

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
ROSS GROUP PLC & SUBSIDIARIES**

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ROSS GROUP PLC & SUBSIDIARIES

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for the Year Ended 31 December 2010**

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ROSS GROUP PLC & SUBSIDIARIES

COMPANY INFORMATION
for the Year Ended 31 December 2010

DIRECTORS.

W L Hopkins
B Pettitt
M J Simon
J C Broadley
S T Mehta

SECRETARY

M J Simon

REGISTERED OFFICE:

35 Paul Street
London
EC2A 4UQ

REGISTERED NUMBER:

00131902 (England and Wales)

AUDITORS:

Everett & Son
Chartered Accountants & Statutory Auditors
35 Paul Street
London
EC2A 4UQ

ROSS GROUP PLC & SUBSIDIARIES

CHAIRMAN'S STATEMENT for the Year Ended 31 December 2010

RESULTS

It gives me great pleasure, as Chairman, to announce for the year ending 31st December 2010 that the Ross Group Plc has made a profit before tax of £ 114,936 (Year ended 31st December 2009 profit of £51,665, and year ended 31 December 2008 loss of £1,055,000)

This marks yet another notable change in the Group's performance, compared with recent results. For the first time in many years, the Group has managed to make a consecutive annual profit. This reflects upon the new management's strategy and focus:

- Restructuring and resolving all pre-existing and outstanding issues
- Elimination of the previous management charges, expenses and exposures to prior liabilities
- Achieving an efficient and effective operation at the lowest possible overhead

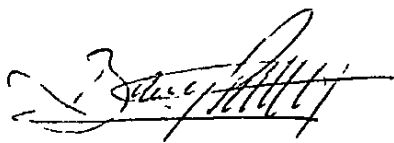
At the same time, the Group has been - and still is - specifically seeking to explore new core-business strategic and synergistic partnerships, alliances and acquisition opportunities within the consumer electronics, electrical and energy-related industries. We continue to conduct our business, wherever possible, on a pre-sold, pre-financed and pre-determined fixed profit basis.

The Group has also recently decided to further expand its scope of exploration of opportunities into other non-related areas which it believes will benefit its shareholders - especially given the somewhat unique position of the Group being fully listed on the main board of the London Stock Exchange and with the prevailing current market conditions. The Group anticipates concluding future business of this nature in accordance with its strategy at some time during 2011 and is already engaged in detailed discussions with several suitable companies regarding significant opportunities.

Whilst the global economy still continues to face a number of major challenges and also is continually depressed in many areas, your Board of Directors remain confident that there are certain opportunities, within and/or outside its core business competency, that are worth exploring with a view to expanding the Group as a whole into an orderly structured organisation in the near future.

During this period of structured transition, the Board is confident that the Group will be able to continue to operate and gradually grow its own organic business in accordance with its existing strategy of being risk adverse. This is to say, to forego large sales with little profits and lots of risks, in favour of other smaller service-related businesses that provide profitable income with little or limited risk.

I would very much like to thank the elected Board of Directors, employees, contractors and consultants for all their excellent support, commitment and hard work in helping the Group provide yet another annual profit under extremely difficult circumstances and conditions. I sincerely hope that during the forthcoming year the Group will be able to continue to build on its present success and perhaps bring some more optimism to our extraordinarily loyal, long-suffering, shareholders who I would also like to personally thank for their patience and understanding during this particular period.



Barry Richard Pettitt
Chairman & Chief Executive Officer
28 April 2011

ROSS GROUP PLC & SUBSIDIARIES

OPERATING AND FINANCIAL REVIEW for the Year Ended 31 December 2010

Business Review

The twelve months of trading in 2010 were somewhat similar for the Group to the previous year. The main focus of the Board continued to be restructuring the Group and its businesses, all the while seeking to secure new global trading opportunities, acquisitions or alliances.

As in 2009, the Company engaged in fairly minimal trading, concluding a modest number of supply-chain deals in the Far East in order both to keep the Group progressing in its endeavours to fund the strategic acquisition/partnership activity.

The Group at 31 December 2010 consisted of Ross Group plc, and two wholly owned subsidiaries Sansui Electronics (UK) Ltd and San Gain Limited, a corporation registered in Hong Kong. It is still the Board's intention to begin trading activity with Ross Group (USA) Incorporated, and to bring that business and possibly others, into the Group's ownership in the near future.

The Directors remain satisfied with progress so far and look forward to the expansion opportunities, both core and non-core, now becoming clear in 2011 for the Group.

Business Outlook

The outlook for the Group should be enhanced by the new and potential significant changes in the structure and operation of the business, as outlined in the Chairman's statement.

ROSS GROUP PLC & SUBSIDIARIES

REPORT OF THE DIRECTORS for the Year Ended 31 December 2010

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

PRINCIPAL ACTIVITY

The Group has two operating subsidiaries which concentrate on the following activities

- The distribution of consumer electronic branded products through Sansui Electronics (UK) Limited
- The distribution of consumer electronic branded products and complementary supply chain management services through San Gain Industrial Company Limited

STRATEGY

Sansui Electronics (UK) Ltd and San Gain Industrial Company Limited continue to conduct and seek business in both consumer electronics trading, sales agency and supply chain management activities. These trading activities were profitable during the year and contributed to the good results that the Board has been able to report. It is anticipated that this will continue into 2011 and beyond.

The new management continued throughout 2010 in its efforts to actively negotiate with all the creditors and loan holders in the Group. The ultimate aim is to restructure these loans into a form of rescheduling and/or equity conversion acceptable to both parties. The Board is pleased to report that this approach met with significant success during the year and that adjustments and certain renegotiations have resulted in having a positive impact on the Group's profits for 2010.

