are discussed below:

Croma Vigilant

Croma Vigilant continues to operate in the upper echelon of the manned guarding market with the delivery of its manned guarding, key holding and commissionaire services and is the largest revenue contributor to the Group.

In March 2013, Croma Vigilant was successful with a retender to its largest customer and will now continue to deliver its services to them for a further three years from its base in London. This contract delivered guarding and commissionaire revenues of £3.71m during 2013 and was re-negotiated with improved terms.

Previously announced contract wins with NHS Walsall and UK Land delivered revenues of £0.47m and there was and expansion of our contract with one of the UK largest infrastructure utility Groups to provide guarding services for its electricity supply contract in Scotland. This delivered revenues of £0.85m (2012: £0.50m).

Croma Security Systems, Croma Locksmiths & Croma Biometric

The first full year of trading since the merger of the Group has resulted in improved profitability at the gross profit level.

Working together with Odeon Cinemas, Croma Security Systems and Croma Locksmiths have supported a national maintenance schedule that has proven to be onerous and costly. The Board identified that this had an adverse effect on gross margin and so renegotiated with Odeon on a region by region basis. The new contact, which will allow the Group to only service locations local to its existing infrastructure, should deliver cost savings and together with a revised costing structure, gross margin margins are expected to improve. Odeon has expressed confidence in Croma Security Solution’s delivery of new installations due to the cumulative knowledge and experience of our team that install these systems.

We have identified that parts of our existing engineering team was an expensive resource for installation, and so we have moved to a model where installation and first fix is carried out where possible by sub-contractors on a fixed price basis, thus controlling the costs of installation. This is the model used by most major security specialists in the UK today. Despite this we have retained many of our highly technical engineers to ensure continued quality commissioning and handover to our clients.

The Board has identified a need to be more proactive in selling specialist tailored solutions into niche markets and we have invested in business development staff to target specific markets with bespoke security solutions.

The Croma Security Systems offering has been further enhanced with further developments of two unique intellectual properties in Fastvein® and its Vehicle Impact Protection System (“VIPs”) for which it has received due recognition in the media for its innovative high end security technology.

Due to recent market indicators, it is toward our intellectual property products where we intend to focus in order to maintain our competitive edge.

Fastvein®

This year we have further developed the Fastvein® product and software and we are preparing to launch an entirely new suite of software along with a new range of products that are ready for delivery and installation to our clients on a more commoditised basis rather than our previously specialised bespoke solution.

The Board has also identified that there are opportunities to exploit its intellectual property in Fastvein® outside of its core markets. One example is in the medical sector where we hope that the licencing of the technology to third parties will yield revenues.

Higher margin installations such as FastVein® and with Colas, for which the vehicle protection system has been well received, will be targeted to boost turnover and profit margin.

VIPS

During the last two years, our technical team has worked in conjunction with Bosch and our customer Colas Traffic Management, to produce a high end solution for the safety of operatives working on our motorways. VIPS was recognised with an industry award for innovation. Colas is completing the installation of this technology to its entire fleet of impact protection vehicles and we anticipate receiving a new order from another highways contractor to provide the same VIPs technology.

Since it has the ability to save lives by giving due warning of a potential vehicle collision, the market for our VIPS technology extends beyond highway operatives and indeed the UK. We anticipate marketing VIPS to the Police, Fire and Rescue services, Vehicle Recovery Operators and into any other vehicle with a need to stop on a highway anywhere in the world.

In CSS Locksmiths, we are currently experiencing a slight upturn in business partly due to a better economic outlook, especially in the housing sector.

Further efficiencies have been made along with an incentive scheme for staff to deliver profits in conjunction with turnover. We have seen continued growth with our key accounts including our contract with a leading cruise line as they continue to expand their fleet from Southampton.

CSS Locksmiths should benefit from working with our Fastvein® technology, since the installation of these systems requires the skills and services of experienced locksmiths to install the more profitable high security electro-mechanical locking systems.

Outlook and Priorities

This year we have noticed that the decline in underlying sales from our traditional day to day operations has not only halted but in the case of maintenance revenue we have seen steady growth. In addition, we have seen certain niche market applications coming to fruition. These indicators lead us to be optimistic for the year ahead and indeed this is supported by our results for the first quarter 2014.

Having made savings and completed much of the development work, we are looking forward as mentioned previously, to a continued improvement in profits for the year ahead.

We hope that our intellectual property developments will mean that Croma Security Systems will benefit from ongoing maintenance and licence fees so supporting the continued growth of revenue and margin.

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 June 2013

Overall, the Board continues to view the prospects of the Group for the current financial year with confidence. The original philosophy and reasons for the integration of the CSS Companies into the Group remain, albeit that earnings growth has not been delivered as quickly as the Board had anticipated.

The Group is now positioned to capitalise on its investment in product and services while exploiting our financial stability. We aim to grow organically and drive profitability with a view to increasing shareholder value.

S J F Morley
Chairman
13 November 2013

BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 June 2013

Sebastian Morley - Executive Chairman
Having enjoyed a successful military career, Sebastian worked with organisations in the surveillance and security sector before he established Vigilant in 2001. Sebastian joined the Board on the acquisition of Vigilant Security (Scotland) Limited in February 2006 and became Group Chairman in 2012.

Roberto Michele Fiorentino - Chief Executive Officer
Roberto been involved in the security industry for over 30 years and has been responsible for a number of ground breaking technological advances within the electronic security sector, including the installation of High Security Master Key Locking systems, Vehicle Alarm Systems, Access Control, CCTV with transmission systems, CCTV and, most recently, Video Analytics.

Richard Anthony Juett - Finance Director
Richard is a Chartered Accountant. He has previously held roles with B&Q Plc, Kia Motors (UK) Limited and CQFD (UK) Limited and with Ernst & Young and BDO Stoy Hayward. Richard oversees the financial affairs of the Group and its operating subsidiaries.

Nick Hewson MA FCA CF - Non-Executive Director

Nick has been on the Board of a number of listed companies since 1986, more recently in a non-executive capacity. Nick has concentrated on grooming and growing smaller businesses in the public and private arenas, and has a particular interest in low carbon and carbon reduction initiatives in business. He has been an investor in Croma since the very early days of the Group's corporate life. Nick is also a Non-Executive Director of Redrow plc.

Charles Neil McMicking - Non-Executive Director
Charles is Chairman of RailSimulator.com and director of Coburg Capital and F4G Software. Charles has specialised in financing and developing dynamic fast-growth companies, and was previously Head of Private Equity at Noble Group.

Lord James William Eustace Percy - Non-Executive Director
Lord Percy is a published author with previous experience in the shipping industry and the manufacture and sale of super yachts. Lord James Percy now works with J Barbour and Sons. Lord Percy is Colonel of the 5th Battalion Royal Regiment of Fusiliers and a member of the Moorland Association, as well as former Chairman of the Countryside Foundation for Education

The directors submit their report and the audited annual financial statements of Croma Security Solutions Group PLC and its subsidiary undertakings for the year ended 30 June 2013.

Principal activity

The Group's principal activities are the provision of manned guarding and asset protection (Croma Vigilant); CCTV security, fire and alarm systems (Croma Security Systems); Identity management and access control (Croma Biometrics); Locksmithing Keys, Locks and Safes (Croma Locksmiths).

Review of the year and future developments

A review of the Group's activities, the development of its business, a business review and an indication of likely future developments may be found in the Chairman's statement on pages 2 to 5.

The Directors review the business continually, and in so doing review the activities of each business division, as these fairly represent the performance of the underlying trading entities. Note 3 of the financial statements shows the performance of the Group analysed between segments.

The results for the year to 30 June 2013 reflect a full years trading of both Croma Security and Croma Locksmiths ("CSS Companies"), the results for 30 June 2012 included only 3 months trading from these divisions.

Group Revenue increased to £13.25m (2012: £9.89m) being growth of 34.0% or £3.53m. Organic growth within the operating subsidiaries delivered a turnover increase of £0.98m with the balance of £2.55m including a full year's trading of the CSS companies.

Gross profit grew £1.51m to £3.27m helped with a full year's trading of the CSS companies but tempered by an expected reduction in gross profit and revenues of £0.37m in Croma Biometrics, which in 2012 arose from trading with Croma Security Systems, but in 2013 netted out on consolidation within the Group.

With the expansion of the Group, administrative expenses increased by £1.01m to £3.20m (2012: £2.19m) Also included in administration expenses is a full years amortisation charge of £0.21m (2012: £0.05m) and an impairment charge of £0.08m (2012: £nil). Against this there was a non-recurring credit of £0.16m due to a reduction in contingent consideration.

The combined result of the above items resulted in an operating profit of £0.09m (2012: loss £0.41m) and earnings before interest, tax, depreciation and amortisation of £0.34m (2012: £0.1m).

With the repayment of the Group's remaining loan notes of £0.24m in January 2013, finance costs reduced by £0.03m to £0.05m (2012: £0.08m).

