Lo-Q plc

Report of the Directors and

Consolidated Financial Statements for the year ended 31 October 2011

Lo-Q plc

Contents of the Consolidated Financial Statements
for the year ended 31 October 2011

Company Information
for the year ended 31 October 2011

DIRECTORS:	J Weston, Non-Executive Chairman T Burnet, Executive L Sim, Executive J Alder, Executive A Bone, Non-Executive J Lillywhite, Non-Executive D Gammon, Non-Executive
SECRETARY:	M Bruce David Venus & Company Thames House Portsmouth Road Esher Surrey KT10 9AD
REGISTERED OFFICE:	Thames House Portsmouth Road Esher Surrey KT10 9AD
REGISTERED NUMBER:	03959429 (England and Wales)
AUDITORS:	Menzies LLP Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
BANKERS:	HSBC Bank plc 26 Broad Street Reading RG1 2BU

Chairman's Report

These results demonstrate nothing short of an excellent year for Lo-Q in 2011. Despite the continuing challenge of global economic conditions, with theme park attendances being slightly lower than in 2010, Lo-Q's revenues, profits and cash have each exceeded both our own and the market's expectations.

Operationally and strategically the year has seen many positive and exciting initiatives take shape, each of which will play an important role in Lo-Q's future growth.

Our product development and operational teams have demonstrated the technical and commercial opportunity for Q-band, our water park product. Following a successful trial at Six Flags White Water in the United States we are delighted to have signed contracts for the installation of our Q-band product at ten water parks in time for the 2012 season. This is a significant achievement, coming so soon after the initial launch of this solution in June. I also remain confident that our continued investment in the development of smartphone solutions will undoubtedly widen our market opportunity globally.

We were proud and delighted that our international expansion has been recognised in the shape of a Queen's Award for International Trade. Achievements of this kind result from the considerable efforts of our global Lo-Q team, each of whom has worked hard to make 2011 a record year. Their energy, enthusiasm and innovative spirit is a real asset to Lo-Q and on behalf of the entire Board of Directors, I thank them for their efforts.

With new parks to install and operate, those efforts will need to be maintained in 2012. The year ahead will be one of yet more opportunity for Lo-Q as we start to see the benefits of the initiatives put in place in late 2011. The installation of Lo-Q technology in our recently contracted new parks will undoubtedly test our service organisation, but progress is already well underway. Given the strength of our team, our product line-up and a very healthy sales pipeline, I am confident that we can continue to generate premium growth and will continue improving guest experiences at more theme and water parks around the world.

John Weston
Non-Executive Chairman

Delivering on our objectives

Having joined the Company in October 2010, this represents my first full year as Chief Executive of Lo-Q. Early on in my tenure, I set our team a number of objectives: to energise sales efforts, to launch new products, and to make in-roads into complementary markets adjacent to our theme park core. Each one of these objectives, I felt, was important if we were to fully capitalise on the exciting opportunities our technology opens up. I am delighted to report that we have delivered on each objective and additionally achieved a strong financial performance.

Despite the tough underlying economic conditions we were able to deliver a 16.4 percent increase in profit before tax, rising to £2.7m (2010: £2.3m). This strong profit performance was supported by revenue growth of 20.9 percent, rising to £24.5m (2010: £20.3m). Additionally, we have been able to end the year with a strong net cash position of £7.5m, up 25% from the 2010 figure of £6.0m whilst maintaining our investment in research and development and expansion of the business.

Underpinning these excellent figures has been the continued consumer usage of our solutions. This year we recorded a 17 percent year-on-year increase in average park guest spend on our products. With the benefit of additional deployments of our Q-bot product, over 1.2m guests used a Lo-Q product in 2011, a nine percent increase, which against the backdrop of a three percent decline in like-for-like park attendances, we are particularly proud of.

Transforming our operations and reach

This year has seen the benefit of our investment in sales and marketing talent and discipline. The Company already maintains strong relationships with the theme park operators, with which it partners, helping them to improve and enhance the visitor experience for their guests. During the year, these relationships have been extended or strengthened by new park installations and by the successful extension of our contractual relationship with Dollywood for a further three years.

This momentum has continued, post period-end. Perhaps the strongest signal so far of this momentum came in November, when our agreement to supply our Q-bot solution to Six Flags, our largest customer, was extended to the end of 2017.

During the year we have invested in building a robust sales pipeline which reflects the strength of our core product set and post period end we have been able to announce a further Q-bot win at LEGOLAND Deutschland.

The pattern of contract wins is a reflection of the trading year of our customers. Typically, they and we direct our focus in the summer season delivering excellent guest experiences in the parks, and expect to sign new business in the closed season. We are conscious that this seasonality limits the nature and timing of our market updates during the operating season but we will continue to communicate trading performance appropriately.

In December, we took an important step toward enhancing our offering and signed a global partnership with MasterCard. Under the terms of this partnership, Lo-Q will work with MasterCard to develop a new contactless payment solution that combines MasterCard's Tap & Go™ PayPass™ payments technology with Lo-Q's innovative queuing software and systems. This represents an exciting, long-term opportunity for us to further enhance the value of our solutions and we are proud to be associated with such a large, blue-chip global brand.

Targeting new opportunities

Operationally, the Company has continued to develop new and innovative products and solutions, using them to make important first steps in to adjacent target markets where Lo-Q technology has the potential to enhance both visitor experience and operator returns.

The most notable example of this is our Q-band product, launched during the year and designed specifically for use in the adjacent water park market. The product returned such impressive initial results from its first trial that Six Flags, the operator that hosted the trial has since engaged us to roll out the system in its nine water parks across North America for a six year term. This resoundingly positive endorsement by the world's largest regional theme park operator underpins our confidence in the product, its potential and our ability to target the water park market opportunity successfully over the medium to long term. In addition, Q-band is currently being installed at Palace Entertainments' "Splish Splash" water park in Long Island. This is good early progress for a new, emerging product and we will continue to focus hard on its development in the year ahead.

Lo-Q plc
Chief Executive Officer's Report
for the year ending 31 October 2011

This year's progress is demonstrative of the prioritised product development roadmap for our Company. The early success seen with our smartphone-based solution is another example of this. As announced post period-end, the Company has signed a twelve-week pilot for its innovative smartphone-based solution with one of London's best known attractions. This trial, the first of its kind in the UK, represents an important technological advancement for the Company as well as an exciting first step towards extending Lo-Q's offering outside of its core theme park base and into the promising 'single line' attraction vertical, which includes a large range of potential future customers including popular tourist sites, sport stadiums, festivals, concerts, museums and special exhibitions.

In the year ahead we plan to trial the delivery of our Q-bot system on guests' smartphones in a North American park. This is an important development, both for opportunities in our current core geographies and as we devote increasing attention to opportunity in Asia. We will also continue to develop our mobile ticketing, payments and scheduling software capability as we look to develop further business in 'single-line' attractions and in adjacent markets.

Board Changes

In May, we welcomed John Weston as our Non-Executive Chairman. His appointment, together with the arrival of David Gammon as Non-Executive Director, has strengthened the Board and both have made significant contributions since joining the Board.

Our People

I would like to echo the Chairman's comments and recognise the commitment and hard work of the permanent team and seasonal staff that we employ across our operation. Without their unfailing enthusiasm and hard work, the performance demonstrated this year would be impossible.

As an incentive and to reward employees for their loyalty to the Company, additional share option schemes have been established.

In addition, as announced in March 2011, the remuneration committee of the board recommended, and the board approved, an incentive arrangement to establish an employee benefit trust. The impact of this type of senior management incentive arrangement has brought forward share dilution versus an option only incentive scheme and this explains the reduction in Earnings Per Share for the year.

