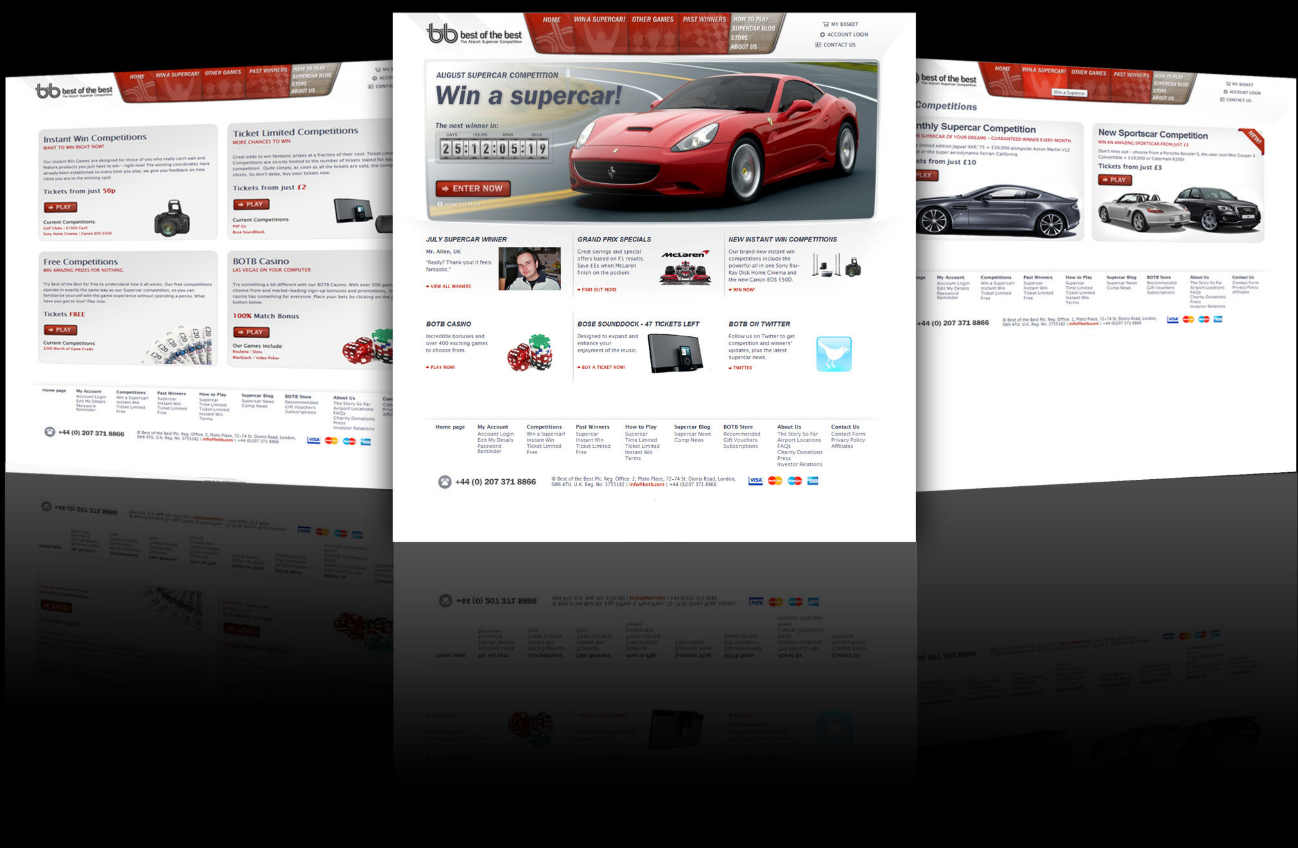
best of the best plc

Annual Report & Accounts 2010



Report of the Directors and

Consolidated Financial Statements

For The Year Ended 30th April 2010

for

BEST OF THE BEST PLC

BEST OF THE BEST PLC

Contents of the Consolidated Financial Statements
For The Year Ended 30th April 2010

BEST OF THE BEST PLC

Company Information
For The Year Ended 30th April 2010

DIRECTORS:	W S Hindmarch R C E Garton M W Hindmarch C Hargrave
SECRETARY:	Prism Cosec Limited
REGISTERED OFFICE:	Unit 2 Plato Place 72/74 St. Dionis Rd London SW6 4TU
REGISTERED NUMBER:	03755182
AUDITORS:	Wilkins Kennedy Chartered Accountants & Statutory Auditors Bridge House London Bridge London SE1 9QR
BANKERS:	Natwest Bank 2nd Floor 180 Brompton Road London SW3 1HL
NOMINATED ADVISORS:	Charles Stanley Securities 25 Luke Street London EC2A 4AR
SOLICITORS:	Pincent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH

BEST OF THE BEST PLC

Financial Highlights
For The Year Ended 30th April 2010

Key points:

- Revenue of £7.30m (2009: £7.46m)
- Profit Before Tax of £0.48m (2009: £0.52m)
- Strong cash generation with a 15 per cent. increase in cash balances to £2.29m (2009: £1.99m)
- Board recommending 9 per cent. increase in dividend to 1.2p per share (2009: 1.1p)
- New contract signed with Dublin Airport
- Site refurbishments continue to contribute positive results
- Ongoing discussions with new domestic and international airport sites
- New IT platform and website launched in September 2009

William Hindmarch, Chief Executive, said:

“I am pleased to report results that reflect a solid year’s trading, particularly for the first 11 months of the financial year. However, the widely reported disruption in April 2010 due to the volcanic activity in Iceland resulted in the closure of our airport sites for a sustained period, and had a significant impact on profitability in the final month of the period.

The major investment in our IT infrastructure and website was completed during the year, providing our existing customers with a considerably enhanced experience, whilst opening up new organic growth opportunities through the acquisition of new online players.

The Company has ended the year with increased cash balances of £2.29m. The Group is well positioned with opportunities both to increase the scope, size and contribution of its online business and to open new physical outlets over the coming months.”

BEST OF THE BEST PLC

Chief Executive's Statement
For The Year Ended 30th April 2010

Chief Executive's Statement

I am pleased to report results that reflect a solid year's trading, particularly for the first 11 months of the financial year. However, the widely reported disruption in April 2010 due to the volcanic activity in Iceland resulted in the closure of our airport sites for a sustained period, and had a significant impact on profitability in the final month of the period.

Having traded in line with expectations throughout the year, the effective closure of the business for 6–7 days, combined with the operational gearing of the business, resulted in a shortfall in profits for the full year.

The major investment in our IT infrastructure and website was completed during the year, providing our existing customers with a considerably enhanced experience, whilst opening up new organic growth opportunities through the acquisition of new online players. Our online business continues to perform well, representing approximately 21 per cent. of total sales during the year and our database of registered players has reached approximately 420,000. We have allocated substantial resources towards the development of our IT systems, website and online marketing capabilities over the past six months, which the Directors believe will bring significant new opportunities in this area.

During the period we signed a contract with Dublin Airport Authority to open a site in the new Terminal 2, and we are in discussions with operators of both domestic and international airports with a view to securing further sites.

Results

Turnover for the year ended 30th April 2010 was £7.30m (2009: £7.46m), generating profit before tax of £0.48m (2009: £0.52m). Reported earnings per share was 2.68p per share (2009: 2.98p).

The cash position of the Company increased by 15 per cent. to £2.29m (2009: £1.99m), with prize inventory on display at £1.42m. The balance sheet has strengthened further with net assets increasing to £4.28m (2009: £4.08m).

Dividend

The Board is recommending a final dividend payment of 1.2 pence per share for the full year ending 30th April 2010 subject to shareholder approval at the AGM on 16th September 2010. The final dividend is covered 2.2 times by earnings per share and will be paid on 15th October 2010 to shareholders on the register on 17th September 2010.