The main contributor to Group revenue was Croma Vigilant which saw a reduction in it guarding business gross margin to 11.8% (2012: 13.6%). The Directors review gross margin on a contract by contract basis and continue to take steps to ensure loss making contracts are re-negotiated where possible. During the year the Croma Vigilant's largest customer renewed its guarding contract with the company for a further three years. Although gross margin on this contract is below the target margin set by the Directors, with a consequent dilutive effect on the overall margin, the Directors believe that this contract, being based in London has ancillary benefits to the Group as a whole and with annual revenues in excess of £3m provides support to the overhead structure of the Group.

Review of the year and future developments (Continued)

As the supplier of electronic security solutions, Croma Security Systems gross margin was at 66.6% (2012: 3.7%), this was delivered on revenue of £2.15m (3 months to 30 June: £0.48m). As noted in the Chairman's statement the Directors are confident that by focusing resources on higher end, local bespoke security installations and on intellectual property such as FastVein® and vehicle impact protection, further gross margin improvements can be delivered.

Croma Locksmiths trades as a traditional locksmiths business through three retail outlets and also works with Croma Security Systems on larger installation projects. Gross margin from this business was at 52.5% (2012: 48.5%) on revenues of £1.21m (3 months to 30 June: £0.48m). This business will continue to be under cost price pressure from customers, however it is by supporting the more niche offerings of Croma Security Systems that improved gross margins can be delivered.

Cash generated from operations was £0.39m. This was invested partly in new equipment of £0.08m and the scheduled repayment of borrowings of £0.24m. The Group continues to enjoy significant cash resources which together with the invoice discounting facility of £2m to draw upon when necessary, means it remains in a financially sound position with resources available to support future growth.

Financial and non-financial key performance indicators ("KPIs")

The principal financial KPI's used by the Board in measuring the performance of the Group are: monthly sales, expenses and operating profit against budgeted amounts, and debtor days for each business unit.

The financial KPIs by business unit for the year to 30 June 2013 were:

	Croma Vigilant		Croma Security Systems		Croma Biometrics		Croma Locksmiths	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Revenue	**9,814**	8,599	**2,151**	479	**81**	487	**1,205**	334
Expenses	**9,484**	8,630	**2,108**	566	**159**	229	**1,186**	324
Gross margin	**11.8%**	13.6%	**66.6%**	3.7%	**55.5%**	84.8%	**52.5%**	48.5%
Operating profit/(loss)	**330**	(31)	**44**	(87)	**(78)**	258	**19**	10
Debtor days	**32**	68	**42**	72	**111**	37	**64**	44

The non-financial KPI's monitored include:

- business wins / losses – as noted in the Chairman's statement significant contract wins were achieved in the year being reported, including the retention of our biggest customer for another three year years.

- Customer satisfaction surveys - Key customers are regularly contacted and satisfaction levels monitored to ensure that operating divisions continue to meet the quality standards demanded of them.

Results and dividends

The profit for the year after taxation, was £79,796 (2012: Loss £302,952). The directors do not recommend the payment of a dividend, for the current or prior year.

Directors

The directors who have held office since 1 July 2012 and up to the date of signing of these financial statements are as follows:

Executive directors:
S J F Morley
R M Fiorentino
R A Juett

Non-executive directors:
A N Hewson
C McMicking
Lord James Percy

The non-executive directors sit on the remuneration committee and on the audit committee.

The directors in office at 30 June 2013 had the following beneficial interest in the ordinary shares of the Company:

	2013	**2012**
S J F Morley	535,000	484,000
R M Fiorentino	3,711,053	3,322,447
R A Juett	-	-
A N Hewson	171,355	145,040
C McMicking	46,000	46,000
Lord James Percy	279,500	272,000

No share options existed at the start of the year, nor were any issued during the period to 30 June 2013.

Principal Risks and uncertainties

The Group operates in a competitive environment affected by factors such as demand from customers for our goods and services and the activities of competitor companies offering similar goods and services. The management within the Group regularly identify and assess the impact of risks to their businesses. For each risk the likelihood and consequence are identified, management controls and frequency of monitoring are confirmed and results reported.

The Board considers that some of the principal risks to achieving its objectives are:

(a) The economic environment
(b) Loss of key personnel or failure to retain staff
(c) IT systems failure and Business interruption

Principal Risks and uncertainties (continued)

(a) The Board monitors the markets that we trade in to ensure that the goods and services that we provide remain competitive, while not compromising on quality. We continue to seek to add new business in a competitive environment, acknowledging that some existing customers may reduce what they spend and maintain close relationships with customers to minimise this risk. Where appropriate, the sector in which our customers operate is monitored to ensure that we do not become overly reliant on a small number of customers or a particular trade sector within our customer base. With a material proportion of sales arising from the public sector, we are aware of the potential risk involved as a result of the comprehensive spending review announced by HM Government. By having a spread of customers we consider that we are minimising the effects that this may have on the Group. Financial risk is discussed further below.

(b) If we fail to attract and develop the personnel with the correct skills then we fail to continue to grow the business. This risk is minimised by giving appropriate training and development plans to personnel. Further details on recruitment of employees is found in the corporate governance report.

(c) If we fail to respond to or recover from a major incident that disrupts our business the future of our business will be jeopardised. To minimise this we have Board and management able to work remotely and have off site back-up of all key IT operations.

In addition, the Group must assess the financial risks associated with the business in terms of cash flow, credit risk and financial instruments. The Group has adequate plans in place to mitigate these risks, and in so doing has utilised invoice discounting arrangements against the sales ledger of Croma Vigilant, to support the Group as a whole. As at the year-end, all of Croma Vigilant's available trade debts were factored and borrowing against these represented 21% (2012: 22%) of Group debt. The Board considers closely the cash flow of the Group at monthly Board meetings to minimise the credit risks associated with this form of finance. This is discussed in note 1 to the financial statements. The Group also operates in different areas within the sector across its subsidiaries and thus reduces the general financial and business risk around the Group. Liquidity risk is discussed further below.

Financial risks

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange
- Liquidity risk

Principal Risks and uncertainties (continued)

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Financial Instruments

Details of the principal financial instruments used by the Group, from which financial instrument risk arises are provided in notes 15 to 19.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's financial risk management objectives and policies and pays close attention to its responsibilities in this regard. The Board meets regularly and discusses the effectiveness of the risk management processes and ways in which they can be improved upon. The Board also receives monthly reports from the Group Finance Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce financial risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. Whilst the Group uses invoice discounting, this is with full recourse so the credit risk remains with the Group. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group has banking arrangements with long established banks and financial institutions. The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

The maximum credit risk exposure at 30 June 2013 is represented by the balance of cash at bank and trade and other receivables at that date. The Group continues to have small percentage of bad debt overall. The bad debt charge within the Group for the year to 30 June 2013 was £35,998 (2012 - £46,291). See analysis at note 15.

Principal Risks and uncertainties (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on any debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk of each Group entity is reviewed centrally by the Group Board. The budgets are set locally and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Group Finance Director. Where the amount of the facility is above a certain level agreement of the Board is needed.

Fair value or cash flow interest rate risk

Further quantitative information in respect of these risks is presented throughout these financial statements.

Foreign exchange and market risk

The Group does not have any marketable instruments and therefore is not affected by market price risk. The Group neither sells nor purchases a significant value of items in foreign currencies, but would take appropriate measures to mitigate currency risk if it did.

Substantial shareholdings

Apart from the interests of the directors referred to above, the Company has received the following notifications of holdings of more than 3 per cent of the ordinary share capital of the Company as at 30 June 2013:

State Street Nominees Limited	9.6%
Fitel Nominees Limited	9.4%
Giltspur Nominees Limited	5.5%
HSBC Global Custody Nominee (UK) Limited	7.0%
Chase Nominees Limited	4.0%
Vidacos Nominees Limited	5.9%
The Honourable Robert Anthony Rayne	3.0%

Payment policy

The Group applies a policy of agreeing payment terms with each of their main suppliers and the Group aims to abide by these terms, subject to satisfactory performance by suppliers.

Research and development

Research and development expenditure, including the element of wages and salaries relating to research and development, amounted to £47,531 (2012: £104,997).

Employment of disabled persons

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The Group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Political and charitable donations

The Group made no charitable or political donations during the year (2012: £nil).

Environmental policy

The Group recognises the importance of environmental responsibility. The nature of its activities has a minimal effect on the environment but where it does the Group aims to act responsibly and is aware of its obligations at all times.

Dividends

No interim dividend payments have been made and the directors do not recommend the payment of a final dividend.

Auditors

A resolution proposing the re-appointment of Grant Thornton UK LLP will be put to the shareholders at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

a) So far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and

b) They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

R A Juett
Secretary
13 November 2013

Financial aspects of corporate governance

The Group has adopted a framework for corporate governance which it believes is suitable for a Group of its size with reference to the key points within the Principles of Good Governance and the UK corporate Governance Code, prepared by the Committee on Corporate Governance. The Board continues to consider that the costs of full compliance with the code would outweigh the benefits this would provide.

The Board

As at the date of approval of these financial statements, the Board consisted of six members, three of whom are non-executive directors.

