

**Concurrent Technologies Plc**  
**Report & Accounts**  
**For the Year Ended 31<sup>st</sup> December 2013**

Registered in England & Wales No. 01919979

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# Strategic Report

## Business Summary

The Group is a leading specialist in the design, manufacture and supply of innovative high-end embedded computer products aimed at a wide base of customers within the telecommunication, defence, aerospace, transportation, scientific and industrial markets. Our products have a long lifecycle which typically provides the Group with high quality sales over many years.

The Group's high performance products are based on long lifecycle components supplied by companies such as Intel, and cover a range of central processing unit ("CPU") boards and complementary products compatible with the CompactPCI®, VPX™, VME, AMC and XMC/PMC open architecture standards. Many of the CPUs feature the latest processor platforms from Intel such as the high performance 4th generation Intel® Core™ processors and the low power Intel® Atom™ processors.

Our products deliver extremely high levels of reliability with substantial processing power, making them ideal for use in projects ranging from high-performance military communications systems to commercial industrial control units. In addition to our commercial range of boards, we develop ruggedized versions of many products in our range to operate at temperatures ranging from -40°C to +85°C, for use in harsh and wide temperature environments, making them very appealing for a variety of demanding applications. Our products also support many of today's leading operating systems including Windows®, Linux®, Solaris™, QNX®, and VxWorks®.

In addition to hardware design, our engineering teams undertake a significant amount of software and firmware development to provide interoperability between products, allowing customers to transition smoothly when new updates or designs are available. In this way we continue to see strong customer loyalty and long term relationships, as well as new sales following product launches featuring performance upgrades. We also generate software for both on-board and production test purposes.

We are committed to the long term support of our customers by being an early adopter of the latest products from one of the world leaders in silicon innovation and computer processing technology. Our products give increasingly higher performance, better reliability and lower power consumption, providing our customers with a long term upgrade path and maintaining our competitiveness within our target markets.

The Group's design and engineering team is divided between the UK and India, but all manufacturing and testing takes place in our factory in Colchester, UK. Our sales, marketing and customer support teams operate from the UK and overseas offices including the USA and China. The proportion of our products being exported during 2013 was 73% (2012: 76%).

The Group's customer base continues to be well diversified with large, high quality, international businesses in multiple sectors and in many countries.

## Financial Highlights

	2013	2012
Revenue	£11.9m	£12.8m
EBITDA	£1.9m	£3.5m
Profit before tax	£0.5m	£2.0m
Earnings per share	1.02p	2.75p
Dividend per share	1.75p	1.70p
Cash (including Deposits)	£4.9m	£4.3m
Total Assets	£16.7m	£17.3m
Shareholders' Funds	£13.5m	£14.3m

# Strategic Report (continued)

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## Review of Operations

As announced prior to the last Interim Results, one of the main challenges during this year has been the problem of the licencing of advanced technology exports to emerging markets where we were expecting sales growth. These exporting issues have been raised with the Secretary of State for Business, Innovation and Skills (BIS). The Company continues to work with BIS officials who are reviewing the current system of control to determine whether the affected products may be moved to a more flexible export licensing system such as that which exists in the USA.

These export licencing issues have had a negative impact on the results for the year and may continue to adversely affect trading relationships with some of our customers. However, although the report on the review by BIS was delayed, due to critical world events, we have made good progress and the Board is optimistic that the more flexible licensing system that we need from BIS will be introduced by the end of June 2014.

The results for this year include a write down of our R&D design assets by £842,783 (original estimate £1.3m), substantially due to the effects on possible future orders caused by UK export licencing.

The Group EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for 2013 was £1,920,585 (2012: £3,479,094). The reduction was due to the lower level of sales, less capitalisation and increased impairments of R&D, compared to 2012, due to the export issues noted above. The Group achieved a profit before tax for 2013 of £453,929 (2012: £2,001,404), which includes the increased amortisation of capitalised R&D, a result which is slightly ahead of consensus forecasts. Earnings per share for the year were 1.02 pence (2012: 2.75 pence). Group revenue for the year was £11,859,180 (2012: £12,794,380). The gross margin for the year was 50.6% compared with 51.7% for 2012.

Our balance sheet remains strong due to underlying profitability and robust financial controls within the business, and our cash balances have been maintained despite the reduction in reported profit. We have also continued our investment in R&D and have increased our dividend compared to the previous year. We had cash balances of £2.3m (2012: £2.3m) plus short to medium term cash deposits of £2.6m (2012: £2.0m) at the year end, with no borrowings.

## Future Plans and Outlook

Against a challenging export environment, we have delivered another year of profitability. Our objective remains to design more innovative products for complex, high technology, low to medium volume and high margin applications, including versions for use in harsh environments. We also aim to further enhance the capabilities of these products with new and complementary software packages to provide high-speed data transfer, ease of integration and security. We will continue to be an early adopter of the latest technology from Intel and maintain our investment in R&D to ensure an expansion of our range of advanced technology products. To augment our R&D capabilities and to complement our UK and Indian design centres, we intend to establish an R&D facility in Massachusetts, USA.

We know that our diverse product range and the continuing investment in applying new technology to our product ranges enhances the Group's position in a variety of different markets. The probable improvement in the situation regarding export licence restrictions is also expected to improve the Group's prospects during 2014.

## Dividend

The Board has declared a second interim dividend of 1.10 pence per share (2012: 1.05 pence second interim dividend) which when added to the first interim dividend of 0.65 pence per share will make a total of 1.75 pence per share for the year (2012: 1.70 pence). This is an increase of 2.94% on dividends paid for 2012. The total cost of this second interim dividend will amount to £785,405. The Directors do not intend to recommend a final dividend.

## Annual General Meeting

The Annual General Meeting this year will be held on 27 May 2014.

# Strategic Report (continued)

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## Operational Highlights

- 7 new high performance processor boards released, featuring the latest technology including 4th generation Intel® Core™ processors and new Intel® Atom™ processors.
- Additional development of software and middleware to provide high technology intercommunication and security.
- Improvement in sales to defence customers despite setbacks due to export licencing requirements.
- Further significant growth in sales of product using AMC architecture in telecoms.
- Continued improvement in VPX™ architecture product sales mainly for defence applications.

A critical element of our strategy is to maintain our investment in R&D to ensure a constant expansion of our product range in order to create new opportunities, protect our competitive position and provide our existing customers with viable technical upgrade paths. The investment in R&D was maintained throughout 2013.

A total of 7 new high performance embedded computers were released during the year, featuring the latest technology including 4th generation Intel® Core™ processors and new low power Intel® Atom™ processors. We have concentrated on providing more AMC and VPX™ architecture products, these usually being the architectures of choice for new projects and therefore offering greater potential for growth. Combined with a Serial RapidIO® interface, the AMC architecture products are particularly well suited for MicroTCA™ and AdvancedTCA® based telecommunications applications such as IPTV, digital media servers, media gateways, broadband, and Long Term Evolution (LTE) or LTE-Advanced, wireless base stations. They are also being utilised in test systems for wireline and wireless networks, where a large number of computing nodes are required to intercommunicate at very fast data transfer rates. Sales of our AMC boards have significantly increased during 2013. Our VPX™ architecture boards are mainly used in defence and surveillance related applications, including unmanned vehicles, and these have also shown continuing growth in sales during 2013.

To enhance the functionality of our hardware products, we have continued the development of key software projects. These include our Fabric Interconnect Networking Software for inter-board communications, and our Board Level Security Package, designed to assist customers to deliver secure solutions for applications where protecting critical technologies and data is essential.

The Group's customer base is well diversified comprising many large, high quality, international businesses, which use our products in many different applications. Sales for defence applications increased slightly during 2013 from the previous year and may have been even better if we had not been affected by the difficulties with export licencing. There were also increased sales for industrial applications, and also for scientific applications like physics research.

## Principal Risks and Uncertainties

Like most businesses, there is a range of risks and uncertainties facing the Group and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties.

The principal risks and uncertainties affecting the business include the following:

- Product development and technology risk: The Group continually develops and introduces new high-technology products based on advanced processors and other computing components. These technologies and products involve business risk both in terms of possible abortive expenditure, reputational risk and potential customer claims. Such risks may materially impact on the Group. Appropriate measures are taken to protect the Group's intellectual property rights and to minimise the risk of infringement of third party rights; measures include hardware security features.
- Product failure: The Group provides warranties to customers regarding the specification and/or proper operation of the products that it supplies. Failure of these products to operate properly or to meet specifications may increase the Group's costs by requiring the replacement of parts and equipment or monetary re-imbursement to a customer, thereby reducing the Group's profitability. The Group has numerous ISO 9001 approved quality processes, procedures and work instructions in place to mitigate against product failure.
- Human resources risk: This risk is defined as a shortage of requisite knowledge, skills and experience within the Group. This risk, especially in relation to technical skills, is kept at the forefront of the Group's concerns and is addressed primarily through remuneration and recruitment policies which are under continuous review by the Board.

