



Financial Statements

Process Systems Enterprise Limited

For the year ended 31 December 2012

Company Information

Directors	K Guy B McKenzie C Pantelides B J Waldron R Whitby-Smith E Pistikopoulos (appointed 26 April 2012)
Joint Secretaries	B McKenzie
Registered number	03307708
Registered office	6th 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
Solicitors	Mayer Brown Rowe & Maw LLP 54 Lombard Street London EC3P 3AH

Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

Principal activities and review of the business

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 and the Advanced Process Libraries for catalytic reaction, gas separation, adsorption and membranes; and domain-specific gPROMS platform products that include gSOLIDS®, gCRYSTAL®, gFUELCELL®, gCCS® and gFLARE®.

Turnover for the year was £9.0m which was a 30% increase on the previous period (2011: £6.9m). The profit for the year was £88k (2011: Loss of £77k).

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 accounts, and overall profitability at or around the break even level is a reflection of this.

During the year, the Group has raised additional capital of £492k via a rights issue to its existing shareholders. The issue was over-subscribed.

Results and dividends

The results for the period are set out on page 5.

The directors do not recommend payment of a final dividend.

Results

The profit for the year, after taxation, amounted to £88,216 (2011 - loss £77,138).

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Directors' Report

For the year ended 31 December 2012

Directors

The directors who served during the year were:

K Guy
B McKenzie
C Pantelides
B J Waldron
R Whitby-Smith
E Pistikopoulos (appointed 26 April 2012)

Directors' responsibilities statement

The directors are responsible for preparing 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.

Provision 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 information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Directors' Report

For the year ended 31 December 2012

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 14 JUNE 2013 and signed on its behalf.



B McKenzie
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 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement, the group Statement of total recognised gains and losses 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 Auditing Practices Board'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 2012 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 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.



Christopher Smith (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

London (Euston)

Date:

12/7/13

Consolidated Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	8,953,071	6,868,542
Cost of sales		<u>(4,020,259)</u>	<u>(3,078,849)</u>
Gross profit		4,932,812	3,789,693
Administrative expenses		<u>(5,021,596)</u>	<u>(4,036,580)</u>
Operating loss	3	(88,784)	(246,887)
Interest receivable and similar income	6	90	1,104
Interest payable and similar charges	7	<u>(8,254)</u>	<u>(18,823)</u>
Loss on ordinary activities before taxation		(96,948)	(264,606)
Tax on loss on ordinary activities	8	<u>185,164</u>	<u>187,468</u>
Profit/(loss) for the financial year	19	<u><u>88,216</u></u>	<u><u>(77,138)</u></u>

All amounts relate to continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2012

	Note	2012 £	2011 £
Profit/(loss) for the financial year		88,216	(77,138)
Currency translation differences		<u>(6,314)</u>	<u>(14,580)</u>
Total recognised gains and losses relating to the year		<u><u>81,902</u></u>	<u><u>(91,718)</u></u>

The notes on pages 11 to 24 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		226,916		172,983
			<u>226,916</u>		<u>172,983</u>
Current assets					
Debtors	13	2,468,369		2,169,770	
Cash at bank and in hand		1,668,721		668,071	
		<u>4,137,090</u>		<u>2,837,841</u>	
Creditors: amounts falling due within one year	14	(2,266,268)		(1,486,953)	
Net current assets			<u>1,870,822</u>		<u>1,350,888</u>
Total assets less current liabilities			<u>2,097,738</u>		<u>1,523,871</u>
Creditors: amounts falling due after more than one year	15		-		(375,000)
Net assets			<u>2,097,738</u>		<u>1,148,871</u>
Capital and reserves					
Called up share capital	17		115,504		105,890
Share premium account	19		2,208,840		1,351,489
Profit and loss account	19		(226,606)		(308,508)
Shareholders' funds	20		<u>2,097,738</u>		<u>1,148,871</u>

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

9 July 2013



C Pantelides
Director



B McKenzie
Director

The notes on pages 11 to 24 form part of these financial statements.