Business

The first 11 months of the financial year saw solid trading across our airport sites. Despite passenger numbers remaining below the levels seen in previous years, income per passenger (or Best of the Best customer) remained broadly stable.

Having traded in line with expectations throughout the year, the effective closure of the business for a 6–7 day period as a result of the volcanic ash disruption in April, combined with the operational gearing of the business, resulted in a shortfall in profits for the month and impacted the full year result.

There have been major landlord terminal refurbishments underway at Heathrow Terminal 4, Manchester Terminal 1, Edinburgh, and Glasgow. We have taken the opportunity to reinstall brand new, redesigned sites at Heathrow Terminal 4, Manchester Terminal 1 and Glasgow, as well as two sites in Heathrow's Terminal 1.

BEST OF THE BEST PLC

Chief Executive's Statement
For The Year Ended 30th April 2010

Our new site at Edinburgh Airport will reopen in August having been closed for the past 12 months due to the terminal refurbishment. Our tender for a site in Dublin Airport's impressive new Terminal 2 development was successful and will open in November 2010.

The sale by BAA of Gatwick Airport is complete and our contracts have transferred to the new owners, and we remain well prepared should BAA transfer any further airports over the coming months and years.

The Directors believe that our customer database is a source of significant value, and we have begun to substantiate this through partnerships with Aston Martin, Maserati and Tesla, providing them with additional exposure to both our airport sites and our customer database.

Our new IT platform has allowed us to trial new products and price points, both at airport terminals and online, as well as to expand our loyalty program. We will look to build on these trials in the coming months to increase the penetration and revenues at our airport locations.

In light of the recent economic environment we have been cautious regarding overseas expansion. However, we continue to engage in discussions with international airport operators to identify key tier 1 locations and countries where multiple site developments will be possible.

Online Business

The online business represented approximately 21 per cent. of total turnover and performed in line with expectations during the year ended 30th April 2010. During the period we invested substantial resources towards the complete redevelopment of our IT systems and website, which was launched in the second quarter. We are pleased to report that this was delivered on time and on budget, and has been well received by our customers and our airport staff. The last six months have proven the stability and flexibility of the new systems, which give us scalable foundations for future growth.

New account based reward scheme functionality together with marketing initiatives have increased the conversion of airport to online players, and the database of registered players on the new platform stands at approximately 420,000.

Traditionally, the acquisition of our online players has predominantly been through our physical airport sites, and our website has almost exclusively served our existing customer base. The Directors believe the new platform will bring significant growth opportunities for the online business, and have very recently appointed a Head of Marketing to lead this development.

We have budgeted for a greater level of marketing resources, primarily to increase the levels of player acquisition through traditional online channels, as well as to improve the metrics related to retention, loyalty and increased lifetime value of our existing airport acquired players.

Outlook

Despite the unpredictability of the past year, including the economic climate and the unfortunate ash related events of April 2010, the Group continues to trade profitably.

The Board remains optimistic about the trading prospects for the Group in the coming year. The Directors are confident of steady trading from the airport estate, and are optimistic with regards to the future opportunities for the online business.

With its strong cash balance, the Group is well placed to execute its strategy of increasing the scope, size and contribution of its online offering, as well as to assess locations to open new physical outlets over the coming months.

BEST OF THE BEST PLC

Chief Executive's Statement
For The Year Ended 30th April 2010

We continue to monitor developments and review opportunities in our sector and look forward to updating shareholders with further progress in due course.

William Hindmarch
Chief Executive
12th July 2010

BEST OF THE BEST PLC

Report to the Directors
For The Year Ended 30th April 2010

The Directors present their report with the financial statements of the Company and the Group for the year ended 30th April 2010.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of competition operators.

REVIEW OF BUSINESS

A full review of the business's progress during the year and future developments are contained in the Chief Executive's Statement on pages 3 to 5.

There was a profit for the period after taxation of £0.34m (2009: £0.38m).

The Company's key performance indicator is sales and this is discussed in the Chief Executive's Statement.

DIVIDENDS

During the year, the Company paid a dividend equating to 1.1 pence per share as recommended in the accounts to 30th April 2009.

The Board is recommending a final dividend payment of 1.2 pence per share for the full year ended 30th April 2010 subject to shareholder approval at the AGM on the 16th September 2010. A final dividend is covered 2.2 times by earnings per share and will be paid on 15th October 2010 to shareholders on the register on 17th September 2010.

The total distribution of dividends for the year ended 30th April 2010 will be £152,619.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1st May 2009 to the date of this report.

W S Hindmarch
R C E Garton
M W Hindmarch
C Hargrave

Other changes in Directors holding office are as follows:

N A Ziebland – resigned 1st August 2009
W A Henbrey – resigned 1st August 2009

The beneficial interests of the Directors holding office on 30th April 2010 in the issued share capital of the Company were as follows:

	30th April 2010	*30th April 2009*
Ordinary 5p shares		
W S Hindmarch	5,950,000	5,950,000
R C E Garton	443,619	384,421
M W Hindmarch	1,108,367	1,041,467
C Hargrave	15,151	15,151

BEST OF THE BEST PLC

Report of the Directors
For The Year Ended 30th April 2010

DIRECTORS (CONTINUED)

According to the register of Directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year except as indicated below:

	Outstanding at beginning of year	*Granted*	*Forfeited*	*Outstanding at end of year*	*Exercise price £*	*Date first exercisable*	*Date of expiry*
R C E Garton	127,182	–	–	127,182	£0.05	1-08-2007	7-08-2016
R C E Garton	63,492	–	–	63,492	£0.05	19-07-2007	18-07-2017
R C E Garton	400,000	–	–	400,000	£0.595	20-09-2010	19-09-2017
R C E Garton	74,528	–	–	74,528	£0.315	17-07-2008	16-07-2018
R C E Garton	75,472	–	–	75,472	£0.05	17-07-2011	16-07-2018
R C E Garton	180,000	–	–	180,000	£0.315	08-04-2012	07-07-2019
C Hargrave	50,000	–	–	50,000	£0.315	17-07-2011	16-07-2018
C Hargrave	–	20,000*	–	20,000	£0.375	10-11-2012	09-11-2019

* Granted 10-11-2009. Note 25 provides full details of share options granted.

At the 30th April 2010 the market price of the Company's shares was £0.345 (2009: £0.32). The maximum share price during the year was £0.395 (2009: £0.71) and the minimum price was £0.225 (2009: £0.16).

There was no exercise or waiver of options during the period.

GROUP'S POLICY ON PAYMENT OF CREDITORS

The Group payment policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of the supply or otherwise 30 days from the receipt of the relevant invoice. Trade creditor days based on creditors at 30th April 2010 were 19 days (2009: 18 days).

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest risk and credit risk.

Credit Risk

The Group has a relatively low exposure to credit risk due to the nature of its sales. However the Group employs various procedures to ensure that all sales are collected promptly and accurately.

Liquidity Risk

The Group actively maintains sufficient cash balances to ensure that the Group has available funds for operations. The Group finances its operations principally from equity and cash reserves.

Interest rate cash flow risk

During the year the Group had both interest bearing asset and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a variable rate.

BEST OF THE BEST PLC

Report of the Directors
For The Year Ended 30th April 2010

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Group made the following charitable donations in excess of £200:

Donee	*Contribution* £
Great Ormond Street Hospital Children Charity	500
British Red Cross	500
Unicef	1,000
Sparks	500
Multiple Sclerosis Society	1,000
Get Kids Going	2,000
Cardiac Risk in the Young	500

SHARE CAPITAL

No shares have been issued during or subsequent to the year ended 30th April 2010.

