

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
ENVISAGE GROUP LIMITED**



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for the year ended 31 December 2010**

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ENVISAGE GROUP LIMITED
COMPANY INFORMATION
for the year ended 31 December 2010

DIRECTORS:

B W Campbell
A K Cattrell
B M Horner
I Easton

SECRETARY:

N P Howard

REGISTERED OFFICE:

12 Herald Way
Binley Industrial Estate
Coventry
Warwickshire
CV3 2NY

REGISTERED NUMBER:

06876270 (England and Wales)

AUDITORS:

Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**CHAIRMAN'S REPORT
for the year ended 31 December 2010**

I would like to welcome all readers to the first Group Annual Report of Envisage Group Limited

Envisage was formed in 2009 by experienced industry professionals, backed by private individual shareholders, to create a complete, world class provider of solutions for the design and pre- production functions within the transportation sector

Although our roots lie in the automotive sector, we now cover a range of product areas using our consolidated skills and knowledge to ensure best practice is shared and applied across the range of industries we serve, for the benefit of all our customers

The Group currently comprises

Cattrell Hudson Technical Recruitment - providing expert contractors on assignments of varying lengths, primarily to the design departments of OEMs in the UK automotive sector

Automotive CAD Technology - ACT provide hardware, software, training and support, plus turnkey solutions, mostly for the automotive sector

Visioneering - providing tooling, modelling and prototype engineering services to the highest possible standards of excellence

AST Design and Engineering - providing hardware, software, support and total design solutions primarily to the rail, aerospace and defence sectors

AST Recruitment - providing permanent and temporary personnel to the rail, defence and general engineering sectors

Qvisage Design - Trading under the name of Design FL, a boutique design house offering innovative design services

The group was assembled in one of the most challenging trading environments we could have imagined, and it is very encouraging to note that we have been able to record a profit at an EBITDA level in our first full year as a group. As trading conditions improve in our target markets we look forward to a period of significant growth despite general economic conditions

In 2011, in response to customer requests and general demand levels, we opened our new World class 32,000 sq ft showroom and studio facility in Progress Close, Coventry. On the back of this considerable investment, we have achieved solid growth and look forward to increased synergy and co-operation between group companies leading to improved profitability

As we seek to realise our vision of becoming the complete World class solution provider to our clients, I am pleased to note that we currently have three contracts in progress which involve participation from various different companies in the group

We are constantly seeking ways to improve on the service we offer our customers. To this end we continue to search for performance improvements in our existing group companies and will also look for suitable acquisitions and joint venture opportunities that complement and expand our portfolio

These achievements could not have been realised without the hard work, dedication and attention to detail of all our staff. We are very lucky to have great teams working in all of our companies who take immense pride in what they do and always want to offer the very best they can. I would like to offer my thanks for their effort during this period of consolidation and look forward to achieving even greater things together in future as our group expands and grows to meet our customer's needs

Bryan Campbell
Chairman

**REPORT OF THE DIRECTORS
for the year ended 31 December 2010**

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

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of creative design engineering, the provision of CAD services and recruitment services

REVIEW OF BUSINESS

During the year the financial and operational performance of the Group improved significantly on 2009, which was a difficult year particularly in the Automotive sector. By the end of 2010 the group was trading profitably and showed a small group profit at EBITDA level for the year as a whole

In April, Cattrell Hudson Technical Recruitment, Automotive CAD Technology, and Qvisage Design joined the group, greatly increasing the range of services we offer, but still positioning us mainly in the automotive sector. In August, we acquired AST Design and Engineering, and AST Recruitment, which gave us access to the rail, defence, aerospace and general engineering sectors

Risk analysis

Historically the business has been largely dependent on the automotive sector. At present, this sector is particularly buoyant, with many of our customers engaged in significant new vehicle programmes. The acquisition of the AST companies, together with our investment in the new World class showroom and studio facility with state of the art technology, have widened our sector coverage and reduced our reliance upon the automotive sector, although it remains a significant sector within our customer base

Because of strong demand in the sectors they serve, our recruitment divisions are competing for contractors to place in markets where the supply of qualified people is restricted. We have increased our recruitment resource and by delivering a good quality of service and competitive rates we are progressing well