As this process becomes complete, it is the opinion of the Board that the Group will then be in a much better position to consider and proceed with the opportunities which have presented themselves and are currently under active research, investigation and consideration. The Board is confident that these will lead to increased profitability and shareholder value in the future.

The Group is also continuing in its pursuing of plans to establish subsidiaries in certain overseas countries, with a view to expanding its business infrastructure geographically across the World.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements and detailed in the Operating and Financial Review.

DIVIDENDS

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

ROSS GROUP PLC & SUBSIDIARIES

REPORT OF THE DIRECTORS for the Year Ended 31 December 2010

DIRECTORS

B R Pettitt (Chief Executive Officer)

Barry Richard Pettitt, aged 51, was appointed to the board on 22 December 2008 as the CEO of the Group and elected as its Chairman and CEO on 28 April 2009. He has more than 30 years experience within the consumer electronics industry, during which time he successfully started a specialist supply chain management services company, ISO International (Holdings) Ltd, which was subsequently purchased by a Hong Kong Public Company for HK\$ 155,000,000 in 2003. In addition, he has managed a number of Public Company divisions (in the capacities of President and Managing Director) and recently successfully relisted a Hong Kong Public Company, Vision Tech Ltd, as its CEO in 2007. Through Premier Consultants Ltd, a specialist consulting company, of which he was a founding member and has specialised primarily in working with major consumer electronics and electrical Public Companies, usually all being based in Hong Kong, where he has resided since 1990. Prior to that, he was the joint Managing Director of Ross Consumer International Ltd and a main board director of the Ross Group (formerly Ross Consumer Electronic plc) in 1988/89 after which he has continued to be a shareholder in Ross Group for the last 20 years.

M J Simon (Non Executive Director)

Michael Jonathan Simon, aged 52, was reappointed to the board on 29 April 2009. He is an economics graduate from the University of Cambridge and a fellow of the Institute of Chartered Accountants in England and Wales and also of the Association of Chartered Certified Accountants. Mr Simon is in a partnership in public practice and a non-executive director of several other companies.

W L Hopkins (Executive Director)

Wade Lionel Hopkins, aged 62, was appointed to the board 22 December 2009. He has over 35 years of experience in both Consumer Electronics and the Electronic Components Industry. He has previously worked for the Ross Group as Managing Director of a subsidiary, Britimpex, in 1988/90.

S C Mehta (Executive Director)

Shashi Mehta, aged 52, was appointed to the Board 22 December 2009. He holds a BSc (Hons) in Manufacturing and has had a distinguished career in a variety of industrial and manufacturing trouble-shooting roles. He brings a wealth of experience and expertise to the Group. He spent many years working for the Ford Motor Company, and was Operations Manager in Ross Consumer Electronics during the 1980's.

J C Broadley (Non Executive Director)

Jack Broadley, aged 70, was appointed to the Board on 22 December 2009. Educated at Rutherglen Academy, he qualified as a CA in 1967. He spent many years working for Lowe Bingham Matthew in Hong Kong, becoming partner there in 1972 and was a senior partner during their merger with Coopers (now Price Waterhouse Coopers). He retired in 1990, and entered into a successful consulting career, taking up several directorships with public companies in Hong Kong. He is now based in the UK, and his exceptional breadth of business experience is welcomed within the Group. Mr Broadley resigned as a director on 31 December 2010.

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the policy of the company that it and each of its subsidiaries should agree appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

FINANCIAL INSTRUMENTS

Details of the financial instruments used by the Group can be found in note 16 of the accounts.

EMPLOYEE INVOLVEMENT

Currently the directors are the only employees.

ROSS GROUP PLC & SUBSIDIARIES

REPORT OF THE DIRECTORS for the Year Ended 31 December 2010

DIRECTORS INTERESTS

Directors

The directors had no interests in contracts of significance with the company

In accordance with the Articles of Association members will be asked to confirm the appointment of all directors

The total number of shares controlled by Barry Pettitt, directly and indirectly through Prime Growth Enterprises Limited and Vidacos Nominees, at the date of this report was 34,431,154 (25.29%)

The following directors also owned shares in Ross Group plc at the date of this report

	No. of Ordinary Shares	% of Issued Share Capital
Michael Simon	624,302	0.45%
Wade Hopkins	92,962	0.07%

Substantial shareholdings

As at 31st December 2010 the following were registered as being materially interested in 3% or more of the company's issued share capital, or being a related shareholder

	No. of Ordinary Shares	% of Issued Share Capital
Kenworth Capital Limited	40,000,000	29.37%
Prime Growth Enterprises Limited	30,567,555	22.45%
Escalating Investments Limited	22,200,720	16.30%

Barry Pettitt had the following interest through his nominees

Vidacos Nominees	3,636,359	2.67%
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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 are required to prepare the Group's financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, International Accounting Standard 1 requires the directors to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- make judgements and accounting estimates that are reasonable and prudent,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

ROSS GROUP PLC & SUBSIDIARIES

REPORT OF THE DIRECTORS for the Year Ended 31 December 2010

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

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge

- 1 the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- 2 the management report, which is incorporated into the Directors' Report together with the information provided in the Chairman's Statement, the Operating and Financial Review, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face

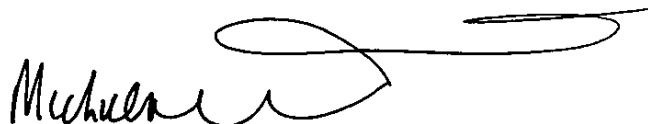
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Everett & Son, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Michael', followed by a long horizontal flourish.

