

Financial Statements

Process Systems Enterprise Limited

For the year ended 31 December 2013

Registered number: 03307708

Company Information

Directors

K Guy
C Pantelides
B McKenzie
E Pistikopoulos
B Waldron
R Whitby-Smith

Company secretary

B McKenzie

Registered number

03307708

Registered office

5th Floor East
26-28 Hammersmith Grove
London
W6 7HA

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Grant Thornton House
Melton Street
Euston Square
London
NW1 2FP

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Group Strategic Report

For the year ended 31 December 2013

Business review

The principal activity of the Group ("PSE") is to provide Advanced Process Modelling technology and related model-based engineering and innovation services to the process industries around the world.

gPROMS® is the world's leading Advanced Process Modelling platform. It provides the underlying modelling, solution and optimisation engine for PSE's software products: general process engineering tools that include gCCS®, gCOAS®, gCRYSTAL®, gFLARE®, gFUELCELL®, gPROMS ModelBuilder and gSOLIDS®.

PSE's global customer base of Fortune 500 process companies is served by operations in the UK, USA, Japan and Korea, with agencies in Saudi Arabia, UAE, China, Taiwan and Malaysia. As a spin-out of Imperial College London, PSE has strong links to academia and its software is used in research and teaching in over 200 universities around the world.

PSE's software products and services help its customers create, configure and deploy advanced process models based on its gPROMS® platform technology; enabling them to explore the process decision space rapidly, reduce uncertainty and make better, faster, safer design and operating decisions. This results in faster innovation, higher performance process and product designs, more profitable operations, and reduced risk. The consistent use of the gPROMS® platform leads to more effective experimental campaigns, with enhanced capture and transfer of corporate knowledge across the organisation. Results are achieved with relatively low investment compared to alternative approaches, with rapid and repeatable returns.

Turnover for the year was £10.7m which was a 20% increase on the previous period (2012: £9.0m). The retained profit after tax for the year was £515k (2012: Profit of £88k).

The Group continues to invest profits from software licence revenues and consulting services into building presence in new markets, enhancing its sales and marketing expertise, product development and expanding its product portfolio.

Principal risks and uncertainties

Technology & competition

If a third party produces a more advanced solution with better market acceptance and/or improved functionality, or a similar solution with significantly lower cost, this could have a material adverse effect on the Company's business. The Company continually develops the quality and functionality of its products, investing over 30% of revenue per annum in R&D to bring new products and enhancements to market.

Litigation risk

Technology-based companies are frequently subject to litigation with respect to patent and other intellectual property rights. Any litigation to determine the validity of third-party infringement claims or defend the Company's intellectual property could, at a minimum, be costly. There have been no substantive challenges to our IP position.

Price pressures and competition

In common with other business to business providers, the Company is subject to pricing pressures and these are greater where there are more real or perceived alternatives to PSE's products and services. The near-term success of the Company's business depends on customers understanding the benefit of advanced process modelling. The Company seeks to drive adoption and awareness of its product through marketing, strong educational programmes and compelling evidence from publicly available case studies. The continued growth in new and existing customers demonstrates that they increasingly understand the benefits to their businesses.

Economic environment

The Company's operating results and financing capacity could be adversely affected by the current world economic outlook. This can make it difficult to forecast and therefore plan accordingly. The Company offers customers incentives for longer term commitments and is moving its user base gradually towards operational activities.

Group Strategic Report (continued)

Exchange rate risk

The Company operates in several countries and currencies and its results are impacted by changes in currency exchange rates. As far as possible revenues and costs in the same currency are offset and balances are maintained in various currency denominated accounts to mitigate the impact of currency fluctuations.

Financial key performance indicators

When we consider our future outlook and the goals we wish to achieve, we focus our attention on those areas of greatest significance to our business. We assess whether there are any potential sustainability issues relating to these areas and make a direct link between the sustainability challenges we face and our business strategy.