Order books remain encouragingly strong in our manufacturing companies as we are predominantly involved at design and pre-production phases. The nature of our products mean that we are not immediately affected by reduced vehicle output, although we are obviously reliant upon the continued success of our major customers for our long term sustainability. Again we see our diversification into other sectors as an important aspect of our risk management strategy

Development

In 2010, and so far in 2011, all of the constituent businesses have progressed on an individual basis and improved their performance. More importantly in some ways, we have started to win contracts that involve several aspects of the Group's services - business that we would not have been in a position to bid for historically. This success supports the groups' stated strategy of providing total solutions to our customers' needs

During 2011, our shareholders have invested in excess of £2m in a new World class facility and new manufacturing and specialist IT equipment. This too has added to the range of services we can offer and is already generating significant new income for us

Key Performance Indicators

At this early stage of the Group's development, it is difficult to discern trends in the published results. Internally, we manage the key performance indicators, both operational and financial, through weekly management meetings and variance analysis

Our twin aims for 2011 and beyond are to generate improved returns for our shareholders in our existing businesses and to increase our critical mass through organic growth and appropriate acquisitions and joint ventures. Our shareholders continue to invest in the future of the group and support our plans to create a truly World class, multi-faceted Group, which can meet the increasing demands of a global customer base

REPORT OF THE DIRECTORS
for the year ended 31 December 2010

Outlook

Since the year end, the group has traded well in strong markets and we look forward to a further improvement in profitability during 2011 with an enhanced net asset position

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

B W Campbell
A K Cattrell
B M Horner

Other changes in directors holding office are as follows

I Easton was appointed as a director after 31 December 2010 but prior to the date of this report

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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,
- 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.

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.

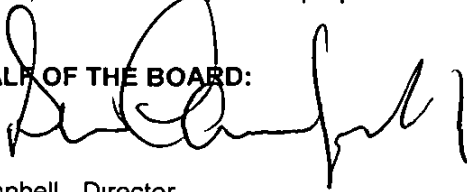
ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**REPORT OF THE DIRECTORS
for the year ended 31 December 2010**

AUDITORS

The auditors, Dafferns LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'B W Campbell', written over the text 'ON BEHALF OF THE BOARD:'.

B W Campbell - Director

20 December 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ENVISAGE GROUP LIMITED

We have audited the financial statements of Envisage Group Limited for the year ended 31 December 2010 on pages eight to thirty. 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 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 four, 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 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.

Basis for qualified opinion on financial statements

With respect to stock the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2010, since that date was prior to our appointment as auditor of the group and company. Owing to the nature of the group's records, we are unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

Likewise, we are unable to satisfy ourselves by alternative means concerning the stock and accrued income, at 31 December 2009. Since opening stock and accrued income enter into the determination of the financial performance we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements:

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

Other matters

The corresponding figures are unaudited.

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
ENVISAGE GROUP LIMITED**

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock and accrued income, described above

- we have not obtained all the information and explanations that we consider necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

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

- 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



Geoffrey Cox BA ACA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

20 December 2011

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	Notes	Year Ended 31 12 10		Period 14 4 09 to 31 12 09 as restated	
		£	£	£	£
TURNOVER			7,980,529		1,213,015
Continuing operations		2,626,871		1,213,015	
Acquisitions		5,353,658		-	
		<u>7,980,529</u>		<u>1,213,015</u>	
Cost of sales	2		6,634,814		1,570,059
GROSS PROFIT/(LOSS)	2		1,345,715		(357,044)
Net operating expenses	2		1,516,393		889,399
OPERATING LOSS	4		(170,678)		(1,246,443)
Continuing operations		(442,693)		(1,246,443)	
Acquisitions		272,015		-	
		<u>(170,678)</u>		<u>(1,246,443)</u>	
Interest payable and similar charges	5		119,452		81,015
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(290,130)		(1,327,458)
Tax on loss on ordinary activities	6		-		-
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP			<u>(290,130)</u>		<u>(1,327,458)</u>

The notes form part of these financial statements

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010**

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
	£	
LOSS FOR THE FINANCIAL YEAR	(290,130)	(1,327,458)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(290,130)	<u>(1,327,458)</u>
Prior year adjustment	Note 8	
	(87,000)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>(377,130)</u>	