M J Simon - Secretary

28 April 2011

ROSS GROUP PLC & SUBSIDIARIES

CORPORATE GOVERNANCE STATEMENT for the Year Ended 31 December 2010

The company is pleased to present its report on Corporate Governance the Combined Code. The Board strives to comply with the high standards set by The Combined Code as incorporated in the UK Listing Rules of the Financial Services Authority. The Code on Corporate Governance requires the company to make a two part disclosure statement, firstly on how the principles of the code are applied and secondly confirmation of compliance or explanation of any reason for deviation from the Code.

Application Of The Principles Of The Combined Code

The Board

There is an effective and appropriately constituted board which in the year under review consisted of five directors. The Chief Executive, Mr Pettitt who is normally based overseas, also serves as Chairman and during 2010 was supported by four other directors. W L Wade and M J Simon, both appointed in April 2009, and J C Broadley and S C Mehta both appointed in December 2009. Mr Simon has acted as Company Secretary since April 2009.

The two non-executive directors, Mr Simon and Mr Broadley, are considered to be independent as there are no circumstances or relationships as described by Code provision A 3.1 which apply to their appointments. The Group's definition of a non-executive director is one who considers the interest of all the shareholders and this is demonstrated during the board meetings. Mr Broadley resigned as a director on 31 December 2010, and, at the time of writing, the Board is actively engaged in a process of selecting an individual with the appropriate experience and skill to serve as a non-executive director on the Board.

Board Procedure

The Board is responsible for decisions concerning strategic and financial planning and matters involving the overall direction of the company. Management will seek Board approval of the annual budget and rolling business plan. Reforecasts are presented as updates to the budget throughout the year to account for variances and provide forward vision. The operational business decisions are taken by local management with reference to the Board where necessary.

The Board has established separate committees for Appointments (Chaired by Mr Broadley), Audit (Chaired by Mr Simon) and Remuneration (Chaired by Mr Simon).

All of the directors are subject to periodic re-election and the full board considers all appointments. A director will require re-election within a maximum period of three years.

Biographies of the Board are included in the Financial Statements. These indicate a wealth of experience, which is essential in effectively managing the activities of the Group. In addition to this the board members, where appropriate, attend seminars and courses of their respective professional organisations.

Attendance

Board meetings are held regularly throughout the year. Due to the location of the directors, the meetings are often held electronically.

The Board has now established procedures in respect of access to the Company Secretary and the Directors have access to consult the Company Secretary when required.

All Shareholders have the opportunity to put forward questions to the Board during the Company's Annual General Meeting and the Board communicates with the Shareholders via the notices and other papers relating to the Annual General Meeting. The Company also welcomes and responds to written communication from its shareholders. The Company website allows shareholders to contact the directors by email.

ROSS GROUP PLC & SUBSIDIARIES

CORPORATE GOVERNANCE STATEMENT for the Year Ended 31 December 2010

The Board has carried out a formal and rigorous annual evaluation of its performance and of its committees and individual directors. This evaluation covers contribution, commitment and the manner in which board related duties have been completed. The chairman has discussed the review with individual directors where necessary to ensure the Board operates as an effective unit. The performance review was conducted using recognised evaluation processes. The independent non-executive director has conducted a performance review on the chairman which included the consideration of the views expressed by the executive directors.

Internal audit and control

The respective responsibilities of the directors and the auditors in connection with the Financial Statements are set out in the audit report. The directors have overall responsibility of the effectiveness of the Group's whole system of internal control, including financial and other controls, which are designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the directors have established to provide effective internal financial control are as follows:

Financial Reporting

There is a comprehensive system for reporting performance. During the course of the year, a one year rolling budget is prepared for each company within the Group and a consolidated budget is prepared for the whole Group. The Board then formally approves the budgets. The results are then reported regularly to the Board for their consideration and forecasts are revised accordingly.

Quality and Integrity of Personnel

The integrity of the Group is maintained through the appointment of experienced and professional staff and the application of appropriate policies and procedures.

Capital Investment

The Group has set procedures for capital expenditure. These include annual budgets, appraisals and review of the required expenditure, approvals at the right levels of authority and the commissioning of independent professional advice where appropriate.

Professional Advice

Professional advice is usually sought on contentious and disclosure issues, this being as a result of discussions during the Board Meetings. During the year the Chairman can seek independent professional advice in relation to matters affecting the Group.

The Group has an ongoing system for identifying, evaluating and managing the significant risks faced by the Group which has been in place for the whole of the year under review up to the date of approval of the annual report and accounts and which is regularly reviewed by the Board to ensure it continues to accord with the "Turnbull Guidance". The directors have reviewed the effectiveness of the system of internal financial control during the year from information provided by the management and the Group's external auditors. It must be recognised that such a system can only provide reasonable and not absolute assurance, and in that context, the review revealed nothing which, in the opinion of the directors, indicates that the system was inappropriate or unsatisfactory.

The Group has no formal internal audit function and the Board has determined that there is no need for one. The Board considers that internal audit is dealt with in other ways and the situation is regularly reviewed.

ROSS GROUP PLC & SUBSIDIARIES

CORPORATE GOVERNANCE STATEMENT for the Year Ended 31 December 2010

Going Concern

The directors confirm that after making the appropriate enquires, they are of the opinion that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future and therefore have prepared the Financial Statements on a going concern basis

External Audit and Audit Committee

The Audit Committee during 2010 was comprised of the two non-executive directors, Mr Simon and Mr Broadly, as well as one Executive Director Mr Mehta. It met periodically to review the adequacy of the Group's internal control systems, accounting policies, corporate governance policies and compliance with applicable accounting standards and to consider the appointment of the external auditors and to review their fees. Everett & Son is invited to attend these meetings. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and obtain external professional advice as is necessary.

