

16 November 2010

Cheerful Scout Plc ('Cheerful' or 'the Company')
Final Results

Cheerful Scout Plc, the AIM-traded multi-media specialist, announces its results for the year ended 30 June 2010.

Overview

- Successfully established a new corporate events division to broaden current corporate communications offering
- Strengthened blue-chip client base and client sharing across divisions having recruited key team members from Twentyfirst Century Communications Limited
- Increased turnover of £1.8 million (2009: £1.3 million) and healthy cash position of £632,200 (2009: £831,491)
- Building reputation as innovative provider of corporate communications solutions particularly within the financial sector having won awards from IVCA and New York Festival
- Integration of DVD subsidiary into On Screen division to streamline offering and facilitate digital delivery to corporate clients

Chairman's Statement

Cheerful has made encouraging progress over the period, with an increased turnover of £1.8 million and a small operating profit from trading, further to acquiring assets from Twentyfirst Century Communications Limited ('Twentyfirst') in January 2010. We continue to maintain close relationships with our clients and have established a new corporate Events division enabling us to broaden our offering to both new and existing clients. We have been successful in implementing our core strategy focused on delivering high quality and innovative brand and corporate communications through our On Screen and Events divisions, something which has been recognised over the year through the winning of industry awards.

Our Events and On Screen divisions have been working together very effectively since the beginning of 2010, enabling us to successfully extend the scope of the Company. The relationship between the two has been highly productive and we are now able to offer a well-rounded service which combines events and on-screen communications to project our clients' brand and corporate message. Importantly, our On Screen division has been able to benefit from the Events division's strong established relationships with a range of blue-chip clients. We have been able to co-ordinate a range of projects for clients that have included

input from both divisions, such as a leading mobile telecom company and an oil and gas major.

The On Screen division has continued to gain recognition for its work as a dedicated provider of cutting edge communications solutions. We continue to build upon our reputation, particularly amongst the financial services sector. Cheerful was recognised for its ingenuity and quality at both the IVCA and New York Festival Awards, winning gold for an internal communications video designed and produced for a leading international investment bank.

Importantly, Cheerful has successfully maintained strong relationships with its existing clients. We continue to work closely with government organisations including the Central Office of Information ('COI') and the Directorate of Optometric Continuing Education and Training ('DOCET') as training programmes and internal communications continue to be of high importance to these bodies.

I am pleased to report that our increased activities over the past year have strengthened our financials. We remain cash positive with reserves of £632,200. Importantly, the addition of the Twentyfirst Events division revenue, together with our increased client base and cost sharing, has enabled us to improve our operating performance. Revenue has increased to £1,809,757 with pre tax profits of £1,144.

From July 2010, we have integrated the DVD side of our business into the On Screen division of the Company. This has enabled us to offer digital delivery to our corporate clients. We continue to streamline our On Screen offering to evolve our business in line with the fast-moving media industry. The Board is of the opinion that market conditions are stabilising and that our focus on two operating divisions, On Screen and Events, together with our recognised creativity and innovation and our strong client relationships, will position us for further growth. In addition, we continue to assess various opportunities to complement our existing business, accelerate growth, and improve our financial performance.

Finally, I would like to thank the team for their hard work and dedication to the Company and to shareholders for their continued support.

S Appleton
Chairman

15 November 2010

For further information contact:

Gary Fitzpatrick	Cheerful Scout Plc	Tel: 020 7291 0444
Mark Percy	Seymour Pierce	Tel: 020 7107 8030
Catherine Leftley	Seymour Pierce	Tel: 020 7107 8030
Elisabeth Cowell	St Brides Media & Finance Ltd	Tel: 020 7236 1177

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

Continuing operations	Notes	2010 £	2009 £
Revenue	2	1,809,757	1,269,788
Cost of sales		(1,132,142)	(820,026)
Gross profit		677,615	449,762
Administrative expenses		(695,275)	(718,648)
Operating loss	3	(17,660)	(268,886)
Finance income	4	1,883	23,408
Other income	5	16,921	-
Profit / (loss) before taxation		1,144	(245,478)
Taxation	6	49,082	(475)
Total comprehensive income / (expense) for the year attributable to owners of the parent		50,226	(245,953)
Earnings / (loss) per ordinary share:			
Basic	9	0.63098p	(2.51451)p
Diluted	9	0.63098p	(2.51451)p

There were no other comprehensive income items.