Company Balance Sheet

As at 31 December 2012

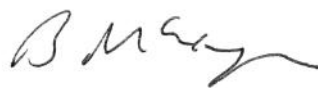
	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		130,228		99,356
Investments	11		27,213		27,213
			<u>157,441</u>		<u>126,569</u>
Current assets					
Debtors	13	2,680,267		2,260,044	
Cash at bank and in hand		1,313,574		524,593	
		<u>3,993,841</u>		<u>2,784,637</u>	
Creditors: amounts falling due within one year	14	(2,185,010)		(1,455,693)	
Net current assets			<u>1,808,831</u>		<u>1,328,944</u>
Total assets less current liabilities			<u>1,966,272</u>		<u>1,455,513</u>
Creditors: amounts falling due after more than one year	15		-		(375,000)
Net assets			<u><u>1,966,272</u></u>		<u><u>1,080,513</u></u>
Capital and Reserves					
Called up share capital	17		115,504		105,890
Share premium account	19		2,208,840		1,351,489
Profit and loss account	19		(358,072)		(376,866)
Shareholders' funds	20		<u><u>1,966,272</u></u>		<u><u>1,080,513</u></u>

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

9 July 2013



C Pantelides
Director



B McKenzie
Director

The notes on pages 11 to 24 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	21	491,228	(519,332)
Returns on investments and servicing of finance	22	(8,164)	(17,719)
Taxation		191,052	187,467
Capital expenditure and financial investment	22	(165,431)	(62,791)
Cash inflow/(outflow) before financing		508,685	(412,375)
Financing	22	491,965	-
Increase/(Decrease) in cash in the year		1,000,650	(412,375)

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	1,000,650	(412,375)
Movement in net debt in the year	1,000,650	(412,375)
Net funds at 1 January 2012	668,071	1,080,446
Net funds at 31 December 2012	1,668,721	668,071

The notes on pages 11 to 24 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2012

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 rights are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of three years.

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 2012

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:

	2012	2011
	£	£
United Kingdom	7,736,789	6,367,282
Rest of world	1,216,282	501,260
	<u>8,953,071</u>	<u>6,868,542</u>

Notes to the Financial Statements

For the year ended 31 December 2012

3. Operating loss

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

	2012	2011
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	110,366	82,562
Auditor's remuneration	12,000	12,000
Auditor's remuneration - non-audit	3,500	3,500
Operating lease rentals:		
- other operating leases	406,263	324,657
Difference on foreign exchange	56,352	16,374
	<u>56,352</u>	<u>16,374</u>

Auditors fees for the company were £15,500 (2011 - £13,926)

4. Staff costs

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

	2012	2011
	£	£
Wages and salaries	5,244,466	3,818,046
Social security costs	437,837	354,071
Other pension costs	204,747	160,520
	<u>5,887,050</u>	<u>4,332,637</u>

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

	2012	2011
	No.	No.
Sales & marketing	19	17
Administration	64	54
	<u>83</u>	<u>71</u>

Notes to the Financial Statements

For the year ended 31 December 2012

5. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>330,372</u>	<u>284,317</u>
Company pension contributions to defined contribution pension schemes	<u>18,153</u>	<u>12,621</u>

During the year retirement benefits were accruing to 3 directors (2011 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £161,000 (2011 - £117,322).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,080 (2011 - £5,846).

6. Interest receivable

	2012 £	2011 £
Bank interest	<u>90</u>	<u>1,104</u>

7. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	440	70
On other loans	7,814	18,753
	<u>8,254</u>	<u>18,823</u>