By order of the Board



Barry Richard Pettitt
Chairman & Chief Executive Officer

28 April 2011

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

DIRECTORS' REMUNERATION REPORT for the Year Ended 31 December 2010

The Board is pleased to present its Remuneration Report in accordance with section 12 43A(c) of The Listing Rules

The Board has in place a Remuneration Committee, comprising Mr Michael Simon, Mr Broadley, both non executive directors, and Mr B Pettitt, Chief Executive, to determine the remuneration of the Board

The Company policy during the restructuring period throughout 2010 was to pay directors only a nominal £1 salary. This policy will be reconsidered as occasion arises and as the new business opportunities open to the Group are realised. The directors feel it would be inappropriate to take any reward until then.

Name	Position	Gross Salary	Benefits	Notice Pay	Total Remuneration 2010	Total Remuneration 2009
B R Pettitt	Chairman/ Chief Executive	£1	Nil	Nil	£1	£1
M J Simon	Non executive director	£1	Nil	Nil	£1	£1
W L Hopkins	Executive Director	£1	Nil	Nil	£1	£1
S C Mehta	Executive Director	£1	Nil	Nil	£1	Nil
J C Broadley	Non executive director	£1	Nil	Nil	£1	Nil
Total		£5	Nil	Nil	£5	£3

No director has a service contract with a notice period in excess of 12 months. All executive directors have contracts that require a notice period of one month. The contracts of the non-executive directors would normally be renewed for a period of one year. All directors are presented for re-election by the members at the Annual General Meeting on a maximum cycle of three years.

The Group does not currently operate a director's share option scheme or a long-term incentive scheme. The Group also does not currently have an employees share scheme or other long-term incentive.

ROSS GROUP PLC & SUBSIDIARIES

CORPORATE SOCIAL RESPONSIBILITY (CSR) for the Year Ended 31 December 2010

The Board is fully aware of its responsibilities and fully supports the drive for ongoing improvement in this area. The impact the group's activities on the environment are regularly assessed to enable action to be directed at areas where any harmful impact could be reduced.

The Board has instructed local management to ensure the companies address those corporate social responsibilities which are recognised as being of prime importance. The responsibility for CSR rests with the Chief Executive director, Barry Pettitt, who will bring to the Board's attention any major issues which require their approval and regularly updates the Board on CSR matters. The views of shareholders and interested external parties are considered when developing the ongoing policy to CSR.

Figures are available for the board to review to enable them to assess the trend towards improvement in CSR matters and to direct the policy towards those areas that require further attention.

Employees

During 2010 the only employees of the company were its directors. However, as the new business opportunities planned in 2010 begin to be realised in 2011 and beyond, this will not remain the case.

As a statement of principle, then, the company considers that employees constitute a company's most valuable asset and therefore it is committed to ensuring they will be rewarded with the best environment in which to perform their duties. This environment will be one of equal opportunity and free from discrimination and harassment. The company is keen to develop a culture which suits the recruitment and retention of the highest calibre of staff and to ensure that all staff will be trained to the appropriate standard required to fully meet their job specifications.

The health and safety of the employees is paramount to the company. Staff will be issued with data sheets on the handling of any substances which might be toxic and will be trained in the correct procedures to follow. The company has a Health and Safety committee where any potential issues can be raised.

Environment

The Company has worked with its suppliers during the year to ensure the products used in manufacturing and any waste arising from the use of those products has a minimal impact on the environment. The use of energy is closely monitored and the available controls are used to good effect to reduce consumption where possible.

Customers

Customer satisfaction is one of the main targets for the company and this is aided by a rigorous quality policy. The Quality procedures adopted by the company require the recording of customer feedback and measures our performance against customer expectation. The company strives to meet the demands of its customers, but also ensures that solutions to their requirements are designed with efficiency.

Local Community

The company seeks to inter act with the local community and develop close relationships within its area of operation. It has established links with the local schools and colleges.

Commitment

The Group will continue to enhance its approach to CSR to ensure that it supports the principles as it expands its range of activities and welcomes any suggestions on how it can improve in this area.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROSS GROUP PLC & SUBSIDIARIES

We have audited the financial statements of Ross Group Plc & Subsidiaries for the year ended 31 December 2010 on pages ten to thirty. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Group's total liabilities exceeded its total assets by £6.36 million. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the Chairman has pledged his personal support to cover the overheads of the Group up to 30 December 2012. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ROSS GROUP PLC & SUBSIDIARIES**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Under the Listing Rules we are required to review

- the directors' statement, set out on page 5, in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Jonathan N Cross FCA (Senior Statutory Auditor)
for and on behalf of Everett & Son
Chartered Accountants & Statutory Auditors
35 Paul Street
London
EC2A 4UQ

28 April 2011

ROSS GROUP PLC & SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT
for the Year Ended 31 December 2010**

	Notes	31.12 10 £'000	31 12 09 £'000
CONTINUING OPERATIONS			
Revenue	2	113	44
Other operating income	3	-	87
Administrative expenses		<u>14</u>	<u>(76)</u>
OPERATING PROFIT		127	55
Finance costs		<u>(13)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	5	114	52
Income tax	6	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>114</u>	<u>52</u>
Profit attributable to Owners of the parent		<u>114</u>	<u>52</u>
Earnings per share expressed in pence per share	8		
Basic		0.08	0 04
Diluted		<u>0.08</u>	<u>0 04</u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the Year Ended 31 December 2010

	31 12.10	31 12 09
	£'000	£'000
PROFIT FOR THE YEAR	114	52
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>114</u>	<u>52</u>
 Total comprehensive income attributable to		
Owners of the parent	114	52
Non-controlling interests	<u>-</u>	<u>-</u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