FTSE Reclassification

Earlier this year, FTSE agreed that it was more appropriate for Lo-Q to be classified as a Software company within the Software sector. This change took effect from Monday 20 June 2011.

Dividend

As consistently communicated, it is the view of the Board that the payment of a dividend is unlikely in the short to medium term, given anticipated new product investment or deployment and other investment opportunities.

Summary and Outlook for 2012

2011 was an excellent year for Lo-Q. We delivered significant progress from existing installations, announced long term contracted commitments in relation to existing and new products and established important beachheads in new markets. In short, we have achieved every single objective we set for ourselves at the start of the year. The strategic initiatives implemented will provide the framework for longer term progress and the hard work and determination of the team together with the continued development of innovative new products has created a strong platform on which to build in 2012.

Notwithstanding the challenges of opening 11 new operations around the world, I am confident that we have initiated the momentum that will define our future business

Tom Burnet
Chief Executive Officer

Lo-Q plc

Report of the Directors
for the year ended 31 October 2011

The directors present their report with the financial statements of the company and the Group for the year ended 31 October 2011.

PRINCIPAL ACTIVITY

The principal activity of the Group in the period under review was that of development and application of virtual queuing technologies.

The Group made a Profit before tax of £2,701,515. After taxation a sum of £1,940,819 has been transferred to retained earnings.

The Group will continue to develop, market, sell, and operate its virtual queuing technologies.

REVIEW OF BUSINESS

The results for the period and financial position of the company and the group are as shown in the annexed financial statements and explained in the Chairman's report and CEO's statement.

DIVIDENDS

No dividends will be proposed for the year ended 31 October 2011.

KEY PERFORMANCE INDICATORS

The Group has a very seasonal cash flow due to its income arising largely from park operations, through the daily renting of Q-bots to park guests. Park attendances peak in the summer months, and so income peaks in these months. The Group watches the cash generated during each week's trading in detail and includes this inflow in the weekly production of cash position modelling.

Overhead costs are to a large extent known well in advance and are thus very predictable.

RESEARCH AND DEVELOPMENT

The Group's research and development activities relate to the development of virtual queuing technologies, by applying state of the art communications and information technology. During the year ended 31 October 2011 the Group invested £694,890 (2010 – £807,980) into research and development.

DIRECTORS

The directors during the period under review were:

John Weston, Non-Executive Chairman (appointed 1 May 2011)
Tom Burnet, Executive
Leonard Sim, Executive
John Alder, Executive
Anthony Bone, Non-Executive
John Lillywhite, Non-Executive
David Gammon, Non-Executive (appointed 30 November 2010)
Steve Drake, Executive (resigned 30 November 2010)
Paul Cassar, Executive (resigned 30 November 2010)
Colin Robertson, Executive (resigned 30 November 2010)

Report of the Directors
for the year ended 31 October 2011

The beneficial interests of the directors holding office on 31 October 2011 in the issued share capital of the company were as follows:

Ordinary Share Capital £0.01 shares	As at 31 October 2011	As at 1 November 2010 or date of appointment
John Weston, Non-Executive Chairman	55,700	26,200
Tom Burnet, Executive	-	-
Leonard Sim, Executive	3,243,575	4,343,575
John Alder, Executive	6,612	6,612
Anthony Bone, Non-Executive	381,517	381,517
John Lillywhite, Non-Executive	145,000	145,500
David Gammon, Non-Executive	30,000	-

Details of the directors' share options are disclosed in Note 4.

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the Group's objective to obtain the best possible terms for all business and abide by the terms of business agreed. At 31 October 2011 trade creditors represented 28.8 days (2010 – 41.2 days) purchases for the Group, and 25.5 days (2010 – 41.2 days) purchases for the company.

FINANCIAL INSTRUMENTS

Details of the Group's financial risk management objectives and policies, including the use of financial instruments, are included within the accounting policies in Note 2 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

As at 16 February 2012 the company had been notified that the following were interested in 3% or more of the ordinary share capital of the company.

	Number of Ordinary Shares	% of Issued Ordinary Share Capital
Leonard Sim	3,243,575	18.78
Prudential plc and Subsidiaries	1,991,640	11.53
BlackRock Inc	1,043,903	6.04
Octopus Investments Nominees Limited	1,000,000	5.79
Lo-Q Trustees Limited	853,818	4.94
Amati Global Investors	749,200	4.34

Annual General Meeting

The Annual General Meeting of the Company will be held on Tuesday 27 March 2012. The notice convening the meeting is enclosed with these financial statements.

In addition to the ordinary business of the meeting which is set out in the proposed resolutions numbered 1 to 7 (inclusive) there are three items of special business, namely the proposed resolutions numbered 8 to 10 (inclusive) the effects of which are to renew the directors authority to allot shares, to dis-apply pre-emption rights and to approve the rules of the Lo-Q plc 2011 Share Option Scheme for Directors and Employees of Lo-Q Inc. Your attention is drawn to the Notes on each of these resolutions at the foot of the Notice and to the Notes generally.

Branch Registration

The Company registered as a branch in Germany in May 2011.

Corporate Governance

The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange. The Company is not required to report on compliance with the UK Corporate Governance Code ("the Code"), the Board of Directors acknowledges the importance of the principles of the Code and also the recommendations of the Quoted Companies Alliance in its publication "Corporate Governance Guidelines for Smaller Quoted Companies" and seeks to apply them as appropriate to the Company given its nature and size.

The Board of Directors comprises three executive directors and four independent non-executive directors, one of whom is the Chairman. The Company holds Board meetings regularly throughout the year at which financial and other reports are considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and major items of expenditure.

An Audit Committee has been established comprising John Lillywhite as Chairman, Anthony Bone and David Gammon all non-executive directors. The function of the Committee is to provide formal and transparent arrangements in considering how to apply the financial and reporting arrangements of the Code while maintaining an appropriate relationship with the independent auditors of the Group.

A Remuneration Committee has also been established comprising the following non-executive directors Anthony Bone as Chairman. John Lillywhite, and, David Gammon The Remuneration Committee meets as and when necessary but at least annually to review, inter alia, the performance and salaries of the executive directors and other senior members of the company.

It is considered that the composition and size of the Board does not warrant the appointment of a Nominations Committee and appointments are dealt with by the whole of the Board. The need to appoint such a Committee is subject to review by the Board.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. We are confident that the group outlook for 2012 is strong given that the New Year brings a combination of new park signings and the renegotiation of the contact with our major client. Underlying this, the business continues to perform well a strong balance sheet and cash position. For this reason, the board continue to adopt the going concern basis in preparing the accounts.

Disabled Employees

The Group's policy is one of equal opportunity in the selection, training, career development and promotion of staff. The Group has a policy not to discriminate against disabled employees for those vacancies that they are able to fill and will provide facilities, equipment and training to assist any disabled persons employed.

All necessary assistance with initial training courses will be given. Once employed, a career plan will be developed so as to ensure suitable opportunities for each disabled person. Arrangements will be made, wherever possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employees

The Group's policy is to consult and discuss with employees, by way of meetings and through personal contact by directors and other senior executives, matters likely to affect employees' interests.

Information on matters of concern to employees is given in meetings, handouts, letters and reports, which seek to achieve a common awareness on the part of all employees on the financial and economic factors affecting the Group's performance.