# Strategic Report (continued)

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## Principal Risks and Uncertainties (continued)

- Environmental risks: The Group places emphasis upon environmental compliance in its business and not only seeks to ensure ongoing compliance with relevant legislation in the major markets, but also strives to ensure that environmental best practice is incorporated into its key processes. The Group's products are compliant with European Union's "Restriction of Hazardous Substances Directive" (RoHS and RoHS2) which dramatically reduces the amounts of certain hazardous substances that can be used in electronic assemblies. From the Group's perspective, lead, which was used in solder, was the main substance.
- Performance of Investments: The Group has the ability to acquire other businesses and companies. These acquisitions and investments may not perform in line with expectations, thereby having a detrimental impact on the Group's financial performance.
- Competitive risk: The Group operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the Group. The Group invests directly in development in order to sustain competitive advantage, and also works continually to ensure that its cost base is competitive.
- Supply Chain: The Group relies on its own manufacturing operations and independent suppliers for key raw materials and components, some of which may be available from a limited number of suppliers. Any disruption to the supply chain could have an impact on our ability to meet customer requirements and adversely affect the Group's results. Within the markets that the Group operates, there can be times where components are in short supply with long lead times or components can be discontinued. The Group aims to supply its products for many years and therefore endeavours to select components with longevity of supply and components which have a second source while simultaneously regularly monitoring component availability.
- The effect of legislation and other regulatory activities: The Group regularly monitors forthcoming and current legislation to ensure compliance with requirements. Each company within the Group is liable to pay tax in the countries in which it operates. Changes in the tax legislation in these countries could have an adverse impact on the level of tax paid on the profits generated by the Group. The technology in some of our products is sophisticated and may be subject to export control legislation, which could restrict our ability to sell to some countries.
- Financial Risk: The Group is exposed to a number of financial risks including market risk, credit risk and liquidity risk. A description of these risks, and the Group's approach to managing them, is described in note 23 to the financial statements.
- Customer risk: Revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products. No assurance can be given that customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, the Group's results of operations.

The Group has long experience in managing all these risks, while delivering profitable growth.

The Group has a strong balance sheet with significant cash balances and debtor balances with major, well rated customers and as such the Board does not consider the Group is subject to undue financial risk.

## Strategic Report (continued)

### Performance Monitoring

The Board monitors the Group's performance in a number of ways including key performance indicators. The key financial performance indicators together with the information for 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Revenue	£11.9m	£12.8m
Gross Margin %	50.6	51.7
Pre-tax Profit	£0.5m	£2.00m
Cash & Other financial assets	£4.94m	£4.32m

The revenue indicator represents what has been invoiced to customers in the year and measures sales growth or decline in value terms.

The gross margin percentage is calculated by dividing gross profit by revenue and measures the total profitability of product sales.

Pre-tax profit is the profit generated by the Group from operations including finance income and finance costs and is stated after capitalisation of development costs but before taxation. This indicator measures the overall profitability of the business.

Cash & Other financial assets is the year end balance sheet position of Cash & cash equivalents and Other financial assets as reported in the consolidated balance sheet. This indicator can be affected by the pattern of trading towards year end but does give a general indication of the ability of the Group to generate cash.

These performance indicators are measured against a budget approved by the Board.

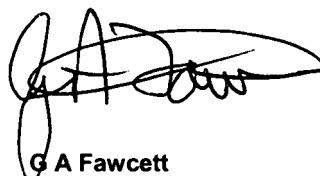
The management also regularly reviews the following non-financial performance indicators:

- Manufacturing quality
- Product warranty performance
- Development projects measured against project milestones
- Manufacturing output measured against manufacturing plans and customer requirements
- Suppliers' performance
- Stock accuracy
- Health and safety incidents

By order of the Board



**M Collins**  
Chairman  
24 March 2014



**G A Fawcett**  
Managing Director  
24 March 2014

# Report of the Directors

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The Directors present their Report and Financial Statements of the Group (Concurrent Technologies Plc and its wholly owned subsidiaries, Concurrent Technologies Inc, Omnibyte Corporation and Concurrent Tech India Private Ltd) for the year ended 31 December 2013.

## Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and 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;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Results and Dividends

The profit on ordinary activities after taxation for the year ended 31 December 2013 was £729,617 (year to 31 December 2012: £1,966,655). An interim dividend of 0.65 pence per ordinary share was paid on 27 September 2013. The Board has declared a further interim dividend of 1.10 pence per share (2012: 1.05 pence second interim dividend) which will make a total of 1.75 pence per share for the year (2012: 1.70 pence).

During the year the Company purchased its own shares for investment purposes and to provide for future exercise of employee share options, details of which are set out in Note 26 to the Financial Statements. 40,000 Ordinary Shares (2012: 45,000) were purchased to hold in Treasury, with a nominal value of £400 (2012: £450) and representing 0.06% (2012: 0.06%) of issued share capital. The total cost of the purchases inclusive of expenses amounted to £16,600 (2012: £19,124). The Company will continue to use its authority to buy back its own shares when the Directors consider it appropriate.

## Future Developments

Details about future developments are set out in the Strategic Report.

## Design and Development

The Group recognises the importance of investing in design and development programmes in order to maintain technical and commercial competitiveness. Revenue expenditure on design and development of £1,703,067 was capitalised in the year to 31 December 2013 (2012: £2,107,618), in accordance with the Group accounting policy (see Note 2 to these Financial Statements).

## Property, Plant and Equipment

Details of additions to property, plant and equipment are given in Note 11 to the Financial Statements.

## Donations

The Group made no political donations during the year.

# Report of the Directors (continued)

## Substantial Shareholders

As at 31 December 2013 the following entities or persons, other than the Directors and their family interests, had an interest in 3% or more of the Company's Ordinary Shares.

Name	No of Ordinary Shares	Shareholding %
State Street Nominees Ltd	14,080,391	19.4
The Bank of New York (Nominees) Ltd	11,585,521	15.9
HSBC Global Custody Nominee (UK) Ltd	5,510,513	7.6
HALB Nominees Ltd	4,955,250	6.8
Hargreaves Lansdown (Nominees) Ltd	3,352,377	4.6
Trustee S. Keeler	2,587,842	3.6
Chase Nominees Ltd	2,179,335	3.0

## Non-Executive Directors

Michael Collins LLB, Solicitor, aged 68. Chairman.  
Previously a partner in DLA Piper UK LLP, was appointed a Director of the Company in 1987.

Clive Mannering Thomson FSI, aged 66.

Formerly a Director of stockbroker Bell Lawrie White & Co., and now the Chairman and Managing Director of a private company, Meeting Makers Ltd. He was appointed a Director of the Company in 2004.

## Directors

The Directors set out below have held office during the whole of the year from 1 January 2013 to 31 December 2013. The beneficial interests of the Directors holding office on 31 December 2013 in the shares of the Company at that date, according to the Register of Directors' Interests, are shown below:

	1p Ordinary Shares	
	31/12/2013	01/01/2013
J B Annear	1,775,964	1,775,964
M Collins	4,443,287	4,443,287
D Evans-Hughes	878,819	878,819
G A Fawcett	1,611,799	1,611,799
C M Thomson	182,250	182,250

There were no non-beneficial interests of the Directors holding office on the 31 December 2013 in the share capital of the Company at that date or at the end of the previous year.

The interests of the Directors in the Share Option Scheme are disclosed in the Report of the Remuneration Committee.

## Rotation of Directors

The Directors throughout the year are listed above. In accordance with the Articles of Association, Mr G Fawcett and Mr M Collins retire by rotation and being eligible offer themselves for re-appointment at the next Annual General Meeting.

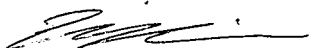
## Officers' Insurance

The Group has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the Group.

## Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office and so a Resolution will be proposed at the next Annual General Meeting for their re-appointment as auditors. In 2013, the Board and Audit Committee approved an extension to the engagement term of the Senior Statutory Auditor responsible for the audit opinion in relation to Concurrent Technologies Plc. The term was extended from 6 to 7 years, covering the audit of these financial statements. The Audit Committee believes that continuity was important to the quality of the Group's audit and it is satisfied that the safeguards put in place by the auditor meant that the extension did not threaten the objectivity and independence of the audit.

By order of the Board



**Cargil Management Services Limited**  
Company Secretary  
24 March 2014



# Corporate Governance Statement

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Companies that have securities traded on AIM are not required to comply with the UK Corporate Governance Code. However, the Group is committed to high standards of corporate governance and we have reported on our corporate governance arrangements by drawing on the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Group insofar as it is practical and appropriate for an organisation of its size and nature.

## Internal Financial Control

The Board of Directors has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute reassurance against material misstatement or loss.

The Group has a long established framework of internal financial controls:

**Control Environment:** the Group's control environment is the responsibility of the Group's Directors and Managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is the responsibility of the Board.

**Financial Reporting:** there is a comprehensive budgeting system in place with an annual budget approved by the Board. Actual profit and loss together with a balance sheet are reported against budget every month, together with order intake analysis. A review of the results to date and latest year end forecasts is undertaken by the Board at least six times a year. Comments arising from the detailed review of the performance and financial position are included within the Strategic Report. The Directors' responsibilities for the Financial Statements are described on page 6. The Company reports to Shareholders twice a year.

**Delegation of Authority:** the Group has a procedure that defines levels of authority before committing the Group to defined actions involving commercial risk.

**Risk Assessment:** executive management has a clear responsibility for the identification of risks facing the business and for putting in place procedures to eliminate, mitigate and monitor risks. The Group continually sets and monitors performance targets. The full Board monitors these processes through a system of Board Meeting reports.

**Treasury:** the strategy of hedging against foreign exchange and interest rates, levels of borrowing, charges over assets and investment of cash are reviewed and approved by the Board. The policy regarding insurance of various business risks is reviewed and approved by the Board at least once a year.

**Board's Monitoring System:** the Board reviews and approves budgets and monitors the Group's performance against those budgets monthly. Variances from expected outcomes are investigated and where lapses in internal control are detected, these are rectified. The Group's cash flow is also monitored monthly.

**Main Control Procedures:** financial control procedures operate throughout the Group to ensure the integrity of the Group's Financial Statements. The Board approves capital expenditure when approving the annual budget and the Board must approve any other material capital expenditure. To supplement these procedures the Company has a comprehensive set of written non-financial procedures which are audited internally on a regular basis and twice yearly by external independent auditors as per ISO 9001 requirements.