	2013	2012	Change
Revenue	£10.7m	£9.0m	+ £1.7m
Order Book	£5.9m	£5.7m	+ £0.2m
Net profit after tax	£0.5m	£0.1m	+ £0.4m
Cash Funds available	£1.8m	£2.2m	- £0.4m

This report was approved by the board on 5 August 2014 and signed on its behalf.


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C Pantelides
Director

Directors' Report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Results

The profit for the year, after taxation, amounted to £514,995 (2012 - £88,216).

Directors

The directors who served during the year were:

K Guy
C Pantelides
B McKenzie
E Pistikopoulos
B Waldron
R Whitby-Smith

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Directors' Report

For the year ended 31 December 2013

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 August 2014 and signed on its behalf.



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C Pantelides
Director

Independent Auditor's Report to the Members of Process Systems Enterprise Limited

We have audited the financial statements of Process Systems Enterprise Limited for the year ended 31 December 2013, which comprise the consolidated Profit and loss account, the consolidated Statement of total recognised gains and losses, the consolidated and company Balance sheets, the consolidated Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Process Systems Enterprise Limited

Matters on which we are required to report by exception

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

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

A handwritten signature in blue ink that reads "Christopher Smith".

Christopher Smith (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London
Date: 18/8/14

Consolidated Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1,2	10,711,381	8,953,071
Cost of sales		(4,688,984)	(4,020,259)
Gross profit		6,022,397	4,932,812
Research & Development costs		(3,897,273)	(3,305,992)
Administrative expenses		(2,186,708)	(1,715,604)
Operating loss	3	(61,584)	(88,784)
Interest receivable and similar income	6	578	90
Interest payable and similar charges	7	(5,629)	(8,254)
Loss on ordinary activities before taxation		(66,635)	(96,948)
Tax on loss on ordinary activities	8	581,630	185,164
Profit for the financial year	17	514,995	88,216

All amounts relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2013

	Note	2013 £	2012 £
Profit for the financial year		514,995	88,216
Currency translation differences		<u>(3,749)</u>	<u>(6,314)</u>
Total recognised gains and losses relating to the year		<u>511,246</u>	<u>81,902</u>

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Balance Sheet


As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		212,222		226,915
			<u>212,222</u>		<u>226,915</u>
Current assets					
Debtors	13	4,255,811		2,468,371	
Cash at bank and in hand		1,329,770		1,668,721	
		<u>5,585,581</u>		<u>4,137,092</u>	
Creditors: amounts falling due within one year	14	(3,188,818)		(2,266,268)	
Net current assets			<u>2,396,763</u>		<u>1,870,824</u>
Net assets			<u>2,608,985</u>		<u>2,097,739</u>
Capital and reserves					
Called up share capital	15		115,504		115,504
Share premium account	17		2,208,840		2,208,840
Profit and loss account	17		284,641		(226,605)
Shareholders' funds	18		<u>2,608,985</u>		<u>2,097,739</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

5 August 2014


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B McKenzie
Director


.....
C Pantelides
Director

The notes on pages 12 to 24 form part of these financial statements.


Company Balance Sheet

As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		130,464		130,228
Investments	11		27,213		27,213
			<u>157,677</u>		<u>157,441</u>
Current assets					
Debtors	13	4,445,054		2,680,267	
Cash at bank and in hand		<u>1,213,249</u>		<u>1,313,574</u>	
		5,658,303		3,993,841	
Creditors: amounts falling due within one year	14	<u>(3,144,283)</u>		<u>(2,185,010)</u>	
Net current assets			<u>2,514,020</u>		<u>1,808,831</u>
Net assets			<u>2,671,697</u>		<u>1,966,272</u>
Capital and Reserves					
Called up share capital	15		115,504		115,504
Share premium account	17		2,208,840		2,208,840
Profit and loss account	17		<u>347,353</u>		<u>(358,072)</u>
Shareholders' funds	18		<u>2,671,697</u>		<u>1,966,272</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5 August 2014