The Board meets throughout the year and all major decisions are taken by the Board. The Group's day to day operations are managed by the executive directors. All directors have access to the Group Secretary and any director needing independent professional advice in the furtherance of his duties may obtain this advice at the expense of the Group.

Directors' attendance at Board and committee meetings during the year to 30 June 2013 was as follows:

	Board Meetings		Audit Committee		Remuneration Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
S J F Morley	10	11	-	-	-	-
R M Fiorentino	11	11	-	-	-	-
R A Juett	11	11	-	-	-	-
A N Hewson	10	11	2	2	1	1
C McMicking	10	11	2	2	1	1
Lord James Percy	5	11	-	-	1	1

Corporate governance committee

The Board meet regularly, and cover audit and remuneration committee matters as they arise from time to time.

Audit committee matters

The terms of reference of the Audit Committee are to assist themselves as directors in discharging their individual and collective legal responsibilities for ensuring that:

- the Group's financial and accounting systems provide accurate and up-to-date information on its current financial position;
- the Group's published financial statements represent a true and fair reflection of this position; and
- the external audit, which the law requires in order to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient and effective manner.

The external auditors attend the audit committee meeting and as such it provides them with a direct line of communication to the directors.

Remuneration Committee matters

The terms of reference of the Remuneration Committee are:

- recommend to the Board a framework for rewarding senior management, including executive directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group; and

- ensure that the elements of the remuneration package are competitive and help in underpinning the performance-driven culture of the Group.

Details of directors' remuneration can be found in note 7 to the accounts.

Internal control

The Board is responsible for maintaining an appropriate system of internal controls to safeguard the shareholders' investment and Group assets.

The directors continue to review the financial reporting procedures and internal controls of the Group companies to ensure they are robust enough to deliver timely, detailed reporting that will allow accurate monitoring of the Group's performance.

Internal financial control procedures undertaken by the Board include:

- review of monthly financial reports and monitoring performance
- prior approval of all significant expenditure including all major investment decisions
- review and approval of treasury policy.

The Board in the context of the Group's overall strategy undertakes risk assessment and the review of internal controls. The review covers the key business, operational, compliance and financial risks facing the Group. In arriving at its judgement of what risks the Group faces, the Board has considered the Group's operations in the light of the following:

- the nature and extent of risks which it regards as acceptable for the Group to bear within its overall business objective
- the threat of such a risk becoming a reality
- the Group's ability to reduce the incidence and impact of risk on its performance
- the cost and benefits to the Group of operating the relevant controls.

The Board has reviewed and is satisfied with the operation and effectiveness of the Group's system of internal control for the financial year and the period up to the date of approval of these financial statements.

Relations with shareholders

Communication with shareholders is given a high priority by the Board and the directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board is available to discuss issues affecting the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 June 2013

Directors' responsibilities

The Directors are responsible for preparing the directors' report and the Group and Parent company 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company 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 for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 which disclose with reasonable accuracy at any time the financial position of the Company, and Group, and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for the Group's system of internal financial control, safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Signed on behalf of the Board

R A Juett
Director
13 November 2013

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 June 2013

We have audited the group financial statements of Croma Security Solutions Group PLC for the year ended 30 June 2013 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements 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 auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 17 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2013 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROMA SECURITY SOLUTIONS GROUP PLC (CONTINUED)
FOR THE YEAR ENDED 30 June 2013

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

- 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

Other matter

We have reported separately on the parent company financial statements of Croma Security Solutions Group PLC for the year ended 30 June 2013.

Sandra Rodger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
EDINBURGH
13 November 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2013

Continuing operations:	**Notes**	**2013** £	**2012** £
Revenue	3	13,250,699	9,899,137
Cost of sales	4	(9,981,692)	(8,137,965)
Gross profit		3,269,007	1,761,172
Administrative expenses		(3,195,790)	(2,189,334)
Other operating income		20,400	20,400
Operating profit/(loss)		93,617	(407,762)

Analysed as:			
Earnings before interest, tax, depreciation, amortisation, impairment and acquisition costs		339,518	95,588
Depreciation	13	(108,491)	(80,626)
Amortisation of intangible assets	12	(210,780)	(52,696)
Impairment of intangible assets	12	(84,362)	-
Reduction in contingent consideration	17	157,732	-
Acquisition costs		-	(370,028)
Operating profit/(loss)		93,617	(407,762)

Finance expenses	5	(50,241)	(77,803)
Profit/(loss) before tax		43,376	(485,565)
Tax	8	36,420	67,613
Profit/(loss) for the year from continuing operations		79,796	(417,952)
Profit from discontinued operations		-	115,000
Profit/(loss) and total comprehensive Profit/(loss) for the year attributable to owners of the parent		79,796	(302,952)
Earnings per share	9		
Basic and diluted earnings per share (pence)			
- Earnings/(loss) from continuing operations		0.55	(6.33)
- Earnings from discontinued operations		-	1.74
Total		0.55	(4.59)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2013

Attributable to Owners of the Parent

	Share Capital	Share premium	Merger Reserve	Retained earnings	Undistributable reserve	Other Reserves	Total Equity
	£	£	£	£	£	£	£
At 1 July 2011	**189,338**	**247,123**	**-**	**139,627**	**422,322**	**188,081**	**1,186,491**
Loss for the year	-	-	-	(302,952)	-	-	(302,952)
Loan note redemption	-	-	-	84,720	-	(84,720)	-
Loan note conversion to equity	5,638	78,938	-	-	-	(84,576)	-
Issue of share capital	530,151	4,850,583	2,139,454	-	-	-	7,520,188
At 30 June 2012	**725,127**	**5,176,644**	**2,139,454**	**(78,605)**	**422,322**	**18,785**	**8,403,727**
Profit for the year	-	-	-	79,796	-	-	79,796
Loan note redemption	-	-	-	18,785	-	(18,785)	-
Issue of share capital	18,180	53,632	-	-	-	-	71,812
At 30 June 2013	**743,307**	**5,230,276**	**2,139,454**	**19,976**	**422,322**	**-**	**8,555,335**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 June 2013

Assets		**2013**	**2013**	**2012**	**2012**
	Notes	**£**	**£**	**£**	**£**
Non-current assets					
Goodwill	**11**	5,866,961		5,866,961	
Other Intangible assets	**12**	1,326,162		1,621,304	
Property, plant and equipment	**13**	385,915		401,910	
			7,579,038		7,890,175
Current assets					
Inventories	**14**	220,202		179,743	
Trade and other receivables	**15**	2,651,009		2,706,353	
Cash and cash equivalents		677,858		692,531	
			3,549,069		3,578,627
Total assets			11,128,107		11,468,802
Liabilities					
Non-current liabilities					
Deferred tax	**22**	(368,447)		(443,450)	
Trade and other payables	**17**	(27,091)		(32,300)	
Provisions	**20**	(4,119)		(9,469)	
			(399,657)		(485,219)
Current liabilities					
Convertible loan notes	**18**	-		(239,704)	
Trade and other payables	**17**	(1,648,326)		(1,808,099)	
Borrowings	**17**	(524,789)		(532,053)	
			(2,173,115)		(2,579,856)
Total liabilities			(2,572,772)		(3,065,075)
Net assets			8,555,335		8,403,727
Issued capital and reserves attributable to owners of the parent					
Share capital	**23**		743,307		725,127
Share premium	**24**		5,230,276		5,176,644
Merger reserve	**24**		2,139,454		2,139,454
Retained earnings	**24**		19,976		(78,605)
Undistributable Reserves	**24**		422,322		422,322
Other reserves	**24**		-		18,785
Total equity			8,555,335		8,403,727

These financial statements were approved and authorised for issue by the Board of directors on 13 November 2013 and signed on their behalf by

S J F Morley
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2013

	Notes	2013 £	2012 £
Cash flows from operating activities			
Profit/(loss) before taxation		43,376	(485,565)
Depreciation, amortisation and impairment		403,633	133,322
(Profit)/loss on sale of plant and equipment		(1,432)	6,474
Movement on provisions		(5,350)	(13,651)
Net changes in working capital	**27**	(95,751)	(444,545)
Financial expenses		50,241	77,984
Corporation tax paid		(2,718)	(29,119)
Net cash generated/(used) from operations		391,999	(755,100)
Cash flows from Investing activities			
Acquisition of subsidiaries net of cash		-	(2,758,248)
Purchase of property, plant and equipment		(85,097)	(38,310)
Proceeds on disposal of property, plant and equipment		26,163	-
Cash proceeds from disposal of subsidiary net of cash disposed		-	207,903
Net cash used in investing activities		(58,934)	(2,588,655)
Cash flows from financing activities			
Hire purchase loan repayments		(43,722)	(30,815)
Repayments of invoice discounting facility		(7,264)	(272,752)
Repayment of borrowings		(243,710)	(600,000)
Issue of share capital – cash issue		-	4,483,353
Interest paid		(46,235)	(61,651)
Net (used)/generated from financing activities		(340,931)	3,518,135
Net (decrease)/increase in cash and cash equivalents		(7,866)	174,380
Cash and cash equivalents at beginning of period		685,724	511,344
Cash and cash equivalents at end of the period	**27**	677,858	685,724

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

1. Accounting Policies

Basis of preparation

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS's), International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS's").