Report of the Directors
for the year ended 31 October 2011

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 of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

A resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

John Alder
Director

17 February 2012

Report of the Independent Auditors to the Members of Lo-Q plc
for the year ended 31 October 2011

We have audited the financial statements of Lo-Q plc for the year 31 October 2011 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 9, 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

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2011 and of the Group's and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of Lo-Q plc
for the year ended 31 October 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Andrew Denley FCA (Senior Statutory Auditor)

For and on behalf of
MENZIES LLP
Chartered Accountants and Statutory Auditors
Leatherhead
17 February 2012

Lo-Q plc

Consolidated Statement of Comprehensive Income
for the year ended 31 October 2011

INCOME STATEMENT	Notes	2011 £	2010 £
Revenue	3	**24,546,020**	20,304,048
Cost of Sales		**(18,339,014)**	(15,262,254)
Gross Profit		**6,207,006**	5,041,794
Administrative expenses		**(3,540,316)**	(2,728,395)
Operating Profit		**2,666,690**	2,313,399
Finance costs	5	**-**	(16)
Finance income	5	**34,825**	7,203
Profit Before Tax	6	**2,701,515**	2,320,586
Tax	7	**(760,696)**	(448,077)
Profit for the year		**1,940,819**	1,872,509
Other Comprehensive Income			
Exchange differences on translating foreign operations		**74,478**	(40,965)
Other Comprehensive Income for the year, Net of Tax		**74,478**	(40,965)
Total Comprehensive Income for the year		**2,015,297**	1,831,544
Profit attributable to Owners of the parent		**1,940,819**	1,872,509
Total comprehensive income attributable to Owners of the parent		**2,015,297**	1,831,544
Earnings per share expressed in pence per share:			
Basic	9	**11.54**	11.69
Diluted		**11.04**	11.23

All activities of the company are classified as continuing.

Lo-Q plc

Consolidated Statement of Financial Position
for the year ended 31 October 2011

	Notes	**2011** **£**	2010 £
Assets			
Non-Current Assets			
Intangible assets	10	**1,182,607**	1,203,770
Property, Plant, Equipment and Installed Systems	11	**477,775**	178,488
		1,660,382	1,382,258
Current Assets			
Inventories	13	**494,301**	243,273
Trade and other receivables	14	**1,134,576**	828,736
Tax receivable		**-**	1,030
Cash and cash equivalents	15	**7,497,791**	6,018,443
		9,126,668	7,091,482
Liabilities			
Current Liabilities			
Trade and other payables	16	**1,007,477**	1,005,118
Tax payable		**346,570**	208,801
		1,354,047	1,213,919
Net Current Assets		**7,772,621**	5,877,563
Net Assets		**9,433,003**	7,259,821
Shareholder's Equity			
Called up share capital	17	**171,702**	162,327
Share premium		**6,515,908**	5,132,482
Own Shares Held In Trust		**(1,331,956)**	-
Other Reserves		**238,661**	141,621
Retained earnings		**3,838,688**	1,823,391
Total equity		**9,433,003**	7,259,821
Total Shareholder's Equity		**9,433,003**	7,259,821

The financial statements were approved by the Board of Directors 17 February 2012 and were signed on its behalf by:

Tom Burnet
Chief Executive Officer
Registered Number : 03959429

The notes form part of these financial statements

Lo-Q plc

Company Statement of Financial Position
for the year ended 31 October 2011

	Notes	2011 £	2010 £
Assets			
Non-Current Assets			
Intangible assets	10	**1,182,546**	1,203,524
Property, Plant, Equipment and Installed Systems	11	**455,544**	149,204
Investments	12	**735**	735
		1,638,825	1,353,463
Current Assets			
Inventories	13	**86,724**	166,746
Trade and other receivables	14	**3,453,713**	1,324,115
Cash and cash equivalents	15	**6,346,548**	5,216,735
		9,886,985	6,707,596
Liabilities			
Current Liabilities			
Trade and other payables	16	**636,361**	625,516
Tax Payable		**330,983**	208,689
		967,344	834,205
Net Current Assets		**8,919,641**	5,873,391
Net Assets		**10,558,466**	7,226,854
Shareholders' Equity			
Called up share capital	17	**171,702**	162,327
Share premium		**6,515,908**	5,132,482
Other Reserves		**238,661**	141,621
Retained earnings		**3,632,195**	1,790,424
Total equity		**10,558,466**	7,226,854
Total Shareholders' Equity		**10,558,466**	7,226,854

The financial statements were approved by the Board of Directors 17 February 2012 and were signed on its behalf by:

Tom Burnet
Chief Executive Officer
Registered Number : 03959429

The notes form part of these financial statements

Lo-Q plc

Consolidated Statement of Cash Flow
for the year ended 31 October 2011

	Notes	2011 £	2010 £
Cash flows from operating activities			
Cash generated from operations	22	**2,882,023**	2,987,770
Interest paid		**-**	(16)
Tax paid		**(621,897)**	(528,007)
Net cash from operating activates		**2,260,126**	2,459,747
Cash flows from investing activities			
Purchase of intangible fixed assets		**(344,050)**	(741,252)
Purchase of tangible fixed assets		**(532,398)**	(229,610)
Interest received		**34,825**	7,203
Net cash used in investing activities		**(841,623)**	(963,659)
Cash flows from financing activities			
Share Issue		**837**	3,410
Share Premium		**60,008**	80,333
Net cash from financing activities		**60,845**	83,743
Increase in cash and cash equivalents	22	**1,479,348**	1,579,831
Cash and cash equivalents at beginning of year		**6,018,443**	4,438,612
Cash and cash equivalents at end of year	22	**7,497,791**	6,018,443

The notes form part of these financial statements

Lo-Q plc

Company Statement of Cash Flow
for the year ended 31 October 2011

	Notes	**2011**	2010
		£	£
Cash flows from operating activities			
Cash generated from operations	22	**2,468,185**	3,222,471
Interest paid		**-**	(16)
Tax paid		**(565,084)**	(426,819)
Net cash from operating activates		**1,903,101**	2,795,636
Cash flows from investing activities			
Purchase of intangible fixed assets		**(344,050)**	(741,252)
Purchase of tangible fixed assets		**(524,597)**	(194,282)
Interest received		**34,514**	5,549
Net cash used in investing activities		**(834,133)**	(929,985)
Cash flows from financing activities			
Share Issue		**837**	3,410
Share Premium		**60,008**	80,333
Net cash from financing activities		**60,845**	83,743
Increase in cash and cash equivalents	22	**1,129,813**	1,949,394
Cash and cash equivalents at beginning of year		**5,216,735**	3,267,341
Cash and cash equivalents at end of year	22	**6,346,548**	5,216,735

Lo-Q plc

Statement of Changes in Equity
for the year ended 31 October 2011

GROUP	Share capital	Retained earnings	Share premium	Own Shares Held In Trust	Other Reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2010	**162,327**	**1,823,391**	**5,132,482**	**-**	**141,621**	**7,259,821**
Profit for the year	-	1,940,819	-	-	-	**1,940,819**
Foreign exchange	-	74,478	-	-	-	**74,478**
Issue of share capital	9,375	-	1,383,426	-	-	**1,392,801**
Own Shares Held In Trust	-	-	-	(1,331,956)	-	**(1,331,956)**
Recognition of share-based Payments	-	-	-	-	97,040	**97,040**
Balance at 31 October 2011	**171,702**	**3,838,688**	**6,515,908**	**(1,331,956)**	**238,661**	**9,433,003**
	£	£	£	£	£	**£**
Balance at 1 November 2009	158,917	(8,153)	5,052,149	-	99,621	**5,302,534**
Profit for year	-	1,872,509	-	-	-	**1,872,509**
Foreign exchange	-	(40,965)	-	-	-	**(40,965)**
Issue of share capital	3,410	-	80,333	-	-	**83,743**
Recognition of share-based Payments	-	-	-	-	42,000	**42,000**
Balance at 31 October 2010	162,327	1,823,391	5,132,482	-	141,621	**7,259,821**