Statement of Financial Position

As at 30 June 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
Non-current assets					
Intangible assets	10	365,154	365,154	-	-

Property, plant and equipment	11	133,375	165,484	-	-
Investments in subsidiaries	12	-	-	1,000,000	1,402,600
Deferred taxation	7	39,832	-	-	-
		538,361	530,638	1,000,000	1,402,600
Current assets					
Inventories		2,252	2,033	-	-
Trade and other receivables	13	506,592	209,894	187,443	45,201
Cash and cash equivalents	14	632,200	831,491	515,947	788,846
		1,141,044	1,043,418	703,390	834,047
Total assets		1,679,405	1,574,056	1,703,390	2,236,647
Current liabilities					
Trade and other payables	15	(386,226)	(300,378)	(37,636)	(175,867)
Net assets		1,293,179	1,273,678	1,665,754	2,060,780
Equity					
Share capital	16	979,688	1,054,688	979,688	1,054,688
Special reserves		-	-	-	-
Capital redemption reserve		257,812	170,312	257,812	170,312
Retained earnings		55,679	48,678	428,254	835,780
Equity attributable to owners of the parent		1,293,179	1,273,678	1,665,754	2,060,780

Statement of Changes in Equity

As at 30 June 2010

Group	Share capital	Special reserves	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 July 2008	1,225,000	1,747,416	-	(1,325,263)	1,647,153
Comprehensive expense for the year	-	-	-	(245,953)	(245,953)
Transfer of special reserves to retained earnings	-	(1,747,416)	-	1,747,416	-
Purchase of own shares	(170,312)	-	170,312	(127,522)	(127,522)
At 30 June 2009	1,054,688	-	170,312	48,678	1,273,678
At 1 July 2009	1,054,688	-	170,312	48,678	1,273,678
Comprehensive income for the year	-	-	-	50,226	50,226
Purchase of own shares	(87,500)	-	87,500	(43,225)	(43,225)
Issue of new shares	12,500	-	-	-	12,500

At 30 June 2010	979,688	-	257,812	55,679	1,293,179
Company	Share capital	Special reserves	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 July 2008	1,225,000	1,747,416	-	(192,072)	2,780,344
Comprehensive expense for the year	-	-	-	(592,042)	(592,042)
Transfer of special reserves to retained earnings	-	(1,747,416)	-	1,747,416	-
Purchase of own shares	(170,312)	-	170,312	(127,522)	(127,522)
At 30 June 2009	1,054,688	-	170,312	835,780	2,060,780
At 1 July 2009	1,054,688	-	170,312	835,780	2,060,780
Comprehensive expense for the year	-	-	-	(364,301)	(364,301)
Purchase of own shares	(87,500)	-	87,500	(43,225)	(43,225)
Issue of shares	12,500	-	-	-	12,500
At 30 June 2010	979,688	-	257,812	428,254	1,665,754

Following a board resolution on 3 November 2009, the Company transferred its special reserves of £1,747,416 to retained earnings following the expiry of the undertaking given to the High Court of Justice in 2006.

Statement of Cash Flows

For the year ended 30 June 2010

	Notes	Group		Company	
		2010	2009	2010	2009
		£	£	£	£
Cash flows from operating activities					
Profit / (loss) before taxation		1,144	(245,478)	(364,301)	(592,042)
Depreciation		68,908	71,259	-	-
Amortisation of intangibles		-	46,518	-	-
Gain on sale of property, plant and equipment		-	(20,242)	-	-
Impairment of investment in subsidiaries		-	-	401,908	500,000
Finance income		(1,883)	(23,408)	(1,823)	(22,866)
		68,169	(171,351)	35,784	(114,908)
Increase / (decrease) in trade and other payables		85,848	(72,743)	(138,231)	152,527
Decrease / (increase) in trade and other receivables		(296,698)	222,860	(142,242)	(33,703)