SUBSTANTIAL SHAREHOLDERS

As at 12th July 2010 the Directors were aware of the following interest of 3 per cent. or more in the issued ordinary share capital of the Company (other than Directors interests already disclosed) and had not been notified, pursuant to the provisions of the Companies Act 2006, of any further such interests.

Name	*Shareholding*	*Percentage*
BAA Enterprises Limited	1,750,000	13.6%
Octopus Investments Nominees Limited	557,000	4.4%
Pershing Nominees Limited	506,762	4.0%

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 that the financial statements comply with IFRS;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

BEST OF THE BEST PLC

Report of the Directors
For The Year Ended 30th April 2010

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
W S Hindmarch
Director
12th July 2010

BEST OF THE BEST PLC

Corporate Governance Report
For The Year Ended 30th April 2010

PRINCIPLES OF CORPORATE GOVERNANCE

The policy of the Board is to manage the affairs of the Company in accordance with the principles underlying the Combined Code on Corporate Governance.

The Board of Directors is accountable to shareholders for the good corporate performance of the Group. The principles of Corporate Governance and a code of best practice are set out in the Combined Code. Under the rules of AIM, the Group is not required to comply in full with the Code nor to state whether it derogates from it. The Board considers that full compliance with the Code is not appropriate at this stage. This statement sets out how the principles of the Code have been applied having regard to the size and nature of the Company.

BOARD STRUCTURE

The Chief Executive of the Company is William Hindmarch. He is heavily involved in the day to day running of the Group. In total the Board comprises a Chief Executive, one further Executive Director and two Non-executive Directors, Colin Hargrave and Michael Hindmarch. Colin Hargrave is an independent Non-executive Director. It is considered that this gives the necessary mix of industry specific and broad business experience necessary for the effective governance of the Group.

There are certain matters specifically reserved to the Board for its decision. Board meetings are held on a regular basis and effectively no decision of any consequence is made other than by the Board. All Directors participate in the key areas of decision making, including the appointment of new Directors.

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities in respect of the accounts is set out on page 8. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information.

All Directors have access to the Company Secretary. There is no agreed formal procedure for the Directors to take independent professional advice at the Company's expense.

All Directors submit themselves for re-election at the annual general meeting at regular intervals. The Non-executive Directors are appointed under fixed term contracts of no more than one year.

A brief biography of each of the Directors is set out below.

William Hindmarch, Age 36 *– Chief Executive*

William graduated from the University of Durham in 1996 and joined Kleinwort Benson as a graduate trainee. He founded the business in 1999. He has been the Chief Executive for 10 years.

Rupert Garton, Age 35 *– Commercial Director*

Rupert graduated from the University of Durham in 1997 and joined JP Morgan as a graduate trainee. He moved to Dresdner Kleinwort Wasserstein to take up a position in the equity capital markets division and then spent a further four years in Dresdner Kleinwort Wasserstein's corporate finance division, working in London, Milan and Johannesburg.

In 2003, he left to do an MBA at the Oxford Said Business School, before joining a specialist retailer as Commercial Director. He joined the Company in January 2006.

BOARD STRUCTURE (CONTINUED)

Michael Hindmarch, Age 70 *– Non-executive Chairman*

Michael qualified as a Polymer Technologist at the National College of Rubber and Plastics Technology, London. He founded Plantpak (Plastics) Ltd, a horticultural plastics company in 1970. In 1985 he reversed Plantpak into Falcon Industries Plc, a listed conglomerate, becoming Chairman and CEO. Since 1990 he has acted as an independent business consultant to a number of companies.

Colin Hargrave, Aged 57 *– Non-executive Director*

Colin has spent all his working life in the retail, leisure and travel industries having started his career with the Burton Group. From 1991 to 1997 Colin worked for the Early Learning Centre, a division of John Menzies plc. Reporting to the CEO as International Development Manager he was responsible for expanding ELC into 13 new overseas markets through franchising, joint ventures and wholesaling.

From 1997 until he left in 2008 he worked for BAA Plc, more recently taken into private ownership. His role prior to leaving was Managing Director of UK Retail where he was responsible for sales in excess of £2.3bn and a profit contribution c £650m from the seven UK airports BAA owned.

The Board has established the following committees, which have written terms of reference, to deal with specific aspects of the Company's affairs.

AUDIT COMMITTEE

The audit committee comprising of Colin Hargrave (Chairman of the committee) and Michael Hindmarch.

Meetings are also generally attended by the Company's Executive Directors, and the External Auditors.

The remit of the committee is to review:

- the appointment and performance of the external auditors;
- remuneration for both audit and non-audit work and nature and scope of the audit with the external auditors;
- the interim and final financial report and accounts;
- the external auditors' management letter and management's responses;
- the systems of risk management and internal controls;
- operating, financial and accounting practices; and
- related recommendations to the Board.

The audit committee meets at least twice a year.

REMUNERATION COMMITTEE

The remuneration committee comprising of Michael Hindmarch (Chairman of the committee) and Colin Hargrave is responsible for making recommendations to the Board on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the Executive Directors. The Board itself determines the remuneration of the Non-executive Directors. The report on Directors' remuneration is set out on page 13.

NOMINATION COMMITTEE

There is no separate nomination committee at the moment due to the size of the Board.

INTERNAL FINANCIAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Company's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Group maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved before being formally adopted. Other key procedures that have been established and which are designed to provide effective control as follows:

– Management structure – The Board meets regularly to discuss all issues affecting the Group.

– Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant deficiencies have come to light during the period and no weakness in internal financial control have resulted in any material losses, contingencies which would require disclosure as recommended by the guidance for Directors on reporting on internal financial control.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function.

RELATIONS WITH SHAREHOLDERS

The Chief Executive is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the annual general meeting, private investors are given the opportunity to question the Board.

This year's Annual General Meeting will be held on 16th September 2010. Notice of the Annual General Meeting is set out in the back of this document.

GOING CONCERN

The Directors confirm that they are satisfied that the Company and Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

BEST OF THE BEST PLC

Directors' Remuneration Report
For The Year Ended 30th April 2010

REMUNERATION COMMITTEE

The Company has a remuneration committee which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are Michael Hindmarch (Chairman of the committee) and Colin Hargrave who was appointed to the committee on 1st August 2009, replacing William Henbrey who resigned on 1st August 2009.

Details of the remuneration of each Director are set out below.

No Director plays part in any discussion about his or her own remuneration.

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of high calibre, who are needed to drive and maintain the Group's position as a market leader and to reward them for enhancing value to the shareholder.

REMUNERATION POLICY

SHARE OPTIONS

Certain Directors have options granted to them under the terms of the approved and unapproved share option schemes which are open to other qualifying employees. The reason for the scheme is to incentivise the Directors and management personnel and enable them to benefit from the increased market capitalisation of the Company. The exercise of options under the scheme is based upon the satisfaction of conditions relating to the share price. The conditions vary from grant to grant.

As at 30th April 2010, two of the Directors, Rupert Garton and Colin Hargrave, held options. Details and conditions of these options are detailed on page 7.

PENSION ARRANGEMENTS

A reserve has been made during the year to 30th April 2010 based upon the ability of Executive Directors to benefit from pension contributions as detailed in their contracts. It is the intention of the Directors to commence payment into a Defined Contribution Self Invested Pension Plan in the near future.

During the year, the Company provided £24,000 in respect of Executive Director pension payments. At the year end, £24,000 was outstanding and owing to the scheme.

DIRECTORS' CONTRACTS

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months notice. In the event of early termination, the Directors' contracts provide for compensation, where appropriate, up to a maximum of basic salary for the notice period.