COMPANY	Share capital	Retained earnings	Share premium	Other Reserves	Total
	£	£	£	£	£
Balance at 1 November 2010	**162,327**	**1,790,424**	**5,132,482**	**141,621**	**7,226,854**
Profit for year	-	1,841,771	-	-	**1,841,771**
Issue of share capital	9,375	-	1,383,426	-	**1,392,801**
Recognition of share-based Payments	-	-	-	97,040	**97,040**
Balance at 31 October 2011	**171,702**	**3,632,195**	**6,515,908**	**238,661**	**10,558,466**
	£	£	£	£	**£**
Balance at 1 November 2009	158,917	58,635	5,052,149	99,621	**5,369,322**
Profit for year	-	1,731,789	-	-	**1,731,789**
Issue of share capital	3,410	-	80,333	-	**83,743**
Recognition of share-based Payments	-	-	-	42,000	**42,000**
Balance at 31 October 2010	162,327	1,790,424	5,132,482	141,621	**7,226,854**

1. ACCOUNTING POLICIES

Basis of preparation

Lo-Q plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The Company is domiciled in the United Kingdom and its registered address is Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.

The financial period represents the 52 weeks and 1 day to 31 October 2011 (prior financial year 52 weeks and 1 day to 31 October 2010). The consolidated financial statements for the 52 weeks and 1 day to 31 October 2011 comprise the financial statements of the Company and its subsidiaries ('Group'). The Group's principal activities are the development and application of virtual queuing technologies.

STATEMENT OF COMPLIANCE WITH IFRS'S

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the group are set out below.

The following new standard have been adopted during the period

It has not been necessary to adopt any new standards during the year ended 31 October 2011.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2011 and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

Amendments to IFRS 7 Financial Instrument: Disclosures (effective 1 January 2011/July 2011)
IFRS 9 Classification and Measurement of Financial Instruments (effective 1 January 2013)
IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13 Fair Value Measurement (effective 1 January 2013)
Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2011/July 2012)
Amendment to IAS 12 Income Taxes (effective 1 January 2012)
Amendment to IAS 12 Employee Benefits (effective 1 January 2013)
IAS 24 Related Party transactions (revised) (effective 1 January 2011)
IAS 27 Consolidated and Separate Financial Statements (reissued) (effective 1 January 2013)
IAS 28 Investments in Associates (reissued) (effective 1 January 2013)
Amendments to IAS 34 Interim Financial Reporting (effective 1 January 2011)

The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's Financial Statements, apart from additional disclosures.

Basis of Accounting

The financial statements of Lo-Q plc have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below.

Judgement and estimates

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets

Financial and non-financial assets including other intangibles are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Basis of consolidation

The consolidated financial statements incorporate the results of Lo-Q plc and all of its subsidiary undertakings as at 31 October 2011 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Disclosure and details of the subsidiaries are provided in note 12.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Lo-Q (Trustees) Limited, a subsidiary company that holds an employee benefit trust on behalf of Lo-Q plc is under control of the Board of Directors and hence has been consolidated into the Group results.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The results of subsidiaries are included in the Group income statement from the date of acquisition.

Revenue Recognition

Turnover arises from the development and application of virtual queuing technologies. Turnover represents either total rentals, net of sales taxes, to theme park or attraction guests or the Group's share of such rental. Total rentals are accounted for where the Group is responsible for the operation within the theme park.

Turnover also includes, where applicable, revenue from the financing of installed systems to new or existing theme parks. These systems are then leased back to the Group with the lease costs being recognised within cost of sales during the period or year as they fall due.

Interest expense recognition

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Employee expenses

The Group has applied the requirements of IFRS 2 Share-Based Payment. In accordance with the transitional provisions, IFRS2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2007.

The Group issues equity-settled share-based payments to full time employees. Equity settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model for all share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Commitments under operating leases

Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Property, Plant, Equipment and Installed Systems

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and Machinery	33.3%
Office equipment	33.3%
Installed Systems	25 – 33.3% or life of contract
Furniture and fixtures	20.0%

Inventories

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

Stocks are calculated on a first in first out basis.

Park Installations is valued on the basis of the cost of stock items and labour plus attributable overheads.

Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred Tax

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 profits ("temporary differences") and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax 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.

Research and development

In accordance with IAS 38 'Intangible Assets', expenditure incurred on research and development is distinguished as either to a research phase or to a development phase.

All advanced research phase expenditure is charged to the income statement. For development expenditure, this is capitalised as an internally generated intangible asset, only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

Development expenditure is capitalised and amortised within administrative expenses on a straight line basis over its useful economic life, which is considered to be up to a maximum of 5 years.

Intellectual property rights

Intellectual property rights comprise assets acquired relating to know how, patents and licences and have been capitalised at the fair value of the assets acquired and are amortised within administrative expenses on a straight line basis over their estimated useful economic life of 5 and 7 years.

Foreign currency exchange

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and movement shown in reserves.

Pension Costs

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the period/ year in which they become due.

Trade and other receivables

Trade and other receivables are recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

Other receivables are recognised at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

Equity Instruments regarding share capital

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

2. FINANCIAL RISK MANAGEMENT

Overview:

The Group has exposure to the following risks from its use of financial instruments
Liquidity risk;
Interest rate risk;
Credit risk; and
Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's policies and processes for measuring and managing these risks. The risks are managed centrally following Board approved policies. The Group operates a centralised treasury function in accordance with Board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Other than short-term trade receivables and trade payables, as detailed in notes that arise directly from operations the Group's financial instruments comprise cash. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk, liquidity risk and currency risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

Liquidity Risk

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Groups objective is to maintain a balance between continuity of funding and flexibility through the use of banking arrangements in place.

Maturity Analysis

The table below analyses the Group's financial liabilities on a contractual gross basis based on amount outstanding at the balance sheet date up to maturity date:

31 October 2011

	Less than 6 Months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 Years	Total
Maturity analysis	**£**	**£**	**£**	**£**	**£**
GROUP					
Trade and other Payables	514,152	-	-	-	**514,152**
Total Liabilities	**514,152**	**-**	**-**	**-**	**514,152**
COMPANY					
Trade and other Payables	580,980	-	-	-	580,980
Total Liabilities	**580,980**	**-**	**-**	**-**	**580,980**

31 October 2010

	Less than 6 Months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 Years	Total
Maturity analysis	£	£	£	£	£
GROUP					
Trade and other Payables	770,859	-	-	-	770,859
Total Liabilities	770,859	-	-	-	770,859
COMPANY					
Trade and other Payables	578,346	-	-	-	578,346
Total Liabilities	578,346	-	-	-	578,346

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Interest rate risk

The Group's interest rate variation arises mainly from interest received on cash deposits. Any contractual agreements entered into at floating rates expose the entity to cash flow risk, while fixed-rate deposits expose the entity to fair value risk. The Group uses a combination of fixed and floating deposits for its cash balances.