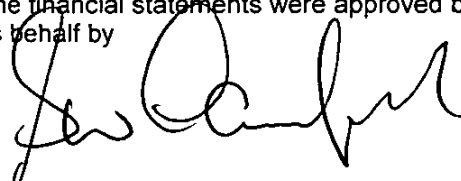
The notes form part of these financial statements

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

CONSOLIDATED BALANCE SHEET
31 December 2010

		2010		2009 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		2,027,934		888,749
Tangible assets	10		1,993,632		1,430,364
Investments	11		-		-
			<u>4,021,566</u>		<u>2,319,113</u>
CURRENT ASSETS					
Stocks	12	92,878		45,742	
Debtors	13	1,515,068		406,568	
Cash at bank and in hand		20,511		1,416	
		<u>1,628,457</u>		<u>453,726</u>	
CREDITORS					
Amounts falling due within one year	14	2,562,998		3,286,457	
NET CURRENT LIABILITIES			<u>(934,541)</u>		<u>(2,832,731)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,087,025		(513,618)
CREDITORS					
Amounts falling due after more than one year	15		743,613		803,840
NET ASSETS/(LIABILITIES)			<u><u>2,343,412</u></u>		<u><u>(1,317,458)</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		3,961,000		10,000
Profit and loss account	20		<u>(1,617,588)</u>		<u>(1,327,458)</u>
SHAREHOLDERS' FUNDS	25		<u><u>2,343,412</u></u>		<u><u>(1,317,458)</u></u>

The financial statements were approved by the Board of Directors on 20 December 2011 and were signed on its behalf by



B W Campbell - Director

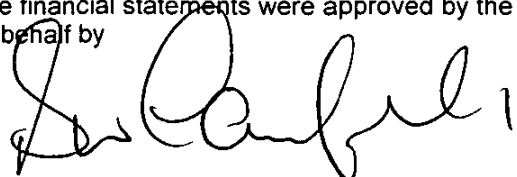
The notes form part of these financial statements

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

COMPANY BALANCE SHEET
31 December 2010

		2010		2009 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		6,000		-
Investments	11		3,267,424		1,296,573
			<u>3,273,424</u>		<u>1,296,573</u>
CURRENT ASSETS					
Debtors	13	901,788		348,141	
Cash at bank		108,154		930	
		<u>1,009,942</u>		<u>349,071</u>	
CREDITORS					
Amounts falling due within one year	14	586,812		1,742,509	
NET CURRENT ASSETS/(LIABILITIES)			<u>423,130</u>		<u>(1,393,438)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>3,696,554</u></u>		<u><u>(96,865)</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		3,961,000		10,000
Profit and loss account	20		(264,446)		(106,865)
SHAREHOLDERS' FUNDS	25		<u><u>3,696,554</u></u>		<u><u>(96,865)</u></u>

The financial statements were approved by the Board of Directors on 20 December 2011 and were signed on its behalf by



B W Campbell - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2010

		Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(1,251,356)	268,399
Returns on investments and servicing of finance	2	(75,432)	(81,015)
Taxation		(24,808)	-
Capital expenditure	2	(433,436)	(55,617)
Acquisitions and disposals	2	(1,286,753)	(1,150,941)
		(3,071,785)	(1,019,174)
Financing	2	2,949,618	842,717
Decrease in cash in the period		(122,167)	(176,457)
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(122,167)	(176,457)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		1,001,382	(832,717)
Change in net debt resulting from cash flows		879,215	(1,009,174)
New finance leases		(151,408)	-
Hire purchase acquired		-	(158,015)
Mortgage acquired		-	(746,517)
Bank loan acquired		-	(29,857)
Movement in net debt in the period		727,807	(1,943,563)
Net debt at 1 January		(1,943,563)	-
Net debt at 31 December		(1,215,756)	(1,943,563)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2010

1 RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
Operating loss	(170,678)	(1,246,443)
Depreciation charges	214,660	86,805
Reversal of impairment	(74,529)	-
(Increase)/Decrease in stocks	(38,072)	19,270
Decrease in debtors	985,058	251,664
(Decrease)/Increase in creditors	(2,167,795)	1,157,103
Net cash (outflow)/inflow from operating activities	(1,251,356)	268,399