NON-EXECUTIVE DIRECTORS

The fees of Non-executive Directors are determined by the Board as a whole having regard to the commitment of time required and the level of fees in similar companies.

Non-executive Directors are engaged on renewable fixed term contracts not exceeding one year.

BEST OF THE BEST PLC

Director's Remuneration Report (continued)
For The Year Ended 30th April 2010

DIRECTORS' EMOLUMENTS

	Benefits in Kind £	*Salary* £	*Bonus* £	*Pension* £	*Fees paid to Third parties* £	*30th April 2010 Total* £	*30th April 2009 Total* £
Rupert Garton	4,528	106,502	24,000	12,000	–	147,030	136,037
William Hindmarch	16,948	107,270	24,000	12,000	–	160,218	156,880
Michael Hindmarch	–	–	–	–	6,000	6,000	10,200
Colin Hargrave	3,371	13,700	–	–	–	17,071	21,790
William Henbry*	–	–	–	–	2,000	2,000	10,200
Nicholas Ziebland*	–	2,400	–	–	–	2,400	10,200

* resigned 1st August 2009.

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. There were no share options exercised during the year. Details of options granted to Directors who served during the year are as follows:

	Date of grant	*Options over ordinary shares of 5p*	*Exercise price*	*Option exercise period*
Colin Hargrave	10/11/09	20,000	0.375	10/11/12–09/11/19

All the share options granted to Colin Hargrave were on an unapproved basis.

Options granted under the unapproved share option scheme are not subject to performance criteria. The market price of the ordinary shares at 30th April 2010 was £0.345 and the range during the year was £0.225 to £0.395 (average £0.323).

There was no exercise or waiver of options during the period.

APPROVAL

The report was approved by the Board of Directors and authorised for issue on 12th July 2010 and signed on its behalf by:

…………………………………

M W Hindmarch
Chairman
12th July 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BEST OF THE BEST PLC

We have audited the financial statements of Best of the Best Plc for the year ended 30th April 2010 on pages 17 to 37. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion:

– the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30th April 2010 and of the Group's profit for the year then ended;

– the Group financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union;

– the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

– the financial statements 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BEST OF THE BEST PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Mark Norton (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy
Chartered Accountants
& Statutory Auditor
Bridge House
London Bridge
London
SE1 9QR

12th July 2010

BEST OF THE BEST PLC

Consolidated Income Statement
For The Year Ended 30th April 2010

	Notes	*2010* £	*2009* £
CONTINUING OPERATIONS			
Revenue	2	7,297,749	7,461,639
Cost of sales		(2,979,680)	(2,986,017)
GROSS PROFIT		4,318,069	4,475,622
Administrative expenses		(3,868,981)	(4,012,482)
OPERATING PROFIT		449,088	463,140
Finance income	5	31,153	55,474
PROFIT BEFORE INCOME TAX	6	480,241	518,614
Income tax	7	(139,269)	(138,996)
PROFIT FOR THE YEAR		340,972	379,618
Profit attributable to:			
Owners of the Parent		340,972	379,618
Earnings per share expressed in pence per share:	10		
Basic		2.68	2.98
Diluted		2.62	2.92

The notes form part of these financial statements.

BEST OF THE BEST PLC

Consolidated Statement of Comprehensive Income
For The Year Ended 30th April 2010

	2010	*2009*
	£	*£*
PROFIT FOR THE YEAR	340,972	379,618
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	340,972	379,618
Total comprehensive income attributable to:		
Owners of the Parent	340,972	379,618

The notes form part of these financial statements.

BEST OF THE BEST PLC

Consolidated Statement of Financial Position
30th April 2010

	Notes	*2010* £	*2009* £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,314,085	1,172,378
Investments	12	–	–
Deferred tax	19	22,209	3,021
		1,336,294	1,175,399
CURRENT ASSETS			
Inventories	13	1,420,859	1,738,721
Trade and other receivables	14	109,305	114,491
Cash and cash equivalents	15	2,290,241	1,988,307
		3,820,405	3,841,519
TOTAL ASSETS		5,156,699	5,016,918
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	20	635,913	635,913
Share premium	16	1,782,622	1,782,622
Other reserves	16	147,810	144,967
Retained earnings	16	1,714,743	1,513,672
TOTAL EQUITY		4,281,088	4,077,174
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	727,192	799,744
Tax payable		148,419	140,000
		875,611	939,744
TOTAL LIABILITIES		875,611	939,744
TOTAL EQUITY AND LIABILITIES		5,156,699	5,016,918

The financial statements were approved by the Board of Directors on 12th July 2010 and were signed on its behalf by:

....
W S Hindmarch – Director

The notes form part of these financial statements.

BEST OF THE BEST PLC

Company Statement of Financial Position
30th April 2010

	Notes	*2010* £	*2009* £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,314,085	1,172,378
Investments	12	12,500	12,500
Deferred tax	19	22,209	3,021
		1,348,794	1,187,899
CURRENT ASSETS			
Inventories	13	1,420,859	1,738,721
Trade and other receivables	14	139,874	138,158
Cash and cash equivalents	15	2,230,135	1,867,288
		3,790,868	3,744,167
TOTAL ASSETS		5,139,662	4,932,066
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	20	635,913	635,913
Share premium	16	1,782,622	1,782,622
Other reserves	16	147,810	144,967
Retained earnings	16	1,739,519	1,504,695
TOTAL EQUITY		4,305,864	4,068,197
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	685,379	723,869
Tax payable		148,419	140,000
		833,798	863,869
TOTAL LIABILITIES		833,798	863,869
TOTAL EQUITY AND LIABILITIES		5,139,662	4,932,066

The financial statements were approved by the Board of Directors on 12th July 2010 and were signed on its behalf by:

....
W S Hindmarch – Director

The notes form part of these financial statements.

BEST OF THE BEST PLC

Consolidated Statement of Changes in Equity
For The Year Ended 30th April 2010

	Called up share capital £	*Profit and loss account* £	*Share premium* £	*Other reserves* £	*Total equity* £
Balance at 1st May 2008	635,913	1,261,237	1,782,622	106,412	3,786,184
Changes in equity					
Dividends	–	(127,183)	–	–	(127,183)
Total comprehensive income	–	379,618	–	38,555	418,173
Balance at 30th April 2009	635,913	1,513,672	1,782,622	144,967	4,077,174
Changes in equity					
Dividends	–	(139,901)	–	–	(139,901)
Total comprehensive income	–	340,972	–	2,843	343,815
Balance at 30th April 2010	635,913	1,714,743	1,782,622	147,810	4,281,088

The notes form part of these financial statements.

BEST OF THE BEST PLC

Company Statement of Changes in Equity
For The Year Ended 30th April 2010

	Called up share capital £	*Profit and loss account* £	*Share premium* £	*Other reserves* £	*Total equity* £
Balance at 1st May 2008	635,913	1,254,905	1,782,622	106,412	3,779,852
Changes in equity					
Dividends	–	(127,183)	–	–	(127,183)
Total comprehensive income	–	376,973	–	38,555	833,701
Balance at 30th April 2009	1,271,826	3,219,438	3,565,244	292,777	8,767,458
Changes in equity					
Dividends	–	(139,901)	–	–	(139,901)
Total comprehensive income	–	374,725	–	2,843	377,568
Balance at 30th April 2010	1,271,826	3,454,262	3,565,244	295,620	9,005,125

The notes form part of these financial statements.