Decrease / (increase) in inventories		(219)	196	-	-
Taxation received		9,250	34,286	-	-
Cash (used) / generated from operating activities		(133,650)	13,248	(244,689)	3,916
Cash flows from investing activities					
Finance income		1,883	23,408	1,823	22,866
Purchase of property, plant and equipment	11	(36,799)	(82,832)	-	-
Proceeds from sale of property, plant and equipment		-	20,242	-	-
Investments in subsidiaries		-	-	692	(2,000)
Cash (used) / generated in investing activities		(34,916)	(39,182)	2,515	20,866
Cash flows from financing activities					
Purchase of own shares		(43,225)	(127,522)	(43,225)	(127,522)
Issue of shares		12,500	-	12,500	-
Cash used in financing activities		(30,725)	(127,522)	(30,725)	(127,522)
Net decrease in cash and cash equivalents					
		(199,291)	(153,456)	(272,899)	(102,740)
Cash and cash equivalents at beginning of year		831,491	984,947	788,846	891,586
Cash and cash equivalents at end of year	14	632,200	831,491	515,947	788,846

Notes to the Consolidated Financial Statements

For the year ended 30 June 2010

1. Accounting policies

Cheerful Scout plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its principal place of business is 25/27 Riding House Street, London, W1P 7PB. The Company's Ordinary Shares are traded on the Alternative Investment Market.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of business contained in the Chairman's Statement. The Group's financial statements show details of its financial position including, in note 22, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial year, other medium term plans and considering the risks outlined in note 22, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Basis of Preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations, applied for the first time from 1 July 2009.

- IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
- IFRS 8 'Operating segments'. IFRS 8 replaces IAS 14 'Segment Reporting'. The Group concluded that its operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.
- IFRS 2 (Amended) 'Share based payments'. The amendment to IFRS 2 clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. This amendment did not have an impact on the financial position or performance of the group.

Adopted IFRSs not yet applied

At the date of authorisation of this report, the following standards, which have not been applied in this report, were issued but not yet effective.

- IFRS 1 (Amended) 'First time adoption of International Financial Reporting Standards', effective 1 January 2010.
- IFRS 2 (Amended) 'Share-based payments', effective 1 January 2010.
- IFRS 3 (Amended) 'Business Combinations', effective 1 July 2010.
- IFRS 5 (Amended) 'Non-current assets held for sale and discontinued operations', effective 1 January 2010.
- IFRS 9 'Financial Instruments', effective 1 January 2013.
- IAS 7 (Revised) 'Statement of cash flows', effective 1 January 2010.
- IAS 17 (Revised) 'Leases', effective 1 January 2010.

- IAS 24 (Revised) 'Related Party Disclosures', effective 1 January 2011.
- IAS 27 (Amended) 'Consolidated and separate financial statements', effective 1 July 2010.
- IAS 32 (Amended) 'Financial instruments', effective 1 February 2010.
- IAS 36 (Revised) 'Impairment of assets', effective 1 January 2010.

Management does not believe that the application of these standards, where applicable, will have an impact on the financial statements, except for the requirement of additional disclosures.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2010. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date that such control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Revenue

Revenue represents amounts (excluding value added tax) derived from the provision of services to third party customers in the course of the Group's ordinary activities. Revenue is measured at the fair value of consideration received taking into account any trade discounts and volume rebates. Revenue for all business segments is recognised when the Group has earned the right to receive consideration for its services.

Intangible assets - goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

Intangible assets - development costs

Development expenditure is written off to the income statement in the year in which it is incurred, unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit. Development costs of current projects is amortised over 4 years.

Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	straight line over the life of the lease (5 years)
Fixtures, fittings and equipment	25% straight line

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Operating leases

Rentals under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost less any provision for impairment.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash comprises, for the purpose of the Cash Flow Statement, cash in hand and deposits payable on demand and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents normally have a date of maturity of 3 months or less from the acquisition date.

Finance income

Financial income consists of interest receivable on funds invested. It is recognised in the Income Statement as it accrues.

Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using rates enacted or subsequently enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or subsequently enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

Pension costs

The Group does not operate a pension scheme for its employees. It does however, make contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the income statement represents the contributions payable by the Group for the period.

Financial instruments

The Group does not enter into derivative transactions and does not trade in financial instruments. Financial assets and liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provision of the instrument.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

Share-based payments

The Group has applied the transitional provisions of IFRS 2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 July 2006.

The fair value of equity rights is estimated using the Binomial model at the date of grant to key employees and is dependent on factors such as the exercise price, expected volatility,

option price and risk free interest rate. The fair value is then amortised through the Income Statement on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 20 to the financial statements.

Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below:

- a) Depreciation rates are based on the estimated useful lives and residual value of the assets involved.
- b) The impairment review of goodwill is based on the estimation of future cash flows and discount rates in order to calculate the present value of the cash flows.
- c) The Group operates share incentive schemes as detailed in note 20. In order to calculate the annual charge in accordance with IFRS 2, management are required to make a number of assumptions and include, amongst others, volatility and expected life of options.

2. Revenue and segment information

Revenue and segmental profit has been disclosed by three operating segments of On Screen, DVD & Interactive and Events in the manner that the information is presented to the Board of Directors, being the Chief Operating Decision Makers, in accordance with IFRS 8.

	On Screen	On Screen	DVD & Interactive	DVD & Interactive	Events	Events	Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009
	£	£	£	£	£	£	£	£
Revenue	979,859	885,240	278,120	384,548	551,778	-	1,809,757	1,269,788
Segment results	117,758	(62,668)	(93,855)	(91,310)	58,711	-	82,614	(153,978)
Unallocated expenses							(100,274)	(114,908)
Operating loss							(17,660)	(268,886)
Finance income							1,883	23,408
Other income							16,921	-
Taxation							49,082	(475)
Profit / (loss) for the year							50,226	(245,953)

Segment assets	446,047	410,494	379,207	359,497	293,507	-	1,118,761	769,991
Unallocated assets							560,644	804,065
Total assets	446,047	410,494	379,207	359,497	293,507	-	1,679,405	1,574,056
Segment liabilities	(149,298)	(59,991)	(47,311)	(24,367)	(81,178)	-	(277,787)	(84,358)
Unallocated liabilities							(108,439)	(216,020)
Total liabilities	(149,298)	(59,991)	(47,311)	(24,367)	(81,178)	-	(386,226)	(300,378)
Capital expenditure	17,236	41,416	17,236	41,416	2,327	-	36,799	82,832
Depreciation and amortisation	33,949	82,147	33,949	35,630	1,010	-	68,908	117,777

The geographical analysis of turnover and assets by geographical location of customer is as follows:

Geographical market	2010	2009	2010	2009	2010	2009	2010	2009
	UK	UK	Europe	Europe	USA	USA	Total	Total
	£	£	£	£	£	£	£	£
Revenue	1,789,719	1,216,687	-	53,101	20,038	-	1,809,757	1,269,788
Segment assets	361,760	100,839	-	56	-	-	361,760	100,895
Unallocated assets							1,317,645	1,473,161
Total assets							1,679,405	1,574,056
Capital expenditure – unallocated							36,799	82,832

3. Operating loss

Operating loss is stated after charging:	2010	2009
	£	£
Amortisation of intangible assets	-	46,518
Depreciation of property, plant and equipment	68,908	71,259
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	6,000	5,000
Audit of the Company's subsidiaries	12,000	10,000
Operating leases	97,245	109,233

4. Finance income

	2010	2009
	£	£
Interest income	1,883	23,408

5. Other income

	2010	2009
	£	£
Rental income	16,921	-

6. Taxation

	2010	2009
	£	£
The tax (credit) / charge comprises:		
Current tax		
Adjustment to prior years	(9,250)	475
	(9,250)	475
Deferred tax		
Current year	(39,832)	-
	(39,832)	-
Total tax (credit) / charge in the statement of comprehensive income	(49,082)	475
Factors affecting the tax (credit) / charge for the year		
Profit / (loss) on ordinary activities before taxation	1,144	(245,478)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2009: 21%)	240	(51,550)
Effects of:		
Non deductible expenses	8,043	81
Depreciation and impairment losses	14,471	14,914
Capital allowances	(13,772)	(18,055)
Research and development	-	8,093
Other tax adjustments	-	(4,146)
Losses utilised	(13,165)	-
Losses carried forward	4,183	50,663
Deferred tax asset recognition	(39,832)	-
Adjustment to prior years	(9,250)	475
	(49,322)	52,025
Total taxation (credit) / charge	(49,082)	475

The Group has estimated losses of £647,885 (2009: £691,027) available to carry forward against future trading profits.