The Group has considered the potential impact of falling interest rates on its cash deposits and do not consider this to have a materially significant impact on the accounts and hence no sensitivity analysis is considered necessary.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities that could be affected by the fluctuation in interest rates split by those bearing fixed and floating rates and those that are non-interest bearing:

31 October 2011

	Fixed Rate	**Floating Rate**	**Non-interest bearing**	**Total asset**	**Total liability**
GROUP	**£**	**£**	**£**	**£**	**£**
Trade and other receivables	-	-	400,751	**400,751**	
Cash	2,866,573	4,627,051	4,167	**7,497,791**	**-**
Total assets	**2,866,573**	**4,627,051**	**404,918**	**7,898,542**	**-**
Trade and other payables	-	-	(526,783)	**-**	**(526,783)**
Total liabilities	**-**	**-**	**(526,783)**	**-**	**(526,783)**

COMPANY	**Fixed Rate** £	**Floating Rate** £	**Non-interest bearing** £	**Total asset** £	**Total liability** £
Trade and other receivables	-	-	3,153,052	**3,153,052**	**-**
Cash	2,866,573	3,475,964	4,011	**6,346,548**	**-**
Total assets	**2,866,573**	**3,475,964**	**3,157,063**	**9,499,600**	**-**
Trade and other payables	-	-	(588,433)	**-**	**(588,433)**
Total liabilities	**-**	**-**	**(588,433)**	**-**	**(588,433)**

31 October 2010

GROUP	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total asset £	Total liability £
Trade and other receivables	-	-	127,688	127,688	-
Cash	361,817	5,654,341	2,285	6,018,443	-
Total assets	361,817	5,654,341	129,973	6,146,131	-
Trade and other payables	-	-	(775,526)	-	(775,526)
Total liabilities	-	-	(770,859)	-	(775,526)

COMPANY	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total asset £	Total liability £
Trade and other receivables	-	-	807,713	807,713	-
Cash	-	5,214,667	2,068	5,216,735	-
Total assets	-	5,214,667	809,781	6,024,448	-
Trade and other payables	-	-	(583,069)	-	(583,069)
Total liabilities	-	-	(583,069)	-	(583,069)

Credit Risk Exposure

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a Group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account customers' financial position, their reputation in the industry and past trading experience. As a result the group's exposure to bad debts is not significant due to the nature of its trade and relationships with customers.

Indeed, the Group having considered the potential impact of its exposure to credit risk, having due regard to both the nature of its business and customers, do not consider this to have a materially significant impact to the results.

Financial assets	**Group**		**Company**	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade and other receivables	**1,056,164**	593,537	**3,375,202**	1,087,284
Cash	**7,497,791**	6,018,443	**6,346,548**	5,216,735
Estimated irrecoverable amounts	**-**	-	**-**	-

The maximum exposure is the carrying amount as disclosed in Trade and Other Receivables. The average credit period taken by theme parks on paying over the queuing system revenue is 14 days. The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade receivables at the balance sheet date. The Group holds no collateral against these receivables at the balance sheet date.

The following table provides an analysis of trade and other receivables that were past due at 31 October 2011 and 31 October 2010 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	Group		**Company**	
	2011	2010	**2011**	2010
	£	£	**£**	£
Up to 3 months	**400,751**	127,688	**400,751**	190,568
3 to 6 months	**-**	-	**-**	-
	400,751	127,688	**400,751**	190,568

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Foreign Currency Exposure

The Group has overseas operations in the USA, Canada, Italy, Germany, Spain and Australia and as such is exposed to the risk of foreign currency fluctuations. The main operating currencies of its operations are in Sterling, US Dollars, Canadian Dollars and Euros. The Group's currency exposure comprises the monetary assets and liabilities of the Group that are not denominated in the operating or 'functional' currency of the operating unit involved. At the period end Lo-Q plc, which reports in Sterling had bank balances of £1,540,212 (2010 - £1,056,894) denominated in US Dollars, £119,721 (2010 - £32,918) denominated in Canadian Dollars and £93,954 (2009 - £333,277) in Euros.

The Group manages risk by its subsidiaries matching revenue and expenditure in their local currency wherever possible. The Group tries to keep foreign inter company balances as low as possible to avoid translation adjustments.

Given the nature of the Groups' operations and their management of foreign currency exposure they limit the potential down side risk as far as practicably possible.

To show the impact of the fluctuation of the USD exchange rate on the Group financial statements, the table below shows how the period ended 31 October 2011 results would have been impacted by exchange rates of +/-$0.10.

	2011			2010		
	Actual			Actual		
	$1.6036:£1	**$1.5036:£1**	**$1.7036:£1**	$1.5953:£1	$1.4953:£1	$1.6903:£1
	£	**£**	**£**	£	£	£
Group net assets	**9,433,003**	**10,789,570**	**10,744,583**	7,259,821	7,674,354	7,455,515
Group turnover	**24,546,020**	**26,209,095**	**23,469,318**	20,304,048	20,816,930	18,643,740
Group profit for the year	**1,940,819**	**2,259,781**	**1,659,302**	1,872,509	2,068,021	1,638,628

The Group's policy is to utilise forward contracts where appropriate. The Group substantially managed its exposure in 2011 be entering in GBP/US$ forward contracts to mitigate the risk of foreign currency fluctuation. At the balance sheet date the total notional value of contracts to which the group was committed was US$3m (2010: Nil), all of which mature during 2012. The fair value of a forward contract is considered equal to the value paid.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segmental analysis

The Group's operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors.

The principle revenue generating activity of the Group is the operation of virtual queuing technologies for a theme park or other attraction. The Group has entered into agreements with theme park operators to allow theme park or attraction guests to make ride and show reservations when they visit a theme park or other attraction.

The Board considers that given the scale and nature of its present operations, it currently has a single operating and therefore reportable segment:

Rentals to guests, where the theme park or attraction operates the Group's products and the related sale of the system to third party lessors of the equipment and infrastructure installed in that park or attraction.

The Groups revenues, costs, assets, liabilities, currency exposure and cash flows are therefore totally attributable to this segment.

The definition and reporting of segments will be assessed as the Group develops the relative scale or number of operating segments.

Entity Wide Disclosures

Analyses of the Groups external revenues and non current assets by geographical location are detailed below:

	Revenue		**Non Current Assets**	
	2011	2010	**2011**	2010
	£	£	**£**	£
UK	**695,144**	612,211	**1,614,018**	1,310,941
Other Europe	**660,521**	317,756	**20,425**	41,787
Australia	**114,718**	93,393	**-**	-
USA and Canada	**23,075,637**	19,280,688	**268,693**	49,606
	24,546,020	20,304,048	**1,903,136**	1,402,334

Revenue generated in each of the geographical locations is generally in the local currency of the theme park or attraction based in that location.

Major Customers

The Group has entered into agreements with theme parks, theme park groups and attractions to operate the product in single or multiple theme parks or attractions within the theme park group.

The ultimate revenue of the business is derived from theme park or attraction guest rentals and no single guest forms a significant proportion of the revenue of the Group.

However, the ability to generate guest rentals is fully dependant on the Group maintaining and developing agreements with theme parks or attraction owners to operate its products. The Group does have an agreement with a single theme park group where sales to guests of that theme park group account for a significant and material amount of total revenue of the Group.

4. EMPLOYEES AND DIRECTORS

	2011	2010
	£	£
Wages and Salaries	3,453,051	3,004,467
Social security costs	395,211	317,908
Defined contribution pension costs	68,968	45,749
Share based payment transactions	97,040	42,000
	4,014,270	3,410,124

The average monthly number of employees, by activity, during the year was made up as follows:

	2011	2010
Operations	13	11
Research & Development	12	10
Sales	2	3
Finance & Administration	9	11
Marketing	1	-
Seasonal Staff	216	179
	253	214

Directors emoluments

	2011					2010	2011	2010
	Salary	Fees(1)	Bonus	Other	Total	Total	Pension Contri-butions	Pension Contri-butions
	£	£	£	£	£	£	£	£
Non - Executive Directors								
Anthony Bone (1)	-	27,000	-	-	27,000	24,500	-	-
John Lillywhite (1)	-	24,000	-	-	24,000	19,500	-	-
David Gammon (1,2)	-	25,500	-	-	25,500	-	-	-
John Weston (3)	-	25,000	-	-	25,000	-	-	-
Executive Directors								
John Alder (4)	114,219	-	18,967	10,063	143,249	124,582	10,433	5,431
Thomas Burnet	178,933	-	68,911	451	248,295	14,690	16,191	1,107
Leonard Sim	113,231	-	19,088	966	133,285	123,661	9,856	7,940
Paul Cassar (5)	6,600	-	-	60	6,660	87,499	480	5,600
Steve Drake (5)	8,708	-	-	50	8,758	116,702	633	7,440
Colin Robertson (5)	8,708	-	-	46	8,754	117,888	633	6,253
Totals	**524,456**	**101,500**	**106,966**	**11,636**	**744,558**	**629,022**	**38,226**	**33,771**

(1) Fee payments in respect of the services provide by John Lillywhite, Anthony Bone and David Gammon were paid to Barnwell Ltd, IXXI Ltd and Rockspring respectively.
(2) Appointed 30 November 2010.
(3) Appointed 1 May 2011.
(4) John Alder is a USA resident and is part of the Lo-Q Inc healthcare program.
(5) Resigned 30 November 2010.