.....
B McKenzie
Director


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C Pantelides
Director

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	19	(248,089)	491,228
Returns on investments and servicing of finance	20	(5,051)	(8,164)
Taxation		-	191,052
Capital expenditure and financial investment	20	(85,811)	(165,431)
Cash (outflow)/inflow before financing		(338,951)	508,685
Financing	20	-	491,965
(Decrease)/Increase in cash in the year		(338,951)	1,000,650

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 December 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(338,951)	1,000,650
Movement in net debt in the year	(338,951)	1,000,650
Net funds at 1 January 2013	1,668,721	668,071
Net funds at 31 December 2013	1,329,770	1,668,721

The notes on pages 12 to 24 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Process Systems Enterprise Limited and all of its subsidiary undertakings ('subsidiaries').

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

In addition to the main technology deliverable, software licences are generally sold including an element of post-sales support, maintenance and upgrade performance obligations. The accounting policy in respect of licences is to recognise revenue as the individual performance obligations are met. Revenues from product support agreements are recognised over the support period.

Revenue associated with time and materials contracts is recognised as the costs are incurred. Revenue in relation to fixed price consulting projects is recognised on a percentage completion basis.

1.5 Intellectual property

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and Buildings	-	5-15 years straight line
Fixtures, fittings & equipment	-	4-10 years straight line

1.7 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Unlisted investments**
Investments held as fixed assets are shown at cost less provision for impairment.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.8 Operating leases

Rentals payable under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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.

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rate ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets and the results for the period are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

1.10 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The whole of the turnover is attributable to the principal activity of the group.

A geographical analysis of turnover is as follows:

	2013	2012
	£	£
United Kingdom	2,118,141	2,058,307
Americas	4,008,009	2,963,890
Europe, Middle East & Africa	2,315,249	1,598,113
Asia	2,269,982	2,332,761
	<u>10,711,381</u>	<u>8,953,071</u>

Notes to the Financial Statements

For the year ended 31 December 2013

3. Operating loss

The operating loss is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the group	100,505	110,366
Auditor's remuneration	15,950	12,000
Auditor's remuneration - non-audit	3,500	3,500
Operating lease rentals:		
- other operating leases	487,028	406,263
Difference on foreign exchange	253,942	56,352
	<u>750,925</u>	<u>588,481</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	6,159,421	5,244,466
Social security costs	479,853	437,837
Other pension costs	511,425	204,747
	<u>7,150,699</u>	<u>5,887,050</u>

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

	2013 No.	2012 No.
Sales & marketing	24	19
Administration	81	64
	<u>105</u>	<u>83</u>

Notes to the Financial Statements

For the year ended 31 December 2013

5. Directors' remuneration

	2013	2012
	£	£
Remuneration	<u>410,840</u>	<u>330,372</u>
Company pension contributions to defined contribution pension schemes	<u>13,000</u>	<u>18,153</u>

During the year retirement benefits were accruing to 2 directors (2012 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £211,400 (2012 - £161,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2012 - £6,080).

6. Interest receivable

	2013	2012
	£	£
Bank interest	<u>578</u>	<u>90</u>

7. Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	<u>5,629</u>	<u>8,254</u>

Notes to the Financial Statements

For the year ended 31 December 2013

8. Taxation

	2013 £	2012 £
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(322,860)	(164,905)
Adjustments in respect of prior periods	(264,169)	(26,199)
Foreign tax on income for the year	3,644	4,989
Total current tax	(583,385)	(186,115)
Deferred tax		
Origination and reversal of timing differences	1,879	951
Effect of increased tax rate on opening liability	(124)	-
Total deferred tax	1,755	951
Tax on loss on ordinary activities	(581,630)	(185,164)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - the same as) the standard rate of corporation tax in the UK of 23.25% (2012 - 20%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(66,635)	(96,948)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 20%)	(15,497)	(19,390)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,700	26,827
Capital allowances for year in excess of depreciation	(3,100)	(17,072)
Adjustments to tax charge in respect of prior periods	(264,169)	(26,199)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(356,951)	(136,919)
Effect of overseas tax rates	3,644	(14,606)
Tax losses arising / (utilised) in the period	25,073	(3,354)
Other differences leading to an increase (decrease) in the tax charge	915	4,598
Current tax credit for the year (see note above)	(583,385)	(186,115)