Notes to the Financial Statements

For the year ended 31 December 2012

8. Taxation

	2012 £	2011 £
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(164,905)	(202,824)
Adjustments in respect of prior periods	(26,199)	-
Foreign tax on income for the year	4,989	15,356
Total current tax	(186,115)	(187,468)
Deferred tax		
Origination and reversal of timing differences	951	-
Tax on loss on ordinary activities	(185,164)	(187,468)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - the same as) the standard rate of corporation tax in the UK of 20% (2011 - 20%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	(96,948)	(264,606)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(19,390)	(52,921)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,827	-
Capital allowances for year in excess of depreciation	(17,072)	(2,730)
Adjustments to tax charge in respect of prior periods	(26,199)	(10,290)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(136,919)	(96,356)
Effect of overseas tax rates	(14,606)	-
Tax losses arising / (utilised) in the period	(3,354)	-
Other differences leading to an increase (decrease) in the tax charge	4,598	49,024
Prior year adjustment	-	(74,195)
Current tax credit for the year (see note above)	(186,115)	(187,468)

Notes to the Financial Statements

For the year ended 31 December 2012

9. Intangible fixed assets

	Intellectual Property £
Group and Company	
Cost	
At 1 January 2012 and 31 December 2012	26,923
Amortisation	
At 1 January 2012 and 31 December 2012	26,923
Net book value	
At 31 December 2012	-
At 31 December 2011	-

10. Tangible fixed assets

	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Group			
Cost			
At 1 January 2012	189,210	314,849	504,059
Additions	-	165,431	165,431
Foreign exchange movement	(212)	(1,606)	(1,818)
At 31 December 2012	188,998	478,674	667,672
Depreciation			
At 1 January 2012	123,689	207,387	331,076
Charge for the year	37,127	72,553	109,680
At 31 December 2012	160,816	279,940	440,756
Net book value			
At 31 December 2012	28,182	198,734	226,916
At 31 December 2011	65,521	107,462	172,983

Notes to the Financial Statements

For the year ended 31 December 2012

10. Tangible fixed assets (continued)

Company	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2012	184,299	170,118	354,417
Additions	-	114,105	114,105
At 31 December 2012	184,299	284,223	468,522
Depreciation			
At 1 January 2012	122,631	132,430	255,061
Charge for the year	36,860	46,373	83,233
At 31 December 2012	159,491	178,803	338,294
Net book value			
At 31 December 2012	24,808	105,420	130,228
At 31 December 2011	61,668	37,688	99,356

11. Fixed asset investments

Company	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2012 and 31 December 2012	27,201	12	27,213
Net book value			
At 31 December 2012	27,201	12	27,213
At 31 December 2011	27,201	12	27,213

Notes to the Financial Statements

For the year ended 31 December 2012

12. Principal subsidiaries

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

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

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

13. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,907,895	1,381,356	1,890,855	1,339,064
Amounts owed by group undertakings	-	-	253,843	187,792
Other debtors	3,700	200,223	11,719	190,000
Prepayments and accrued income	334,805	385,367	301,881	340,364
Tax recoverable	221,969	202,824	221,969	202,824
	<u>2,468,369</u>	<u>2,169,770</u>	<u>2,680,267</u>	<u>2,260,044</u>

14. Creditors:

Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	99,206	314,982	99,206	314,982
Corporation tax	4,936	-	-	-
Social security and other taxes	181,727	101,868	153,760	76,552
Other creditors	99,417	102,642	99,268	101,850
Accruals and deferred income	1,880,982	967,461	1,832,776	962,309
	<u>2,266,268</u>	<u>1,486,953</u>	<u>2,185,010</u>	<u>1,455,693</u>

Notes to the Financial Statements

For the year ended 31 December 2012

15. Creditors:

Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Other creditors	-	375,000	-	375,000

On the 1 June 2007, the parent company issued £375,000 5% secured convertible loan stock. The redemption date was the business day following the fifth anniversary of the date of issue of the stock. The loan was secured by a floating charge over the assets of the parent company.

During the year, the loan was converted into 487,393 Ordinary £0.01 shares.

16. Pension costs

The company makes contributions to the employees' money purchase pension schemes.

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Contributions payable for the period	186,595	131,328	130,366	106,648

17. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
11,550,400 (2011 - 10,589,000) Ordinary shares of £0.01 each	115,504	105,890

During the year, the company generated 471,698 £0.01 shares as part of a rights issue for total consideration of £495,283 and converted £375,000 5% secured convertible loan stock into 487,393 Ordinary £0.01 shares.