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
Returns on investments and servicing of finance		
Interest paid	(61,247)	(74,913)
Interest element of hire purchase payments	(14,185)	(6,102)
Net cash outflow for returns on investments and servicing of finance	(75,432)	(81,015)
Capital expenditure		
Purchase of tangible fixed assets	(433,436)	(55,617)
Net cash outflow for capital expenditure	(433,436)	(55,617)
Acquisitions and disposals		
Purchase of subsidiaries	(962,351)	(950,073)
Bank overdraft acquired	(219,402)	(200,868)
Deferred consideration paid on purchase of subsidiary last year	(105,000)	-
Net cash outflow for acquisitions and disposals	(1,286,753)	(1,150,941)

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2010**

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
	£	£
Financing		
New loans in year	-	120,000
Loan from parent company	(812,500)	812,500
Mortgage repayments	(65,120)	(47,375)
Bank loans repayments	(37,189)	(18,890)
Capital repayments in year	(86,573)	(33,518)
Share issue	3,951,000	10,000
Net cash inflow from financing	2,949,618	842,717

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 10 £	Cash flow £	Other non-cash changes £	At 31 12 10 £
Net cash				
Cash at bank and in hand	1,416	19,095		20,511
Bank overdraft	(177,873)	(141,262)		(319,135)
	<u>(176,457)</u>	<u>(122,167)</u>		<u>(298,624)</u>
Debt				
Hire purchase	(124,497)	86,573	(151,408)	(189,332)
Debts falling due within one year	(912,998)	914,809	(96,755)	(94,944)
Debts falling due after one year	(729,611)	-	96,755	(632,856)
	<u>(1,767,106)</u>	<u>1,001,382</u>	<u>(151,408)</u>	<u>(917,132)</u>
Total	<u>(1,943,563)</u>	<u>879,215</u>	<u>(151,408)</u>	<u>(1,215,756)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The consolidated financial statements incorporate the accounts of the company and all of its operating subsidiaries

Acquisitions are accounted for under the equity accounting method

Turnover and profits arising on trading between group companies are excluded

Going concern

These financial statements have been prepared on the basis that the group will continue trading as a going concern

The group's ultimate parent, Envisage Investments Limited, has confirmed that it will continue to provide the company with sufficient financial support and working capital to fund the losses and enable the group to meet its ongoing liabilities as they fall due

On this basis the directors consider the going concern basis of accounting remains appropriate

Turnover

Turnover represents the fair value of services provided during the period on client assignments. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on the time spent, skills and expertise provided and expenses incurred. Turnover excludes Value Added Tax.

Unbilled turnover on individual client assignments would be included as accrued income within debtors

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2009 and 2010, is being amortised evenly over its estimated useful life of twenty years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Plant and machinery	- 33% straight line, 25% straight line, 25% on reducing balance and 10% straight line
Fixtures and fittings	- 25% straight line
Motor vehicles	- 33% straight line

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

2 ANALYSIS OF OPERATIONS

	Continuing £	2010 Acquisitions £	Total £
Cost of sales	<u>1,929,672</u>	<u>4,705,142</u>	<u>6,634,814</u>
Gross profit	<u>697,199</u>	<u>648,516</u>	<u>1,345,715</u>
Net operating expenses			
Administrative expenses	1,167,892	376,501	1,544,393
Other operating income	(28,000)	-	(28,000)
	<u>1,139,892</u>	<u>376,501</u>	<u>1,516,393</u>
	Continuing £	2009 as restated Acquisitions £	Total £
Cost of sales	<u>1,570,059</u>	<u>-</u>	<u>1,570,059</u>
Gross loss	<u>(357,044)</u>	<u>-</u>	<u>(357,044)</u>
Net operating expenses			
Administrative expenses	939,399	-	939,399
Other operating income	(50,000)	-	(50,000)
	<u>889,399</u>	<u>-</u>	<u>889,399</u>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010**

3 STAFF COSTS

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
Wages and salaries	1,580,603	878,084
Social security costs	126,301	144,439
Other pension costs	29,614	23,016
	<u>1,736,518</u>	<u>1,045,539</u>