Lo-Q plc

Notes to the Consolidated Financial Statements
for the year ended 31 October 2011

Share Option Scheme

The share options of the directors are set out below:

Director	31 October 2010 or date of Appt Number	Granted/ (Exercised) in the period	Leaver in the Period Number	31 October 2011 or date of resignat-ion Number	Exercise Price	Date from which Exercisable	Expiry Date
S Drake (5)	4,903	-	-	4,903	100.5p	22/10/2004	21/01/2011
	6,018	-	-	6,018	18p	08/10/2003	07/10/2012
	100,000	-	-	100,000	25p	(1)	(1)
C Robertson	50,000	(25,000)	(25,000)	-	25p	11/04/2009	10/04/2019
L Sim	100,000	-	-	100,000	25p	(1)	(1)
J Alder	15,000	-	-	15,000	28.5p	30/09/2009	30/09/2018
	75,000	-	-	75,000	57.5p	(2)	(2)
	-	160,000	-	160,000	156p	10/03/2012	09/03/2021(3)
P Cassar (6)	17,604	-	-	17,604	100.5p	22/10/2004	21/01/2011
	100,000	-	-	100,000	25p	(1)	(1)
T Burnet	-	110,000	-	110,000	102.5p	02/12/2011	01/12/2020
Non Executive Directors							
J Lillywhite	-	40,000	-	40,000	156p	10/03/2012	09/03/2021
A Bone	-	40,000	-	40,000	156p	10/03/2012	09/03/2021
D Gammon	-	40,000	-	40,000	156p	10/03/2012	09/03/2021
Rockspring (4)	-	40,000	-	40,000	156p	10/03/2012	09/03/2021
J Weston	-	69,444	-	69,444	144p	18/04/2012	17/04/2021

(1) Options vest in four equal tranches on the 1st, 2nd, 3rd and 4th anniversaries of the grant, subject to the achievement of performance targets for the financial years, 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.
(2) Options vest in three equal tranches on the 1st, 2nd and 3rd anniversaries of the grant, subject to the achievement of performance targets for the financial years 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.
(3) Options may only be exercised when the share price is above £1.82.
(4) Held on behalf of D Gammon
(5) S Drake resigned as a director on 30 November 2010 but remained as an employee of the Company
(6) P Cassar resigned as a director on 30 November 2010 but remained as an employee of the Company

Employee benefit trust share subscription and Tom Burnett equity incentive plan

On 10 March 2011, the remuneration committee of the board recommended, and the board approved, an incentive arrangement pursuant to which the Company lent its employee benefit trust (''EBT'') £1,331,956, and the EBT subscribed for 853,818 new ordinary shares of 1 penny each in the Company (''New Ordinary Shares'').

The EBT plan subsequently granted Tom Burnet an interest in the growth in value above a share price of £2 per share in the New Ordinary Shares. In addition the EBT granted Tom Burnet an option to acquire, in relation to half of the New Ordinary Shares (426,909), the EBT's interest in the value between £1.30 and £2, provided that at the date of exercise the share price is above £1.82.

The shares are registered in the name of Lo-Q (Trustees) Limited, a wholly owned subsidiary of the Company. J Lillywhite and L Sim are directors of Lo-Q (Trustees) Limited.

5. NET FINANCE INCOME

	2011	2010
	£	£
Finance income:		
Bank interest received	**34,825**	7,203
Finance costs:		
Bank interest	**-**	(16)
Net finance income	**34,825**	7,187

6. PROFIT BEFORE TAX

The profit before tax is stated after charging

	2011	2010
	£	£
Hire of plant and machinery	**2,212**	3,210
Other operating leases	**124,945**	131,690
Depreciation - owned assets	**233,111**	115,198
Intellectual Property Rights amortisation	**61,624**	41,807
Development costs amortisation	**303,589**	210,317
Auditors' remuneration	**25,350**	23,150
Auditors' remuneration for non audit work	**4,970**	4,550
Foreign exchange differences	**35,007**	35,950

Auditors' Remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below

	2011	2010
	£	£
Audit Services		
- Fees Payable to Company's auditor of the parent Company and consolidated accounts	**24,100**	21,650
Non Audit Service		
- Review of interim accounts	**1,250**	1,500
- Other services pursuant to legislation	**-**	950
- Tax compliance and advisory service	**4,970**	3,600
	30,320	27,700

7. TAX

Analysis of the tax charge

	2011	2010
	£	£
Tax – Current Year	**760,696**	448,077
Deferred tax	**-**	-
Total tax charge in income statement	**760,696**	448,077

Reconciliation of tax charge

Profit on ordinary activities before tax	**2,701,515**	2,320,586
Tax at the UK corporation tax rate of 26.83% (2010 28%)	**724,816**	649,764
Effects of:		
Expenses not deductable for tax	**79,757**	5,216
Capital allowances in excess of depreciation	**(44,859)**	(114,782)
Share scheme deduction	**(12,719)**	(92,661)
Income not chargeable for tax purposes	**(7,980)**	540
Profit subject to foreign taxes at an higher marginal rate	**21,681**	-
Total tax – Current Year	**760,696**	448,077

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 year ended 31 October was £1,841,771 (2010 - £1,731,789).

9. 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 by dividing the net profit attributable to ordinary shareholders after adjustments for instruments that dilute basic earnings per share by the weighted average of ordinary shares outstanding during the year (adjusted for the effects of dilutive instruments).

The following reflects the income and share data used in the total operations and diluted earnings per share computations.

	Earnings £	**2011 Weighted average number of shares**	**Per -share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholdings	**1,940,819**	**16,817,116**	**11.54**
Effect of dilutive securities			
Options	**-**	**755,727**	**-**
Diluted EPS			
Adjusted earnings	**1,940,819**	**17,572,843**	**11.04**

	Earnings £	2010 Weighted average number of shares	Per -share amount pence
Basic EPS			
Earnings attributable to ordinary shareholdings	1,872,509	16,014,856	11.69
Effect of dilutive securities			
Options	-	663,776	-
Diluted EPS			
Adjusted earnings	1,872,509	16,678,632	11.23

10. INTANGIBLE ASSETS

Group	Patent Costs £	Intellectual Property Rights £	Development Costs £	Totals £
COST OR VALUATION				
At 1 November 2009	-	159,492	831,496	**990,988**
Additions	203,125	-	538,127	**741,252**
At 31 October 2010	203,125	159,492	1,369,623	**1,732,240**
Additions	-	-	344,050	**344,050**
At 31 October 2011	**203,125**	**159,492**	**1,713,673**	**2,076,290**
AMORTISATION				
At 1 November 2009	-	50,476	225,870	**276,346**
Charged	9,909	31,898	210,317	**252,124**
At 31 October 2010	9,909	82,374	436,187	**528,470**
Charged	29,726	31,898	303,589	**365,213**
At 31 October 2011	**39,635**	**114,272**	**739,776**	**893,683**
NET BOOK VALUE				
At 31 October 2011	**163,490**	**45,220**	**973,897**	**1,182,607**
At 31 October 2010	193,216	77,118	933,436	1,203,770