Going concern

The Group's activities are funded by a combination of long term equity capital, and short term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading and primarily invoice discounting facilities.

In considering the ability of the Group to meet its obligations as they fall due, the Board have considered the expected trading and cash requirements of the Group until November 2014.

The Board remains positive about the retention of customers and outlook of its main trading operations. The Board's profit and cash flow projections suggest that the Group will meet its obligations as they fall due with the use of existing uncommitted invoice discounting facilities. The invoice discounting and overdraft facilities fall due for review on 30 September 2014 and the Board is confident these will be renewed.

The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate and in the unlikely event that the funding available from invoice discounting and the overdraft was not available. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Segment reporting

At 30 June 2013 the directors consider there to be four operating segments namely 'Croma Vigilant' which comprises the business of Vigilant Security (Scotland) Limited; 'Croma Security Systems' which comprises the business of CSS Total Security Limited; 'Croma Locksmiths', which comprises the business of CSS Locksmiths Limited and Croma Biometrics which comprises the business of Photobase Limited. During the year the business of the Alarm Bell Company Limited was transferred to CSS Total Security Limited.

The operating segments identified above are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors.

1. Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Security personnel services are recognised in the month in which the work is carried out for the client.
- Keyholding income is recognised in equal instalments over the period of the contract.
- Sale of goods is recognised at the point that they are delivered to client’s premises on signature of a goods received note.
- Maintenance fees are recognised over the term of the contract. Where a maintenance fee is not itemised in the contract but is still provided as part of the contractual arrangement, an apportionment is taken as the maintenance amount, based upon its fair value. The value of this amount is held as deferred income under ‘Accruals and deferred income’ in the balance sheet.
- The fair value of any revenues associated with the sale of software licences is recognised over the period of the licence.

Cost of sales

Cost of sales are the direct costs relating to customer generated revenue and comprise direct labour payroll costs, other costs associated with direct labour, stock purchases, installation and subcontracted costs all sold on to customers.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

(b) Other intangible assets

Intangible assets acquired separately are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful life as follows

- licenses – over the duration of the legal agreement
- customer relationships – 3- 8 years
- royalty income -3 years

1. Accounting Policies (continued)

(c) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's development activity is recognised only if all of the conditions of IAS38 are met.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment testing

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group’s cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included separately in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Contingent consideration

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the consolidated statement of comprehensive income.

1. Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at costs less depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset less its estimated residual value evenly over its estimated useful life, as follows:

Freehold property	-	4%	on cost
Plant and equipment	-	25%	on cost
Computer equipment	-	33%	on cost
Office equipment	-	15%	on cost
Motor vehicles	-	25%	on cost

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis together with costs in bringing it to its present condition and location. Work in progress and finished goods include attributable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when interim dividends are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1. Accounting Policies (continued)

Leased assets

- *Finance leases*
  The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially. See property, plant and equipment accounting policy for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.
- *Operating leases*
  All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Finance cost
Finance costs of debt are recognised in the profit or loss over the term of such instruments at a constant periodic rate on the carrying amount.

Profit or loss from discontinued operations
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the statement of comprehensive income. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

1. Accounting Policies (continued)

Financial assets

Financial assets are loans, trade receivables and other receivables.

Loans and receivables assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The provision at 30th June 2013 was £47,871 (2012: £64,434). The effect of discounting on these financial instruments is not considered to be material. Trade receivables are analysed at Note 15.

Trade receivables are recorded at their amortised cost less any provision for doubtful receivables. Where relevant, trade receivables due in more than one year are discounted to their present value. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable the amount of such provision being the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable. For trade receivables which are reported net, such provisions are reported in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Cash equivalents are deemed to be deposits that we hold with a maturity of under 3 months. Cash and cash equivalents include cash in hand, deposits held at call with banks with an original maturity of less than 3 months, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial Liabilities

(a) Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

(b) Trade payables and other short-term monetary liabilities, are initially recognised at their fair value and subsequently at their amortised cost.

(c) All other financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments. The Group considers its capital to comprise its ordinary share capital, deferred share capital, share premium, merger reserve, and accumulated retained earnings.

1. Accounting Policies (continued)

Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Capital management

The Group manages capital so as to safeguard its ability to continue as a going concern with the aim of strengthening its capital base so as in due course to provide returns to shareholders. Following the equity placing in March 2012, and the conversion and repayment of all the remaining loan notes the Group has been able to repay all net debt at 30 June 2013:

	2013	**2012**
	£	**£**
Net debt		
Bank, Bank overdrafts, invoice discounting and loans	(153,069)	(160,478)
Convertible loans	-	239,704
Total	**(153,069)**	**79,226**
Equity	**8,555,335**	**8,403,727**
Debt to equity percentage	N/A	1%

Exceptional items

Exceptional items are those significant items that are separately disclosed by virtue of their size and nature to enable a full understanding of the Group's financial performance.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

1. Accounting Policies (continued)

Changes in accounting policy and disclosures
No new standards, interpretations and amendments effective from 1 July 2012 have had a material effect on the Group's financial statements.

New standards and interpretations not yet applied
The International Accounting Standards Board has issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)		**Effective for accounting periods commencing on or after:**
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2014

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2. Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions:

(a) *Impairment of goodwill*. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cashflows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was £5,866,961. Details relating to the allocation of goodwill to cash generating units are given in note 12.

(b) *Contingent consideration*. In March 2012, the Group acquired the CSS Group. Part of the consideration is deferred and to be settled by the issue of new shares. The fair value of this deferred consideration is partly dependent upon the prevailing share price at the time of settlement. During the year the element of the deferred consideration to be settled in shares was resolved together with the first of the three tranches of consideration dependant of the future results of the Alarm Bell business. This resulted in a credit to the consolidated statement of comprehensive income of £157,732. At 30 June 2013, £37,599 remains contingent on the future performance of the Alarm Bell business.

3. Segmental Reporting

The Board considers the following four business segments best represent the business segments of the Group.

2013 Business segments	**Croma Vigilant**	**Croma Security Systems**	**Croma Biometric**	**Croma Locksmiths**	**Total**
	£	**£**	**£**	**£**	**£**
Segment revenues	9,813,536	2,151,083	81,009	1,205,071	13,250,699
Gross profit	1,157,380	1,433,664	44,995	632,968	3,269,007
Administrative expenses	(782,592)	(1,125,838)	(140,250)	(524,590)	(2,573,271)
Amortisation	-	(134,303)	-	(76,477)	(210,780)
Impairment	-	(84,362)	-	-	(84,362)
Depreciation	(47,313)	(44,950)	(2,796)	(13,212)	(108,271)
Profit/(loss) on disposal	2,089	(657)	-	-	1,432
Other operating income	-	-	20,400	-	20,400
Segment operating profit/(loss)	329,564	43,554	(77,651)	18,689	314,155
Segment assets/(liabilities) 2013	584,258	346,770	(80,216)	587,194	1,438,005

2012 Business segments	**Croma Vigilant**	**Croma Security Systems**	**Croma Biometric**	**Croma Locksmiths**	**Total**
	£	**£**	**£**	**£**	**£**
Revenue					
From External Customers	8,598,902	479,124	149,829	333,782	9,561,637
From CSS Total Security (pre-acquisition)	-	-	337,500	-	337,500
Segment revenues	8,598,902	479,124	487,329	333,782	9,899,137
Gross profit	1,168,062	17,710	413,409	161,991	1,761,172
Administrative expenses	(1,140,011)	(59,584)	(172,503)	(127,834)	(1,499,932)
Amortisation	-	(33,578)	-	(19,118)	(52,696)
Depreciation	(59,279)	(11,739)	(3,047)	(4,880)	(78,945)
Other operating income	-	-	20,400	-	20,400
Segment operating (loss)/profit	(31,228)	(87,191)	258,259	10,159	149,999
Segment assets/(liabilities) 2012	1,692,590	3,603,283	(12,443)	1,169,591	6,453,021

3. Segmental Reporting (continued)

	2013	2012
	£	£
Segment and Group revenues	13,250,699	9,899,137

Segmental operating profit	314,155	149,999
Group head office costs not allocated	(568,038)	(277,733)
Reduction in contingent consideration	157,732	-
Acquisition expenses	-	(370,028)
Elimination of inter-segment charges	189,767	90,000
Group operating profit/(loss)	93,617	(407,762)
Finance costs	(50,241)	(77,803)
Group profit/(loss) before tax	43,376	(485,565)

Assets

Total reportable segment assets	1,438,005	6,453,021
Other assets/(liabilities)	7,117,330	1,950,706
	8,555,335	8,403,727

Analysis of revenue by category

Security personnel services	9,536,856	8,772,112
Keyholding income	62,815	38,544
Sale of goods & Installation Services	2,799,112	613,679
Monitoring Services	162,864	8,329
Maintenance & Service fees	630,119	128,973
Other income	58,933	-
Software licenses	-	337,500
	13,250,699	9,899,137

Revenues of approximately £3.7m (2012: £3.3m) are derived from one single customer. These revenues are attributable to Croma Vigilant.