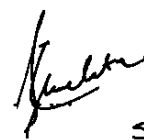
	Notes	31.12.10 £'000	31.12.09 £'000
ASSETS			
CURRENT ASSETS			
Trade and other receivables	10	190	216
Cash and cash equivalents	11	<u>5</u>	<u>12</u>
		<u>195</u>	<u>228</u>
TOTAL ASSETS		<u>195</u>	<u>228</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	11,136	11,136
Share premium	13	2,317	2,317
Other reserves	13	15,384	15,384
Retained earnings	13	<u>(35,193)</u>	<u>(35,307)</u>
TOTAL EQUITY		<u>(6,356)</u>	<u>(6,470)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	14	<u>6,288</u>	<u>6,288</u>
CURRENT LIABILITIES			
Trade and other payables	14	248	141
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	15	200
Provisions	17	<u>-</u>	<u>69</u>
		<u>263</u>	<u>410</u>
TOTAL LIABILITIES		<u>6,551</u>	<u>6,698</u>
TOTAL EQUITY AND LIABILITIES		<u>195</u>	<u>228</u>

The financial statements were approved by the Board of Directors on its behalf by

28 April 2011

and were signed on


Director Barry Pettitt


Director Shashank Mehta

The notes form part of these financial statements

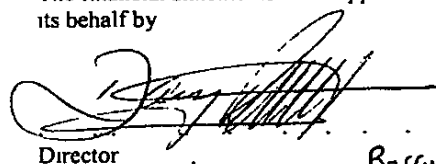
ROSS GROUP PLC & SUBSIDIARIES

COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2010

	Notes	31.12.10 £'000	31.12.09 £'000
ASSETS			
NON-CURRENT ASSETS			
Trade and other receivables	10	-	1,920
CURRENT ASSETS			
Trade and other receivables	10	194	175
Cash and cash equivalents	11	4	12
		<u>198</u>	<u>187</u>
TOTAL ASSETS		<u>198</u>	<u>2,107</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	11,136	11,136
Share premium	13	2,317	2,317
Other reserves	13	30,938	30,938
Retained earnings	13	(50,187)	(50,047)
TOTAL EQUITY		<u>(5,796)</u>	<u>(5,656)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	14	2,278	2,278
CURRENT LIABILITIES			
Trade and other payables	14	3,716	5,416
Provisions	17	-	69
		<u>3,716</u>	<u>5,485</u>
TOTAL LIABILITIES		<u>5,994</u>	<u>7,763</u>
TOTAL EQUITY AND LIABILITIES		<u>198</u>	<u>2,107</u>

The financial statements were approved by the Board of Directors on its behalf by

28 April 2011 and were signed on



Director

Barry Pettitt



Director

Shashant Mehta

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2010**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2009	11,136	(35,359)	2,317	15,384	(6,522)
Changes in equity					
Total comprehensive income	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
Balance at 31 December 2009	<u>11,136</u>	<u>(35,307)</u>	<u>2,317</u>	<u>15,384</u>	<u>(6,470)</u>
Changes in equity					
Total comprehensive income	<u>-</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>
Balance at 31 December 2010	<u><u>11,136</u></u>	<u><u>(35,193)</u></u>	<u><u>2,317</u></u>	<u><u>15,384</u></u>	<u><u>(6,356)</u></u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES**COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2010**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2009	11,136	(50,254)	2,317	30,938	(5,863)
Changes in equity					
Total comprehensive income	-	207	-	-	207
Balance at 31 December 2009	<u>11,136</u>	<u>(50,047)</u>	<u>2,317</u>	<u>30,938</u>	<u>(5,656)</u>
Changes in equity					
Total comprehensive income	-	(140)	-	-	(140)
Balance at 31 December 2010	<u>11,136</u>	<u>(50,187)</u>	<u>2,317</u>	<u>30,938</u>	<u>(5,796)</u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2010

	Notes	31.12.10 £'000	31 12 09 £'000
Cash flows from operating activities			
Cash generated from operations	1	6	(56)
Interest paid		<u>(13)</u>	<u>(3)</u>
Net cash from operating activities		<u>(7)</u>	<u>(59)</u>
 Cash flows from financing activities			
New loans in year		-	177
Amounts lent to associates		<u>-</u>	<u>(111)</u>
Net cash from financing activities		<u>-</u>	<u>66</u>
 (Decrease)/Increase in cash and cash equivalents		 (7)	 7
Cash and cash equivalents at beginning of year	2	<u>12</u>	<u>5</u>
Cash and cash equivalents at end of year	2	<u><u>5</u></u>	<u><u>12</u></u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

COMPANY STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2010

	Notes	31.12.10 £'000	31 12 09 £'000
Cash flows from operating activities			
Cash generated from operations	1	5	(206)
Interest paid		<u>(13)</u>	<u>(3)</u>
Net cash from operating activities		<u>(8)</u>	<u>(209)</u>
Cash flows from financing activities			
New loans in year		-	2,097
Amount lent to subsidiaries		<u>-</u>	<u>(1,881)</u>
Net cash from financing activities		<u>-</u>	<u>216</u>
(Decrease)/Increase in cash and cash equivalents		(8)	7
Cash and cash equivalents at beginning of year	2	<u>12</u>	<u>5</u>
Cash and cash equivalents at end of year	2	<u><u>4</u></u>	<u><u>12</u></u>

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE STATEMENTS OF CASH FLOWS for the Year Ended 31 December 2010