Company	£	£	£	£
COST OR VALUATION				
At 1 November 2009	-	159,492	830,710	**990,202**
Additions	203,125	-	538,127	**741,252**
At 31 October 2010	203,125	159,492	1,368,837	**1,731,454**
Additions	-	-	344,050	**344,050**
At 31 October 2011	**203,125**	**159,492**	**1,712,887**	**2,075,504**
AMORTISATION				
At 1 November 2009	-	50,476	225,516	**275,992**
Charged	9,909	31,898	210,131	**251,938**
At 31 October 2010	9,909	82,374	435,647	**527,930**
Charged	29,726	31,898	303,404	**365,028**
At 31 October 2011	**39,635**	**114,272**	**739,051**	**892,958**
NET BOOK VALUE				
At 31 October 2011	**163,490**	**45,220**	**973,836**	**1,182,546**
At 31 October 2010	193,216	77,118	933,190	1,203,524

11. PROPERTY, PLANT, EQUIPMENT AND INSTALLED SYSTEMS

Group	Installed Systems £	Plant and machinery £	Office Equipment £	Furniture & fixtures £	Totals £
COST OR VALUATION					
At 1 November 2009	15,857	33,516	187,046	25,777	**262,196**
Additions	159,194	1,155	67,111	2,150	**229,610**
At 31 October 2010	175,051	34,671	254,157	27,927	**491,806**
Additions	376,420	2,815	29,911	123,252	**532,398**
At 31 October 2011	**551,471**	**37,486**	**284,068**	**151,179**	**1,024,204**
DEPRECIATION					
At 1 November 2009	1,507	32,302	143,387	20,924	**198,120**
Charged	77,299	1,179	34,617	2,103	**115,198**
At 31 October 2010	78,806	33,481	178,004	23,027	**313,318**
Charged	163,888	1,207	44,586	23,430	**233,111**
At 31 October 2011	**242,694**	**34,688**	**222,590**	**46,457**	**546,429**
NET BOOK VALUE					
At 31 October 2011	**308,777**	**2,798**	**61,478**	**104,722**	**477,775**
At 31 October 2010	96,245	1,190	76,153	4,900	178,488

Company	£	£	£	£	£
COST OR VALUATION					
At 1 November 2009	15,857	8,257	141,126	21,321	**186,561**
Additions	146,037	1,155	44,940	2,150	**194,282**
At 31 October 2010	161,894	9,412	186,066	23,471	**380,843**
Additions	376,420	2,815	22,110	123,252	**524,597**
At 31 October 2011	**538,314**	**12,227**	**208,176**	**146,723**	**905,440**
DEPRECIATION					
At 1 November 2009	1,507	6,962	111,417	18,943	**138,829**
Charged	64,142	1,179	26,509	980	**92,810**
At 31 October 2010	65,649	8,141	137,926	19,923	**231,639**
Charged	163,8880	1,207	30,796	22,366	**218,257**
At 31 October 2011	**229,537**	**9,348**	**168,722**	**42,289**	**449,896**
NET BOOK VALUE					
At 31 October 2011	**308,777**	**2,879**	**39,454**	**104,434**	**455,544**
At 31 October 2010	96,245	1,271	48,140	3,548	149,204

12. INVESTMENTS

Company

	Investment in Subsidiaries £
COST	
At 1 November 2009, 1 November 2010 and 31 October 2011	**735**
NET BOOK VALUE	
At 31 October 2011	**735**
At 31 October 2010	**735**

Name	Country of incorporation	% Ownership interest	% Voting Rights
Lo-Q Inc	United States of America	100	100
Lo-Q Service Canada Inc	Canada	100	100
Lo-Q (Trustees) Limited	United Kingdom	100	100

The trade for both Lo-Q Inc and Lo-Q Service Canada Inc is that of the application of virtual queue technologies.

Lo-Q (Trustees) Limited was dormant at 31 October 2010. On 31 January 2011 it established an Employee Benefit Trust on behalf of Lo-Q plc to provide benefits in accordance with the terms of a Joint Share Ownership Plan. Further details of this can be found in note 4.

13. INVENTORIES

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Stock	**251,616**	223,138	**86,724**	166,746
Park installation	**242,685**	20,135	**-**	-
	494,301	243,273	**86,724**	166,746

The amount of inventories recognised as an expense and charged to the cost of sales for the period ended 31 October 2011 was £26,252 (2010 £29,305). The park installation balance includes equipment installed at a theme or water park on a trial basis. This trial has subsequent been converted to a contracted installation post the balance sheet date.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
Current:	**£**	£	**£**	£
Trade debtors	**400,751**	127,688	**400,751**	190,568
Amounts owed by group undertakings	**-**	-	**2,752,301**	617,145
Other debtors	**223,846**	281,237	**221,256**	278,634
Prepayments & Accrued Income	**509,979**	419,811	**79,405**	237,768
	1,134,576	828,736	**3,453,713**	1,324,115

The group's financial assets are short term in nature. In the opinion of the Director's, the book values equate to their fair value.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Petty Cash	**4,167**	2,285	**4,011**	2,068
Short Term Deposit	**2,866,573**	361,817	**2,866,573**	-
Bank accounts	**4,627,051**	5,654,341	**3,475,964**	5,214,667
	7,497,791	6,018,443	**6,346,548**	5,216,735

HSBC Bank plc holds security in the form of a debenture, including a fixed charge over the freehold and leasehold property and a first floating charge over the other assets of the company. HSBC Equipment Finance (UK) Limited and HSBC Asset Finance (UK) Limited hold a second ranking debenture over the assets of the company.

16. TRADE AND OTHER PAYABLES

	Group		Company	
Current:	**2011**	2010	**2011**	2010
	£	£	**£**	£
Trade creditors	**206,800**	185,263	**161,525**	258,624
Social security and other taxes	**49,127**	44,980	**47,034**	41,510
Sundry creditors	**1,237**	1,123	**33**	34
Accruals	**737,682**	769,085	**420,316**	320,625
VAT	**12,631**	4,667	**7,453**	4,723
	1,007,477	1,005,118	**636,361**	625,516

The Group financial liabilities are short-term in nature. In the opinion of the directors the book values equate to their fair value.

17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal	**2011**	2010
Value:		£	**£**	£
1,100,000,000	Ordinary Share Capital	£0.01	**11,000,000**	11,000,000

Allotted, issued and fully paid:

Number:	Class:	Nominal	**2011**	2010
Value:		£	**£**	£
17,170,140	Ordinary Share Capital	£0.01	**171,702**	162,327
(2010 – 16,232,667)				

During the period 937,473 shares with a nominal value of £9,375 were allotted and issued, 83,655 shares were allotted following the exercise of share options. 853,818 shares were allotted to the Lo-Q (Trustees) Limited, as detailed in note 4.