The Group is domiciled in the UK and all customers are based in the UK.

Information relating to goodwill, growth rates, discount factors and headroom is provided in Note 11.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

4. Expenses by Nature

		2013	2012
		£	£
Auditors' remuneration:			
Audit of parent company and consolidated financial statements		26,300	32,000
Audit of company's subsidiaries pursuant to legislation		18,200	16,000
Tax compliance		-	13,000
Other services		-	209,619
Research and development		47,531	104,997
Amount of inventory expensed as cost of sales	*	1,366,669	498,578
Operating lease expense	*	136,191	20,573
Depreciation	*	108,491	80,626
Amortisation	*	210,780	52,696
Impairment charge		84,362	-
(Profit)/loss on disposal of property, plant and equipment		(1,432)	6,474

* Note: For 2012 only 3 months results of the CSS Group of Companies are included.

5. Finance Income and Expense

	2013	2012
	£	£
Finance Income		
Interest on cash deposits	532	-
Finance Expense		
Interest paid on bank overdraft	7	273
Interest paid on factoring arrangements	22,197	18,487
Loan note interest on convertible loans	22,321	54,783
Interest on hire purchase agreements	6,249	4,260
	50,241	77,803

The loan notes, which were fully redeemed at par in the year, were calculated as a compound financial instrument under IAS32.

6. Staff Costs

	2013 No.	2012 No.
The average monthly number of persons (including directors) employed by the Group during the period was:		
Management and administration	24	19
Service and product provision	369	307
	393	326

Staff costs (for the above persons):	2013 £	2012 £
Wages and salaries	9,366,028	7,577,152
Pension	-	10,000
Social security costs	892,187	731,408
	10,258,215	8,318,560

The average monthly number of persons (including directors) employed by the Parent Company during the period was:	No.	No.
Management and administration	4	3

7. Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the financial and operating activities of the Group, including the directors of the Group and of the subsidiary companies. All the remuneration is either paid by the Company or by a subsidiary company.

	Salary	Estimated value of benefits	Fees	Pension	Total
	£	£	£	£	£
2013					
S J F Morley	77,090	504	-	-	77,594
R M Fiorentino	143,690	1,400	-	-	145,090
R A Juett	33,327	-	-	-	33,327
A N Hewson	-	-	13,500	-	13,500
Lord James Percy	18,750	-	-	-	18,750
C McMicking	-	-	15,250	-	15,250
	272,857	1,904	28,750	-	303,511
2012					
S J F Morley	67,538	-	-	-	67,538
R M Fiorentino	43,750	-	-	-	43,750
R A Juett	-	-	-	-	-
J L Dunion (Resigned 28 June 2012)	45,000	-	-	10,000	55,000
A N Hewson	-	-	31,500	-	31,500
Lord James Percy	25,000	-		-	25,000
C McMicking	-	-	4,500	-	4,500
	181,288	-	36,000	10,000	227,288

No share based payments were made to any of the directors in the year to 30 June 2013 (2012: None).

S J F Morley and RM Fiorentino have service agreements with a notice period of one year. Lord James Percy and R A Juett have service agreements with notice periods of 6 months.

The fee shown as paid to A N Hewson was paid to Grosvenor Equity Managers Limited, a company in which he is a director, which provided the Group with his services as a director. There is no provision for compensation on the termination of his appointment.

The fee shown as paid to C McMicking was paid to Coburg Capital Limited, a company in which he is a director, which provided the Group with his services as a director. There is no provision for compensation on the termination of his appointment.

The Company and its subsidiaries do not operate a company pension scheme and the directors are responsible for their own pension arrangements. A stakeholder pension scheme is available to all employees.

The directors (excluding R A Juett) waived their entitlement to remuneration of £84,000 for April, May and June 2013.

8. Taxation

	2013	2012
	£	£
Current year tax		
UK corporation tax	30,295	(42,558)
Adjustments for prior periods	8,288	(7,200)
	38,583	(49,758)
Deferred tax (Note 22)		
Current year	(61,228)	7,276
Adjustments for prior periods	(13,775)	(25,131)
	(36,420)	(67,613)

	2013	2012
Factors affecting the tax charge for the year		
Loss before taxation	43,376	(485,565)
Profit/(Loss) multiplied by the standard rate of taxation of 23.75% (2012: 25.5%)	10,302	(123,820)
Effects of:		
Disallowed expenditure	2,422	125,372
Utilisation of losses brought forward	-	(30,235)
Non-taxable income	(37,461)	-
Depreciation in excess of capital allowances	-	-
Losses carried back	-	-
Adjustment to tax charge for previous periods	(5,487)	(32,331)
Marginal relief	(6,195)	(6,599)
Total tax credit for the year	(36,420)	(67,613)

9. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders, from continuing operations, divided by the weighted average number of shares in issue during the year, calculated on a daily basis. The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares and the post-tax effect of dividends and interest on the assumed conversion of all other dilutive options and other potential ordinary shares.

	2013 £	2012 £
Numerator		
Earnings/(loss) for the year on continuing operations and used in basic and diluted EPS	79,796	(417,952)
Earnings on discontinued operations and used in basic and diluted EPS	-	115,000
Denominator		
Weighted average number of shares used in basic and diluted EPS	14,556,326	6,605,150
Basic and diluted earnings per share:		
- Earnings from continuing operations	0.55	(6.33)
- (Loss)/earnings from discontinued operations	-	1.74
- Total	0.55	(4.59)

10. Dividends

The directors do not recommend a payment of a dividend (2012: £Nil)

11. Goodwill - Group

	Goodwill
	£
Cost	
At 1 July 2011	4,634,569
Arising on business combination	4,470,571
At 30 June 2012	9,105,140
At 30 June 2013	9,105,140
Impairment	
At 1 July 2011	3,238,179
At 30 June 2012	3,238,179
At 30 June 2013	3,238,179
Net book value	
At 1 July 2011	2,148,650
At 30 June 2012	5,866,961
At 30 June 2013	5,866,961

Impairment testing	**Carrying value 2013**	**Carrying value 2012**	**Carrying value 2011**
	£	£	£
Croma Security Systems	3,338,813	3,338,813	-
Croma Locksmiths	1,131,758	1,131,758	-
Croma Vigilant	1,396,390	1,396,390	1,396,390
Total	5,866,961	5,866,961	1,396,390

	Long term growth rate - Turnover			**Discount factor**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Croma Security Systems	1%	0%	n/a	13.0%	13.7%	n/a
Croma Locksmiths	1%	0%	n/a	13.0%	13.7%	n/a
Croma Vigilant	1%	0%	0%	13.0%	13.7%	15%

11. Goodwill - Group (Continued)

Forecasts, growth and discount rates

The recoverable amount relating to Croma Vigilant, Croma Security Systems and Croma Locksmiths was determined based on value-in-use calculations, covering a detailed forecast for the 5 year period 1 July 2013 to 30 June 2018, followed by an extrapolation of expected cash flows for the remaining useful lives using a 1% growth rate. The present value of the expected cash flows was determined by applying a discount rate of 13.0% to each year, to reflect appropriate adjustments relating to market risk, specific risk factors and weighted average cost of capital. The discount rate was reduced by 0.7% from 2012 following a benchmarking exercise against companies operating in the same sector.

Cash flow key assumptions

Croma Vigilant

In a mature manned guarding market, Croma Vigilant has been able to more than double revenues in the 3 year period from 1 July 2010 to 30 June 2013. The Board accepts that revenues may not continue to grow at recent historic levels and so have prepared forecasts based on the following assumptions for the period to 30 June 2018:

- Revenue and direct costs to grow by 3% per annum
- Growth in indirect costs to grow by 2% per annum

Applying the above assumptions would produce cash flow and earnings growth of 6-7% per annum over the 5 year period which in turn indicates that the present value of future cash flows would exceed the carrying value by £489K.

Croma Security Systems and Croma Locksmiths

By focusing the business more on the core market of delivering high end, local bespoke security installations and maintenance, the Board are of the opinion that the growth in revenues for the year to 30 June 2012 can be maintained together associated margin improvements. The Board have therefore based the forecasts on the following assumptions for the period to 30 June 2018.

- Revenue growth of 5% per annum
- Growth in direct costs of 4% per annum
- Growth in indirect costs of 2% per annum

Applying the above assumptions would produce cash flow and earnings growth of between 12% and 16% per annum in Croma Security Systems which indicate that the net present value of future cash flows would exceed the carrying value by £1,523K.

Similarly for CSS Locksmiths, the forecasts produce earnings growth of between 13% to 20% per annum in CSS Locksmiths over the 5 year period, which indicate that the net present value of future cash flows exceeds the carrying value by £428K.

11. Goodwill - Group (Continued)

Sensitivity analysis

The forecasts, when prepared using the key assumptions, show that there are no triggers which would indicate that the carrying value of goodwill is impaired. If the businesses fall short of the growth targets or the discount applied to future cash flows were to increase, then an impairment adjustment might be necessary for future periods as shown by the following tables which all assume earnings continue to grow at a compound rate of 1% per annum after year 5.