1 RECONCILIATION OF PROFIT/(LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	31.12.10	31 12 09
	£'000	£'000
Profit before income tax	114	52
Creditor balance written back	(185)	(393)
Bad debt written off	-	200
Finance costs	13	3
	(58)	(138)
Decrease/(Increase) in trade and other receivables	26	(58)
Increase in trade and other payables	38	140
Cash generated from operations	6	(56)

Company

	31.12.10	31 12 09
	£'000	£'000
(Loss)/profit before income tax	(140)	207
Creditor balance written back	-	(393)
Finance costs	13	3
	(127)	(183)
Increase in trade and other receivables	(19)	(163)
Increase in trade and other payables	151	140
Cash generated from operations	5	(206)

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statements of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

	Group		Company	
Year ended 31 December 2010	31.12.10	1.1.10	31.12.10	1.1.10
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5	12	4	12
Year ended 31 December 2009	31 12 09	1 1 09	31.12.09	1 1 09
	£'000	£'000	£'000	£'000
Cash and cash equivalents	12	5	12	5

The notes form part of these financial statements

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standard on a going concern basis. In addition to complying with IFRSs as adopted by the European Union, IFRSs as issued by the International Accounting Standards Board (IASB) have also applied.

The adoption of all relevant new Standards issued by the International Accounting Standards Board in the current period has not led to any changes in the Group's accounting policies or financial statements, apart from the adoption of IAS 1 (Revised) and IFRS 8. The directors have adopted these policies to the extent they feel is appropriate.

At the date of authorisation of these financial statements a number of Standards, amendments and Interpretations, issued by the IASB and not applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) none of which will have a significant impact on the financial statements.

Going concern

Although the Group has incurred significant losses in the past resulting in negative retained earnings and total liabilities exceed total assets the Directors feel the going concern basis is appropriate. The change in management structure that took place in 2009 year has led to a new strategy being adopted by the Group and will allow them to take advantage of new, profitable business opportunities.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2010. Profits or losses on intra-group transactions and intra-group balances are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Revenue recognition

Revenue is the total amount receivable by the group for goods supplied and services provided to third parties, excluding VAT.

Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the entity becomes party to the contractual provisions of the instrument.

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term deposits held with banks, bank overdrafts are recorded under current liabilities on the balance sheet.

Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts and included in current assets, except for maturities greater than 12 months from the balance sheet date.

Trade and other payables

Trade and other payables are stated at their nominal value and included in current liabilities, except for maturities greater than 12 months from the balance sheet date.

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

1 ACCOUNTING POLICIES - continued

Deferred taxation

Deferred tax is provided for if material, using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that an asset will crystallise

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. These transaction differences are dealt with in the profit and loss account. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

2 SEGMENTAL REPORTING

The directors feel that due to the small amount of trading that has taken place during the year it is not possible to identify any segments and as a result cannot follow IFRS 8. The entire turnover was generated overseas and relates to the principal activity of the Group. The directors will review this assessment next year.

3 OTHER OPERATING INCOME

	31.12.10 £'000	31.12.09 £'000
Sale of trademark	-	25
Sundry receipts	-	3
Sale of contract	-	59
	<u>-</u>	<u>87</u>

4 EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2010 nor for the year ended 31 December 2009.

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

	31.12.10	31.12.09
Management	<u>5</u>	<u>3</u>
	31.12.10	31.12.09
	£	£
Directors' remuneration	<u>5</u>	<u>3</u>

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

5 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	31.12.10	31.12.09
	£'000	£'000
Other operating leases	-	53
Auditors' remuneration	35	45
Professional advisory and statutory services	-	3
	<u>-</u>	<u>3</u>

The operating lease charge in the previous year was the cost involved in releasing the Group from its lease of the property in Southampton. This matter has now been settled in 2009 and the Group has no other lease commitments.

6 INCOME TAX

No liability for UK corporation tax arose on ordinary activities for the year ended 31 December 2010 or for the year ended 31 December 2009. The Group's profit for the financial year was offset against the trading losses brought forward.

Subject to the agreement with HM Revenue and Customs, the Group has allowable trading losses at 31 December 2010 for set-off against future trading profits of £11.41m (2009: £11.57m).

A deferred tax asset of £3.20m (2009: £3.47m) arises due to the large trading losses described above. As it is not known when the Group will be able to make use of these losses the asset has not been recognised in the financial statements.

7 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(140,042) (2009: £206,864 profit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2010

8 EARNINGS PER SHARE

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

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares

Reconciliations are set out below

	Earnings £'000	31.12.10 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	114	136,181,924	0.08
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	<u>114</u>	<u>136,181,924</u>	<u>0.08</u>

	Earnings £'000	31.12.09 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	52	136,181,924	0.04
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	<u>52</u>	<u>136,181,924</u>	<u>0.04</u>

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

9 SUBSIDIARIES

At 31 December 2010 the company held 100% of the allotted equity share capital of the following -

Name of subsidiary undertaking	Country of registration and incorporation	Class of share capital held	Nature of business
Sansui Electronics (UK) Limited	England and Wales	Ordinary	Distribution of consumer electronic branded products
San Gain Industrial Company Limited	Hong Kong	Ordinary	Distribution of consumer electronic branded products and complementary supply chain management services

The costs of the fixed asset investments have been written off over the previous periods

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.10 £'000	31 12 09 £'000	31.12.10 £'000	31 12 09 £'000
Current				
Amounts owed by group undertakings	-	-	4	3
Other debtors	190	111	190	111
Prepayments and accrued income	-	105	-	61
	<u>190</u>	<u>216</u>	<u>194</u>	<u>175</u>
Non-current				
Amounts owed by group undertakings	-	-	-	1,920
Aggregate amounts	<u>190</u>	<u>216</u>	<u>194</u>	<u>2,095</u>