The Board reviewed the effectiveness of the systems of internal financial control for the year ended 31 December 2013, and is confident that they are appropriate and has also taken account of material developments which have taken place since the year end.

## Corporate Governance Statement (continued)

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### **The Board of Directors**

The full Board of Directors meets a minimum of six times per year and exercises control, including the monitoring of senior management, throughout the Company. Seven Board Meetings were held during 2013 and all Board Meetings were attended by all Directors.

The Chairman, who carries out his duties on a part-time basis, is primarily responsible for the running of the Board, and the Managing Director is responsible for the day-to-day running of the Group and for implementing Group strategy. All Directors are aware of their right to seek independent professional advice at the Company's expense to assist them in their duties and to have access to the services of the Company Secretary.

### **Board Committees**

The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported and for reviewing reports from auditors relating to the Group accounts and the Group's internal control systems. The Audit Committee also reviews the independence and the objectivity of the auditors.

The Audit Committee, which meets twice yearly, comprises:

M Collins	Non-Executive Chairman and Chairman of the Audit and Remuneration Committees.
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C M Thomson	Non-Executive Director
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The Remuneration Committee is responsible for setting the remuneration and performance related bonus for Executive Directors. The Committee, which meets at least once each year, comprises:

M Collins	Non-Executive Chairman and Chairman of the Audit and Remuneration Committees.
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C M Thomson	Non-Executive Director
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### **Going Concern**

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to enable them to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these Financial Statements. Further details are given in Note 2.



M Collins  
Chairman  
24 March 2014

# Report of the Remuneration Committee

The Remuneration Committee consists of two Non-Executive Directors: Mr M Collins, who is Chairman, and Mr C M Thomson.

## Directors' Emoluments

Each Executive Director is employed by the Company under a written contract of employment which provides for termination by either party giving twelve months written notice.

Each Executive Director receives a remuneration package comprising a basic salary and the usual benefits in kind. For each year, commencing on 1 January, the Remuneration Committee recommends to the Board of Directors, the level of emoluments to be paid to each Executive and Non-Executive Director and the basis upon which any bonuses will be payable to each Executive Director. Bonuses are specifically related to the Group's performance and are calculated according to a formula recommended by the Remuneration Committee at the beginning of each year. The Non-Executive Directors are not entitled to bonuses.

Executive Directors are entitled to be members of the Company's pension scheme, details of which are set out in Note 22 to the Financial Statements. Non-Executive Directors are not entitled to join the Company's pension scheme.

Each Non-Executive Director is employed by the Company under a written contract that provides for termination by either party giving three months written notice.

Directors' Emoluments during the year ended 31<sup>st</sup> December 2013:

Director	Emoluments & Compensation including benefits received (£)	Company Contributions to Pension Scheme (£)	Total Emoluments (£)
M Collins	41,000	-	41,000
C M Thomson	23,800	-	23,800
G A Fawcett	190,925	23,126	214,051
J B Annear	151,138	18,441	169,579
D Evans-Hughes	138,536	-	138,536

## Share Options

The Company operates an Enterprise Management Incentive Share Option Scheme. Details of the Scheme are set out in Note 26 to the Financial Statements. The Board of the Company administers the Scheme, delegated to the Remuneration Committee, which has authority to offer options to a limited number of employees.

## Interests of the Directors in the Share Option Scheme

The interests of the Directors in the Share Option Scheme at the beginning and end of the year were as follows:

Name	Number of Shares under option	Exercise Price	Date from which Share Option is Exercisable	Expiry date of Share Option
J B Annear	400,000	25.0p	22 April 2007	22 April 2014
	50,630	39.5p	13 April 2011	13 April 2018
D Evans-Hughes	400,000	25.0p	22 April 2007	22 April 2014
	50,630	39.5p	13 April 2011	13 April 2018
G A Fawcett	400,000	25.0p	22 April 2007	22 April 2014
	50,630	39.5p	13 April 2011	13 April 2018

## Report of the Remuneration Committee (continued)

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The market price of the Company's shares as at the end of the financial year was 36.5p and the range of published market prices during the year was 36.5p to 54.5p.



**M Collins**  
Chairman of the Remuneration Committee  
24 March 2014

# Report of the Auditors

## Report of the Independent Auditor to the Members of Concurrent Technologies Plc

We have audited the financial statements of Concurrent Technologies Plc for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and Notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

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

### Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

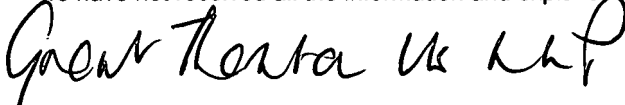
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 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.



**James Brown**  
**Senior Statutory Auditor**  
**For and on behalf of Grant Thornton UK LLP**  
Statutory Auditor, Chartered Accountants  
Ipswich  
24 March 2014

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	Year to 31 December 2013 £	Year to 31 December 2012 £
<b>CONTINUING OPERATIONS</b>			
Revenue	3	11,859,180	12,794,380
Cost of sales		5,857,094	6,183,357
<b>Gross profit</b>		<b>6,002,086</b>	<b>6,611,023</b>
Operating expenses		5,614,290	4,666,346
<b>Group operating profit</b>	4	<b>387,796</b>	<b>1,944,677</b>
Finance income	5	66,133	56,727
<b>Profit before tax</b>		<b>453,929</b>	<b>2,001,404</b>
Tax	6	(275,688)	34,749
<b>Profit for the year</b>		<b>729,617</b>	<b>1,966,655</b>
<b>Other Comprehensive Income</b>			
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(124,637)	(131,051)
Tax relating to components of other comprehensive income		-	-
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(124,637)</b>	<b>(131,051)</b>
<b>Total Comprehensive Income for the year</b>		<b>604,980</b>	<b>1,835,604</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the parent		729,617	1,966,655
<b>Total Comprehensive Income attributable to:</b>			
Equity holders of the parent		604,980	1,835,604
<b>Earnings per share</b>			
Basic earnings per share	8	1.02p	2.75p
Diluted earnings per share	8	1.01p	2.73p

# Consolidated Balance Sheet

At 31 December 2013

	Note	As at 31 December 2013 £	As at 31 December 2012 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	478,131	437,851
Intangible assets	12	5,467,503	5,948,660
Deferred tax assets	13	108,396	188,323
Other financial assets	18	-	1,000,000
		<u>6,054,030</u>	<u>7,574,834</u>
<b>Current assets</b>			
Inventories	15	2,550,556	2,967,690
Trade and other receivables	16	2,874,354	3,274,665
Current tax assets		247,240	123,696
Other financial assets	18	2,602,689	1,000,000
Cash and cash equivalents		<u>2,340,859</u>	<u>2,316,928</u>
		<u>10,615,698</u>	<u>9,682,979</u>
<b>Total assets</b>		<u><u>16,669,728</u></u>	<u><u>17,257,813</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	13	1,164,267	1,404,686
Long term provisions	19	10,009	-
		<u>1,174,276</u>	<u>1,404,686</u>
<b>Current liabilities</b>			
Trade and other payables	17	1,931,110	1,511,755
Short term provisions	19	36,813	39,746
		<u>1,967,923</u>	<u>1,551,501</u>
<b>Total liabilities</b>		<u><u>3,142,199</u></u>	<u><u>2,956,187</u></u>
<b>Net assets</b>		<u><u>13,527,529</u></u>	<u><u>14,301,626</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	21	727,000	727,000
Share premium account		3,405,817	3,405,817
Capital redemption reserve		256,976	256,976
Cumulative translation reserve		(74,816)	49,821
Profit and loss account		<u>9,212,552</u>	<u>9,862,012</u>
<b>Equity attributable to equity holders of the parent</b>		<u><u>13,527,529</u></u>	<u><u>14,301,626</u></u>
<b>Total equity</b>		<u><u>13,527,529</u></u>	<u><u>14,301,626</u></u>

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 24 March 2014 and signed on its behalf by:

  
M Collins  
Chairman

  
G A Fawcett  
Managing Director

# Company Balance Sheet

At 31 December 2013

	Note	As at 31 December 2013 £	As at 31 December 2012 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	371,126	303,756
Intangible assets	12	5,461,954	5,932,549
Deferred tax assets	13	33,944	109,132
Investments	14	1,383,031	1,428,613
Other financial assets	18	-	1,000,000
		<u>7,250,055</u>	<u>8,774,050</u>
<b>Current assets</b>			
Inventories	15	2,550,556	2,967,690
Trade and other receivables	16	2,722,504	2,419,808
Current tax assets		190,759	63,666
Other financial assets	18	2,000,000	1,000,000
Cash and cash equivalents		<u>1,593,801</u>	<u>741,287</u>
		<u>9,057,620</u>	<u>7,192,451</u>
<b>Total assets</b>		<u><u>16,307,675</u></u>	<u><u>15,966,501</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	13	1,162,791	1,400,925
Long term provisions	19	10,009	-
		<u>1,172,800</u>	<u>1,400,925</u>
<b>Current liabilities</b>			
Trade and other payables	17	1,777,335	1,423,753
Short term provisions	19	36,813	39,746
		<u>1,814,148</u>	<u>1,463,499</u>
<b>Total liabilities</b>		<u><u>2,986,948</u></u>	<u><u>2,864,424</u></u>
<b>Net assets</b>		<u><u>13,320,727</u></u>	<u><u>13,102,077</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	21	727,000	727,000
Share premium account		3,405,817	3,405,817
Capital redemption reserve		256,976	256,976
Profit and loss account		<u>8,930,934</u>	<u>8,712,284</u>
<b>Equity attributable to equity holders of the parent</b>		<u><u>13,320,727</u></u>	<u><u>13,102,077</u></u>
<b>Total equity</b>		<u><u>13,320,727</u></u>	<u><u>13,102,077</u></u>