18. Share option plan

At 31 December 2012, a total of 1,192,220 ordinary shares of 1p had been granted at an exercise price of £76.94 per share. These options may only be exercised to the extent that they have vested (such options are fully vested on the third anniversary following the date of grant) and a sale occurs as defined in the option agreements.

Notes to the Financial Statements

For the year ended 31 December 2012

19. Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2012	1,351,489	(308,508)
Profit for the year		88,216
Premium on shares issued during the year	857,351	
Other movements		(6,314)
	<hr/>	<hr/>
At 31 December 2012	<u>2,208,840</u>	<u>(226,606)</u>
	<hr/>	<hr/>
	Share premium account £	Profit and loss account £
Company		
At 1 January 2012	1,351,489	(376,866)
Profit for the year		18,794
Premium on shares issued during the year	857,351	
	<hr/>	<hr/>
At 31 December 2012	<u>2,208,840</u>	<u>(358,072)</u>
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Notes to the Financial Statements

For the year ended 31 December 2012

20. Reconciliation of movement in shareholders' funds

	2012	2011
Group	£	£
Opening shareholders' funds	1,148,871	1,606,982
Prior year adjustments		(366,393)
Opening shareholders' funds (as restated)		1,240,589
Profit/(loss) for the year	88,216	(77,138)
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	(6,314)	(14,580)
Closing shareholders' funds	2,097,738	1,148,871

	2012	2011
Company	£	£
Opening shareholders' funds	1,080,513	1,498,663
Prior year adjustments		(324,892)
Opening shareholders' funds (as restated)		1,173,771
Profit/(loss) for the year	18,794	(93,258)
Shares issued during the year	9,614	-
Share premium on shares issued (net of expenses)	857,351	-
Closing shareholders' funds	1,966,272	1,080,513

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/(loss) for the year dealt with in the accounts of the company was £18,794 (2011 - £-93,258).

21. Net cash flow from operating activities

	2012	2011
	£	£
Operating loss	(88,784)	(246,887)
Currency translation differences	(10,118)	(15,326)
Depreciation of tangible fixed assets	110,366	90,422
Increase in debtors	(299,550)	(864,517)
Increase in creditors	779,314	516,976
Net cash inflow/(outflow) from operating activities	491,228	(519,332)

Notes to the Financial Statements

For the year ended 31 December 2012

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	90	1,104
Interest paid	(8,254)	(18,823)
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	(8,164)	(17,719)
	<u> </u>	<u> </u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(165,431)	(62,791)
	<u> </u>	<u> </u>
	2012 £	2011 £
Financing		
Issue of ordinary shares	491,965	-
	<u> </u>	<u> </u>

23. Analysis of changes in net debt

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	668,071	1,000,650	-	1,668,721
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	668,071	1,000,650	-	1,668,721
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24. Pension commitments

The group operates a defined contributions 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 £186,595 (2011 - £131,328). Contributions totaling £nil (2011 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

Notes to the Financial Statements

For the year ended 31 December 2012

25. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Between 2 and 5 years	199,398	214,608

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Company		
Expiry date:		
Between 2 and 5 years	162,370	162,370

26. Related party transactions

During the year to 31 December 2012, 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.

Imperial Innovations Limited - a company shareholder.

	2012	2011
	£	£
Consultancy fees paid to K Guy	11,715	24,161
Year end balance due to K Guy	-	5,989
Consultancy fees paid to Ayresome Limited	6,700	6,100
Year end balance due to Ayresome Limited.	6,700	-
Consultancy fees paid to Ariston Consulting Limited	13,000	-
Consultancy fees paid to Albion Ventures LLP	16,000	16,000
Licence fees paid to Imperial Innovations Limited	-	20,896

Notes to the Financial Statements

For the year ended 31 December 2012

27. Controlling party

For the year ended, 31 December 2012 no single individual was deemed to have effective control of the group.