Share Option Schemes

At 31 October 2011 the following share options were outstanding in respect of the ordinary shares:

Scheme	Number of Shares	Period of option	Price per share
EMI Scheme	12,803	8 October 2009 to 7 October 2012	18p
	15,000	6 April 2005 to 5 April 2014	6p
	40,000	29 March 2006 to 28 March 2015	3.5p
	14,500	9 May 2007 to 8 May 2016	9.25p
	300,000	(1)	25p
	60,000	25 June 2010 to 24 June 2019	57.5p
	110,000	02 December 2011 to 01 December 2020	102.5p
	148,000	24 June 2013 to 23 June 2021	179p
US Scheme	24,000	6 April 2005 to 5 April 2014	6p
	50,000	29 March 2006 to March 2015	3.5p
	26,500	9 May 2007 to 8 May 2016	9.25p
	15,000	30 September 2009 to 30 September 2018	28.5p
	75,000	(2)	57.5p
	160,000	10 March 2012 to 09 March 2021 (3)	156p
	84,000	24 June 2013 to 23 June 2021	179p
UK unapproved Scheme	160,000	10 March 2012 to 09 March 2021	156p
	69,444	18 April 2012 to 17 April 2021	144p

(1) Options vest in four equal tranches on the 1st, 2nd, 3rd and 4th anniversaries of the grant, subject to the achievement of performance targets for the financial years 2008, 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.
(2) Options vest in three equal tranches on the 1st, 2nd and 3rd anniversaries of the grant, subject to the achievement of performance targets for the financial years 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.
(3) Options may only be exercised when the share price is above £1.82.

18. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme in the UK and USA. The assets of each scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £68,968 (2010 - £51,180). Contributions amounting to £nil (2010 - £nil) were payable to the fund and are included in creditors.

19. RELATED PARTY DISCLOSURES

Ultimate controlling party

There is no ultimate controlling party.

Subsidiaries

Management charges of £4,756,894 (2010 - £3,359,242) were received from Lo-Q Inc and £278,826 (2010 - £326,062) from Lo-Q Service Canada Inc during the period, both 100% subsidiaries of Lo-Q plc.

The US and the Canadian subsidiaries owed the parent company £1,245,946 (2010 - £410,226) and £174,399 (2010 – 206,919) respectively at 31 October 2011.

Lo-Q (Trustees) Limited owned the parent company £1,331,956 at 31 October 2011.

Other related parties

IXXI Limited, a company in which Anthony Bone, a Lo-Q plc director, is a director invoiced the company in respect of directors fees £27,000 (2010 - £24,500) of which £nil (2010 - £nil) was outstanding at the period end.

Barnwell Limited, a company in which John Lillywhite, a Lo-Q plc director, is a director invoiced the company in respect of directors fees £24,000 (2010 - £19,500) of which £nil (2010 - £nil) was outstanding at the period end.

Rockspring, a company in which David Gammon, a Lo-Q plc director, is a director invoiced the company in respect of directors fees £25,500 (2010 - £nil) of which £nil (2010 - £nil) was outstanding at the period end.

All of the above outstanding amounts are included within trade creditors.

Key management compensation

The key management of the company staff are considered to be the directors and their remuneration is as follows:

	2011	2010
	£	£
Director's remuneration	**650,503**	730,226
Director's contribution to pension scheme	**38,226**	37,229
Share based payments	**88,383**	40,192
	777,112	807,647

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

Group	**2011**	2010
	£	£
Profit for the financial year	**1,940,819**	1,872,509
Issued Share Capital	**9,375**	3,410
Share based payment	**97,040**	42,000
Share Premium	**1,383,426**	80,333
Own Shares held in Trust	**(1,331,956)**	-
Foreign Exchange	**74,478**	(40,965)
Net addition to shareholders' funds	**2,173,182**	1,957,287
Opening shareholders' funds	**7,259,821**	5,302,534
Closing shareholders' funds	**9,433,003**	7,259,821

Company	**2011**	2010
	£	£
Profit for the financial year	**1,841,771**	1,731,789
Issued Share Capital	**9,375**	3,410
Share Premium	**1,383,426**	80,333
Share based payment	**97,040**	42,000
Net addition to shareholders' funds	**3,331,612**	1,857,532
Opening shareholders' funds	**7,226,854**	5,369,322
Closing shareholders' funds	**10,558,466**	7,226,854

21. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option schemes

For details of share option schemes in place during the year see note 17.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2011		2010	
	No	**WAEP(pence)**	No	WAEP(pence)
Outstanding at the beginning of the period	**741,455**	**31.72**	1,269,955	30.9
Granted during the year	**749,444**	**154.71**	-	-
Exercised during the year	**(83,655)**	**72.80**	(341,000)	19.34
Leavers	**(43,000)**	**89.47**	(187,500)	39.26
Outstanding at the end of the year	**1,364,244**	**94.98**	741,455	31.72
Exercisable at the end of the year	**632,800**	**12.35**	491,455	21.1

The weighted average share price at the date of exercise for share options exercised during the period was £1.31 (2010 - £1.029).
The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2011	2010
Weighted average share price (pence)	**72.14**	34.24
Expected volatility %	**37.00**	65.00
Expected life	**1.00**	2.00
Risk free rate (%)	**1.00**	3.60
Dividend yield (%)	**-**	-

Expected volatility was determined by calculating the historic volatility of the Groups share price over the previous twelve month period.

22. NOTES TO CASH FLOW - RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

Group	**2011**	2010
	£	£
Profit before tax	**2,701,515**	2,320,586
Depreciation and Amortisation charges	**598,324**	367,322
Share based payment	**97,040**	42,000
Foreign exchange	**74,478**	(40,965)
Finance costs	**-**	16
Finance income	**(34,825)**	(7,203)
	3,436,532	2,681,756
(Increase)/Decrease in inventories	**(251,028)**	171,855
(Increase) in trade and other receivables	**(305,840)**	(171,692)
Increase in trade and other payables	**2,359**	305,851
Cash generated from operations	**2,882,023**	2,987,770

Company	2011	2010
	£	£
Profit before tax	**2,529,149**	2,120,149
Depreciation charges	**583,285**	344,748
Share based payment	**97,040**	42,000
Finance costs	**-**	16
Finance income	**(34,514)**	(5,549)
	3,174,960	2,501,364
Decrease in inventories	**80,022**	177,835
(Increase)/Decrease in trade and other receivables	**(797,642)**	325,864
Increase in trade and other payables	**10,845**	217,408
Cash generated from operations	**2,468,185**	3,222,471

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS AND ANALYSIS OF NET FUNDS

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

Group

	At 1 November 2010	Cash Flow	Exchange movement	At 31 October 2011
	£	£	£	£
Cash in hand & at bank	**6,018,443**	1,404,870	74,478	**7,497,791**
	6,018,443	**1,404,870**	**74,478**	**7,497,791**

Company

	At 1 November 2010	Cash Flow	Exchange movement	At 31 October 2011
	£	£	£	£
Cash in hand & at bank	**5,216,735**	1,129,813	-	**6,346,548**
	5,216,735	**1,129,813**	**-**	**6,346,548**

23. COMMITMENTS UNDER OPERATING LEASES

Total of future minimum operating lease payments under non-cancellable operating leases:

Group	2011	2010
	£	£
Land & Buildings		
Less than one year	**99,998**	97,664
Within 2 to 5 years	**76,558**	144,750
	176,557	242,414
Other		
Less than one year	**444,875**	437,003
Within 2 to 5 years	**4,831**	436,316
	449,706	873,319
Company		
Land & Buildings		
Less than one year	**72,375**	85,523
Within 2 to 5 years	**72,375**	144,750
	144,750	230,063
Other		
Less than one year	**444,875**	408,416
Within 2 to 5 years	**4,831**	436,316
	449,706	844,732

Operating leases within 'Land & Buildings' include the leases of Company and Group offices. Operating leases within 'Other' principally relate to the leaseback element of the Sale & Leaseback transaction relating to the sale of equipment to theme parks as installations. 2010 comparatives have been adjusted where relevant to be consistent with 2011.