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

Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated
<u>48</u>	<u>37</u>

4 OPERATING LOSS

The operating loss is stated after charging

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
Hire of plant and machinery	664	921
Other operating leases	-	4,503
Depreciation - owned assets	75,014	33,517
Depreciation - assets on hire purchase contracts	55,460	18,661
Goodwill amortisation	84,186	34,627
Auditors' remuneration	2,500	-
Auditors' remuneration - Subsidiaries	7,500	-
	<u>246,599</u>	<u>67,509</u>

Information regarding the highest paid director for the year ended 31 December 2010 is as follows

Year Ended 31 12 10
£
<u>128,176</u>

Emoluments etc

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
	£	£
Bank interest	12,180	-
Mortgage	34,599	30,785
Loan	14,468	44,128
HMR&C Penalties	44,020	-
Hire purchase	14,185	6,102
	<u>119,452</u>	<u>81,015</u>

6 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the period ended 31 December 2009

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 31 12 10	Period 14 4 09 to 31 12 09 as restated £
	£	£
Loss on ordinary activities before tax	<u>(290,130)</u>	<u>(1,327,458)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	(60,927)	(278,766)
Effects of		
Disallowed expenditure	47,511	12,856
Capital allowances in excess of depreciation	(10,514)	(4,107)
Utilised losses brought forward	(55,887)	-
Unutilised losses carried forward	<u>79,817</u>	<u>270,017</u>
Current tax charge	<u>-</u>	<u>-</u>

7 LOSS 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 loss for the financial year was £(157,581) (2009 - £(106,865))

8 PRIOR YEAR ADJUSTMENT

The prior year adjustments relates to 2009 management charges of £87,000 which were not posted in error last year

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010**

9 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2010	923,376
Additions	1,223,371
At 31 December 2010	<u>2,146,747</u>
AMORTISATION	
At 1 January 2010	34,627
Amortisation for year	84,186
At 31 December 2010	<u>118,813</u>
NET BOOK VALUE	
At 31 December 2010	<u>2,027,934</u>
At 31 December 2009	<u>888,749</u>

10 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 January 2010	1,100,000	-	630,850
Additions	-	-	389,159
Acquired	-	11,247	-
At 31 December 2010	<u>1,100,000</u>	<u>11,247</u>	<u>1,020,009</u>
DEPRECIATION			
At 1 January 2010	-	-	300,486
Charge for year	-	1,000	77,827
Reversal of impairments	-	-	-
Acquired	-	6,447	-
At 31 December 2010	<u>-</u>	<u>7,447</u>	<u>378,313</u>
NET BOOK VALUE			
At 31 December 2010	<u>1,100,000</u>	<u>3,800</u>	<u>641,696</u>
At 31 December 2009	<u>1,100,000</u>	<u>-</u>	<u>330,364</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

10 TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2010	-	-	1,730,850
Additions	55,690	139,995	584,844
Acquired	560,248	12,990	584,485
	<u>615,938</u>	<u>152,985</u>	<u>2,900,179</u>
At 31 December 2010			
DEPRECIATION			
At 1 January 2010	-	-	300,486
Charge for year	18,913	32,734	130,474
Reversal of impairments	(74,529)	-	(74,529)
Acquired	533,927	9,742	550,116
	<u>478,311</u>	<u>42,476</u>	<u>906,547</u>
At 31 December 2010			
NET BOOK VALUE			
At 31 December 2010	<u>137,627</u>	<u>110,509</u>	<u>1,993,632</u>
At 31 December 2009	<u>-</u>	<u>-</u>	<u>1,430,364</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2010	243,500	-	243,500
Additions	-	139,995	139,995
	<u>243,500</u>	<u>139,995</u>	<u>383,495</u>
At 31 December 2010			
DEPRECIATION			
At 1 January 2010	55,109	-	55,109
Charge for year	24,350	31,110	55,460
	<u>79,459</u>	<u>31,110</u>	<u>110,569</u>
At 31 December 2010			
NET BOOK VALUE			
At 31 December 2010	<u>164,041</u>	<u>108,885</u>	<u>272,926</u>
At 31 December 2009	<u>188,391</u>	<u>-</u>	<u>188,391</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

10 TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £
COST	
Additions	6,000
At 31 December 2010	<u>6,000</u>
NET BOOK VALUE	
At 31 December 2010	<u><u>6,000</u></u>

