

Financial Statements

Process Systems Enterprise Limited

For the year ended 31 December 2014

Registered number: 03307708

Company Information

Directors

C Pantelides
B McKenzie
B Waldron
R Whitby-Smith
R Longdon (appointed 1 February 2015)
M Matzopoulos (appointed 1 April 2015)

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 2EP

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Group Strategic Report

For the year ended 31 December 2014

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.

PSE helps its customers to apply advanced process models based on its gPROMS® platform technology; enabling them to explore the process decision space rapidly, reduce uncertainty and make better, faster and safer design and operating decisions through deeper understanding of their processes. This results in faster innovation, improved process and product designs, enhanced operations, reduced risk, more effective R&D and experimental campaigns, and better capture and transfer of corporate knowledge across the organisation. Results are achieved with relatively low investment compared to alternative approaches, with rapid returns.

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.

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

On January 1, 2014, the Group acquired 50% of the share capital of BlueWatt Engineering SARL based in Lausanne, Switzerland. BlueWatt has specific expertise related to wastewater treatment plants and is developing software products and consulting offerings based on the gPROMS® platform to service this market.

Turnover for the year was £11.3m which was a 6% increase on the previous period (2013: £10.7m). The profit for the year was £77k (2013: £515k).

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. The increase in revenues, strengthening of a number of key account, and overall profitability at or around the break even level is a reflection of this.

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.

Group Strategic Report (continued)

For the year ended 31 December 2014

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.

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.

	2014	2013	Change
Revenue	£11.3m	£10.7m	+ £0.6m
Order Book	£5.6m	£5.9m	- £0.3m
Net profit after tax	£0.1m	£0.5m	- £0.4m
Cash Funds available	£1.4m	£1.3m	+ £0.1m

This report was approved by the board on 29 September 2015 and signed on its behalf.

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C Pantelides
Director

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors

The directors who served during the year were:

K Guy (resigned 31 January 2015)
C Pantelides
B McKenzie
E Pistikopoulos (resigned 31 March 2015)
B Waldron
R Whitby-Smith
M Matzopoulos (appointed 1 April 2015)
R Longdon (appointed 1 February 2015)

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.

Process Systems Enterprise Limited

Directors' Report

For the year ended 31 December 2014

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 29 SEPTEMBER 2015 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 2014, 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 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/auditscopeukprivate.

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 2014 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 black ink, appearing to read "Grant Thornton UK LLP".

Christopher Smith (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London
Date: 30/9/15

Consolidated Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2	11,305,663	10,711,381
Cost of sales		(4,981,808)	(4,688,984)
Gross profit		6,323,855	6,022,397
Research & Development costs		(4,201,203)	(3,897,273)
Administrative expenses		(2,412,419)	(2,186,708)
Operating loss	3	(289,767)	(61,584)
Interest receivable and similar income	6	118	578
Interest payable and similar charges	7	(1,559)	(5,629)
Loss on ordinary activities before taxation		(291,208)	(66,635)
Tax on loss on ordinary activities	8	368,161	581,630
Profit on ordinary activities after taxation		76,953	514,995
Minority interests		(131)	-
Profit for the financial year	17	76,822	514,995

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 2014

	Note	2014 £	2013 £
Profit for the financial year		76,822	514,995
Currency translation differences		<u>(1,461)</u>	<u>(3,749)</u>
Total recognised gains and losses relating to the year		<u>75,361</u>	<u>511,246</u>


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


Consolidated Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		534,621		212,222
			<u>534,621</u>		<u>212,222</u>
Current assets					
Debtors	13	3,817,276		4,255,811	
Cash at bank and in hand		<u>1,442,127</u>		<u>1,329,770</u>	
		5,259,403		5,585,581	
Creditors: amounts falling due within one year	14	<u>(3,102,739)</u>		<u>(3,188,818)</u>	
Net current assets			<u>2,156,664</u>		<u>2,396,763</u>
Total assets less current liabilities			<u>2,691,285</u>		<u>2,608,985</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>360,002</u>		<u>284,641</u>
Shareholders' funds	18		<u>2,684,346</u>		<u>2,608,985</u>
Minority interests	22		<u>6,939</u>		<u>-</u>
			<u>2,691,285</u>		<u>2,608,985</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 SEPTEMBER 2015


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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 2014

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	491,721	130,464
Investments	11	33,864	27,213
		<u>525,585</u>	<u>157,677</u>
Current assets			
Debtors	13	3,934,451	4,445,054
Cash at bank and in hand		1,246,880	1,213,249
		<u>5,181,331</u>	<u>5,658,303</u>
Creditors: amounts falling due within one year	14	<u>(3,044,276)</u>	<u>(3,144,283)</u>
Net current assets		<u>2,137,055</u>	<u>2,514,020</u>
Total assets less current liabilities		<u><u>2,662,640</u></u>	<u><u>2,671,697</u></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	338,296	347,353
Shareholders' funds	18	<u><u>2,662,640</u></u>	<u><u>2,671,697</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 SEPTEMBER 2015


