

Clearswift Systems Limited

Report and Financial Statements

31 March 2015

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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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Clearswift Systems Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Davies
A Balchin

REGISTERED OFFICE

1310 Waterside
Arlington Business Park
Theale
Berkshire
RG7 4SA

AUDITOR

Deloitte LLP
Reading, UK

Clearswift Systems Limited

STRATEGIC REPORT

The directors present their strategic report and affairs of the Company for the year ended 31 March 2015.


STRATEGIC REVIEW

The principal activity of the Company in the period under review continued to be that of a holding company for its subsidiaries (note 8.) The Company is a wholly-owned subsidiary within the Clearswift Group (note 16.) The results of the Company for the year are set out on page 6. The directors expect this general level of activity to continue.

Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company and are satisfied that sufficient cash facilities are secured to meet its working capital requirement for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

On behalf of the Board


A Balchin
Director

Company registration number: 01607372

25 September 2015

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

DIRECTORS

The current directors are shown on page 1. The directors have not changed for the period under review.

DIVIDENDS

The directors do not recommend the payment of a dividend (2014: £nil).

AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP, were re-appointed as auditor during the year. They have expressed their willingness to continue in office, and will be deemed re-appointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless Clearswift Systems Limited receives notice under Section 488(1) of the Companies Act 2006.

On behalf of the Board



A Balchin

Director

Company registration number: 01607372

25 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 and profit or loss of the Company for that period. In preparing financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEARSWIFT SYSTEMS LIMITED

We have audited the financial statements of Clearswift Systems Limited for the year ended 31 March 2015 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its 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.

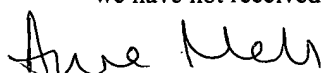
Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Anna Marks FCA (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom 25 September 2015

Clearswift Systems Limited

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|--|-------|-------------------|-------------------|
| Administrative expenses | | (840) | (807) |
| Other operating income | | <u>818</u> | <u>812</u> |
| OPERATING (LOSS)/PROFIT | | (22) | 5 |
| Interest receivable and similar income | 4 | 480 | 472 |
| Interest payable and similar charges | 5 | <u>(16)</u> | <u>(15)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 442 | 462 |
| Tax credit on profit on ordinary activities | 6, 11 | <u>1</u> | <u>74</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | 13,14 | <u><u>443</u></u> | <u><u>536</u></u> |

All amounts derive from continuing operations.

There were no recognised gains or losses in either year other than the results shown above and, accordingly, no statement of total recognised gains and losses has been presented.

The accompanying accounting policies and notes form part of these financial statements.

Clearswift Systems Limited

BALANCE SHEET 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | - | - |
| Investments | 8 | 5,921 | 5,921 |
| | | <u>5,921</u> | <u>5,921</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 9,814 | 9,371 |
| CREDITORS: amounts falling due within one year | 10 | (1) | (1) |
| | | <u>9,813</u> | <u>9,370</u> |
| NET CURRENT ASSETS | | | |
| | | <u>9,813</u> | <u>9,370</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>15,734</u> | <u>15,291</u> |
| FINANCED BY: | | | |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 14 | 14 |
| Capital redemption reserve | 13 | 1 | 1 |
| Profit and loss account | 13 | 15,719 | 15,276 |
| | | <u>15,734</u> | <u>15,291</u> |
| SHAREHOLDER'S FUNDS | 14 | <u>15,734</u> | <u>15,291</u> |

These financial statements of Clearswift Systems Limited, registered number 01607372, were approved and authorised for issue by the Board of Directors on 25 September 2015 and signed on their behalf by


A Balchin
Director

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2015

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies adopted by the directors is set out below. They have been applied consistently throughout the current and preceding year. The directors consider that they remain the most appropriate for the year.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption available to subsidiary companies under Section 400 Companies Act 2006 and has not presented consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption from preparing a cash flow statement as permitted by Financial Reporting Standard No.1 'Cash flow Statements' (Revised 1996) as the company's results are included in the consolidated financial statements of Clearswift Group Limited, which are available to the public (see note 16).

Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company and are satisfied that sufficient cash facilities are secured to meet its working capital requirement for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on the going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets such that they are written off their cost less residual value over their estimated useful lives at the following annual rates:

| | |
|--------------------------------|-----------------------------------|
| Leasehold improvements | straight-line over the lease term |
| Computer equipment | straight-line over 3 years |
| Office equipment and furniture | straight-line over 5 years |

Leases

Rentals under operating leases where substantially all of the risks and rewards of ownership remain with the lessor, are charged to the profit and loss account on a straight-line basis over the period of the lease.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as fixed assets and depreciated over the shorter of the lease time and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant of charge on the balance of capital repayments outstanding.

Investments

Fixed asset investments are shown at cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on untreated earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions in foreign currencies are translated into sterling at an average monthly exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Resulting gains and losses on translation are included in the profit and loss account.

Profits and losses arising on the translation of the results of overseas subsidiaries are translated into sterling at average rates of exchange during the period, with the adjustment to closing rates at the period end being taken to reserves. Gains and losses arising on the translation of the net assets of overseas subsidiaries are also taken to reserves. Other exchange differences are taken to the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

| | 2015 £'000 | 2014 £'000 |
|-------------------------------|-------------------|-------------------|
| Management charges receivable | 818 | 812 |
| Management charges payable | (818) | (812) |
| Foreign exchange (loss)/gain | (22) | 6 |
| | <u> </u> | <u> </u> |

The cost of audit services to the Company in the current and preceding years were borne by other group companies and disclosed in the group accounts of Clearswift Group Limited. The Company had no employees during the year (2014: £nil).

3. DIRECTORS' REMUNERATION

The chairman and non-executive directors received no remuneration from the Company during the year ended 31 March 2015 (2014: £nil). Two directors (2014: two) had contributions paid by the group to defined contribution pension schemes. Further information on directors emoluments are disclosed in the group accounts of Clearswift Group Limited and in the entity statutory accounts of Clearswift Limited, the group's principal employer.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Interest received from group undertakings | 480 | 472 |
| | <u>480</u> | <u>472</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 £'000 | 2014 £'000 |
|-------------------------------------|---------------|---------------|
| Interest paid to parent undertaking | 16 | 15 |
| | <u>16</u> | <u>15</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

6. TAXATION

(a) Tax on profit on ordinary activities

2015
£'000

Current tax:

Total current tax charge on profit on ordinary activities

-

Deferred tax:

Origination and reversal of timing differences

1

Total tax credit on profit on ordinary activities

1

The differences between the total current tax credit of £nil (2014: £nil) and the amount calculated by applying the standard rate of UK corporation tax of 21% (2014: 23%) to the profit before tax is as follows:

| | 2015 £'000 | 2014 £'000 |
|--|-----------------------------|-----------------------------|
| Profit on ordinary activities before tax | 442 | 462 |
| Tax at 21% (2014: 23%) thereon | 93 | 106 |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | - |
| Unrelieved losses | - | - |
| Utilisation of losses | (93) | (106) |
| Total current tax credit for the year | - | - |

(b) Factors that may affect future tax charges

A deferred tax asset amounting to £116k (2014: £115k) has been recognised in respect of timing differences mainly relating to losses and management expenses carried forward, as there is sufficient evidence that the asset will be recovered. The amount of the asset not recognised is £93k (2014: £97k). This deferred tax asset will be recovered if suitable taxable profits are made in future periods.

Clearswift Systems Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2015

7. TANGIBLE FIXED ASSETS

| | Leasehold improve- ments £'000 |
|-----------------------------------|---|
| Cost | |
| At 1 April 2014 and 31 March 2015 | 229 |
| Depreciation | |
| At 1 April 2014 and 31 March 2015 | 229 |
| Net book value | |
| At 1 April 2014 and 31 March 2015 | - |

8. FIXED ASSET INVESTMENTS

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Loans to subsidiary undertakings treated as capital contributions | 5,921 | 5,921 |

As at 31 March 2015 Clearswift Systems Limited held 100% of the ordinary share capital, directly or indirectly, of the following companies, all of which have been consolidated in the Clearswift Group Limited group accounts:

| Name of Company | Country of incorporation or registration | Nature of business |
|---|--|--|
| Content Technologies Holdings Limited | United Kingdom | Holding Company |
| Clearswift Limited | United Kingdom | Computer software development and sales and related services |
| Clearswift GmbH * | Germany | Computer software sales and related services |
| Clearswift (Asia/Pacific) Pty Limited * | Australia | Computer software sales and related services |
| Clearswift KK * | Japan | Provision of services related to the sale, marketing and support of software |
| Clearswift Corporation * | USA | Computer software sales and related services |
| NET-TEL Computer Systems Limited | United Kingdom | Dormant |
| Clearswift Espana SL* | Spain | Computer software sales and related services |