BEST OF THE BEST PLC

Consolidated Statement of Cash Flows
For The Year Ended 30th April 2010

	Notes	*2010* £	*2009* £
Cash flows from operating activities			
Cash generated from operations	1	987,144	959,506
Tax paid		(150,038)	(245,640)
Net cash from operating activities		837,106	713,866
Cash flows from investing activities			
Purchase of tangible fixed assets		(476,973)	(381,779)
Sale of tangible fixed assets		50,549	22,050
Interest received		31,153	55,474
Net cash from investing activities		(395,271)	(304,255)
Cash flows from financing activities			
Equity dividends paid		(139,901)	(127,183)
Net cash from financing activities		(139,901)	(127,183)
Increase in cash and cash equivalents		301,934	282,428
Cash and cash equivalents at beginning of year	2	1,988,307	1,705,879
Cash and cash equivalents at end of year	2	2,290,241	1,988,307

The notes form part of these financial statements.

BEST OF THE BEST PLC

Notes to the Consolidated Statement of Cash Flows
For The Year Ended 30th April 2010

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2010	*2009*
	£	*£*
Profit before income tax	480,241	518,614
Depreciation charges	291,639	252,843
(Profit)/Loss on disposal of fixed assets	(6,922)	6,658
Employee share based payment	2,843	38,556
Finance income	(31,153)	(55,474)
	736,648	761,197
Decrease in inventories	317,862	248,847
Decrease in trade and other receivables	5,186	22,450
Decrease in trade and other payables	(72,552)	(72,988)
Cash generated from operations	987,144	959,506

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 30th April 2010

	30th April 2010	*1st May 2009*
	£	*£*
Cash and cash equivalents	2,290,241	1,988,307

Year ended 30th April 2009

	30th April 2010	*1st May 2009*
	£	*£*
Cash and cash equivalents	1,988,307	1,705,879

The notes form part of these financial statements.

BEST OF THE BEST PLC

Notes to the Consolidated Financial Statements
For The Year Ended 30th April 2010

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue represents the value of tickets sold in respect of competitions which have been completed at the accounting date. A competition is completed when the Group closes entries.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	– not provided
Improvements to property	– Depreciated over the period of the lease
Fixtures and fittings	– 50% on cost, 33% on cost and 20% on cost
Motor vehicles	– 25% on reducing balance
Computer equipment	– at varying rates on cost

Financial instruments

The Group's financial instruments comprise cash together with various items such as trade and other receivables and trade and other payables etc. that arise directly from its operations. The main purpose of these financial instruments is to provide working capital.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities 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.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

1. ACCOUNTING POLICIES (CONTINUED)

Equity instruments

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

Inventories

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

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

The tax currently payable is based on the taxable profit for the year. Taxable profit/(loss) differs from the net profit/(loss) reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share Based Payment

The Group has applied the requirements of IFRS 2 to share option schemes allowing certain employees within the Group to acquire shares of the Company. For all grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except where forfeiture is only due to market-based conditions not achieving the threshold for vesting. The expense is recognised over the expected life of the option.

1. ACCOUNTING POLICIES (CONTINUED)

Pension Contributions

The Company operates a money purchase pension scheme for certain employees. The cost of the contribution is charged in the profit and loss account as incurred.

Accruals and deferred income

Accruals and deferred income includes the value of tickets sold for competitions which have not been completed at the accounting date and the cost of prizes to be awarded to winners.

2. SEGMENTAL REPORTING

The Directors consider that the primary reporting format is by business segment and that there is only one such segment being that of competition operators. This disclosure has already been provided in these financial statements.

All of the Group's material operations are located in the United Kingdom.

3. EMPLOYEES AND DIRECTORS

	2010	*2009*
	£	*£*
Wages and salaries	2,829,707	2,915,305
Social security costs	31,122	31,064
	2,860,829	2,946,369

The average monthly number of employees during the year was as follows:

	2010	*2009*
Sales	62	68
Administration	14	13
Management	3	4
	79	85

	2010	*2009*
	£	*£*
Directors' remuneration	326,719	324,907

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

Information regarding the highest paid Director is as follows:

	2010	*2009*
	£	*£*
Emoluments etc	160,218	156,880

4. EXCEPTIONAL ITEMS

During 2009, the Company received £82,000 with respect to overpaid VAT on foreign internet sales. This amount has been included in turnover for the year ended 30th April 2009.

5. NET FINANCE INCOME

	2010 £	*2009* £
Finance income:		
Deposit account interest	31,153	55,474

6. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2010 £	*2009* £
Cost of inventories recognised as expense	1,420,859	1,750,168
Depreciation – owned assets	291,638	252,841
(Profit)/Loss on disposal of fixed assets	(6,922)	6,658
Auditors' remuneration	37,357	38,612
Foreign exchange differences	7,658	(16,890)
Operating leases – Land and buildings	1,558,821	1,235,849

Amounts payable to the auditors and their associates in respect of both audit and non-audit services:

	Year ended 30th April 2010 £	*Year ended 30th April 2009* £
Audit services		
– Statutory audit	25,112	26,250
– other services relating to such legislation	13,500	13,500
Tax services- compliance services	–	–
Other Services	–	–

7. INCOME TAX

Analysis of the tax charge

	2010 £	*2009* £
Current tax:		
Tax	148,419	136,016
Overprovision in prior year	–	(10,376)
Under provision in prior year	10,038	–
Total current tax	158,457	125,640
Deferred tax	(19,188)	13,356
Total tax charge in income statement	139,269	138,996

7. INCOME TAX (CONTINUED)

Factors affecting the tax charge

The tax assessed for the year is higher (2009 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2010	*2009*
	£	£
Profit on ordinary activities before tax	480,241	518,614
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	134,467	145,212
Effects of:		
Expenses not deductible for tax purposes	6,720	2,610
Capital allowances in excess of depreciation	3,341	4,620
Marginal relief	(3,622)	(16,426)
Loss/(Profit) on disposal of assets	(1,938)	–
(Over)/under provision in prior year from 1st April 2008	10,038	(10,376)
Overseas Group losses for the year	9,451	–
Total income tax	158,457	125,640

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial year was £374,725 (2009 – £376,973).

9. DIVIDENDS

During the year, the Company paid a dividend equating to 1.1 pence per share as recommended in the accounts to 30th April 2009.

The Board is recommending a final dividend payment of 1.2 pence per share for the full year ended 30th April 2010 subject to shareholder approval at the AGM on the 16th September 2010. A final dividend is covered 2.2 times by earnings per share and will be paid on 15th October 2010 to shareholders on the register on 17th September 2010.

The total distribution of dividends for the year ended 30th April 2010 will be £152,619.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

10. EARNINGS PER SHARE (CONTINUED)

Reconciliations are set out below.

	Earnings £'000	*2010 Weighted average number of shares*	*Per-share amount pence*
Basic EPS			
Earnings attributable to ordinary shareholders	341	12,718,254	2.68
Effect of dilutive securities			
Options	–	273,254	–
Diluted EPS			
Adjusted earnings	341	12,991,508	2.62

	Earnings £'000	*2009 Weighted average number of shares*	*Per-share amount pence*
Basic EPS			
Earnings attributable to ordinary shareholders	380	12,718,254	2.98
Effect of dilutive securities			
Options	–	262,367	–
Diluted EPS			
Adjusted earnings	380	12,980,621	2.92

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Long leasehold £	*Improvements to property* £	*Fixtures and fittings* £
COST			
At 1st May 2009	437,800	21,845	956,488
Additions	–	–	230,532
Disposals	–	–	(64,604)
At 30th April 2010	437,800	21,845	1,122,416
DEPRECIATION			
At 1st May 2009	–	–	403,221
Charge for year	–	–	200,524
Eliminated on disposal	–	–	(21,782)
At 30th April 2010	–	–	581,963
NET BOOK VALUE			
At 30th April 2010	437,800	21,845	540,453
At 30th April 2009	437,800	21,845	553,267