11 FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2010	1,296,573
Additions	1,970,851
At 31 December 2010	<u>3,267,424</u>
NET BOOK VALUE	
At 31 December 2010	<u><u>3,267,424</u></u>
At 31 December 2009	<u><u>1,296,573</u></u>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010**

11 FIXED ASSET INVESTMENTS - continued

The company holds 100% of the issued share capital of the following companies -

<u>Name of Company</u>	<u>Principal activity</u>
Visioneering Limited	Creative design engineering
Automotive CAD Technology Limited	CAD Services for the automotive industry
Cattrell Hudson Partners Limited	Recruitment services to automotive industry
QVisage Design Limited	Communication and data installation engineers
AST Design and Engineering Limited	Engineering design and draughting consultancy
AST Recruitment Limited	Recruitment services

On 31 March 2010 Envisage Group Limited acquired 100% of the issued share capital of Automotive CAD Technology Limited for a consideration of £430,000. The investment has been included in the company's balance sheet at its fair value at date of acquisition.

Analysis of acquisition - Automotive CAD Technology Limited	Book value
	£
Tangible Fixed Assets	18,975
Debtors	867,504
Bank overdraft	(670,571)
Creditors	(262,830)
	<hr/>
Net liabilities acquired	(46,922)
Goodwill arising on acquisition	476,922
	<hr/>
Consideration - Cash	430,000
	<hr/> <hr/>

Automotive CAD Technology Limited had a loss after tax of £80,279 for the period 1 January 2010 to 31 March 2010 (2009 Loss £168,691). The summarised profit and loss account for the period 1 January 2010 to the effective date of acquisition is as follows -

	2010(Period to acquisition) £	2009(full year) £
Turnover	311,648	1,595,071
Operating loss	(80,440)	(191,800)
Interest received	161	8
Interest payable	-	(46)
	<hr/>	<hr/>
Loss before taxation	(80,279)	(191,838)
Taxation	-	23,147
	<hr/>	<hr/>
Loss after taxation	(80,279)	(168,691)
	<hr/> <hr/>	<hr/> <hr/>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

11 FIXED ASSET INVESTMENTS - continued

On 31 March 2010 Envisage Group Limited acquired 100% of the issued share capital of Cattrell Hudson Partners Limited for no consideration. The investment has been included in the company's balance sheet at its fair value at date of acquisition.

Analysis of acquisition - Cattrell Hudson Partners Limited	Book value
	£
Debtors	854,584
Cash at bank and in hand	363,817
Creditors	(1,506,991)
	<hr/>
Net liabilities acquired	(288,590)
Goodwill arising on acquisition	288,590
	<hr/>
Consideration - Cash	-
	<hr/> <hr/>

Cattrell Hudson Partners Limited had a loss after tax of £42,782 for the period 1 January 2010 to 31 March 2010 (2009 Loss £312,505). The summarised profit and loss account for the period 1 January 2010 to the effective date of acquisition is as follows -

	2010(Period to acquisition) £	2009(full year) £
Turnover	859,234	1,904,017
	<hr/>	<hr/>
Operating loss	(39,988)	(308,871)
Interest payable	(2,794)	(6,599)
	<hr/>	<hr/>
Loss before taxation	(42,782)	(315,470)
Taxation	-	2,965
	<hr/>	<hr/>
Loss after taxation	(42,782)	(312,505)
	<hr/> <hr/>	<hr/> <hr/>

On 31 March 2010 Envisage Group Limited acquired 100% of the issued share capital of QVisage Design Limited for no consideration. The investment has been included in the company's balance sheet at its fair value at date of acquisition.

Analysis of acquisition - QVisage Design Limited	Book value
	£
Bank overdraft	(4,996)
Creditors	(208,464)
	<hr/>
Net liabilities acquired	(213,460)
Goodwill arising on acquisition	213,460
	<hr/>
Consideration - Cash	-
	<hr/> <hr/>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

11 FIXED ASSET INVESTMENTS - continued

QVisage Design Limited had a loss after tax of £12,390 for the period 1 January 2010 to 31 March 2010 (2009 Loss £62,112) The summarised profit and loss account for the period 1 January 2010 to the effective date of acquisition is as follows -