7. Deferred taxation

	2010	2009
	£	£
Property, plant and equipment temporary differences	(2,450)	-
Temporary differences	2,624	-
Losses	39,658	-
	39,832	-
At 1 July	-	-
Transfer to statement of comprehensive income	39,832	-
At 30 June	39,832	-

A deferred tax asset has been recognised in respect of previously unrecognised trading losses. These are expected to be utilised given the return to profitability and future trading prospects. The deferred tax asset is expected to be realised after more than one year.

8. Loss attributable to members of the parent company

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements. The retained loss for the financial year of the holding company was £364,301 (2009: £592,042).

9. Earnings / (loss) per ordinary share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used and dilutive earnings per share computations:

	2010	2009
	£	£
Profit / (loss) attributable to owners of the parent	50,226	(245,953)

Basic weighted average number of shares	7,959,966	9,781,336
Dilutive potential ordinary shares:		
Employee share options	-	-
Diluted weighted average number of shares	7,959,966	9,781,336

Employee share options do not have a dilutive effect on the weighted average number of shares in 2009 and 2010 as the exercise price of the share options is in excess of the average market price of the ordinary shares.

After the reporting period, the Company granted a total of 1,200,000 share options to a number of employees. The options were granted at a price of 8.75 pence each. The options vest after 3 years and can be exercised in the period commencing on the third anniversary of the date of grant through until the tenth anniversary of the date of grant.

10. Intangible fixed assets

Group	Goodwill	Development	Total
	£	Costs	£
		£	
Cost			
At 1 July 2008	2,728,292	186,069	2,914,361
At 30 June 2009	2,728,292	186,069	2,914,361
At 1 July 2009	2,728,292	186,069	2,914,361
Development costs written off	-	(186,069)	(186,069)
At 30 June 2010	2,728,292	-	2,728,292
Impairment and amortisation			
At 1 July 2008	2,363,138	139,551	2,502,689
Amortisation	-	46,518	46,518
At 30 June 2009	2,363,138	186,069	2,549,207
At 1 July 2009	2,363,138	186,069	2,549,207
Development costs written off	-	(186,069)	(186,069)
At 30 June 2010	2,363,138	-	2,363,138
Net book value			
At 1 July 2008	365,154	46,518	411,672

At 30 June 2009	365,154	-	365,154
At 1 July 2009	365,154	-	365,154
At 30 June 2010	365,154	-	365,154

Development costs

Development costs in relation to the Group's nVision Presenter product have been amortised over its expected useful life of four years. As this product is no longer in use, the development costs have been written off in full during the year.

Impairment

The impairment test for goodwill involved the determination of recoverable amounts based upon cash flow projections, the annual business plan and directors' long term estimates based on past experience and external estimates related to market growth. The key assumptions used are as follows: -

Discount rate	3.1 %
Year on year growth	3.0% (on projected figures for 2011)
Number of annual cash flows considered	5

There was no impairment in the year.

11. Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 2008	146,578	843,397	989,975
Additions	10,485	72,347	82,832
Disposals	-	(100,428)	(100,428)
At 30 June 2009	157,063	815,316	972,379
At 1 July 2009	157,063	815,316	972,379
Additions	-	36,799	36,799
At 30 June 2010	157,063	852,115	1,009,178
Depreciation			
At 1 July 2008	146,578	689,486	836,064

Charge for the year	988	70,271	71,259
Disposals	-	(100,428)	(100,428)
At 30 June 2009	147,566	659,329	806,895
At 1 July 2009	147,566	659,329	806,895
Charge for the year	2,072	66,836	68,908
At 30 June 2010	149,638	726,165	875,803
Net book value			
At 1 July 2008	-	153,911	153,911
At 30 June 2009	9,497	155,987	165,484
At 1 July 2009	9,497	155,987	165,484
At 30 June 2010	7,425	125,950	133,375

The gross carrying amount of fully depreciated property, plant and equipment still in use is as follows:

Cost	2010	2009
	£	£
Leasehold land and buildings	146,578	146,578
Fixtures, fittings and equipment	577,459	695,724
	724,037	842,302

12. Non-current assets – Investments

Company	Shares in subsidiary	Loans to subsidiary	Total
	£	£	£
Cost			
At 1 July 2008	3,144,813	200,000	3,344,813
Additions	-	2,000	2,000
At 30 June 2009	3,144,813	202,000	3,346,813
At 1 July 2009	3,144,813	202,000	3,346,813
Repayment	-	(692)	(692)
At 30 June 2010	3,144,813	201,308	3,346,121