	Motor vehicles £	*Computer equipment* £	*Totals* £
COST			
At 1st May 2009	45,452	294,199	1,755,784
Additions	9,388	237,053	476,973
Disposals	–	(3,863)	(68,467)
At 30th April 2010	54,840	527,389	2,164,290
DEPRECIATION			
At 1st May 2009	11,126	169,060	583,407
Charge for year	9,559	81,555	291,638
Eliminated on disposal	–	(3,058)	(24,840)
At 30th April 2010	20,685	247,557	850,205
NET BOOK VALUE			
At 30th April 2010	34,155	279,832	1,314,085
At 30th April 2009	34,326	125,139	1,172,377

No depreciation is provided on long leasehold land and buildings as in the opinion of the Directors, the Group's policy of repair and refurbishment is such that the residual values taken as a whole are at least equal to their book values.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Long leasehold £	*Improvements to property* £	*Fixtures and fittings* £
COST			
At 1st May 2009	437,800	21,845	956,488
Additions	–	–	230,532
Disposals	–	–	(64,604)
At 30th April 2010	437,800	21,845	1,122,416
DEPRECIATION			
At 1st May 2009	–	–	403,221
Charge for year	–	–	200,524
Eliminated on disposal	–	–	(21,782)
At 30th April 2010	–	–	581,963
NET BOOK VALUE			
At 30th April 2010	437,800	21,845	540,453
At 30th April 2009	437,800	21,845	553,267

	Motor vehicles £	*Computer equipment* £	*Totals* £
COST			
At 1st May 2009	45,452	294,199	1,755,784
Additions	9,388	237,053	476,973
Disposals	–	(3,863)	(68,467)
At 30th April 2010	54,840	527,389	2,164,290
DEPRECIATION			
At 1st May 2009	11,126	169,060	583,407
Charge for year	9,559	81,555	291,638
Eliminated on disposal	–	(3,058)	(24,840)
At 30th April 2010	20,685	247,557	850,205
NET BOOK VALUE			
At 30th April 2010	34,155	279,832	1,314,085
At 30th April 2009	34,326	125,139	1,172,377

12. INVESTMENTS

Company

	Shares in Group Undertakings £
COST	
As at 1st May 2009 and 30th April 2010	12,500
NET BOOK VALUE	
At 30th April 2010	12,500

The Group or the Company's investments at the balance sheet date in the share capital of the Companies include the following:

Subsidiary
Best of the Best ApS
Country of operation: Denmark
Nature of business: Competition Operator

Class of shares:	*% holding*
Ordinary	100.00

	2010 £	*2009* £
Aggregate capital and reserves	(12,276)	21,480
Profit/(loss) for the year	(33,755)	2,647

13. INVENTORIES

	Group		*Company*	
	2010 £	*2009* £	*2010* £	*2009* £
Finished goods	1,420,859	1,738,721	1,420,859	1,738,721

14. TRADE AND OTHER RECEIVABLES

	Group		*Company*	
	2010 £	*2009* £	*2010* £	*2009* £
Current:				
Trade debtors	8,748	2,029	8,748	2,029
Amounts owed by Group undertakings	–	–	43,517	52,247
Other debtors	100,557	112,462	87,609	83,882
	109,305	114,491	139,874	138,158

15. CASH AND CASH EQUIVALENTS

	Group		*Company*	
	2010	*2009*	*2010*	*2009*
	£	*£*	*£*	*£*
Cash in hand	977	39	977	39
Bank accounts	2,289,264	1,988,268	2,229,158	1,867,249
	2,290,241	1,988,307	2,230,135	1,867,288

16. RESERVES

Group

	Retained earnings	*Share premium*	*Other reserves*	*Totals*
	£	*£*	*£*	*£*
At 1st May 2009	1,513,672	1,782,622	144,967	3,441,261
Profit for the year	340,972	–	–	340,972
Dividends	(139,901)	–	–	(139,901)
Employee Benefits	–	–	2,843	2,843
At 30th April 2010	1,714,743	1,782,622	147,810	3,645,175

Company

	Retained earnings	*Share premium*	*Other reserves*	*Totals*
	£	*£*	*£*	*£*
At 1st May 2009	1,504,695	1,782,622	144,967	3,432,284
Profit for the year	374,725	–	–	374,725
Dividends	(139,901)	–	–	(139,901)
Employee Benefits	–	–	2,843	2,843
At 30th April 2010	1,739,519	1,782,622	147,810	3,669,951

17. TRADE AND OTHER PAYABLES

	Group		*Company*	
	2010	*2009*	*2010*	*2009*
	£	*£*	*£*	*£*
Current:				
Trade creditors	147,754	157,628	147,736	126,595
Social security and other taxes	219,731	219,206	194,008	180,332
Other creditors	359,707	422,910	343,635	416,942
	727,192	799,744	685,379	723,869

18. LEASING AGREEMENTS

Group

	Non-cancellable operating leases 2010	2009
	£	£
Within one year	1,074,060	748,983

Company

	2010	2009
	£	£
Within one year	974,060	648,983

19. DEFERRED TAX

Company

	2010	2009
	£	£
Balance at 1st May	(3,021)	(16,377)
Movement in the year	(19,188)	13,356
Balance at 30th April	(22,209)	(3,021)

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	*Class:*	*Nominal value:*	*2010 £'000*	*2009 £'000*
12,718,254	Ordinary shares	5p	636	636

No shares have been issued during or subsequent to the year ended 30th April 2010.

21. TRANSACTIONS WITH DIRECTORS

M W Hindmarch is a Non-executive Director of Best of the Best Plc. During the year ended 30th April 2010 payments were made in respect of consultancy services received during the year from M W Hindmarch. These payments totalled £6,000 for the year (2009: £8,500) and the balance owed at the end of the year was £nil (2009: £1,700).

Also during the year the Group made payments in respect of consultancy services to W Henbrey a Non-executive Director. These payments totalled £6,000 for the year (2009: £8,000) and the balance owed at the end of the year was £nil (2009: £4,000).

Various Executive and Non-executive Directors have been granted share options, details for which can be found in the Directors and Remuneration Reports.

22. RELATED PARTY DISCLOSURES

During the period the Group entered into of transactions with related parties, all of which are undertaken in the normal course of trading. Details of these are set out below.

During the period the Group undertook transactions with BAA plc, a company connected by virtue of its shareholding. These transactions were made up of rental charges totalling £833,987 (2009: £855,333) and other charges totalling £35,480 (2009: £47,307). As at 30 April 2010, the amount owed to BAA plc was £13,296 (2009: £12,812).

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Board of Directors by virtue of their combined 59 per cent. shareholding. No individual Director has ultimate control of the Company.