Croma Security Systems - £000s

Growth factors:			Discount rate		
Turnover	Direct costs	Indirect Costs	12%	13%	14%
1%	0.8%	2%	£435	£695	£915
2%	1.6%	2%	-	£171	£439
3%	2.4%	2%	-	-	-

For example: This table indicates that if turnover growth was 2% with average earnings growth at 2.8% for year 1-5, then at the 13% discount level an impairment of £171K would be necessary.

Croma Locksmiths - £000s

Growth factors:			Discount rate		
Turnover	Direct costs	Indirect Costs	12%	13%	14%
1%	0.8%	2%	£568	£661	£741
2%	1.6%	2%	£283	£405	£507
3%	2.4%	2%	-	£138	£265
4%	3.2%	2%	-	-	£13
5%	4.0%	2%	-	-	-

For example: This table indicates that if turnover growth was 3% with average earnings growth at 8.3% for year 1-5, then at the 13% discount level an impairment of £138K would be necessary.

Croma Vigilant - £000s

Growth factors:			Discount rate		
Turnover	Direct costs	Indirect Costs	12%	13%	14%
1%	1.0%	2%	£168	£313	£436
2%	2.0%	2%	-	-	£78
3%	3.0%	2%	-	-	-

For example: This table indicates that if turnover growth was 1% with average earnings growth at a negative 3.3% per annum for year 1-5, then at the 13% discount level an impairment of £313K would be necessary.

Having considered the above sensitivities, the Board are of the opinion that the forecasts have been prepared on a prudent basis with sufficient headroom to indicate that no impairment adjustment is required at 30 June 2013.

12. Other intangible assets

	Customer relationships	Brands	Software Licences	Brand Royalties	Total
Fair value	£	£	£	£	£
At 1 July 2011	-	-	-	-	-
Acquisition through business combination	1,126,000	295,000	222,000	31,000	1,674,000
At 30 June 2012	1,126,000	295,000	222,000	31,000	1,674,000
At 30 June 2013	1,126,000	295,000	222,000	31,000	1,674,000
Amortisation					
At 1 July 2011	-	-	-	-	-
Charge for the year	37,833	7,375	5,550	1,938	52,696
On disposals	-		-	-	-
At 30 June 2012	37,833	7,375	5,550	1,938	52,696
Charge for the year	151,332	29,496	22,200	7,752	210,780
Impairment charge	84,362	-	-	-	84,362
At 30 June 2013	273,527	36,871	27,750	9,690	347,838
Carrying value at 1 July 2011	-	-	-	-	-
Carrying value at 30 June 2012	1,088,167	287,625	216,450	29,062	1,621,304
Carrying value at 30 June 2013	852,473	258,129	194,250	21,310	1,326,162

The other intangible assets additions relate to the acquisition of CSS Group in March 2012 and arise following a fair value assessment which was undertaken at the time.

At the year end the directors reviewed intangible assets for impairment.

Customer relationships
Customer relationships extant at the date of acquisition were considered. A forecast was prepared of future gross revenues from the relationships after giving due consideration to historic attrition rates. A discount factor of 13.00% (relating to market risk, specific risk factors and weighted average cost of capital) was then applied to give the present value of these future cash flows.

As a result the value of the customer relationships acquired with the Alarm Bell Company are considered to be impaired and a write down of £84,362 has been made. The remaining life of the Alarm Bell Company customer relationships has been revised downwards to 4 years from the previous estimate of 9 years.

No impairment adjustment has been found to be necessary against the carrying value of customer relationships acquired with the business of CSS Total Security Limited nor the business of CSS Locksmiths Limited. The useful lives as noted in the accounting policies were considered appropriate.

12. Other intangible assets (continued)

Brands
The brand of Croma Locksmiths is enduring within its locality. An assessment of the brand value was made by applying a comparable third party royalty rate of 7.5% to forecast turnover using a nil rate growth model. After tax revenues of the remaining estimated useful life of 9 years were then valued using the same discount factor noted above and no impairment adjustment to the carrying value of the brand was considered necessary and the useful life of the asset as noted in the accounting policy note above was considered appropriate.

Software licences
The software licence continues to be valued using an estimate of the costs which would be necessary to re-create the software if it had to be re-written. The directors have considered the future revenue streams which might derive from fully exploiting the software license and consider the carrying value of the license not to be impaired as at 30 June 2013 and the useful life of the asset as noted in the accounting policy note above was considered appropriate.

Royalties
An assessment was made of the brand royalties (franchise fees) receivable using the same discounted cash flow methods noted above. No impairment triggers were identified and the useful life of the asset as noted in the accounting policy note was considered appropriate.

13. Property, plant and equipment

	Freehold property	Plant and equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 30 June 2011	56,035	101,508	189,520	104,711	451,774
Additions	-	17,305	401	60,188	77,894
Acquisition through business combination	11,292	28,181	35,929	181,839	257,241
Disposals	-	-	(109,351)	(6,700)	(116,051)
At 30 June 2012	67,327	146,994	116,499	340,038	670,858
Additions	-	21,666	-	95,561	117,227
Disposals	-	(4,304)	-	(47,513)	(51,817)
At 30 June 2013	67,327	164,356	116,499	388,086	736,268
Depreciation					
At 30 June 2011	24,651	51,983	151,420	40,775	268,829
Charge for the year	2,270	31,665	3,198	43,493	80,626
On disposals	-	-	(78,413)	(2,094)	(80,507)
At 30 June 2012	26,921	83,648	76,205	82,174	268,948
Charge for the year	2,361	27,594	2,891	75,646	108,491
On disposals	-	(3,685)	-	(23,401)	(27,086)
At 30 June 2013	29,282	107,557	79,096	134,419	350,353
Carrying value at 1 July 2011	31,384	49,525	38,100	63,936	182,945
Carrying value at 30 June 2012	40,406	63,346	40,294	257,864	401,910
Carrying value at 30 June 2013	38,045	56,799	37,403	253,668	385,915

13. Property, plant and equipment (continued)

Motor vehicles includes the following amounts where the assets are held under a hire purchase agreement:

	2013	2012
	£	£
At 30 June - Cost	161,853	157,130
Accumulated depreciation	(84,535)	(77,888)
Net book value	77,319	79,242

The Group leases various vehicles and machinery under non-cancellable hire purchase agreements. Their lease terms are up to four years, and ownership of the assets lie with the Group.

14. Inventories	2013	2012
	£	£
Raw materials and consumables	220,202	179,743

Raw materials and consumables of £1,366,669 (2012: £498,578) were expensed through the comprehensive income statement during the year.

15. Trade and other receivables	2013	2012
	£	£
Trade receivables	2,486,690	2,446,974
Allowance for doubtful debts	(47,871)	(64,434)
Net trade receivables	2,438,819	2,382,540
Other receivables	1,967	179,236
Corporation tax repayable	24,367	23,634
Prepayments	185,856	120,943
Total financial assets other than cash and cash equivalents classified as loans and loan receivables	2,651,009	2,706,353

Owing to the short term nature of the trade receivables, their fair value is the same as the book value. An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount.

15. Trade and other receivables (continued)

	2013	2012
	£	£
Bad debts written off during the year	35,998	46,291

The level of credit risk is, in the view of the Board, generally low, due to a wide mix of clients in different trade sectors. During the year credit control procedures were strengthened further with the employment of a new member of staff primarily dedicated to this role. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above. No interest is charged on receivables within agreed credit terms. Thereafter, interest may be charged. There are only immaterial debts due in excess of credit terms. The directors of the Group and the subsidiaries review debt collection rates at each Board meeting and close attention is paid to collection of debt and credit control.

Sensitivity analysis

	2013	2012
Current average debtor days	53	55
	£	£
Effect on working capital if debtor days increased by 10%	248,669	238,254
Effect on working capital if debtor days increased by 25%	621,672	595,635

There has been a slight reduction in debtor days during the year however, there are two significant debtor balances which are overdue at the year end but which have been realised post year end. If these balances were excluded from the debtor days calculation, weighted average debtor days at the year end would have been 37 days. The Board consider this to be satisfactory.

With the availability of invoice discounting facilities to Croma Vigilant of up to 120 days it is anticipated that the Group could continue to trade with no impact on cash flow of an increase of over 100% of debtor days. In the opinion of the Board, such a large increase is unlikely.

There is one customer of Croma Vigilant whose turnover exceeds 10% (2012 – one).