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 24 March 2014 and signed on its behalf by:

  
M Collins  
Chairman

  
G A Fawcett  
Managing Director



# Consolidated Cash Flow Statement

For the year ended 31 December 2013

	Note	Year to 31 December 2013 £	Year to 31 December 2012 £
<b>Cash flows from operating activities</b>			
Profit before tax for the period		453,929	2,001,404
Adjustments for:			
Finance income		(66,133)	(56,727)
Depreciation		169,259	206,286
Amortisation		1,363,530	1,328,131
Impairment loss		842,783	236,733
Loss on disposal of property, plant and equipment (PPE)		-	5,714
Share-based payment		(94,726)	11,941
Exchange differences		(74,551)	(45,511)
(Increase)/decrease in inventories		417,134	(341,030)
(Increase)/decrease in trade and other receivables		400,311	(884,288)
Increase/(decrease) in trade and other payables		426,431	(230,060)
Cash generated from operations		3,837,967	2,232,593
Tax (paid)/received		(61,654)	19,622
Net cash generated from operating activities		3,776,313	2,252,215
<b>Cash flows from investing activities</b>			
Interest received		66,133	56,727
Cash placed on Deposit		(602,689)	-
Purchases of property, plant and equipment (PPE)		(225,505)	(181,263)
Capitalisation of development costs and purchases of intangible assets		(1,726,312)	(2,136,090)
Net cash used in investing activities		(2,488,373)	(2,260,626)
<b>Cash flows from financing activities</b>			
Equity dividends paid		(1,214,420)	(1,179,051)
Purchase of treasury shares		(16,625)	(17,038)
Net cash used in financing activities		(1,231,045)	(1,196,089)
Effects of exchange rate changes on cash and cash equivalents		(32,964)	(72,703)
<b>Net increase/(decrease) in cash</b>		23,931	(1,277,203)
Cash at beginning of period		2,316,928	3,594,131
Cash at the end of the period		2,340,859	2,316,928

# Company Cash Flow Statement

For the year ended 31 December 2013

	Note	Year to 31 December 2013 £	Year to 31 December 2012 £
<b>Cash flows from operating activities</b>			
Profit before tax for the period		1,258,772	1,765,375
Adjustments for:			
Finance income		(65,231)	(56,054)
Dividends received		(1,036,585)	-
Depreciation		105,142	119,979
Amortisation		1,354,124	1,312,719
Impairment loss		842,783	236,733
Share-based payment		(49,144)	6,761
(Increase)/decrease in inventories		417,134	(341,030)
(Increase)/decrease in trade and other receivables		(302,696)	(220,070)
Increase/(decrease) in trade and other payables		360,658	(226,944)
Cash generated from operations		2,884,957	2,597,469
Tax (paid)/received		(4,390)	55,173
Net cash generated from operating activities		2,880,567	2,652,642
<b>Cash flows from investing activities</b>			
Interest received		65,231	56,054
Dividends received		1,036,585	-
Purchases of property, plant and equipment (PPE)		(172,512)	(101,113)
Capitalisation of development costs and purchases of intangible assets		(1,726,312)	(2,127,888)
Net cash used in investing activities		(797,008)	(2,172,947)
<b>Cash flows from financing activities</b>			
Equity dividends paid		(1,214,420)	(1,179,051)
Purchase of treasury shares		(16,625)	(17,038)
Net cash used in financing activities		(1,231,045)	(1,196,089)
<b>Net increase/(decrease) in cash</b>		852,514	(716,394)
Cash at beginning of period		741,287	1,457,681
Cash at the end of the period		1,593,801	741,287

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital £	Share premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total Equity £
<b>Balance at 1 January 2012</b>	727,000	3,405,817	256,976	180,872	9,052,951	13,623,616
Profit for the period	-	-	-	-	1,966,655	1,966,655
Exchange differences on translating foreign operations	-	-	-	(131,051)	-	(131,051)
Total comprehensive income for the period	-	-	-	(131,051)	1,966,655	1,835,604
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	11,941	11,941
Deferred tax on share based payment	-	-	-	-	26,554	26,554
Dividends paid	-	-	-	-	(1,179,051)	(1,179,051)
Purchase of treasury shares	-	-	-	-	(17,038)	(17,038)
<b>Balance at 31 December 2012</b>	<u>727,000</u>	<u>3,405,817</u>	<u>256,976</u>	<u>49,821</u>	<u>9,862,012</u>	<u>14,301,626</u>
Profit for the period	-	-	-	-	729,617	729,617
Exchange differences on translating foreign operations	-	-	-	(124,637)	-	(124,637)
Total comprehensive income for the period	-	-	-	(124,637)	729,617	604,980
<b>Transactions with owners:</b>						
Share-based payment	-	-	-	-	(94,726)	(94,726)
Deferred tax on share based payment	-	-	-	-	(53,306)	(53,306)
Dividends paid	-	-	-	-	(1,214,420)	(1,214,420)
Purchase of treasury shares	-	-	-	-	(16,625)	(16,625)
<b>Balance at 31 December 2013</b>	<u>727,000</u>	<u>3,405,817</u>	<u>256,976</u>	<u>(74,816)</u>	<u>9,212,552</u>	<u>13,527,529</u>

# Company Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total Equity £
<b>Balance at 1 January 2012</b>	727,000	3,405,817	256,976	8,064,795	12,454,588
Total profit and comprehensive income for the period	-	-	-	1,805,083	1,805,083
<b>Transactions with owners:</b>					
Share-based payment	-	-	-	11,941	11,941
Deferred tax on share based payment	-	-	-	26,554	26,554
Dividends paid	-	-	-	(1,179,051)	(1,179,051)
Purchase of treasury shares	-	-	-	(17,038)	(17,038)
<b>Balance at 31 December 2012</b>	<u>727,000</u>	<u>3,405,817</u>	<u>256,976</u>	<u>8,712,284</u>	<u>13,102,077</u>
Total profit and comprehensive income for the period	-	-	-	1,597,727	1,597,727
<b>Transactions with owners:</b>					
Share-based payment	-	-	-	(94,726)	(94,726)
Deferred tax on share based payment	-	-	-	(53,306)	(53,306)
Dividends paid	-	-	-	(1,214,420)	(1,214,420)
Purchase of treasury shares	-	-	-	(16,625)	(16,625)
<b>Balance at 31 December 2013</b>	<u>727,000</u>	<u>3,405,817</u>	<u>256,976</u>	<u>8,930,934</u>	<u>13,320,727</u>

# Notes to the Financial Statements

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For the year ended 31 December 2013

## **Note 1 GENERAL INFORMATION**

The principal activity of Concurrent Technologies Plc ('the Company') and its subsidiaries (together 'the Group') is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers.

Concurrent Technologies Plc is the Group's ultimate Parent Company. It is incorporated and domiciled in the United Kingdom. Concurrent Technologies Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's financial statements are presented in pounds sterling (£), which is also the functional currency of the Parent Company. They have been approved for issue by the Board of Directors on 24 March 2014.

## **Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of preparation**

These financial statements are for the year ended 31 December 2013. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements have been prepared under the historical cost convention.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

IFRS 10 Consolidated Financial Statements (effective 1 January 2014)  
IFRS 11 Joint Arrangements (effective 1 January 2014)  
IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)  
IAS 27 (as revised in 2012) – Separate Financial Statements (effective 1 January 2014)  
IAS 32 (as revised in 2012) – Offsetting of Financial Assets and Financial Liabilities (effective 1 January 2014)  
IAS 36 Impairment of Assets (effective 1 January 2014)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group or the Parent Company.

The Parent Company has relied on the exemption conferred by s408 of the Companies Act 2006 in not publishing its own profit and loss account. The Parent Company retained profit for the year was £1,597,727.

The policies set out below have been consistently applied to all the years presented.

### **Basis of presentation**

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the 'Income Statement' and 'Statement of Comprehensive Income' in one statement.

### **Going Concern**

The Directors have reviewed the approved budget for the next financial year together with extended medium term forecasts, taking into account general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies. The Directors believe that the company is well placed to manage its business risks successfully for the foreseeable future and have concluded that the use of the going concern basis of accounting is appropriate in preparing the annual financial statements.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities. The consolidation method used is the acquisition method.

The acquisition method views a business combination from the perspective of the combining entity that is identified as the acquirer. The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the acquiree, where recognition criteria are met. Measurement of these items is generally at fair value at acquisition date. The measurement of the acquirer's assets and liabilities is not affected by the transaction, nor are any additional assets or liabilities of the acquirer recognised as a result of the transaction, because they are not the subjects of the transaction. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

# Notes to the Financial Statements (continued)

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue recognition** Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group's principal source of revenue is from the sale of single board computers and associated products. Revenue is recognised when the goods are shipped and the significant risks and rewards of ownership are transferred to the customer.

**Key judgements and estimates** Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of creating a material adjustment to the carrying amounts of assets and liabilities are discussed below.

### Inventory Provisions

Management is required to review the carrying value of the Company's inventories and provision is made where necessary for obsolete, slow moving or defective inventories. Judgement is required when estimating items of inventory for which the net realisable value is unlikely to exceed cost. Estimation uncertainty arises due to the long term period over which the Group's inventories are likely to sell. See inventory policy for further details and also Note 15.