Provision			
At 1 July 2008	1,444,213	-	1,444,213
Impairment	300,000	200,000	500,000
At 30 June 2009	1,744,213	200,000	1,944,213
At 1 July 2009	1,744,213	200,000	1,944,213
Impairment	400,600	1,308	401,908
At 30 June 2010	2,144,813	201,308	2,346,121
Net book value			
At 1 July 2008	1,700,600	200,000	1,900,600
At 30 June 2009	1,400,600	2,000	1,402,600
At 1 July 2009	1,400,600	2,000	1,402,600
At 30 June 2010	1,000,000	-	1,000,000

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Cheerful Scout Productions Limited (formerly Centralfix Limited)	England and Wales	Ordinary	100
nVision Technology Limited	England and Wales	Ordinary	100
Business Data Interactive Limited	England and Wales	Ordinary	60

The principal activity of these undertakings for the last relevant financial year was as follows:

Company	Principal activity
Cheerful Scout Productions Limited	Provision of business communication services

nVision Technology Limited

Provision of event management services

Business Data Interactive Limited

Development of business gaming software

13. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade receivables	361,760	100,895	-	-
Related party receivables	-	-	179,756	15,238
Other receivables	35,722	36,864	2,821	14,744
Prepayments and accrued income	109,110	72,135	4,866	15,219
	506,592	209,894	187,443	45,201

Other receivables include £34,543 (2009: £34,543) for a rental deposit which is secured by a charge in favour of the landlords. All trade and other receivables are expected to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying values shown above.

14. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank balances	632,200	831,491	515,947	788,846
Cash and cash equivalents	632,200	831,491	515,947	788,846
Cash and cash equivalents in the statement of cash flows	632,200	831,491	515,947	788,846

15. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade payables	176,205	160,796	27,005	149,166
Related party payables	-	-	1	1
Taxes and social security costs	22,355	15,133	250	-
Other payables	57,534	69,599	-	-
Accruals and deferred income	130,132	54,850	10,380	26,700
	386,226	300,378	37,636	175,867

All trade and other payables are expected to be settled within 12 months of the balance sheet date. The fair value of trade and other payables is the same as the carrying values shown above.

16. Share capital

	2010	2009
	£	£
Authorised 28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

Allotted, called up and fully paid	Number	Ordinary shares
		£
At 1 July 2008	9,800,000	1,225,000
Purchase of own shares	(1,362,500)	(170,312)
At 30 June 2009	8,437,500	1,054,688
Purchase of own shares	(700,000)	(87,500)
Issue of shares	100,000	12,500
At 30 June 2010	7,837,500	979,688

On 14 July 2009, the Company purchased 500,000 of its own Ordinary 12.5p shares for cancellation. The price paid per share amounted to 5p and the total consideration paid was £25,000. On 26 March 2010, the Company purchased 200,000 of its own Ordinary 12.5p shares for cancellation. The price paid per share amounted to 9p and the total consideration paid was £18,000. Total transaction costs amounted to £225.

On 2 December 2009, the Company issued 100,000 Ordinary 12.5p shares at par value. See note 20 for details of share options outstanding.

17. Financial commitments

Total future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

	Land and Buildings	
	2010	2009
	£	£
Not later than one year	110,000	110,000
Later than one year and not later than five years	174,167	284,167

18. Directors' emoluments

The remuneration of Directors of the Company is set out below.

	Salary or fees	Salary or fees	Pensions	Pensions	Total	Total
	2010	2009	2010	2009	2010	2009
	£	£	£	£	£	£
P Litten	50,000	75,000	26,250	-	76,250	75,000
S Appleton	10,000	8,000	-	-	10,000	8,000
N J Newman	1,500	1,500	-	-	1,500	1,500
R L Owen	7,500	7,500	-	-	7,500	7,500
	69,000	92,000	26,250	-	95,250	92,000

Fees for N J Newman are charged by Harris & Trotter LLP, a firm in which he is a member. See note 21.

No directors had interests in share based incentive schemes.