	2006(Period to acquisition) £	2009(full year) £
Turnover	-	26,171
Operating loss	(12,390)	(62,037)
Interest payable	-	(75)
Loss before taxation	(12,390)	(62,112)
Taxation	-	-
Loss after taxation	(12,390)	(62,112)

On 4 August 2010 Envisage Group Limited acquired 100% of the issued share capital of AST Recruitment Limited for a consideration of £285,344 including deferred consideration of £25,000 The investment has been included in the company's balance sheet at its fair value at date of acquisition

Analysis of acquisition - AST Recruitment Limited

	Book value £
Tangible Fixed Assets	9,258
Debtors	265,357
Bank overdraft	(81,568)
Creditors	(175,585)
Net assets acquired	17,462
Goodwill arising on acquisition	267,882
Consideration - Cash	260,344
- Deferred	25,000
	285,344

AST Recruitment Limited earned a profit after tax of £3,980 for the period 1 July 2010 to 4 August 2010 (2010 Loss £11,436) The summarised profit and loss account for the period 1 July 2010 to the effective date of acquisition is as follows -

	2010(Period to acquisition) £	Year 30 June 2010(full year) £
Turnover	282,760	2,796,828
Operating profit	4,274	(8,063)
Interest payable	(294)	(4,127)
Profit before taxation	3,980	(12,190)
Taxation	-	754
Profit after taxation	3,980	(11,436)

ENVISAGE GROUP LIMITED (REGISTERED NUMBER. 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

11 FIXED ASSET INVESTMENTS - continued

On 4 August 2010 Envisage Group Limited acquired 100% of the issued share capital of AST Design & Engineering Limited (formerly AST Resourcing Limited) for a consideration of £285,344 including deferred consideration of £25,000. The investment has been included in the company's balance sheet at its fair value at date of acquisition.

Analysis of acquisition - AST Design & Engineering Limited		Book value
		£
Tangible Fixed Assets		6,136
Stocks		9,064
Debtors		89,725
Cash at bank and in hand		173,916
Creditors		(99,851)
Net assets acquired		<u>178,990</u>
Goodwill arising on acquisition		<u>106,354</u>
Consideration - Cash	260,344	
- Deferred	<u>25,000</u>	<u>285,344</u>

AST Design & Engineering Limited had a loss after tax of £15,865 for the period 1 July 2010 to 4 August 2010 (2010 Loss £41,670). The summarised profit and loss account for the period 1 July 2010 to the effective date of acquisition is as follows -

	2010(Period to acquisition) £	Year 30 June 2010(full year) £
Turnover	<u>26,211</u>	<u>649,604</u>
Operating loss and loss before taxation	(15,865)	(50,495)
Taxation	<u>-</u>	<u>8,825</u>
Loss after taxation	<u>(15,865)</u>	<u>(41,670)</u>

12 STOCKS

	2010	Group 2009 as restated £
Stocks	<u>£ 92,878</u>	<u>£ 45,742</u>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009 as restated	2010	2009 as restated
	£	£	£	£
Trade debtors	1,012,329	378,683	21,253	-
Amounts owed by group undertakings	71,150	-	843,593	305,000
Other debtors	45,284	20,000	-	40,000
Tax	25,968	-	-	-
VAT	-	-	16,431	3,141
Prepayments and accrued income	360,337	7,885	20,511	-
	<u>1,515,068</u>	<u>406,568</u>	<u>901,788</u>	<u>348,141</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009 as restated	2010	2009 as restated
	£	£	£	£
Mortgage, bank loans and overdraft (see note 16)	414,079	278,371	-	-
Hire purchase contracts (see note 17)	78,575	50,268	-	-
Trade creditors	933,383	451,592	6,956	20,633
Amounts owed to group undertakings	-	-	420,151	812,500
Social security and other taxes	421,315	302,352	-	-
Other creditors	209,968	2,201,624	150,000	907,126
Directors' current accounts	1,713	-	-	-
Accruals and deferred income	503,965	2,250	9,705	2,250
	<u>2,562,998</u>	<u>3,286,457</u>	<u>586,812</u>	<u>1,742,509</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2010	2009 as restated
	£	£
Mortgage and bank loans (see note 16)	632,856	729,611
Hire purchase contracts (see note 17)	110,757	74,229
	<u>743,613</u>	<u>803,840</u>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010**