### Development costs

To substantiate the carrying value of the capitalised development costs, management have applied the criteria of IAS 38 'Intangible Assets' and have estimated the future economic benefits which will be achieved from this investment. Judgement is required when distinguishing the research and development phases of new projects, and determining whether the recognition requirements for capitalisation of the development costs are met. In assessing impairment of capitalised development costs, management estimates the recoverable amounts of each asset or cash generating unit based on expected future cash flows, and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future results. See development cost policy for further details.

### Share-based payments

In order to determine the value of share-based payments, management are required to make an estimation of the effects of exercise restrictions and behavioural considerations. The expected volatility is determined by calculating the historical volatility of the Company's share price over the ten year period prior to the date of the grant. The valuation of share based payments requires judgements to be made in respect of the number of options that are expected to be exercised. Changes in these assumptions could result in changes to amounts expensed in the income statement in future periods. The list of the inputs used in the binomial model to calculate the fair value is provided in Note 26.

**Leasing** Where substantially all the risks and rewards associated with ownership are not transferred to the lessee, leases are treated as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

**Foreign currencies** The functional and presentational currency of the Company is pounds sterling (GBP). Transactions in currencies other than the functional currency of the individual entities within the Group are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into pounds sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into GBP at the rates of exchange prevailing on the dates of the transactions over the reporting period. In line with IAS 21, an average rate is used for the period unless exchange rates fluctuate significantly and then the weighted average rate is used. Exchange differences are charged/credited to other comprehensive income and recognised in the cumulative translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

**Inventories** Inventories are stated at the lower of cost and net realisable value on a first in first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value represents the estimated selling price after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state into a finished condition. Provision is made where necessary for obsolete, slow moving or defective inventories.

# Notes to the Financial Statements (continued)

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment

Property, plant and equipment are stated at original historical cost, net of depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets together with any cost directly attributable with bringing the asset into use, less estimated residual value, on a straight line or reducing balance basis over their estimated useful lives in accordance with the table below:

Plant and machinery	5 - 15 years on a straight line basis
Fixtures, fittings and equipment	3 - 7 years on a straight line basis
Computer equipment	3 - 5 years on a straight line basis
Improvements to short leasehold property	5 - 10 years on a straight line basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The residual values and useful economic lives of leasehold property, plant and equipment are reviewed annually.

### Intangible assets

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

#### Research costs

Research costs are charged directly to operating expense in the statement of comprehensive income as incurred.

#### Development costs

Development costs are capitalised as intangible assets if it is probable that the project will be a commercial success, technically feasible and the costs can be reliably determined.

Capitalised development costs comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, including development-related overheads. Amortisation commences upon completion of the development or when the asset becomes available for commercial production. Capitalised development costs are amortised on a straight line basis, over the estimated product life which is generally five to seven years. The asset will be reviewed annually for impairment or whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used.

All other development costs are recorded under operating expense in the statement of comprehensive income in the period they are incurred.

#### Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware, are capitalised at cost and amortised over their useful lives of three to seven years.

The carrying values of intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

### Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

# Notes to the Financial Statements (continued)

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Taxation** Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date.

**Financial instruments** Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition at fair value, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, other financial assets (fixed term deposits), trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(ii) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(iii) Trade payables

Trade payables are not interest bearing and are initially recognised at fair value plus transaction costs directly attributable to their acquisition and then subsequently measured at amortised cost.

**Investments in subsidiaries** Investments in subsidiaries, as reported in the Parent Company financial statements, are included at cost less provision for impairment.

**Finance Income** Finance income comprises interest income accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

**Dividends** Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

**Employee benefits** Retirement benefits

The Company operates a defined contribution retirement benefit plan. The cost of the defined contribution plan is charged to operating expenses in the statement of comprehensive income on the basis of contributions payable by the Company during the year.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. In the consolidated Financial Statements, the fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest. In the Financial Statements of the Company, equity-settled share-based payments issued to employees of the Company are treated in the same manner as in the consolidated Financial Statements. Equity settled share-based payments issued to employees of subsidiary undertakings are treated in the Financial Statements of the Company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Fair value is measured by use of a binomial option pricing model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations.



## Notes to the Financial Statements (continued)

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### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<b>Treasury shares</b>	The Company's shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders' equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the shares.
<b>Reserves</b>	<p><u>Share premium account</u> represents the difference between the price received on the sale of shares and their par value.</p> <p><u>Capital redemption reserve</u> arose from the purchase of deferred shares and represents the excess of purchase price over par value.</p> <p><u>Cumulative translation reserve</u> arises from the consolidation of foreign subsidiaries.</p> <p><u>Share Capital</u> represents the nominal value of shares that have been issued.</p> <p><u>Profit and loss account</u> includes all current and prior period retained profits and share based payments.</p>
<b>Provisions</b>	Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Provisions are not discounted unless considered to be material.

# Notes to the Financial Statements (continued)

## Note 3 SEGMENT REPORTING

The Directors consider that there is only one operating segment being design, manufacture and supply of high-end embedded computer products. The disclosures for this operating segment have already been provided in these financial statements. The Company's products can be supplied to more than one business sector and the Company does not have specific resources that are allocated to specific business sectors.

Whilst looking at sales by business sectors the Board of the Company as the Chief Operating Decision Maker does not make decisions regarding allocation of Group resources on such a basis. Further, Group profits are not categorised for internal reporting purposes by sectors or segments. The historical and anticipated performance of the Group is therefore reported to the Board of Concurrent Technologies Plc as a single entity. Thus the Directors consider that there are no additional segments required to be disclosed under IFRS 8 - Operating Segments, but have provided the following geographic sales analysis.

Revenue	Year to 31 December 2013 £	Year to 31 December 2012 £
United Kingdom	3,210,745	3,084,165
Other Europe	1,782,815	2,205,200
North America	5,048,086	5,282,890
Rest of the World	1,817,534	2,222,125
	<u>11,859,180</u>	<u>12,794,380</u>

Segmental information regarding assets has not been provided as the necessary information is not available and the cost to develop it would be excessive.

During 2013, Group revenues were not significantly dependent on a single customer (2012: £1.4m, 11%).

## Note 4 GROUP OPERATING PROFIT

	Year to 31 December 2013 £	Year to 31 December 2012 £
<b>Group operating profit is stated after charging to cost of sales:</b>		
Cost of inventories recognised as expense	5,093,569	6,047,271
Staff costs (see Note 10)	548,288	565,408
<b>Group operating profit is stated after charging to operating expenses:</b>		
Net foreign exchange (gains)	68,444	36,315
Research and development costs	2,345,730	2,553,246
Amortisation of intangible assets	1,363,530	1,328,131
Impairment of intangible assets	842,783	236,733
Depreciation of property, plant and equipment	169,259	206,286
Operating lease rentals	240,901	253,277
Staff costs (see Note 10)	3,308,959	3,401,711
<b>Group principal auditor's remuneration:</b>		
Audit of financial statements pursuant to legislation	42,948	32,410
Other services relating to taxation	3,895	1,800

## Note 5 FINANCE INCOME

	Year to 31 December 2013 £	Year to 31 December 2012 £
Interest earned on bank deposits	66,133	56,727

# Notes to the Financial Statements (continued)

## Note 6 TAX

	Year to 31 December 2013 £	Year to 31 December 2012 £
Current tax credit	(58,150)	(20,913)
Adjustment in respect of previous years	(3,740)	(6,564)
Deferred tax (credit)/expense (see Note 13)	<u>(213,798)</u>	<u>62,226</u>
	<u>(275,688)</u>	<u>34,749</u>

The tax assessed on the Group's profit before tax for the year differs from the standard rate of corporation tax in the UK. The effective rate of Corporation Tax for the year to 31 December 2013 was 23.25% (2012: 24.5%); the reduction in effective rate is due to the change in UK Corporation Tax rates. The lowest rate of Corporation Tax substantively enacted at the end of the reporting period at which Deferred Tax liabilities are expected to be realised is 20%. The differences are explained below:

	Year to 31 December 2013 £	Year to 31 December 2012 £
Profit before tax	<u>453,929</u>	<u>2,001,404</u>
Corporation tax on profit before tax at standard rate	105,522	490,207
Expenses not deductible for tax purposes	503,655	373,594
UK tax credits	(390,039)	(434,414)
Effect of Capitalised R&D	(501,705)	(370,143)
Effect of Change in UK tax rate	3,707	(33,235)
Difference in overseas effective tax rates	6,912	15,304
Adjustment in respect of previous years' UK tax credits	<u>(3,740)</u>	<u>(6,564)</u>
Tax (credit)/charge	<u>(275,688)</u>	<u>34,749</u>

Factors that may affect future tax charges are as follows:

In accordance with IAS 12 (Income taxes) deferred tax assets, in respect of losses carried forward in Group companies amounting to £182,863 (2012: £211,227), have been recognised and are regarded as being recoverable on the basis of short to medium term forecasts.

The Directors have reviewed the recoverability of ACT and the Group has surplus ACT available for potential relief in future periods under current taxation legislation of £273,075 (2012: £273,075). In accordance with IAS 12 such ACT recoverable has not been recognised in these Financial Statements

## Note 7 DIVIDENDS

	2013 £	2012 £	2013 pence per share	2012 pence per share
Second Interim (for the previous year)	750,124	714,755	1.05	1.00
Interim	<u>464,296</u>	<u>464,296</u>	<u>0.65</u>	<u>0.65</u>
	<u>1,214,420</u>	<u>1,179,051</u>	<u>1.70</u>	<u>1.65</u>

Dividends are recognised in the Financial Statements in the period they are declared. On 19 March 2014, the Directors declared a further interim dividend of 1.10 pence per share for the year ended 31 December 2013 (2012: 1.05 pence) at a total cost of £785,405 (2012: £750,124). The Directors will not recommend a final dividend.