19. Employee information

The average monthly number of employees (including directors) employed by the Group during the year was:

Number of employees	2010	2009
	Number	Number
Production	14	13
Administration	6	4
	20	17

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

Employment costs	2010	2009
	£	£
Wages and salaries	559,299	553,021
Social security costs	61,948	60,715
Pension costs	52,672	172
	673,919	613,908

20. Share based payments

The Company has set up an EMI Share option scheme for key employees. The maximum term of current arrangements under the EMI scheme ends on 27 October 2014. Upon vesting, each option allows the holder to purchase one ordinary share at the pre agreed option price.

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

	Number of options 2010	Weighted average exercise price 2010 £	Number of options 2009	Weighted average exercise price 2009 £
Outstanding at beginning of the year	249,600	0.31	249,600	0.31
Lapsed during the year	(14,000)	(0.19)	-	-
Outstanding at end of the year	235,600	0.32	249,600	0.31

The exercise price of options outstanding at the year-end ranged between £0.1875 and £0.625 (2009: £0.1875 and £0.625) and their weighted average contractual life was 4 years (2009: 4 years).

The Group issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of 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 using the Binomial model. The expected life used in the model has been adjusted based on management's best estimate for the effect of non-transferability, exercise restrictions and behavioural considerations. The fair value of the options is calculated using the Binomial model making the following assumptions:

Grant date	28 October 2004
Share price at grant date	16.25p
Exercise price	18.75p
Expected life	4 years
Contractual life	10 years
Risk free rate	6%
Expected volatility	43%
Expected dividend rate	0%
Fair value option	5.9868p

No expense has been recognised in the Consolidated Statement of Comprehensive Income for share based payments in respect of employee share options as, in the opinion of the directors, the amounts are considered immaterial.

After the reporting period, the Company granted a total of 1,200,000 share options to a number of employees. The options were granted at a price of 8.75 pence each. The options vest after 3 years and can be exercised in the period commencing on the third anniversary of the date of grant through until the tenth anniversary of the date of grant.

21. Related party transactions

The Group has a related party relationship with its subsidiaries and its directors.

Details of transactions between the Company and its subsidiaries are as follows:

	2010	2009
	£	£
Management fees charged to subsidiaries		
Cheerful Scout Productions Limited	100,000	-
nVision Technology Limited	35,000	-
	135,000	-
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	381,064	202,000
Less provision	(201,308)	(200,000)
	179,756	2,000
Amounts owed to subsidiaries	-	15,238

Cheerful Scout Plc is a guarantor for a lease entered into by Cheerful Scout Productions Limited, its subsidiary undertaking.

During the year, the Company's investment in its subsidiary, Cheerful Scout Productions Limited, was impaired by £400,000 (2009: £300,000).

Harris and Trotter LLP is a firm in which N J Newman is a member. The amounts charged to the Group for professional services and the balance outstanding at the reporting date is as follows:

Harris and Trotter LLP – charged during the year	2010	2009
	£	£
Cheerful Scout plc	13,745	25,750
Cheerful Scout Productions Limited	17,380	7,100
nVision Technology Limited	3,273	-
	34,398	32,850

Harris and Trotter LLP – balance outstanding at the reporting date	2010	2009
	£	£
Cheerful Scout plc	1,763	16,963
Cheerful Scout Productions Limited	8,072	-
	9,835	16,963

The compensation of key management (including directors) of the Group is as follows:

	2010	2009
	£	£
Short-term employee benefits	115,778	167,737
Post-employment benefits	52,500	-
	168,278	167,737

At the reporting date, the following amounts are due to directors:

	2010	2009
	£	£
S Appleton	10,000	-

22. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables.

Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2010 was £361,760 (2009: £100,895). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The

Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meet its obligations of £386,226 (2009: £300,378).

Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group was £632,200 (2009: £831,491). The Group ensures that its cash deposits earn interest at a reasonable rate.

Fair value of financial assets

The Group's book value of the financial assets equates to their fair values.

23. Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £52,672 (2009: £172).

24. Control

The Company is controlled by P Litten.

25. Events after the reporting date

After the reporting period, the Company granted a total of 1,200,000 share options to a number of employees. The options were granted at a price of 8.75 pence each. The options vest after 3 years and can be exercised in the period commencing on the third anniversary of the date of grant through until the tenth anniversary of the date of grant.

26. Notice of AGM

The Annual General Meeting of Cheerful Scout Plc will be held at 25-27 Riding House Street, London W1W 7DU on 13 December 2010 at 10.30 a.m. A formal notice of AGM along with the Annual Report and Accounts will be sent to shareholders.