* wholly-owned by Content Technologies Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

8. FIXED ASSET INVESTMENTS (CONTINUED)

| | £'000 |
|-----------------------------------|-------------|
| Cost | |
| At 1 April 2014 and 31 March 2015 | 22,599 |
| | <hr/> |
| Provision for impairment | |
| At 1 April 2014 and 31 March 2015 | 16,678 |
| | <hr/> |
| Net book value | |
| At 1 April 2014 and 31 March 2015 | 5,921 |
| | <hr/> <hr/> |

Effective 14 December 2011, the Company and all other Clearswift Group Limited members entered into an Intra-Group Loan Agreement facilitating the introduction of inter-company interest charges at a rate of 2.5% per annum, being 2% above National Westminster Bank's base rate.

9. DEBTORS

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Amounts owed by parent undertakings | 5,675 | 6,096 |
| Amounts owed by subsidiary undertakings | 4,023 | 3,160 |
| Deferred tax asset (note 11) | 116 | 115 |
| | <hr/> | <hr/> |
| | 9,814 | 9,371 |
| | <hr/> <hr/> | <hr/> <hr/> |

Amounts owed by parent and subsidiary undertakings are repayable on demand.

In accordance with the Intra-Group Loan Agreement dated 14 December 2011, the amounts owed by parent and subsidiary undertakings was subject to inter-company interest at a rate of 2.5% per annum.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 £'000 | 2014 £'000 |
|-------------------------------------|---------------|---------------|
| Amounts owed to parent undertakings | 1 | 1 |
| Other creditors | - | - |
| | <hr/> | <hr/> |
| | 1 | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

11. DEFERRED TAX

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Asset brought forward | 115 | 41 |
| Profit and loss account movement arising in the year | 1 | 74 |
| Asset carried forward | 116 | 115 |

The deferred tax asset consists of the tax effect of timing differences in respect of:

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| Unrelieved management expenses | 116 | 115 |
| Asset carried forward | 116 | 115 |

12. CALLED UP SHARE CAPITAL

| Number Authorised: | | Class: | Nominal value: | 2015 £'000 | 2014 £'000 |
|-----------------------|------------|------------|-------------------|---------------|---------------|
| 2015 | 2014 | | | | |
| 3,617,544 | 3,617,544 | Series A | 0.06742p | 2 | 2 |
| 11,925,925 | 11,925,925 | Series B | 0.06742p | 8 | 8 |
| 2,464,646 | 2,464,646 | Series C | 0.06742p | 2 | 2 |
| 7,604,299 | 7,604,299 | Ordinary | 0.06742p | 5 | 5 |
| 1,140,250 | 1,140,250 | A Ordinary | 0.06742p | 1 | 1 |
| 1,920,000 | 1,920,000 | B Ordinary | 0.06742p | 1 | 1 |
| 100,000 | 100,000 | C Ordinary | 0.06742p | - | - |
| 100,000 | 100,000 | D Ordinary | 0.06742p | - | - |
| 695,701 | 695,701 | Deferred | 0.06742p | 1 | 1 |
| | | | | 20 | 20 |

Allotted, called-up and fully paid

| 2015 | 2014 | | | | |
|-----------|-----------|------------|----------|----|----|
| 3,617,544 | 3,617,544 | Series A | 0.06742p | 2 | 2 |
| 9,139,084 | 9,139,084 | Series B | 0.06742p | 6 | 6 |
| 2,222,222 | 2,222,222 | Series C | 0.06742p | 1 | 1 |
| 2,869,837 | 2,869,837 | Ordinary | 0.06742p | 2 | 2 |
| 641,500 | 641,500 | A Ordinary | 0.06742p | 1 | 1 |
| 545,000 | 545,000 | B Ordinary | 0.06742p | 1 | 1 |
| 100,000 | 100,000 | C Ordinary | 0.06742p | - | - |
| 100,000 | 100,000 | D Ordinary | 0.06742p | - | - |
| 2,070,701 | 2,070,701 | Deferred | 0.06742p | 1 | 1 |
| | | | | 14 | 14 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2015

12. CALLED UP SHARE CAPITAL (CONTINUED)

Capital Rights

On a return of capital, the sums payable to the holders of Series A, Series B and Series C Shares shall be reduced by the aggregate amount payable to the holders of the C Ordinary and D Ordinary Shares.