Debtors due but not impaired

	2013	2012
	£	£
Under 60 days	1,552,089	1,839,671
60- 90 days	484,025	193,464
Over 90 days	402,704	349,405
	2,438,819	2,382,540

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

16. Cash and cash equivalents	**2013**	**2012**
	£	**£**
Cash at bank and in hand	677,858	692,531

17. Trade and other payables	**2013**	**2012**
	£	**£**
Trade payables	305,602	306,717
Other payables	136,402	477,072
Finance lease liabilities (due in less than 1 year)	33,321	39,703
	475,325	823,492
Other taxes and social security	844,042	688,787
Accruals and deferred income	328,959	295,820
Total financial liabilities, excluding loans and borrowing classified as financial liability measured at amortised cost	1,648,326	1,808,099

	2013	**2012**
Interest bearing loans and borrowings due within 1 year	**£**	**£**
Other short term borrowings	6,824	6,807
Invoice discounting facilities	517,965	525,246
	524,789	532,053

Trade and other payables due outwith 1 year	**2013**	**2012**
	£	**£**
Finance lease liabilities (due in 1 to 5 years)	27,091	32,300

Other payables include contingent consideration of £91,559 (2012: £383,223) payable to the sellers of the CSS Group. During the year shares and cash valued at £133,892 were paid in part settlement of the contingent amount and there was a release to the comprehensive statement of income of £157,732. The amount carried forward includes £37,599 which is dependant on the future performance of the Alarm Bell business (now trading as part of CSS Total Security Limited).

18. Convertible loan notes

	2013	**2012**
	£	**£**
Convertible loan notes – current liability	-	239,704

The remaining convertible loan notes were redeemed at par out of existing cash resources.

19. Interest rate and liquidity risk

Interest rate sensitivity

Most financing is via confidential invoice discounting. Typically, the invoice discounting facilities available to Croma Vigilant allow a drawdown of 80% - 90% of the value of an invoice including VAT on issue to a customer. A discount charge applies to the value of transactions processed through the facility as well as an interest rate charge on advances until invoices are settled by customers.

The sensitivity analysis has been based on the year-end exposure to floating rate debt during the year.

Liquidity and interest rate risk tables

The following table details the Group's remaining contracted maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial liabilities.

Based on the level of floating rate debt at the year end a 1% increase in interest rates would result in an increase of approximately £5K in interest charges.

2013	Weighted average effective interest rate	Less than 1 month or on demand	1 –12 months	1 – 3 years	Total
	%	**£**	**£**	**£**	**£**
Fixed rate					
Trade and other payables	0.0	442,004	-	-	442,004
Finance lease obligations	10.3	-	33,321	27,091	60,412
Accruals and deferred income	0.0	-	328,959	-	328,959
Floating rate					
Invoice discounting facility	2.8	-	517,965	-	517,965
Credit card borrowings	0.0	6,824	-	-	6,824
Total		448,828	880,245	27,091	1,356,164

2012	Weighted average effective interest rate	Less than 1 month or on demand	1 –12 months	1 – 3 years	Total
	%	**£**	**£**	**£**	**£**
Fixed rate					
Trade and other payables	0.0	783,789	-	-	783,789
Finance lease obligations	10.3		39,703	32,300	72,003
Accruals and deferred income	0.0	-	295,820	-	295,820
Convertible loan notes	8.4	-	239,704	-	239,704
Floating rate					
Invoice discounting facility	2.8	-	525,246	-	525,246
Overdraft	7.0	6,807	-	-	6,807
Total		790,596	1,100,473	32,300	1,923,369

20. Onerous lease provision

	2013	2012
	£	£
Due in less than one year	4,119	5,780
Due between one and five years	-	3,689
	4,119	9,469

The premises formerly occupied by Photobase Limited have been sub-let at a rent lower than the rent being paid to the landlord. As such the lease on these premises has been classed as onerous, to the extent of the difference between the rent received from the sub-tenant and the amount paid to the landlord for the remainder of the lease. The provision has not been discounted due to it not being material to the financial statements taken as a whole.

21. Contingent Liabilities

There are no contingent liabilities either at the year end or up to the date of signing the financial statements.

22. Deferred tax

The movement on the deferred tax account is shown below:

	2013	2012
	£	£
At 1 July	443,450	7,223
Accelerated capital allowances	(9,125)	(17,855)
Short term temporary differences	4,750	-
On amortisation of intangible assets	(70,628)	-
On business combination	-	454,082
At 30 June	368,447	443,450

The deferred tax provision at 30 June comprises the following temporary differences

	2013	2012
Capital allowances in advance of depreciation	331,133	401,760
Arising on intangible assets amortised through the income statement	37,314	41,690
	368,447	443,450

At 30 June 2013 deferred tax has been provided at rate of 23.75%, being the main rate of corporation tax applicable for the year. Because of the uncertainly as to when deferred tax timing differences will reverse the Board have decided not to provide for deferred tax using the year end corporation tax rate of 23%.

From 1 April 2014 the main rate of Corporation Tax reduces to 21%. If this rate was applied to timing differences at 30 June 2013 the deferred tax provision would reduce by £42,663 to £325,784.

The Group has tax losses of approximately £1.7m (2012: £1.7m) to carry forward. The potential deferred tax asset arising on these tax losses of £404,726 (2012: £434,547) has not been recognised as it is doubtful that they will be utilised in the foreseeable future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

23. Share capital

	2013 £	2012 £
Authorised, allotted, called up and fully paid:		
14,866,142 (2012 - 14,502,532) Ordinary shares of 5 pence each	743,307	725,127

Issued and fully paid	2013 Number	2013 £	2012 Number	2012 £
Ordinary shares of 5p (2012: 0.1p) each at beginning of year	14,502,536	725,127	189,337,815	189,338
Conversion to shares of 5 pence each	-	-	3,786,757	-
Placing (75 pence per share)	-	-	6,666,666	333,333
On acquisition of CSS Group (75 pence per share)	-	-	3,282,447	164,123
Loan note conversion (75 pence per share)	-	-	766,666	38,333
New share issue *	363,606	18,180	-	-
Ordinary shares of 5 pence each at end of year	14,866,142	743,307	14,502,536	725,127

* As part of deferred consideration, 363,606 shares were issued to the sellers of CSS Total Security Limited and CSS Locksmiths Limited. This was the last tranche of any such consideration to be satisfied by the issue of shares arising from the sale and purchase agreement.

Rights attaching to shares

The holders of the ordinary shares of 5 pence each are entitled to receive dividends and a return of capital on liquidation as well as attend and vote at a general meeting of the company.

Share options

There are no share options in place in the current or prior year.

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Other Reserves	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Share Premium	Amount subscribed for share capital in excess of nominal value less related professional and regulatory fees. During the year fees of £Nil were charged to Share Premium (2012: £358,388).
Merger Reserve	The merger reserve arose on the acquisition of the CSS Group to the extent that this was funded by the issue of new shares.
Retained Earnings	Cumulative net gains and losses recognised in the statement of comprehensive income.
Ordinary Shares	Amount subscribed for share capital at nominal value.
Non-distributable Reserves	The surplus recognised in 2008 on the conversion of ordinary share capital from 5p shares to 0.1p shares.

25. Related party transactions

Identity of related parties

The Parent Company has a controlling related party relationship with its subsidiary companies. The Group has a related party relationship with its directors, executive officers, pension funds and trusts, who with their immediate relatives control 31.7% of the voting shares.

Rental of Premises

R M Fiorentino and his family are beneficiaries of the County Access Systems Limited Retirement Benefits Scheme from which the Group leases trading premises. The total rental on these premises, which were transacted at arms length, was £88,000 (3 months ended 30 June 2012: £22,000).

Loan Notes

At the start of the year the Group held convertible loan notes from Westminster Gardens Holdings Limited. A N Hewson is a director of Westminster Gardens Holdings Limited, but holds no beneficial interest therein. The loan notes were repaid in the year.

Assignment of trading debt

Following the end of the year, a trading debt of £54,000 was assigned to R M Fiorentino in lieu of his entitlement to contingent consideration arising from the sale of the CSS Companies to the Group.

The transactions between the Group, its subsidiary companies and related parties are on normal commercial terms. No guarantees exist between any of these parties.

25. Related party transactions (Continued)

No loans to directors subsisted during the year.

The following open market purchases of shares by the directors occurred during the year ended 30 June 2013:

	5p shares
S J F Morley	51,000
R M Fiorentino	25,000
A N Hewson	26,315
Lord James Percy	7,500

26. Operating lease commitments

The Group has annual commitments under non-cancellable operating leases, the most significant of which are detailed below.

Photobase Limited has an annual lease rental commitment on the premises it leases at £23,750 per annum until April 2014.

CSS Total Security Limited has annual lease rental commitment on leased premised of £31,500 on a 10 year lease renewable in 2018.

CSS Locksmiths Limited has leases on three trading premises with an annual commitment of £56,500. The leases of two premises are held under formal leases with variable renewal terms. The lease on a third property has not been formalised, but it has been assumed that the company will remain in this premises until at least 30 June 2014.