24. RECONCILIATION OF MOVEMENTS IN RESERVES

Group

	2010	*2009*
	£	£
Profit for the financial year	340,972	379,618
Dividends	(139,901)	(127,183)
	201,071	252,435
Employee share schemes adjustment	2,843	38,556
Net addition to reserves	203,914	290,991
Opening reserves	4,077,174	3,786,183
Closing reserves	4,281,088	4,077,174

Company

	2010	*2009*
	£	£
Profit for the financial year	374,725	376,973
Dividends	(139,901)	(127,183)
	234,824	249,790
Employee share schemes adjustment	2,843	38,556
Net addition to reserves	237,667	288,346
Opening reserves	4,068,197	3,779,851
Closing reserves	4,305,864	4,068,197

Notes to the Consolidated Financial Statements (continued)
For The Year Ended 30th April 2010

25. SHARE BASED PAYMENTS

Details of the share options outstanding during the year are as follows:

Grant Date	*Outstanding at 1st May 2009*	*Granted during the period*	*Exercised during the period*	*Forfeited during the period*	*Outstanding at 30th April 2010*	*Expiry Date*	*Weighted Ave.exercise price*
8-8-2006	127,182	–	–	–	127,182	7-8-2016	£0.05
7-8-2006	10,000	–	–	(10,000)	–	7-8-2016	£0.63
7-8-2006	5,000	–	–	(5,000)	–	31-7-2010	£0.63
7-8-2006	10,000	–	–	(10,000)	–	31-7-2010	£0.63
7-8-2006	10,000	–	–	–	10,000	7-8-2016	£0.63
7-8-2006	79,365	–	–	–	79,365	7-8-2016	£0.63
7-8-2006	79,365	–	–	–	79,365	7-8-2016	£0.63
24-10-2006	15,000	–	–	–	15,000	23-10-2016	£0.62
30-4-2007	46,619	–	–	–	46,619	29-4-2017	£0.05
19-7-2007	63,492	–	–	–	63,492	18-7-2017	£0.05
20-9-2007	400,000	–	–	–	400,000	19-9-2017	£0.595
20-11-2007	10,000	–	–	–	10,000	20-11-2017	£0.545
23-5-2008	10,000	–	–	–	10,000	22-5-2018	£0.355
23-5-2008	10,000	–	–	(10,000)	–	22-5-2018	£0.355
23-5-2008	2,000	–	–	–	2,000	22-5-2018	£0.355
23-5-2008	2,000	–	–	(2,000)	–	22-5-2018	£0.355
23-5-2008	2,000	–	–	–	2,000	22-5-2018	£0.355
23-5-2008	1,000	–	–	–	1,000	22-5-2018	£0.355
23-5-2008	1,000	–	–	(1,000)	–	22-5-2018	£0.355
14-1-2009	5,000	–	–	–	5,000	13-01-2019	£0.235
17-7-2008	74,528	–	–	–	74,528	16-7-2018	£0.315
17-7-2008	75,472	–	–	–	75,472	16-7-2018	£0.05
8-4-2008	180,000	–	–	–	180,000	7-7-2019	£0.315
17-7-2008	50,000	–	–	–	50,000	16-7-2018	£0.315
10-11-2009	–	20,000	–	–	20,000	9-11-2019	£0.375

The Group operates a share option scheme for certain Directors and employees of the Group. Options are exercisable at a price defined by the individual option agreement. The vesting period varies according to the individual employment contract (between one and three years). If the options remain unexercised during the specified period from the date of grant, the options expire. Options are generally forfeited if the employee leaves the Group before the options vest, however this is at the discretion of the Board.

As at 30th April 2010 a total of 1,251,023 subscription rights had been issued to Directors and employees and remained outstanding. Members of the Board hold share options as disclosed in the Directors and Remuneration Reports.

The inputs into the Black-Scholes model are as follows:

Weighted Average share price	Stated Above
Expected volatility	40%
Expected life	10 years
Vesting periods	Varying between one and three years
Risk-free rate	4.5%
Expected dividends	Zero

BEST OF THE BEST PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Best of the Best PLC (the "Company") will be held at the offices of Charles Stanley Securities, 25 Luke Street, London EC2A 4AR on Thursday 16th September 2010 at 1.30 p.m. (the "Meeting") for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Company's financial statements together with the reports thereon of the Directors and auditors for the year ended 30th April 2010.
2. To declare a final dividend of 1.2 pence per ordinary share for the year ended 30th April 2010.
3. To re-elect William Hindmarch as a Director of the Company.
4. To re-elect Colin Hargrave as a Director of the Company.
5. To re-appoint the auditors, Wilkins Kennedy, as auditors of the Company until the conclusion of the next Annual General Meeting.
6. To authorise the Directors to set the auditors' remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8, 9 and 10 will be proposed as special resolutions:

7. **ORDINARY RESOLUTION**

   THAT (in substitution for all subsisting authorities) the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £211,970 for the period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months after the passing of this resolution (whichever is the earliest) but the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired.

8. **SPECIAL RESOLUTION**

   THAT, subject to the passing of resolution 7, the Directors be and they are hereby empowered pursuant to section 551 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 7 as if section 561 of the Act did not apply to the allotment. This power is limited to:

   (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:

      (i) to deal with equity securities representing fractional entitlements; and

      (ii) to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount of £31,795

for the period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months after the passing of this resolution (whichever is the earliest) but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

9. **SPECIAL RESOLUTION**

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 5p each in the Company provided that:

(a) the maximum number of ordinary shares which may be purchased is 1,271,825 (representing 10 per cent. of the Company's issued ordinary share capital as at 13th August 2010);

(b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 5 pence;

(c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;

(d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless previously renewed, varied or revoked by the Company in general meeting); and

(e) the Company may, before such expiry, enter into one or more contracts to purchase ordinary shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

10. **SPECIAL RESOLUTION**

THAT,

(a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(b) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board

PRISM COSEC LIMITED
COMPANY SECRETARY
13th August 2010

REGISTERED OFFICE:

2 Plato Place
72–74 St. Dionis Road
London SW6 4TU

Notes:

(a) A member entitled to attend and vote is entitled to appoint one or more proxies, who need not be members of the Company, to attend, speak and vote instead of him. To be valid, a Form of Proxy must be received, together with any power of attorney or other authority under which it is executed (or a duly certified copy of such power or authority), by the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 48 hours before the time fixed for the meeting. The completion and return of a Form of Proxy will not preclude a member from attending and voting at the Meeting in person.

(b) Pursuant to regulation 41 of the Uncertificated Regulations 2001, the Company specifies that only those shareholders registered on the register of members of the Company as at 6.00 p.m. on 14th September 2010 (being not more than 48 hours prior to the time fixed for the Meeting) shall be entitled to attend and vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at that time or if the meeting is adjourned 48 hours before the time fixed for the adjourned meeting (as the case maybe). In each case, changes to entries on the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(c) Copies of all letters of appointment between the Company and its Non-executive Directors are available for inspection at the registered office of the Company during normal business hours, and will be available for inspection at 25 Luke Street, London EC2A 4AR at least 15 minutes prior to the commencement of, and during the continuance of, the Annual General Meeting.

(d) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend and speak and vote at the meeting. A member may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares. If you appoint more than one proxy, then on each Proxy Form you must specify the number of shares for which each proxy is appointed.

(e) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(f) Explanatory notes in relation to the resolutions to be proposed at the Meeting are set out below.

BEST OF THE BEST PLC

EXPLANATORY NOTES TO THE RESOLUTIONS

RESOLUTION 1: REPORTS AND ACCOUNTS

The Directors are required to present to the meeting the audited accounts and the reports of the Directors and the auditors for the financial year ended 30th April 2010.

RESOLUTION 2: DECLARATION OF DIVIDEND

Final dividends must be approved by shareholders but cannot exceed the amount recommended by the Directors.

RESOLUTIONS 3 AND 4: RE-APPOINTMENT OF DIRECTORS

Under the Company's Articles of Association, Directors are obliged to retire by rotation every three years. Biographical details of these Directors are set out on pages 10 & 11 of the Annual Report.

RESOLUTION 5: RE-APPOINTMENT OF AUDITORS

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the end of the next such meeting. This resolution proposes the re-appointment of Wilkins Kennedy.

RESOLUTION 6: AUTHORITY TO SET THE AUDITORS' REMUNERATION

In accordance with standard practice, this resolution gives authority to the Directors to determine the remuneration to be paid to the auditors.