16 LOANS

An analysis of the maturity of loans is given below

	2010	Group 2009 as restated £
	£	
Amounts falling due within one year or on demand		
Bank overdrafts	319,135	177,873
Bank loans	31,778	37,332
Mortgage	63,166	63,166
	<u>414,079</u>	<u>278,371</u>
Amounts falling due between one and two years		
Bank loans	24,000	31,778
Mortgage	63,167	63,167
	<u>87,167</u>	<u>94,945</u>
Amounts falling due between two and five years		
Bank loans	38,000	61,857
Mortgage	189,502	189,502
	<u>227,502</u>	<u>251,359</u>
Amounts falling due in more than five years		
Repayable by instalments		
Mortgage	318,187	383,307
	<u>318,187</u>	<u>383,307</u>

The mortgage is repayable by quarterly instalments of £15,792 Interest is charged at 2 5% and 2 8%(for £100,000 of balance) above base rate

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	2010	Hire purchase contracts 2009 as restated £
	£	
Net obligations repayable		
Within one year	78,575	50,268
Between one and five years	110,757	74,229
	<u>189,332</u>	<u>124,497</u>

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

Group

	Other operating leases	
	2010	2009 as restated
	£	£
Expiring Between one and five years	10,966	-

18 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2010	2009 as restated
	£	£
Bank overdrafts	319,135	177,873
Mortgage and bank loans	727,800	830,109
Hire purchase contracts	189,332	124,497
	<u>1,236,267</u>	<u>1,132,479</u>

The bank overdraft, mortgage and bank loans are secured by a charge over the freehold property, a fixed and floating charges over the assets of the company and fellow group companies. Certain specified assets which are the subject of finance agreements are excluded from the bank's charge.

Cross guarantees exists between -

- Envisage Group Limited, Automotive CAD Technology Limited, Cattrell Hudson Partners Limited, and QVisage Design Limited

- Envisage Group Limited and Visioneering Limited

19 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009 as restated
Number	Class	Nominal value		£
			£	£
3,961,000	Ordinary	£1	<u>3,961,000</u>	<u>10,000</u>

3,951,000 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

20 RESERVES

Group

	Profit and loss account £
At 1 January 2010	(1,240,458)
Prior year adjustment	(87,000)
	<u>(1,327,458)</u>
Deficit for the year	(290,130)
At 31 December 2010	<u><u>(1,617,588)</u></u>

Company

	Profit and loss account £
At 1 January 2010	(106,865)
Deficit for the year	(157,581)
At 31 December 2010	<u><u>(264,446)</u></u>

21 ULTIMATE PARENT COMPANY

The company's parent company is Envisage Investments Limited, a company registered in Guernsey

22 CONTINGENT LIABILITIES

The company has entered into cross guarantees in favour of HSBC Bank plc in respect of Visioneering Limited. At 31 December 2010 the contingent liability under that guarantee was £892,538 (2009 £989,348)

23 CAPITAL COMMITMENTS

	2010	2009 as restated
	£	£
Contracted but not provided for in the financial statements	<u><u>1,529,874</u></u>	<u><u>-</u></u>

24 ULTIMATE CONTROLLING PARTY

The company is controlled by G G Hudson

ENVISAGE GROUP LIMITED (REGISTERED NUMBER: 06876270)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010	2009 as restated
	£	£
Loss for the financial year	(290,130)	(1,327,458)
Shares issued	3,951,000	10,000
Net addition/(reduction) to shareholders' funds	<u>3,660,870</u>	<u>(1,317,458)</u>
Opening shareholders' funds (originally £(1,230,458) before prior year adjustment of £(87,000))	<u>(1,317,458)</u>	<u>-</u>
Closing shareholders' funds	<u><u>2,343,412</u></u>	<u><u>(1,317,458)</u></u>

Company

	2010	2009 as restated
	£	£
Loss for the financial year	(157,581)	(106,865)
Shares issued	3,951,000	10,000
Net addition/(reduction) to shareholders' funds	<u>3,793,419</u>	<u>(96,865)</u>
Opening shareholders' funds	<u>(96,865)</u>	<u>-</u>
Closing shareholders' funds	<u><u>3,696,554</u></u>	<u><u>(96,865)</u></u>