# Notes to the Financial Statements (continued)

## Note 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all contracted dilutive potential ordinary shares. The Company only has one category of dilutive potential ordinary shares, share options.

The inputs to the earnings per share calculation are shown below:

	Year to 31 December 2013 £	Year to 31 December 2012 £
Profit attributable to ordinary equity holders	<u>729,617</u>	<u>1,966,655</u>
	Year to 31 December 2013 No	Year to 31 December 2012 No
Weighted average number of ordinary shares for basic earnings per share	71,430,298	71,451,883
Adjustment for share options	<u>593,207</u>	<u>534,454</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>72,023,505</u>	<u>71,986,337</u>

## Note 9 DIRECTOR'S EMOLUMENTS

	Year to 31 December 2013 £	Year to 31 December 2012 £
Fees and emoluments	545,399	534,418
Pension contributions	<u>41,567</u>	<u>40,743</u>
	<u>586,966</u>	<u>575,161</u>

The emoluments of Directors disclosed above include in respect of the highest paid Director:

Fees and emoluments	190,925	187,180
Pension contributions	<u>23,126</u>	<u>22,667</u>

The number of Directors to whom retirement benefits are accruing under a defined contribution scheme is:

2	2
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Detailed information concerning Directors' emoluments, shareholdings and options is provided in the Report of the Remuneration Committee.

## Note 10 STAFF COSTS

	Group Year to 31 December 2013 £	Company Year to 31 December 2013 £	Group Year to 31 December 2012 £	Company Year to 31 December 2012 £
Wages and salaries	3,393,915	2,584,972	3,458,816	2,553,891
Social security costs	368,272	291,375	317,720	289,601
Defined contribution pension costs	189,786	165,122	178,642	148,163
Share-based payment	<u>(94,726)</u>	<u>(49,144)</u>	<u>11,941</u>	<u>6,760</u>
	<u>3,857,247</u>	<u>2,992,325</u>	<u>3,967,119</u>	<u>2,998,415</u>
Average number of employees:	No	No	No	No
Production	22	22	21	21
Other	<u>78</u>	<u>48</u>	<u>83</u>	<u>48</u>
	<u>100</u>	<u>70</u>	<u>104</u>	<u>69</u>

# Notes to the Financial Statements (continued)

## Note 11 PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Improvements to Short Leasehold Property £	Plant, Fixtures, & Computer Equipment £	Total £
<b>COST</b>			
At 1 January 2012	168,891	2,610,834	2,779,725
Foreign exchange movement	(5,879)	(25,798)	(31,677)
Additions	2,580	178,683	181,263
Disposals	-	(176,316)	(176,316)
At 31 December 2012	165,592	2,587,403	2,752,995
Foreign exchange movement	(9,389)	(41,831)	(51,220)
Additions	-	225,505	225,505
Disposals	-	(67,096)	(67,096)
At 31 December 2013	<u>156,203</u>	<u>2,703,981</u>	<u>2,860,184</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2012	114,221	2,185,637	2,299,858
Foreign exchange movement	(5,044)	(15,354)	(20,398)
Charge for the year	28,148	178,138	206,286
Disposals	-	(170,602)	(170,602)
At 31 December 2012	137,325	2,177,819	2,315,144
Foreign exchange movement	(9,249)	(26,005)	(35,254)
Charge for the year	10,994	158,265	169,259
Disposals	-	(67,096)	(67,096)
At 31 December 2013	<u>139,070</u>	<u>2,242,983</u>	<u>2,382,053</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>28,267</u>	<u>409,584</u>	<u>437,851</u>
At 31 December 2013	<u>17,133</u>	<u>460,998</u>	<u>478,131</u>

At 31 December 2013 there were no tangible assets held under finance leases or hire purchase contracts (2012: £nil).

# Notes to the Financial Statements (continued)

Note 11  
(continued)

## PROPERTY, PLANT AND EQUIPMENT

### COMPANY

	Improvements to Short Leasehold Property £	Plant, Fixtures, & Computer Equipment £	Total £
<b>COST</b>			
At 1 January 2012	93,470	2,278,040	2,371,510
Additions	-	101,113	101,113
Disposals	-	(168,820)	(168,820)
At 31 December 2012	93,470	2,210,333	2,303,803
Additions	-	172,512	172,512
Disposals	-	(1,400)	(1,400)
At 31 December 2013	93,470	2,381,445	2,474,915
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2012	59,276	1,989,612	2,048,888
Charge for the year	9,893	110,086	119,979
Disposals	-	(168,820)	(168,820)
At 31 December 2012	69,169	1,930,878	2,000,047
Charge for the year	7,168	97,974	105,142
Disposals	-	(1,400)	(1,400)
At 31 December 2013	76,337	2,027,452	2,103,789
<b>NET BOOK VALUE</b>			
At 31 December 2012	24,301	279,455	303,756
At 31 December 2013	17,133	353,993	371,126

# Notes to the Financial Statements (continued)

## Note 12 INTANGIBLE ASSETS

GROUP	Development Costs £	Other £	Total £
<b>COST</b>			
At 1 January 2012	8,366,076	709,069	9,075,145
Foreign exchange movement	-	(9,341)	(9,341)
Additions	2,107,618	28,472	2,136,090
At 31 December 2012	10,473,694	728,200	11,201,894
Foreign exchange movement	-	(12,236)	(12,236)
Additions	1,703,067	23,245	1,726,312
Disposals	-	(25,584)	(25,584)
At 31 December 2013	12,176,761	713,625	12,890,386
<b>AMORTISATION</b>			
At 1 January 2012	3,084,691	611,462	3,696,153
Foreign exchange movement	-	(7,783)	(7,783)
Charge for the year	1,274,476	53,655	1,328,131
Impairment loss	236,733	-	236,733
At 31 December 2012	4,595,900	657,334	5,253,234
Foreign exchange movement	-	(11,080)	(11,080)
Charge for the year	1,315,407	48,123	1,363,530
Disposals	-	(25,584)	(25,584)
Impairment loss	842,783	-	842,783
At 31 December 2013	6,754,090	668,793	7,422,883
<b>NET BOOK VALUE</b>			
At 31 December 2012	5,877,794	70,866	5,948,660
At 31 December 2013	5,422,671	44,832	5,467,503

Other Intangible Assets comprise software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

### Impairment Loss

At the end of the year the Directors reviewed the development projects and a number were written down to their recoverable value based on expected future cash flows attributable to these projects. Each project is considered to be a cash generating unit. Recoverable amounts are based on value in use. The discount rate applied in 2013 was 2.98% (2012: 2.80%).

The net book value of 10 development projects have been fully impaired during the year, substantially due to the anticipated impact of the problems caused by the export regulations discussed in the Strategic Report on page 2. Within the total impairment charge of £842,783 are amounts of £217,409 and £158,149 in respect of individually material items.

# Notes to the Financial Statements (continued)

Note 12  
(continued)

## INTANGIBLE ASSETS

### COMPANY

	Development Costs £	Other £	Total £
<b>COST</b>			
At 1 January 2012	8,366,076	577,484	8,943,560
Additions	2,107,618	20,270	2,127,888
At 31 December 2012	10,473,694	597,754	11,071,448
Additions	1,703,067	23,245	1,726,312
At 31 December 2013	12,176,761	620,999	12,797,760
<b>AMORTISATION</b>			
At 1 January 2012	3,084,691	504,756	3,589,447
Charge for the year	1,274,476	38,243	1,312,719
Impairment loss	236,733	-	236,733
At 31 December 2012	4,595,900	542,999	5,138,899
Charge for the year	1,315,407	38,717	1,354,124
Impairment loss	842,783	-	842,783
At 31 December 2013	6,754,090	581,716	7,335,806
<b>NET BOOK VALUE</b>			
At 31 December 2012	5,877,794	54,755	5,932,549
At 31 December 2013	5,422,671	39,283	5,461,954

Other Intangible Assets comprise software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

#### Impairment Loss

At the end of the year the Directors reviewed the development projects and a number were written down to their recoverable value based on expected future cash flows attributable to these projects. Each project is considered to be a cash generating unit. Recoverable amounts are based on value in use. The discount rate applied in 2013 was 2.98% (2012: 2.80%).

The net book value of 10 development projects have been fully impaired during the year, substantially due to the anticipated impact of the problems caused by the export regulations discussed in the Strategic Report on page 2. Within the total impairment charge of £842,783 are amounts of £217,409 and £158,149 in respect of individually material items.



# Notes to the Financial Statements (continued)

## Note 13 DEFERRED TAX

	Share-based payments £	Accelerated capital allowances £	Tax Losses £	Other £	Total £
<b>GROUP</b>					
At 1 January 2012	83,221	(1,387,772)	67,547	56,313	(1,180,691)
Credited/(charged) to statement of comprehensive income	(643)	(16,914)	(14,553)	(30,116)	(62,226)
Credited/(charged) to equity	26,554	-	-	-	26,554
At 31 December 2012	109,132	(1,404,686)	52,994	26,197	(1,216,363)
Credited/(charged) to statement of comprehensive income	(21,882)	240,419	(7,103)	2,364	213,798
Credited/(charged) to equity	(53,306)	-	-	-	(53,306)
At 31 December 2013	33,944	(1,164,267)	45,891	28,561	(1,055,871)

A deferred tax asset of £45,891 (2012: £52,994) in respect of carried forward tax losses has been recognised on the basis that the Directors believe it will be realised, more likely than not, against future taxable profits of Group companies.