Notes to the Financial Statements

For the year ended 31 December 2013

9. Intangible fixed assets

Group and Company	Intellectual Property £
Cost	
At 1 January 2013 and 31 December 2013	26,923
Amortisation	
At 1 January 2013 and 31 December 2013	26,923
Net book value	
At 31 December 2013	-
At 31 December 2012	-

10. Tangible fixed assets

Group	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 January 2013	188,998	478,674	667,672
Additions	-	85,811	85,811
Disposals	-	(135,016)	(135,016)
At 31 December 2013	188,998	429,469	618,467
Depreciation			
At 1 January 2013	160,817	279,940	440,757
Charge for the year	24,484	76,021	100,505
On disposals	-	(135,017)	(135,017)
At 31 December 2013	185,301	220,944	406,245
Net book value			
At 31 December 2013	3,697	208,525	212,222
At 31 December 2012	28,181	198,734	226,915

Notes to the Financial Statements

For the year ended 31 December 2013

10. Tangible fixed assets (continued)

Company	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2013	184,299	284,223	468,522
Additions	-	78,917	78,917
Disposals	-	(135,016)	(135,016)
At 31 December 2013	184,299	228,124	412,423
Depreciation			
At 1 January 2013	159,491	178,803	338,294
Charge for the year	24,109	54,573	78,682
On disposals	-	(135,017)	(135,017)
At 31 December 2013	183,600	98,359	281,959
Net book value			
At 31 December 2013	699	129,765	130,464
At 31 December 2012	24,808	105,420	130,228

11. Fixed asset investments

Company	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2013 and 31 December 2013	27,201	12	27,213
Net book value			
At 31 December 2013	27,201	12	27,213
At 31 December 2012	27,201	12	27,213

Notes to the Financial Statements

For the year ended 31 December 2013

12. Principal subsidiaries

The parent company holds more than 20% of the share capital of the following undertakings:

Company name	Country	Percentage Shareholding
PSE Inc	USA	100
PSE Korea	Korea	100
PSE Oil & Gas Limited	United Kingdom	100

The principal activity of all subsidiaries is sale and support of Process Systems Enterprise software and provision of consultancy.

13. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	2,747,658	1,907,898	2,707,995	1,890,855
Amounts owed by group undertakings	-	-	240,197	253,843
Other debtors	6,438	3,699	10,822	11,719
Prepayments and accrued income	672,125	334,805	656,450	301,881
Tax recoverable	829,590	221,969	829,590	221,969
	4,255,811	2,468,371	4,445,054	2,680,267

14. Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	455,631	99,206	455,631	99,206
Corporation tax	1	4,936	-	-
Other taxation and social security	253,912	181,727	226,920	153,760
Other creditors	135,434	99,417	135,434	99,268
Accruals and deferred income	2,343,840	1,880,982	2,326,298	1,832,776
	3,188,818	2,266,268	3,144,283	2,185,010

Notes to the Financial Statements

For the year ended 31 December 2013

15. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
11,550,400 Ordinary shares of £0.01 each	<u>115,504</u>	<u>115,504</u>

16. Share option plan

The company has a share option scheme for all employees and directors. Options are exercisable at a price determined based on the estimated market value at the time of issue.