CSS Locksmiths Limited and CSS Total Security Limited benefit from an agreement for the hire of a telephone system with an annual commitment of £13,759 expiring on 31 March 2018.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 £	2012 £
Land & Buildings		
No later than 1 year	111,392	108,750
Between 1 and 5 years	186,900	205,792
Over 5 years	75,000	106,500
	373,292	421,042
Other operating leases		
No later than 1 year	21,347	22,608
Between 1 and 5 years	51,596	7,932
Over 5 years	-	-
	72,943	30,540
Total	446,235	451,582

27. Notes supporting the cash flow statement

Net changes in working capital	**2013**	**2012**
	£	**£**
(Increase)/Decrease in inventories	(40,459)	82,339
Decrease in trade and other receivables	45,566	93,738
Increase in trade and other payables	(100,858)	(620,622)
	(95,751)	(444,545)

Cash and cash equivalents	**2013**	**2012**
	£	**£**
Cash at bank and in hand	677,858	692,531
Bank overdraft and other borrowings	-	(6,807)
	677,858	685,724

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 June 2013

We have audited the parent company financial statements of Croma Security Solutions Group PLC for the year ended 30 June 2013 which comprise the parent company balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17 the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2013;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matter

We have reported separately on the Group financial statements of Croma Security Solutions Group PLC for the year ended 30 June 2013.

Sandra Rodger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
EDINBURGH
13 November 2013

COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30 June 2013

Assets	**Notes**	**£ 2013**	**£ 2013**	**£ 2012**	**£ 2012**
Fixed assets					
Tangible assets	**C**	-		218	
Investments	**D**	7,293,462		7,451,194	
			7,293,462		7,451,412
Current assets					
Debtors	**E**	1,202,977		1,393,285	
Cash at bank and in hand		31,663		137,768	
		1,234,640		1,531,053	
Creditors:					
Amounts falling due within one year	**F**	(586,738)		(712,323)	
Net current assets			647,901		818,730
Total assets less current liabilities			7,941,363		8,270,142
Issued capital and reserves attributable to owners of the parent					
Called-up share capital	**G**		743,307		725,127
Share premium account	**I**		5,230,276		5,176,644
Merger reserve	**I**		2,139,454		2,139,454
Undistributable Reserves	**I**		422,322		422,322
Other reserves	**I**		-		18,785
Profit and loss account	**I**		(593,996)		(212,190)
Total shareholders' equity			7,941,363		8,270,142

These financial statements were approved and authorised for issue by the Board of Directors on 13 November 2013 and signed on their behalf by

S J F Morley
Director

The accompanying accounting policies and notes form an integral part of this balance sheet

A. Significant accounting policies

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Going concern
These financial statements have been drawn up on the going concern basis. The company made a loss for the year of £400,591 (2012: loss £454,099). The Group's activities are funded by a combination of long term equity capital, and short term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading and primarily invoice discounting facilities.

In considering the ability of the Group to meet its obligations as they fall due, the Directors have considered the expected trading and cash requirements of the Group until 30 November 2014.

The Board remains positive about the retention of customers and outlook of its main trading operations. The Board's profit and cash flow projections suggest that the Group will meet its obligations as they fall due with the use of existing uncommitted invoice discounting facilities. The invoice discounting and overdraft facilities fall due for review on 30 September 2014 and the Board is confident these will be renewed.

The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate and in the unlikely event that the funding available from invoice discounting and the overdraft was not available. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Fixed Assets
Depreciation is provided at a rate of 33% on cost relating to computer equipment which was fully written down in the year.

Investments
Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

A. Significant accounting policies (continued)

Financial liabilities and equity
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 Group after deducting all of its liabilities. The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Taxes
UK corporation tax is provided at amounts expected to be paid or recovered using the applicable tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

B. Profit attributable to ordinary shareholders

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The loss dealt with in the financial statements of the Company was £400,591 (2012 - loss £454,099)

C. Tangible assets

	Computer equipment £
Cost	
At 1 July 2012	924
Additions	-
At 30 June 2013	924
Depreciation	
At 1 July 2012	706
Charge for the year	218
At 30 June 2013	924
Net book value	
At 1 July 2012	218
At 30 June 2013	-

D. Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 30 June 2012	11,116,157
Additions	-
Reduction in contingent consideration	(157,732)
At 30 June 2013	10,958,425
Provision for impairment	
At 30 June 2012	3,664,963
Charge for the year	-
At 30 June 2013	3,664,963
Net book value	
At 30 June 2012	7,451,194
At 30 June 2013	7,293,462

At 30 June 2013 the Company held directly or indirectly the entire issued share capital of the following principal subsidiary undertakings, which are incorporated in Great Britain:

Company	**% ordinary shareholding**	**Nature of business**
Vigilant Security (Scotland) Limited	100% directly	Asset protection and security
Photobase Limited	100% directly	Biometric entry systems
CSS Total Security Limited	100% directly	CCTV & security systems
CSS Locksmiths Limited	55% directly, 45% indirectly	Locksmithing, Keys and Safes
Alarm Bell Company Limited	100% indirectly	Fire and intruder alarms

E. Debtors

	2013 £	2012 £
Amounts due from subsidiary undertakings	1,190,925	1,250,267
Other debtors	-	120,000
Other tax and social security	-	10,363
Prepayments	12,052	12,655
	1,202,977	1,393,285

F. Creditors: Amounts falling due within 1 year

	2013 £	2012 £
Amounts due to subsidiary undertakings	424,520	-
Trade creditors	32,465	20,422
Other creditors	91,598	401,698
Other taxes and social security	1,852	-
Accruals and deferred income	36,304	50,499
Convertible loan notes	-	239,704
	586,738	712,323

G. Share capital

	2013 £	2012 £
Authorised, allotted, called up and fully paid:		
14,866,142 (2012 - 14,502,532) Ordinary shares of 5 pence each	743,307	725,127

Issued and fully paid	2013 Number	2013 £	2012 Number	2012 £
Ordinary shares of 5p (2012: 0.1p) each at beginning of year	14,502,536	725,127	189,337,815	189,338
Conversion to shares of 5 pence each	-	-	3,786,757	-
Placing (75 pence per share)	-	-	6,666,666	333,333
On acquisition of CSS Group (75 pence per share)	-	-	3,282,447	164,123
Loan note conversion (75 pence per share)	-	-	766,666	38,333
New share issue *	363,606	18,180	-	-
Ordinary shares of 5 pence each at end of year	14,866,142	743,307	14,502,536	725,127

* As part of deferred consideration, 363,606 shares were issued to the sellers of CSS Total Security Limited and CSS Locksmiths Limited. This is the final tranche of any such consideration to be satisfied by the issue of shares arising from the sale and purchase agreement.

Rights attaching to shares

The holders of the ordinary shares of 5 pence each are entitled to receive dividends and a return of capital on liquidation as well as attend and vote at a general meeting of the Company.

G. Share capital (continued)

Share options
There are no share options in place in the current or prior year.

H. Related party transactions

Identity of related parties
The Parent Company has a controlling related party relationship with its subsidiary companies. The Group has a related party relationship with its directors, executive officers, pension funds and trusts, who with their immediate relatives control 31.7% of the voting shares.

The services of certain non-executive Directors were provided to the Company and in the following amounts which are also disclosed in note 7 of the Group accounts:

	2013 £	2012 £
Services provided by Grosvenor Equity Managers Limited for which A N Hewson is a director and which has been accounted for as Directors' remuneration.	13,500	31,500
Services provided by Coburg Capital Limited for which C McMicking is a director and which has been accounted for as Directors' remuneration.	15,250	4,500

The final tranche of £245,000 of loan notes held by Westminster Garden Holdings Limited were repaid in the year. A N Hewson is a director of this company but holds no beneficial interest therein.

The transactions between the Company, its subsidiary companies and related parties are on normal commercial terms. No guarantees exist between any of these parties.

During the year the Company provided administrative services to subsidiary undertakings totalling £189,767 (2012 - £90,000)

At 30 June 2013, the Company was owed £155,526 by Vigilant Security Scotland Limited (2012: - £493,220) and £839,240 by Photobase Limited (2012: - £757,045). It owed CSS Total Security Limited £338,198 (2012: - £Nil)

The following open market purchases of shares by the Directors occurred during the year ended 30 June 2013:

	Ordinary 5p shares
S J F Morley	51,000
R M Fiorentino	25,000
A N Hewson	26,315
Lord James Percy	7,500

The Company is exempt from disclosing transactions with the Group under FRS 8.3(c)

I. Reserves

	Share Capital	Share premium	Merger Reserve	Retained earnings	Undistributable reserve	Other Reserves	Total Equity
	£	£	£	£	£	£	£
At 1 July 2011	**189,338**	**247,123**	**-**	**157,189**	**422,322**	**188,081**	**1,204,053**
Loss for the year	-	-	-	(454,099)	-	-	(454,099)
Loan note redemption	-	-	-	84,720	-	(84,720)	-
Loan note conversion to equity	5,638	78,938	-	-	-	(84,576)	-
Issue of share capital	530,151	4,850,583	2,139,454	-	-	-	7,520,188
At 30 June 2012	**725,127**	**5,176,644**	**2,139,454**	**(212,190)**	**422,322**	**18,785**	**8,270,142**
Loss for the year	-	-	-	(400,591)	-	-	(400,591)
Loan note redemption	-	-	-	18,785	-	(18,785)	-
Issue of share capital	18,180	53,632	-	-	-	-	71,812
At 30 June 2013	**743,307**	**5,230,276**	**2,139,454**	**(593,996)**	**422,322**	**-**	**7,941,363**