On a return of capital, the holders of the B Ordinary, C Ordinary and/or D Ordinary Shares (or any Ordinary Shares arising from their conversion) shall not be entitled to receive any Arrears nor an aggregate amount which is greater than the aggregate Prescribed Price (as calculated in accordance with the Articles).

Dividends

The Company shall apply any profits to the holders of the Ordinary Share Capital, except that the holders of B Ordinary Shares, C Ordinary Shares and D Ordinary Shares are not entitled to receive any dividends (in respect of those shares). The holders of Deferred shares are not entitled to receive dividends (in respect of those shares).

Voting and General Meetings

The holders of all issued shares, except the holders of B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and Deferred Shares (in respect of those shares), have the right to receive notice of, to attend, and to vote at, general meetings of the Company.

Conversion into Ordinary Shares

All Preferred Shares, A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares shall, on not less than 14 days' notice to the Company from an Investor Majority, be converted into Ordinary Shares at the rate of one Ordinary Share for every one Preferred Share and A Ordinary Share and at a rate defined by their respective Prescribed Price in the Articles of Association for every one B Ordinary Share, C Ordinary Share and D Ordinary Share.

Provided that the Preferred Shares, A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares remain capable of being converted into Ordinary Shares then, if any bonus or rights issue or other offer or invitation of substantially similar effect is made by the Company to the holders of Ordinary Shares, the Company shall procure that the same offer or invitation shall be made to each holder of such shares.

Conversion into Deferred Shares

The holders of any Series C Shares may at any time request conversion of some or all of their Series C Shares into an equal number of Deferred Shares provided that each holder of Series C Shares so converted shall be entitled to all arrears up to and including the date of such conversion.

Redemption of Deferred Shares

The Company shall automatically redeem on the same day as, but immediately after, the conversion of any share into a Deferred Share all the Deferred Shares then in issue. The Company shall pay each registered holder of Deferred Shares the aggregate sum of £1.00 in respect of such redemption.

At 31 March 2015, there were 2,070,701 (2014: 2,070,701) Deferred Shares in issue. These arose on the conversion of A Ordinary and B Ordinary shares. The Deferred Shares have not been automatically redeemed by the Company as it had insufficient reserves to do so.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

13. RESERVES

| | Capital redemption reserve £'000 | Profit and loss account £'000 | Total £'000 |
|---------------------|---|--|------------------------|
| At 1 April 2014 | 1 | 15,276 | 15,277 |
| Profit for the year | - | 443 | 443 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2015 | 1 | 15,719 | 15,720 |
| | <hr/> | <hr/> | <hr/> |

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2015 £'000 | 2014 £'000 |
|-------------------------------|-----------------------|-----------------------|
| Profit for the financial year | 443 | 536 |
| Opening shareholder's funds | 15,291 | 14,755 |
| | <hr/> | <hr/> |
| Closing shareholder's funds | 15,734 | 15,291 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

15. RELATED PARTY TRANSACTIONS

In accordance with the exemption afforded by Financial Reporting Standard (FRS) 8 "Related Party Disclosures", transactions with other wholly-owned group undertakings within, and investee related parties of, the Clearswift Group Limited group have not been disclosed in these financial statements.

16. ULTIMATE CONTROLLING RELATED PARTY

The Company is part of a Trading group headed by Clearswift Group Limited (08012246) for which group financial statement have been drawn up including the results of the Company and can be obtained from the Chief Finance Officer, 1310 Waterside, Arlington Business Park, Theale, Reading RG7 4SA.

The directors consider Newincco 1130 Limited to be the ultimate parent undertaking of the Company. The majority shareholder of Newincco 1130 Limited is Lyceum Capital Fund II, an investment fund managed by Lyceum Capital Partners LLP thus the ultimate controlling party of the Group.

Newincco 1130 Limited and its indirect wholly-owned subsidiary, Clearswift Group Limited, head the groups for which group financial statements have been drawn up including the results of the Company. Both are incorporated in the United Kingdom and copies of these group financial statements can be obtained from Companies House.