The options vest over 3 years. There are no specific performance criteria attached to the exercise of options. The options are settled in equity once exercised. Options are generally forfeited if the employee leaves the company. Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 Number	2013 WAEP
Outstanding at the beginning of the year	1,015,480	£0.77
Granted during the year	-	£0.00
Exercised during the year	-	£0.00
Forfeited during the year	(7,000)	£0.77
Outstanding at the year end	<u>1,008,480</u>	<u>£0.77</u>
Exercisable at the year end	<u>760,480</u>	<u>£0.77</u>

The share options outstanding at the year end have a weighted average remaining contractual life of 5.31 years and weighted average exercise price of £0.77 with a range of exercise prices from £0.77 to £1.04.

17. Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2013	2,208,840	(226,605)
Profit for the year		514,995
Other movements		(3,749)
At 31 December 2013	<u>2,208,840</u>	<u>284,641</u>

Notes to the Financial Statements

For the year ended 31 December 2013

17. Reserves (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 January 2013	2,208,840	(358,072)
Profit for the year		705,425
	<u>2,208,840</u>	<u>347,353</u>
At 31 December 2013	<u>2,208,840</u>	<u>347,353</u>

18. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Group		
Opening shareholders' funds	2,097,739	1,148,872
Profit for the financial year	514,995	88,216
Shares issued during the year	-	9,614
Share premium on shares issued (net of expenses)	-	857,351
Other recognised gains and losses during the year	(3,749)	(6,314)
	<u>2,608,985</u>	<u>2,097,739</u>
Closing shareholders' funds	<u>2,608,985</u>	<u>2,097,739</u>

	2013 £	2012 £
Company		
Opening shareholders' funds	1,966,272	1,080,513
Profit for the financial year	705,425	18,794
Shares issued during the year	-	9,614
Share premium on shares issued (net of expenses)	-	857,351
	<u>2,671,697</u>	<u>1,966,272</u>
Closing shareholders' funds	<u>2,671,697</u>	<u>1,966,272</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £705,425 (2012 - £18,794).

Notes to the Financial Statements

For the year ended 31 December 2013

19. Net cash flow from operating activities

	2013 £	2012 £
Operating loss	(61,584)	(88,784)
Currency translation differences	(32,923)	(10,118)
Depreciation of tangible fixed assets	100,505	110,366
Increase in debtors	(1,181,574)	(299,550)
Increase in creditors	927,487	779,314
Net cash (outflow)/inflow from operating activities	(248,089)	491,228

20. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	578	90
Interest paid	(5,629)	(8,254)
Net cash outflow from returns on investments and servicing of finance	(5,051)	(8,164)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(85,811)	(165,431)

	2013 £	2012 £
Financing		
Issue of ordinary shares	-	491,965

21. Analysis of changes in net funds

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	1,668,721	(338,951)	-	1,329,770
Net funds	1,668,721	(338,951)	-	1,329,770

Notes to the Financial Statements

For the year ended 31 December 2013

22. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £530,674 (2012 - £186,595). Contributions totaling £nil (2012 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Operating lease commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
Within 1 year	67,654	-
Between 2 and 5 years	37,028	199,398
	<u> </u>	<u> </u>

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
	£	£
Company		
Expiry date:		
Within 1 year	67,654	-
Between 2 and 5 years	-	162,370
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the year ended 31 December 2013

24. Related party transactions

During the year to 31 December 2013, the company entered into transactions with the following:

K Guy - a company director and shareholder.

Ayresome Limited - a company controlled by B J Waldron, a company director.

Ariston Consulting Limited - a company controlled by E N Pistikopoulos, a company director and shareholder.

Albion Ventures LLP - a company shareholder. R Whitby-Smith, a company director, is a partner of Albion Ventures LLP.

	2013	2012
	£	£
Consultancy fees paid to K Guy	6,975	11,715
Consultancy fees paid to Ayresome Limited	7,800	6,700
Consultancy fees paid to Ariston Consulting Limited	13,000	13,000
Consultancy fees paid to Albion Ventures LLP	16,000	16,000
Year end balance due to Ayresome Limited.	7,800	6,700

25. Controlling party

For the year ended, 31 December 2013 no single individual was deemed to have effective control of the group.