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.10 £'000	31 12 09 £'000	31.12.10 £'000	31 12 09 £'000
Bank current account	<u>5</u>	<u>12</u>	<u>4</u>	<u>12</u>

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

12 CALLED UP SHARE CAPITAL

Group and Company

	31.12.10 £000	31 12 09 £000
Authorised share capital:		
195,000,000 Deferred shares of 4 8p each	9,360	9,360
67,052,306 Deferred shares of 4p each	2,682	2,682
300,000,000 Ordinary shares of 0 1p each	300	300
2,700,000,000 Deferred shares of 0 1p each	2,700	2,700
	<u>15,042</u>	<u>15,042</u>
Alloted, called up and fully paid:		
147,745,300 Deferred shares of 4 8p each	7,092	7,092
67,052,306 Deferred shares of 4p each	2,682	2,682
136,180,924 Ordinary shares of 0 1p each	136	136
1,225,628,316 Deferred shares of 0 1p each	1,226	1,226
	<u>11,136</u>	<u>11,136</u>

The ordinary shares have both voting rights and the right to dividends. The deferred shares have no rights to dividends and no voting rights.

On a winding up the holders of the deferred shares of 4 8p each shall be entitled to receive 1p per share after the repayment of all amounts payable to the holders of any other class of share and the payment of £5,000 on each ordinary share for the time being in issue. On a winding up the holders of deferred shares of 0 1p each shall be entitled to receive 0 1p per share after the payment of £5,000 on each ordinary share for the time being in issue but shall not confer the right to participate in any surplus.

The deferred shares of 4 8p each are redeemable at the company's option any time at a price of 1p for each of the deferred shares held by any member. The deferred shares of 0 1p each are transferable at the company's option at any time to any person at a total price of 1p for all of the shares held by a shareholder. The deferred shares of 0 1p each are redeemable or cancellable at the company's option at any time at a total price of 1p for all of the shares held by a shareholder.

As the deferred shares rank behind the ordinary shares, they are recognised as equity.

Managing Capital

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing products and services at an appropriate level taking into account the level of risk.

The Group sets an amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets.

The entity is not subject to any externally imposed capital requirements.

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

13 RESERVES

Group	Retained earnings £'000	Share premium £'000	Other reserves £'000	Totals £'000
At 1 January 2010	(35,307)	2,317	15,384	(17,606)
Profit for the year	<u>114</u>			<u>114</u>
At 31 December 2010	<u>(35,193)</u>	<u>2,317</u>	<u>15,384</u>	<u>(17,492)</u>
Company	Retained earnings £'000	Share premium £'000	Other reserves £'000	Totals £'000
At 1 January 2010	(50,047)	2,317	30,938	(16,792)
Deficit for the year	<u>(140)</u>			<u>(140)</u>
At 31 December 2010	<u>(50,187)</u>	<u>2,317</u>	<u>30,938</u>	<u>(16,932)</u>

Other reserves of the Group consist of a capital redemption reserve of £1 92m (2009 £1 92m), a non-distributable capital reserve of £3 33m (2009 £3 33m), and a special reserve of £10 13m (2009 £10 13m)

Other reserves of the company consist of a capital redemption reserve of £1 92m (2009 £1 92m) and a special reserve of £29 02m (2009 £29 02m)

14 TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.10 £'000	31 12 09 £'000	31.12.10 £'000	31 12 09 £'000
Current				
Trade creditors	87	48	85	47
Amounts owed to group undertakings	-	-	3,480	5,276
Other creditors	23	23	23	23
Accruals and deferred income	<u>138</u>	<u>70</u>	<u>128</u>	<u>70</u>
	<u>248</u>	<u>141</u>	<u>3,716</u>	<u>5,416</u>
Non-current				
Amounts owed to participating interests	4,226	4,226	216	216
Other loans	<u>2,062</u>	<u>2,062</u>	<u>2,062</u>	<u>2,062</u>
	<u>6,288</u>	<u>6,288</u>	<u>2,278</u>	<u>2,278</u>
Aggregate amounts	<u>6,536</u>	<u>6,429</u>	<u>5,994</u>	<u>7,694</u>

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

15 FINANCIAL LIABILITIES - BORROWINGS

	Group	
	31.12.10	31.12.09
	£'000	£'000
Current		
Other loans	<u>15</u>	<u>200</u>

Terms and debt repayment schedule

Group

	1 year or less
	£'000
Other loans	<u>15</u>

The Group borrowed £200,000 from an unrelated lender a number of years ago. During 2010 the lender agreed to write off £185,000 of this loan, leaving just £15,000 outstanding at 31 December 2010.

16 FINANCIAL INSTRUMENTS

The Group uses financial instruments, comprising borrowings, cash, liquid resources and various items, such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The Group did not enter into derivatives transactions such as interest rate swaps, forward rate agreements and forward foreign currency contracts.

The Board of the Group considers that the interest rate risk, liquidity risk and foreign currency risks arising from the Group financial instruments are low. However it reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

It is and has been throughout the year under review, the group policy that no trading in financial instruments shall be undertaken.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

ROSS GROUP PLC & SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2010****Interest rate risk**

The Group finances its operations through a mixture of borrowings. The Group's exposure to interest rate fluctuations has been limited by the fact that the loans now do not incur interest or they have a fixed interest rate.

The interest rate exposure of the financial liabilities of the Group as at 31 December 2010 was

	Fixed £000	Zero £000	Total £000
2010			
Loans from shareholder	216	4,010	4,226
Loans from others	-	2,077	2,082
	<u>216</u>	<u>6,087</u>	<u>6,308</u>
2009			
Loans from shareholder	216	4,010	4,226
Loans from others	-	2,262	2,262
	<u>216</u>	<u>6,272</u>	<u>6,488</u>

The loan of £216,000 from Prime Growth Enterprises Limited bears interest at 6%.