## COMPANY

At 1 January 2012	83,221	(1,377,174)	-	-	(1,293,953)
Credited/(charged) to statement of comprehensive income	(643)	(23,751)	-	-	(24,394)
(Charged) to equity	26,554	-	-	-	26,554
At 31 December 2012	109,132	(1,400,925)	-	-	(1,291,793)
Credited/(charged) to statement of comprehensive income	(21,882)	238,134	-	-	216,252
Credited/(charged) to equity	(53,306)	-	-	-	(53,306)
At 31 December 2013	33,944	(1,162,791)	-	-	(1,128,847)

## Notes to the Financial Statements (continued)

Note 14	INVESTMENTS		31 December 2013	31 December 2012
		COMPANY	£	£
		Investment in subsidiary companies:		
		shares at cost	19,705	19,705
		capital contribution	1,361,656	1,361,656
		Equity-settled share-based payment	1,670	47,252
		Total investment in subsidiary companies	<u>1,383,031</u>	<u>1,428,613</u>

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2013 are:

Name	Place of Incorporation	Class of Share	Percentage Held	Nature of Business
<b>By Company:</b>				
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	99.999 %	R&D Services for Company
Concurrent Technologies Inc	California, USA	Ordinary	100 %	Sale & Service of Company products
<b>By Concurrent Technologies Inc:</b>				
Omnibyte Corporation	Illinois, USA	Ordinary	100 %	Dormant
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	0.001 %	R&D Services for Company

Note 15	INVENTORIES		Group 31 December 2013	Company 31 December 2013	Group 31 December 2012	Company 31 December 2012
			£	£	£	£
		Raw materials	1,141,383	1,141,383	1,228,948	1,228,948
		Work in progress	1,331,754	1,331,754	1,664,787	1,664,787
		Finished goods	77,419	77,419	73,955	73,955
			<u>2,550,556</u>	<u>2,550,556</u>	<u>2,967,690</u>	<u>2,967,690</u>

During 2013, an increase has been made to the provision for obsolete and slow moving inventories of £116,548 (2012: reduced by £218,890). The fair value of inventories less selling costs is expected to exceed balance sheet value.

## Notes to the Financial Statements (continued)

Note 16	TRADE AND OTHER RECEIVABLES	Group	Company	Group	Company
		31 December	31 December	31 December	31 December
		2013	2013	2012	2012
		£	£	£	£
	Trade receivables	2,472,840	1,400,172	2,876,316	1,407,761
	Prepayments and accrued income	401,514	240,780	398,349	249,527
	Amounts due from subsidiary undertakings	-	1,081,552	-	762,520
		<u>2,874,354</u>	<u>2,722,504</u>	<u>3,274,665</u>	<u>2,419,808</u>

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. Trade receivables have been reviewed for indicators of impairment and a provision has been recorded as outlined below.

	Group	Company	Group	Company
	2013	2013	2012	2012
	£	£	£	£
At 1 January	5,927	362	26,008	14,032
Charged/(credited) to statement of comprehensive income	<u>1,159</u>	<u>646</u>	<u>(20,081)</u>	<u>(13,670)</u>
At 31 December	<u>7,086</u>	<u>1,008</u>	<u>5,927</u>	<u>362</u>

In addition, some of the trade receivables are past due as at the reporting date. The age of the trade receivables past due but not impaired is as follows:

	Group	Company	Group	Company
	31 December	31 December	31 December	31 December
	2013	2013	2012	2012
	£	£	£	£
Less than 1 year	66,918	32,661	48,598	19,052
More than 1 year	-	-	-	-
	<u>66,918</u>	<u>32,661</u>	<u>48,598</u>	<u>19,052</u>

Note 17	TRADE AND OTHER PAYABLES	Group	Company	Group	Company
		31 December	31 December	31 December	31 December
		2013	2013	2012	2012
		£	£	£	£
	Trade payables	1,488,737	1,468,935	1,102,090	1,077,529
	Amounts owed to subsidiary undertakings	-	55,630	-	111,918
	Other creditors	56,040	-	46,160	-
	Other taxes and social security costs	110,292	104,944	104,138	98,616
	Accruals and deferred income	<u>276,041</u>	<u>147,826</u>	<u>259,367</u>	<u>135,690</u>
		<u>1,931,110</u>	<u>1,777,335</u>	<u>1,511,755</u>	<u>1,423,753</u>

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

# Notes to the Financial Statements (continued)

## Note 18 FINANCIAL INSTRUMENTS

### Financial Instruments by category

The carrying amount of financial assets presented in the balance sheet relate to the following measurement categories as defined in IAS 39:

	Loans and receivables £	Other (non- IAS 39) £	Total for line item £
<b>GROUP</b>			
<b>2012 Non-current:</b>			
Other financial assets	1,000,000	-	1,000,000
<b>2012 Current:</b>			
Trade and other receivables	2,906,461	368,204	3,274,665
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	2,316,928	-	2,316,928
Total for category	6,223,389	368,204	6,591,593
<b>2013 Non-current:</b>			
Other financial assets	-	-	-
<b>2013 Current:</b>			
Trade and other receivables	2,480,638	393,716	2,874,354
Other financial assets	2,602,689	-	2,602,689
Cash and cash equivalents	2,340,859	-	2,340,859
Total for category	7,424,186	393,716	7,817,902
<b>COMPANY</b>			
<b>2012 Non-current:</b>			
Other financial assets	1,000,000	-	1,000,000
<b>2012 Current:</b>			
Trade and other receivables	2,200,426	219,382	2,419,808
Other financial assets	1,000,000	-	1,000,000
Cash and cash equivalents	741,287	-	741,287
Total for category	3,941,713	219,382	4,161,095
<b>2013 Non-current:</b>			
Other financial assets	-	-	-
<b>2013 Current:</b>			
Trade and other receivables	2,489,522	232,982	2,722,504
Other financial assets	2,000,000	-	2,000,000
Cash and cash equivalents	1,593,801	-	1,593,801
Total for category	6,083,323	232,982	6,316,305

The carrying amount of financial liabilities presented in the balance sheet relate to the following measurement categories as defined in IAS 39:

	Financial Liabilities measured at amortised cost £	Other (non- IAS 39) £	Total for line item £
<b>GROUP</b>			
<b>2012 Current:</b>			
Trade and other payables	1,252,388	259,367	1,511,755
<b>2013 Current:</b>			
Trade and other payables	1,655,069	276,041	1,931,110
<b>COMPANY</b>			
<b>2012 Current:</b>			
Trade and other payables	1,288,063	135,690	1,423,753
<b>2013 Current:</b>			
Trade and other payables	1,628,509	147,826	1,777,335

### Other financial assets

Loans & receivables above include UK sterling high interest bank deposits, under the heading of Other financial assets.

# Notes to the Financial Statements (continued)

## Note 19 PROVISIONS

### GROUP AND COMPANY

	Product Warranty £
Carrying amount at 1 January 2013	39,746
Increase in provisions	46,822
Amount utilised	(39,746)
Carrying amount at 31 December 2013	<u>46,822</u>

Provisions have been analysed between current and non-current as follows:

Current	36,813
Non-current	10,009

Warranties are provided for on the basis of management's best estimate of the Group's liability under 24 month warranties granted on its hardware products based on past experience.

## Note 20 COMMITMENTS

### Operating Leases

The Group leases various premises and plant and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group 31 December 2013 £	Company 31 December 2013 £	Group 31 December 2012 £	Company 31 December 2012 £
Within 1 year	183,087	136,790	167,695	139,314
Within 2-5 years	502,672	501,942	500,741	500,000
After 5 years	960,531	960,531	1,085,531	1,085,531
	<u>1,646,290</u>	<u>1,599,263</u>	<u>1,753,967</u>	<u>1,724,845</u>

The Company's operating lease commitment is substantially the amount due under the lease of its main UK site terminating on 31 August 2026.

In addition, the Group's operating lease commitments are substantially a lease for a building housing R & D services which terminates on 31 March 2017.

At the end of the year there were no capital expenditure commitments (2012: £nil).

## Note 21 SHARE CAPITAL

	31 Dec 2013 £	31 Dec 2012 £	31 Dec 2011 £
Authorised share capital:			
Ordinary shares (240,000,000 of 1p each)	2,400,000	2,400,000	2,400,000
Allotted, issued and fully paid share capital:			
Ordinary shares (72,700,012 of 1p each)	727,000	727,000	727,000

During 2013 the Company purchased 40,000 Ordinary Shares (2012: 45,000) with an aggregate nominal value of £400 (2012: £450) to hold in Treasury.

At 31 December 2013 the Company held 1,299,522 Ordinary Shares (2012: 1,259,522) with an aggregate nominal value of £12,995 (2012: £12,595) in Treasury.

# Notes to the Financial Statements (continued)

## Note 22 PENSION SCHEME

The Company operates a Group Personal Pension Scheme, which all permanent employees may join. The Scheme, which is a defined contribution scheme, is independent of the Company's finances. The Company's contributions are based on between 5.5% and 13.5% of members' gross salaries, dependent upon the length of service of the individual. The total charge to operating expenses in the statement of comprehensive income is disclosed in Note 10 Staff Costs. Pension contributions payable to the Scheme at the end of the year were £nil (2012: £nil).

## Note 23 FINANCIAL RISK MANAGEMENT

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 18. The main types of risks are market risk, credit risk and liquidity risk. The Group's policy in respect of financial risk management is referred to in the report on Corporate Governance.