.....
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 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	(117,181)	(248,089)
Returns on investments and servicing of finance	20	(1,441)	(5,051)
Taxation		788,799	-
Capital expenditure and financial investment	20	(548,669)	(85,811)
Acquisitions and disposals	20	(9,151)	-
Increase/(Decrease) in cash in the year		112,357	(338,951)

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 December 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	112,357	(338,951)
Movement in net debt in the year	112,357	(338,951)
Net funds at 1 January 2014	1,329,770	1,668,721
Net funds at 31 December 2014	1,442,127	1,329,770

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

Notes to the Financial Statements

For the year ended 31 December 2014

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

Intellectual property 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 2014

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:

	2014	2013
	£	£
United Kingdom	1,792,496	2,118,141
Americas	4,846,195	4,008,009
Europe, Middle East & Africa	2,716,049	2,315,249
Asia	1,950,923	2,269,982
	<u>11,305,663</u>	<u>10,711,381</u>

Notes to the Financial Statements

For the year ended 31 December 2014

3. Operating loss

The operating loss is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the group	226,270	100,505
Auditor's remuneration	16,450	15,950
Auditor's remuneration - non-audit	3,500	3,500
Operating lease rentals:		
- other operating leases	390,750	487,028
Difference on foreign exchange	135,150	253,942
	<u>761,960</u>	<u>860,925</u>

4. Staff costs

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

	2014 £	2013 £
Wages and salaries	6,702,110	6,159,421
Social security costs	921,045	479,853
Other pension costs	228,248	511,425
	<u>7,851,403</u>	<u>7,150,699</u>

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

	2014 No.	2013 No.
Sales & marketing	30	24
Administration	84	81
	<u>114</u>	<u>105</u>

Notes to the Financial Statements

For the year ended 31 December 2014

5. Directors' remuneration

	2014	2013
	£	£
Remuneration	<u>354,192</u>	<u>410,840</u>
Company pension contributions to defined contribution pension schemes	<u>13,390</u>	<u>13,000</u>

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £173,040 (2013 - £211,400).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,390 (2013 - £7,000).

6. Interest receivable

	2014	2013
	£	£
Bank interest	<u>118</u>	<u>578</u>

7. Interest payable

	2014	2013
	£	£
On bank loans and overdrafts	1,032	5,629
Other interest payable	527	-
	<u>1,559</u>	<u>5,629</u>

Notes to the Financial Statements

For the year ended 31 December 2014

8. Taxation

	2014 £	2013 £
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(378,029)	(322,860)
Adjustments in respect of prior periods	-	(264,169)
Foreign tax on income for the year	(2,238)	3,644
Total current tax	(380,267)	(583,385)
Deferred tax		
Origination and reversal of timing differences	(5,682)	1,879
Effect of increased tax rate on opening liability	17,788	(124)
Total deferred tax	12,106	1,755
Tax on loss on ordinary activities	(368,161)	(581,630)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(291,208)	(66,635)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	(62,581)	(15,497)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,713	26,700
Capital allowances for year in excess of depreciation	4,221	(3,100)
Adjustments to tax charge in respect of prior periods	(8,979)	(264,169)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(297,015)	(356,951)
Effect of overseas tax rates	(2,238)	3,644
Tax losses arising / (utilised) in the period	3,234	25,073
Other differences leading to an increase (decrease) in the tax charge	(18,622)	915
Current tax credit for the year (see note above)	(380,267)	(583,385)

Notes to the Financial Statements

For the year ended 31 December 2014

9. Intangible fixed assets

	Intellectual Property £
Group and Company	
Cost	
At 1 January 2014 and 31 December 2014	26,923
Amortisation	
At 1 January 2014 and 31 December 2014	26,923
Net book value	
At 31 December 2014	
At 31 December 2013	

10. Tangible fixed assets

	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Group			
Cost			
At 1 January 2014	188,998	429,469	618,467
Additions	376,045	172,624	548,669
Disposals	(184,299)	(131,897)	(316,196)
At 31 December 2014	380,744	470,196	850,940
Depreciation			
At 1 January 2014	185,301	220,944	406,245
Charge for the year	62,526	163,744	226,270
On disposals	(184,299)	(131,897)	(316,196)
At 31 December 2014	63,528	252,791	316,319
Net book value			
At 31 December 2014	317,216	217,405	534,621
At 31 December 2013	3,697	208,525	212,222

Notes to the Financial Statements

For the year ended 31 December 2014

10. Tangible fixed assets (continued)

Company	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2014	184,299	228,124	412,423
Additions	380,744	135,141	515,885
Disposals	(184,299)	-	(184,299)
At 31 December 2014	380,744	363,265	744,009
Depreciation			
At 1 January 2014	183,600	98,359	281,959
Charge for the year	64,226	90,402	154,628
On disposals	(184,299)	-	(184,299)
At 31 December 2014	63,527	188,761	252,288
Net book value			
At 31 December 2014	317,217	174,504	491,721
At 31 December 2013	699	129,765	130,464

11. Fixed asset investments

Company	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2014	27,201	12	27,213
Additions	6,651	2,500	9,151
Written off during the year	-	(2,500)	(2,500)
At 31 December 2014	33,852	12	33,864
Net book value			
At 31 December 2014	33,852	12	33,864
At 31 December 2013	27,201	12	27,213

Notes to the Financial Statements

For the year ended 31 December 2014

12. Subsidiary undertakings

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
BlueWatt Engineering Sarl	Switzerland	50

BlueWatt Engineering SARL is fully consolidated as the directors consider they have ultimate control over the decision making process in that entity through their representation on the board. The principal activity of all subsidiaries is sale and support of Process Systems Enterprise software and provision of consultancy.

13. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	2,764,135	2,747,658	2,676,846	2,707,995
Amounts owed by group undertakings	-	-	226,003	240,197
Other debtors	(3,468)	6,438	(6,099)	10,822
Prepayments and accrued income	650,364	672,125	631,456	656,450
Tax recoverable	406,245	829,590	406,245	829,590
	3,817,276	4,255,811	3,934,451	4,445,054

14. Creditors:

Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	367,823	455,631	359,206	455,631
Corporation tax	-	1	-	-
Other taxation and social security	188,846	253,912	178,753	226,920
Other creditors	151,808	135,434	151,808	135,434
Accruals and deferred income	2,394,262	2,343,840	2,354,509	2,326,298
	3,102,739	3,188,818	3,044,276	3,144,283

Notes to the Financial Statements

For the year ended 31 December 2014

15. Share capital

	2014 £	2013 £
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 (WAEF) outstanding during the year are as follows:

	2014 Number	2014 WAEF
Outstanding at the beginning of the year	1,008,480	£0.77
Granted during the year	340,000	£1.34
Exercised during the year	-	-
Forfeited during the year	-	-
Outstanding at the year end	<u>1,348,480</u>	<u>£0.93</u>
Exercisable at the year end	<u>1,096,813</u>	<u>£0.83</u>

The share options outstanding at the year end have a weighted average remaining contractual life of 6.24 years and weighted average exercise price of £0.93 with a range of exercise prices from £0.77 to £1.34.

17. Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2014	2,208,840	284,641
Profit for the year	-	76,822
Other movements	-	(1,461)
At 31 December 2014	<u>2,208,840</u>	<u>360,002</u>

Notes to the Financial Statements

For the year ended 31 December 2014

17. Reserves (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 January 2014	2,208,840	347,353
Loss for the year	-	(9,057)
At 31 December 2014	<u>2,208,840</u>	<u>338,296</u>

18. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Group		
Opening shareholders' funds	2,608,985	2,097,739
Profit for the financial year	76,822	514,995
Other recognised gains and losses during the year	(1,461)	(3,749)
Closing shareholders' funds	<u>2,684,346</u>	<u>2,608,985</u>
Company		
Opening shareholders' funds	2,671,697	1,966,272
(Loss)/profit for the financial year	(9,057)	705,425
Closing shareholders' funds	<u>2,662,640</u>	<u>2,671,697</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 (loss)/profit for the year dealt with in the accounts of the company was £9,057 (2013 - £705,425).

Notes to the Financial Statements

For the year ended 31 December 2014

19. Net cash flow from operating activities

	2014 £	2013 £
Operating loss	(289,767)	(61,584)
Currency translation differences	26,807	(32,923)
Depreciation of tangible fixed assets	226,270	100,505
Impairments of fixed assets	2,500	-
Decrease/(increase) in debtors	3,084	(1,181,574)
(Decrease)/increase in creditors	(86,075)	927,487
Net cash outflow from operating activities	(117,181)	(248,089)

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	118	578
Interest paid	(1,559)	(5,629)
Net cash outflow from returns on investments and servicing of finance	(1,441)	(5,051)

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(548,669)	(85,811)

	2014 £	2013 £
Acquisitions and disposals		
Investment in subsidiaries and investments	(9,151)	-

21. Analysis of changes in net funds

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	1,329,770	112,357	-	1,442,127
Net funds	1,329,770	112,357	-	1,442,127

Notes to the Financial Statements

For the year ended 31 December 2014

22. Minority interests

Equity	£
At 1 January 2014	-
Proportion of profit after taxation for the year	131
Minority interest share of net assets on acquisition	6,808
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At 31 December 2014	6,939
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23. 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 £208,107 (2013 - £530,674). There are no outstanding contributions at the balance sheet date (2013 - £nil).

24. Operating lease commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	67,654	-	-
Between 2 and 5 years	386,102	37,028	5,754	-
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Company				
Expiry date:				
Within 1 year	-	67,654	-	-
Between 2 and 5 years	334,493	-	5,754	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 December 2014

25. Related party transactions

As permitted by Financial Reporting Standard 8 (Related Party Disclosures), transactions with Process Systems Enterprise group entities are not reported.

During the year to 31 December 2014, 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.

	2014	2013
	£	£
Consultancy fees paid to K Guy	12,525	6,975
Consultancy fees paid to Ayresome Limited	5,500	7,800
Consultancy fees paid to Ariston Consulting Limited	3,000	13,000
Consultancy fees paid to Albion Ventures LLP	16,000	16,000

26. Controlling party

For the year ended, 31 December 2014 no single individual was deemed to have effective control of the group.