The Group relies on a loan from its shareholders, Keniworth Capital Limited and Prime Growth Enterprises Limited to ensure sufficient liquidity is available to meet foreseeable needs.

Maturity of financial liabilities

The Group financial liabilities analysis at 31 December 2010 was as follows

	Group		Company	
	31.12.10 £000	31.12.09 £000	31.12.10 £000	31.12.09 £000
In less than one year or on demand				
Trade payables	87	48	85	47
Amounts owed to associated and group undertakings	-	-	3,480	5,276
Other financial liabilities	176	293	151	93
	<u>263</u>	<u>341</u>	<u>3,716</u>	<u>5,419</u>
In more than one year				
Other loans	2,062	2,062	2,062	2,062
Amounts owed to associated and group undertakings	4,226	4,226	216	216
	<u>6,288</u>	<u>6,288</u>	<u>2,278</u>	<u>2,278</u>

ROSS GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2010

Currency risk

The Group does not have foreign investments held in foreign currencies

The Group's exposure to translation and transaction foreign exchange risk is considered to be low by the board

100% of the Group's worldwide income in the year was invoiced in Sterling. As a result the board does not consider there is a need for Group policy to manage the currency risk as it considers the risk to be low

Fair values

The Board considers that the fair values of the Group's borrowings are equal to their book values

17 PROVISIONS

	Group		Company	
	31.12.10 £'000	31.12.09 £'000	31.12.10 £'000	31.12.09 £'000
Litigation provision	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>
Analysed as follows				
Current	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>

The amount provided for last year related to an ongoing claim brought by a former employee of Derbyshire Carriage and Wagon Company Limited (Ross Group plc's predecessor) who claims exposure to asbestos between 1963 and 1964 caused his cancer

The amount payable by the Group has now been confirmed and it has started to pay it in instalments. As a result, the balance due at 31 December 2010 has been transferred to accruals

ROSS GROUP PLC & SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2010****18 RELATED PARTY DISCLOSURES****Group**

The Group had the following balances with related parties at the year end

	31.12.10 £000	31 12 09 £000
Receivables		
Ross Group (USA) Inc	<u>189</u>	<u>111</u>
	<u>189</u>	<u>111</u>
Payables		
Amount owed to Prime Growth Enterprises Limited	216	216
Amount owed to Keniworth Capital Limited	<u>4,010</u>	<u>4,010</u>
	<u>4,226</u>	<u>4,226</u>

Barry Pettitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Prime Growth Enterprises Limited and controls Ross Group (USA) Inc. Prime Growth Enterprises Limited owns 22% of the ordinary share capital in Ross Group Plc.

Keniworth Capital Limited owns 29% of the ordinary share capital in Ross Group Plc.

Barry Pettitt has pledged to cover the overheads of the Group until 31 December 2012.

Company

At the year end Ross Group plc had the following outstanding balances with its related parties

	31.12.10 £000	31 12 09 £000
Receivables		
San Gain Industrial Company Limited	-	1,920
Sansui Electronics (UK) Limited	4	3
Ross Group (USA) Inc	<u>189</u>	<u>111</u>
	<u>193</u>	<u>2,034</u>
Payables		
San Gain Industrial Company Limited	3,480	5,276
Prime Growth Enterprises Limited	<u>216</u>	<u>216</u>
	<u>3,696</u>	<u>5,492</u>

19 ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party of Ross Group Plc and subsidiaries for 2010, however Barry Pettitt, by virtue of his position as CEO within the Group and his 25% shareholding, exerts a significant influence.

ROSS GROUP PLC & SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2010****20 RECONCILIATION OF MOVEMENTS IN RESERVES****Group**

	31.12.10	31.12.09
	£'000	£'000
Profit for the financial year	<u>114</u>	<u>52</u>
Net addition to reserves	114	52
Opening reserves	<u>(6,470)</u>	<u>(6,522)</u>
Closing reserves	<u>(6,356)</u>	<u>(6,470)</u>

Company

	31.12.10	31.12.09
	£'000	£'000
(Loss)/Profit for the financial year	<u>(140)</u>	<u>207</u>
Net (reduction)/addition to reserves	(140)	207
Opening reserves	<u>(5,656)</u>	<u>(5,863)</u>
Closing reserves	<u>(5,796)</u>	<u>(5,656)</u>

ROSS GROUP PLC & SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT SUMMARIES
for the Year Ended 31 December 2010

	31.12.10 £'000	31 12 09 £'000
REVENUE		
Sales	<u>113</u>	<u>44</u>
	<u>113</u>	<u>44</u>
OTHER OPERATING INCOME		
Sale of trademark	-	25
Sundry receipts	-	3
Sale of contract	<u>-</u>	<u>59</u>
	<u>-</u>	<u>87</u>
ADMINISTRATIVE EXPENSES		
Establishment costs		
Rent	-	53
Rates and water	-	20
Insurance	-	2
Administrative expenses		
Storage	3	10
Post and stationery	7	6
Travel & subsistence	25	6
Computer costs	-	69
Legal and professional fees	45	82
Sundry expenses	-	22
Accountancy fees	22	7
Auditors' remuneration	35	45
Auditors' remuneration for non audit work	-	3
Exceptional items	(185)	(449)
Finance costs		
Bank charges	1	-
Bad debt provision	33	-
Bad debts written off	<u>-</u>	<u>200</u>
	<u>(14)</u>	<u>76</u>
FINANCE COSTS		
Loan	<u>13</u>	<u>3</u>
	<u>13</u>	<u>3</u>