The Group does not actively engage in the trading or holding of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

### Market Risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which results from its operating activities.

### Foreign currency sensitivity

A number of transactions are conducted by companies in the Group in currencies other than their functional currency which give rise to monetary assets and liabilities denominated in other currencies. The Group's exposure to foreign currency exchange risk is mitigated to a large extent by natural hedging, as assets in currency are matched by liabilities in the same currency. The value of monetary assets and liabilities of the Group not held in functional currencies at the balance sheet date were as follows:

### **Net foreign currency monetary assets/(liabilities)**

	2013 US Dollar	2013 Euro	2013 Indian Rupee	2012 US Dollar	2012 Euro	2012 Indian Rupee
	£	£	£	£	£	£
Company	1,304,239	185,332	-	317,829	146,330	-
Group	1,746,521	185,332	237,327	2,403,271	146,330	130,713

	2013 US Dollar	2013 Euro	2013 Indian Rupee
	£	£	£
<b>If sterling had strengthened by 5% against all three currencies:</b>			
Impact on net Company result for the year	(62,107)	(8,825)	-
Impact on net Group result for the year	(83,168)	(8,825)	(11,301)
<b>If sterling had weakened by 5% against all three currencies:</b>			
Impact on net Company result for the year	68,664	9,754	-
Impact on net Group result for the year	91,922	9,754	12,491

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

# Notes to the Financial Statements (continued)

## Note 23 (continued)

### Credit Risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2013	2012
Classes of financial assets – carrying amounts:	£	£
Fixed term cash deposits	2,602,689	2,000,000
Cash and cash equivalents	2,340,859	2,316,928
Trade and other receivables	2,480,638	2,906,461
	<u>7,424,186</u>	<u>7,223,389</u>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available, appropriate and at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

Some of the unimpaired trade receivables are past due as at the reporting date. Information on financial assets past due but not impaired is given in note 16.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables are spread over a number of customers in various industries and geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and fixed term cash deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a week-to-week basis and by monthly forecasting. Long-term liquidity needs for a 12 month lookout period are identified monthly.

The Group's objective is to maintain cash to meet its liquidity requirements for the foreseeable future. This objective was met for the reporting periods. Funding for long-term liquidity needs is assessed by the Board on a regular basis.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see note 18) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 3 months.

# Notes to the Financial Statements (continued)

## Note 24 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) to ensure the Group's ability to continue as a going concern
- (ii) to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Consolidated Balance Sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the reporting periods under review is summarised as follows:

	Group 2013	Group 2012
	£	£
Total Equity	13,527,529	14,301,626
Cash and cash equivalents	(2,340,859)	(2,316,928)
<b>Capital</b>	<b>11,186,670</b>	<b>11,984,698</b>
Total Equity & Overall financing	13,527,529	14,301,626
<b>Capital to Overall financing ratio</b>	<b>0.83</b>	<b>0.84</b>

## Note 25 RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with its subsidiaries during the period:

	Company 2013	Company 2012
	£	£
Sales to subsidiaries	3,924,699	4,309,394
Purchases from subsidiaries	925,585	1,120,099
Equity-settled share-based payment to employees of subsidiaries	(45,582)	5,180
Dividend received from subsidiaries	1,036,585	-
Amounts owed by subsidiaries as at 31 December (Note 16)	1,081,552	762,520
Amounts owed to subsidiaries as at 31 December (Note 17)	(55,630)	(111,918)
 Dividends paid to Directors during 2013 amounted to:	 151,166	 146,720

Transactions with Key Management Personnel during the period:

Key Management Personnel are the Company's Board. Key Management Personnel remuneration includes the following expenses:

	Group & Company 2013	Group & Company 2012
	£	£
Short term employee benefits	611,970	603,924
Post-employment benefits	41,567	40,743
Share based payment (IFRS 2)	(14,520)	-
	<b>639,017</b>	<b>644,667</b>

Mr C Thomson's remuneration and expenses are paid to Sanibel Ltd.



# Notes to the Financial Statements (continued)

## Note 26 SHARE-BASED PAYMENT

The Company operates an Enterprise Management Incentive Share Option Scheme.

The Scheme provides for a grant price equal to the quoted market price of the Group's shares on the date of grant. Options cannot be exercised until three years after grant date and exercise is conditional upon Group average basic earnings per Ordinary Share, for the complete years commencing 1 January of the year of grant and ending with the year most immediately prior to the exercise of the option, having increased by 2.5% or 5% compound over such period. The latest date for exercise of options is ten years after grant date and exercise of options is subject to continued employment with the Group.

	2013 Options	2013 Weighted average price pence	2012 Options	2012 Weighted average price pence
	No		No	
Outstanding at 1 January	2,601,890	31.50	2,555,890	30.91
Granted	165,000	49.50	77,000	48.50
Exercised	-	-	(10,000)	21.00
Forfeited	-	-	(21,000)	26.50
Outstanding at 31 December	2,766,890	32.57	2,601,890	31.50
Weighted average share price at date of exercise		-		50.50
Exercisable at 31 December	1,253,000	24.92	1,253,000	24.92

Options outstanding at 31 December 2013 had exercise prices ranging from 19.0 pence to 49.5 pence and a weighted average remaining contractual life of 2.89 years.

The inputs to the binomial option pricing model for options granted over the period were as follows:

	2013	2012
Weighted average share price (pence)	48.00	47.00
Weighted average exercise price (pence)	49.50	48.50
Range of expected volatility (%)	40.30	41.86
Expected life (years)	10	10
Range of risk-free rate (%)	1.85	1.73
Range of expected dividend yield (%)	3.6-4.0	3.5-4.2
Range of expected forfeitures (%)	10	8-10
Range of early exercise factors (multiple)	1.1	1.1-1.2
Weighted average fair value (pence)	7.93	8.20

The expected volatility is based on historical volatility of the Group's share price over the previous ten years. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the expected option life. The effect of blackout periods, where shares cannot be traded by employees due to regulatory restrictions, has been factored into the model. The periods are the two months following the Group's year end date of 31 December and interim results date of 30 June each year.

The Group recognised total expenses during 2013 of £(94,726) (2012: £11,941) relating to equity-settled share-based payment transactions.

# Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Concurrent Technologies Plc (the "Company") will be held at the Company's offices at 4 Gilberd Court, Newcomen Way, Colchester, Essex, CO4 9WN, on 27 May 2014 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions in the cases of Resolutions 1, 2, 3, 4 and 5 and as Special Resolutions in the case of Resolutions 6 and 7.

## ORDINARY BUSINESS

- Resolution 1. To receive the audited Financial Statements of the Company for the year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.
- Resolution 2. To re-appoint Grant Thornton UK LLP, as Auditors to the Company and to authorise the Directors to determine the amount of their remuneration.
- Resolution 3. To re-appoint as a Director of the Company Mr G Fawcett, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
- Resolution 4. To re-appoint as a Director of the Company Mr M Collins, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.

## SPECIAL BUSINESS ORDINARY RESOLUTION

- Resolution 5. THAT:
- in substitution for all existing and unexercised authorities the Directors be and are hereby generally and unconditionally authorised for the purposes of s551 of the Companies Act 2006 ("the Act") during the period commencing on the date of the passing of this Resolution and expiring on the date of the conclusion of the annual general meeting of the Company to be held in 2015 to exercise all or any powers of the Company to allot relevant securities of the Company (as defined in s560 of the Act) provided that the maximum amount of relevant securities which may be allotted pursuant to the authority set out in this Resolution shall be an amount equal to 5 per cent of the aggregate nominal value of the issued ordinary share capital of the Company at the date of the passing of this Resolution unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

## SPECIAL RESOLUTIONS

- Resolution 6. THAT:
- in substitution for all existing and unexercised authorities subject to the passing of the immediately preceding Resolution, the Directors of the Company be and they are hereby empowered pursuant to s570 of the Act to allot equity securities (as defined in s560 of the Act) of the Company pursuant to the authority conferred upon them by the preceding Resolution as if s561(1) of the Act did not apply to such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by Special Resolution of the Company in general meeting, shall be limited:
- (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of 5 per cent of the aggregate nominal value of the issued ordinary share capital of the Company in respect of any other issues for cash consideration;
- and shall expire on the earlier of the date of the next annual general meeting of the Company to be held in 2015 or 15 months from the date of the passing of the Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this Resolution had not expired.

## Notice of Annual General Meeting (continued)

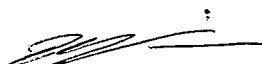
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Resolution 7. THAT:

the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Act) of ordinary shares provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 7,270,001 (representing 10 per cent of the issued ordinary share capital);
- (b) the minimum price which may be paid for an ordinary share is one penny;
- (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share on The London Stock Exchange Alternative Investment Market for the five business days immediately preceding the day on which that ordinary share is purchased;
- (d) this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2015 or within 15 months from the date of the passing of this Resolution whichever is earlier; and
- (e) the Company may make a contract or contracts to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuant of any such contract or contracts.

By order of the Board



Cargil Management Services Limited  
Company Secretary  
24 March 2014

## Notice of Annual General Meeting (continued)

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- Notes:**
1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.
  2. Members who have general queries about the Meeting should telephone Share Registrars Limited on 01252 821 390, (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
  3. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
  4. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
  5. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided. If you sign and return the proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give him or her the relevant instructions directly.
  6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
  7. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
  8. To appoint a proxy using the proxy form, the form must be:
    - completed and signed;
    - sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL or by facsimile transmission to 01252 719 232;
    - alternatively, the completed proxy form can be scanned and emailed to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com);
    - and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.
  9. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
  10. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form and received by the registrars no later than 48 hours (excluding non-business days) prior to the Meeting.
  11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
  12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
  13. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.
  14. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