RESOLUTION 7: AUTHORITY TO ALLOT SHARES

Section 549 of the Companies Act 2006 provides, in relation to all companies, that the Directors may not allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company unless authorised to do so by the Company in general meeting or by its Articles of Association. Accordingly, this resolution seeks renewal, for a further period expiring at the earlier of the close of the next annual general meeting of the Company and fifteen months after the passing of the resolution, of the authority previously granted to the Directors at the last annual general meeting of the Company. This authority will relate to a total of 4,239,418 ordinary shares of 5 pence each, representing approximately one third of the Company's issued share capital as at the date of this Notice.

While this resolution empowers the Directors to allot shares they are required to effect any such allotment on a pre-emptive basis save to the extent that they are otherwise authorised. Resolution 8 below contains a limited power to allot on a non pre-emptive basis. The Directors have no present intention of allotting, or agreeing to allot, any shares otherwise than in connection with employee share schemes, to the extent permitted by such schemes.

RESOLUTION 8: DIS-APPLICATION OF PRE-EMPTION RIGHTS

If the Directors wish to allot any shares of the Company for cash in accordance with the authority granted at this year's annual general meeting these must generally be offered first to shareholders in proportion to their existing shareholdings.

In certain circumstances, it may be in the interests of the Company for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders. In line with normal practice, this resolution, which will be proposed as a special resolution, seeks approval to renew the current authority to exclude the statutory pre-emption rights for issues of shares having a maximum aggregate nominal value of up to £31,795, representing 5 per cent. of the Company's issued share capital as at the date of this Notice.

In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, the resolution also permits the Directors to make appropriate exclusions or arrangements to deal with such difficulties.

This authority would be effective until the earlier of the conclusion of the next annual general meeting of the Company and fifteen months after the passing of the resolution. The Directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

RESOLUTION 9: PURCHASE OF OWN SHARES

The Directors believe that it is in the interests of the Company and its members to continue to have the flexibility to purchase its own shares and this resolution seeks authority from members to do so. The Directors intend only to exercise this authority where, after considering market conditions prevailing at the time, they believe that the effect of such exercise would be to increase the earnings per share and be in the best interests of shareholders generally.

The effect of such purchases would either be to cancel the number of shares in issue or the Directors may elect to hold them in treasury pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "**Treasury Share Regulations**"), which came into force on 1st December 2003.

The Treasury Share Regulations enable certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by a company in accordance with the Companies Act 2006. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under a company's employee share scheme. Once held in treasury, a company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the company's assets may be made to the company in respect of the treasury shares.

This resolution renews the authority given at the Annual General Meeting held on 17th September 2009 and would be limited to 1,271,825 ordinary shares, representing approximately 10 per cent. of the issued share capital at 13th August 2010. The Directors intend to seek renewal of this power at each Annual General Meeting.

As of 13th August 2010 there were options outstanding over 1,251,023 shares, representing 9.84 per cent. of the Company's issued share capital. If the authority given by this resolution was to be fully used, this would represent 10.9 per cent. of the Company's issued share capital.

RESOLUTION 10: ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Act came into full force on 1st October 2009. It is proposed to adopt new articles of association (the "**New Articles**") to update the existing articles of association of the Company adopted on 18th September 2008 (the "**Current Articles**") to reflect these changes to English company law.

The principal changes as reflected in the New Articles are set out below. Changes which are of a minor, technical or consequential nature are not highlighted here and the attention of shareholders is drawn to the New Articles (marked 'A') to be produced to the meeting. A copy of the New Articles is available for inspection at the Company's registered office.

1. THE COMPANY'S OBJECTS

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for companies existing at 1st October 2009, are deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's articles of association as of 1st October 2009. Resolution 10 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main removed from the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3. CHANGE OF NAME

Currently, a company can only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

4. AUTHORISED SHARE CAPITAL AND UNISSUED SHARES

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

5. REDEEMABLE SHARES

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables Directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

6. AUTHORITY TO PURCHASE OWN SHARES, CONSOLIDATE AND SUB-DIVIDE SHARES, AND REDUCE SHARE CAPITAL

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company only requires shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7. ADJOURNMENTS FOR LACK OF QUORUM

Under the Companies Act 2006 as amended by the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholders Rights Regulations**"), general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

8. GENERAL MEETINGS

In accordance with the Companies Act 2006 all references to "extraordinary" general meetings are now references to either annual general meetings or general meetings and references to "extraordinary" resolutions have been replaced with "special" resolutions. The notice period for all general meetings is 14 clear days and the notice period for annual general meetings is 21 clear days.

9. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

10. USE OF SEALS

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Since 1st October 2009 such authority is no longer required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors may approve.

11. SUSPENSION OF REGISTRATION OF SHARE TRANSFERS

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

12. VACATION OF OFFICE BY DIRECTORS

The Current Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

13. RETIREMENT OF DIRECTORS

The provisions regarding the retirement by rotation of Directors have been simplified within the New Articles to provide that each Director shall retire from office and be eligible for re-appointment at the third general meeting after the meeting at which he was appointed. In addition, in accordance with the Companies Act 2006, Directors are no longer required to retire upon the first general meeting following their 70th birthday.

14. DIRECTORS BORROWING POWERS

The Current Articles restrict the borrowing powers of the Directors to an amount that is four times the "Adjusted Capital and Reserves." The New Articles retain this restriction, however, the definition of Adjusted Capital and Reserves has been amended to take account of any variation in the interests of the Company in any subsidiary undertaking and also any other factor which the Directors or auditors consider relevant.

15. VOTING BY PROXIES ON A SHOW OF HANDS

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

16. REFUSAL TO REGISTER A TRANSFER OF SHARES

In line with the requirements of the Companies Act 2006, where the Directors refuse to register a transfer of shares they must give the transferee reasons for refusal "as soon as practicable" and, in any event, within two months of the transfer being lodged with the Company. The New Articles incorporate this requirement.

17. UNCERTIFICATED SHARES

The New Articles clarify the position in respect of the Uncertificated Securities Regulations 2001 (the "**Regulations**"). The Regulations providing for legal title to uncertificated securities to transfer simultaneously with the settlement of transactions within CREST. This is done by having two parallel registers of members for securities held in certificated and uncertificated form. The New Articles clarify the position that no provision shall apply or have effect that is inconsistent with the maintenance of the register held by CREST.

18. ELECTRONIC COMMUNICATIONS

The Companies Act 2006 provisions on electronic and web communication have been reflected in the New Articles and this provides for notices to be given by electronic communications and also by notification that a document is available on a website. The deeming provisions in the New Articles provide that a notice given by email is deemed given on the following day and that a document published on a website is deemed given when the notification of publication would be deemed given.

19. CHAIRMAN'S CASTING VOTE

The New Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

20. VOTING RIGHTS

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The New Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

21. DISCLOSURE OF INTERESTS IN SHARES

The provisions regarding the disclosure of interests in shares have been amended and updated to reflect the provisions of the Companies Act 2006.

22. GENERAL

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills. In particular, such amendments include:

22.1 the exclusion of treasury shares when calculating (i) the proportion of a class consenting to any variation of class rights and also (ii) the total voting rights of members when a poll is demanded at a general meeting;

22.2 clarification that a member upon whom a call is made shall remain jointly and severally liable with any successors in title to his shares for calls made upon such shares notwithstanding the subsequent transfer of the shares in respect of which the call was made;

22.3 upon deposit of an instrument of transfer executed by someone other than the transferor the Board can require evidence of the authority of that person to do so;

22.4 in respect of further shares issued to untraced shareholders ("**Further Shares**") since the original date of issue of such shares, such Further Shares shall also be liable to be sold by the Company if that member is untraced; and

22.5 when distributing the proceeds of the sale of fractional entitlements, the Board shall be authorised to retain such entitlements up to a cap of £5 per holding.

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