

Romax Technology Limited

**Annual report and consolidated
financial statements**

Registered number 02345696

31 March 2016

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Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	5
Independent auditor's report to the members of Romax Technology Limited	6
Consolidated profit and loss account and other comprehensive income	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated statement of changes in equity	10
Company statement of changes in equity	11
Consolidated cash flow statement	12
Notes	13

Strategic report

The principle activity of the group is the sale of software and consultancy services, specifically in power transmission and rotor dynamics on both a national and international basis.

The key performance indicators used by management to assess the development of the business are analysed below:

Turnover for the year ended March 2016 was £19.2m (2015: £17.5m).

The operating profit for the year ended March 2015 was £1.1m (2015: £0.0m).

Operating cash inflow before tax for the year ended March 2016 was £0.1m (2015: £1.3m)

The group has net current assets of £3.5m (2015: £2.3 m), including £4.1m (2015: £4.7m) of cash at bank and in hand.

Average headcount, one of the Group's key non-financial measures increased from 235 at March 2015 to 244 at March 2016.

During the year £1.4m (2015: £1.2m) of government grants, which are presented within Other operating income and expenses, were received to support some of our specific research and development activities.

The directors are confident of continued development and growth within the existing business, both in the UK and overseas operations.

Key performance indicators

The Directors monitor a number of financial key performance indicators including invoicing contract backlog, revenue and sales pipeline growth, operating profit and cash generated from operations. The directors also monitor non-financial key performance indicators including customer satisfaction levels, headcount, pipeline growth, staff utilisation and retention.

Principal risks and uncertainties

The following are the principal risks to the achievement of the Group's strategic objectives. The Group has risk management processes in place for risks across the business.

Customers and markets

The Group is dependent on a dynamic market place exposed to many external pressures and macroeconomic factors, which could result in delayed orders or loss of business. These risks are mitigated by a broad diversification across a variety of sectors and regions.

Technology and innovation

The business has to continually innovate and develop new technologies to meet customer needs and to maintain its market position. To manage this risk, the business invests in conjunction with key customers and partners, a substantial amount of resources on research and technology development.

People

Attracting and retaining the best talent is essential to delivering the strategy. This risk is managed via proactive recruitment and internal talent management.

Contract performance

A significant proportion of the Group's revenue arises from fixed price consultancy contracts exposed to reduced margins if costs and liabilities to complete these contracts increase from their initial estimates. These risks are proactively managed by clearly defined bid controls and project management processes.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

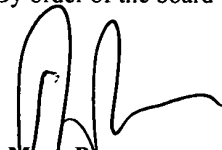
Compliance with laws and regulations

The Group's activities are subject to a wide range of international laws and regulations, and third parties may obtain patent or other proprietary rights that could restrict our ability to sell our products or services. To mitigate these risks, the Group takes external professional advice where considered necessary and actively certifies the origins of its products and services through patent searches and protections

Financial risks

The principal financial risks are disclosed in the directors' report.

By order of the board



Mr A Poon
Director

27 September 2016

Directors' report

Principal activities

The principal activity of the group is the sale of software and consultancy services, specifically in power transmission and rotor dynamics, on both a national and international basis.

The subsidiary and associated undertakings of the group in the year are listed in note 12 to the financial statements.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of the signing of this report.

The group's forecast and projections are based on current performance conditions where the business is trading in line with expectations. Future available cash has been determined by applying conservative assumptions to the group's forecasts and projections, taking account of downside risks of future trading performance. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange forward contracts are not used to hedge these risks and net exchange rate risk is reviewed after natural hedging on a contract basis.

Credit risk

The company's principal financial assets are bank balances, cash and trade receivables.

The principal credit risk is in respect of its trade receivables. Contract cash flow is actively monitored and terms include upfront payments to ensure projects remain cash positive over the delivery period wherever possible.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long and short term finance which is made available from finance companies, investors and its bankers. Further details regarding the liquidity risk can be found in the statement of accounting policies in the financial statements.

Dividends

The directors recommend that no dividend be paid on the ordinary shares (2015: £nil).

Directors' report *(continued)*

Directors

The directors, who served throughout the year and subsequently, were as follows:

Dr SY Poon
Mr A Poon
Mr R Irons (resigned 1 July 2016)
Mrs NJ McCabe (resigned 16 December 2015)
Mr J Behrendt
Mr M Wells
Mr J Lowther (appointed 16 December 2015)
Mr X Hu (appointed 23 March 2016)

Company Secretary: FIL Administration Limited

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

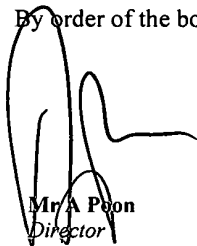
Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through regular formal and informal communication meetings, along with the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mr A Poon
Director

Romax Technology Limited
Romax Technology Centre
University of Nottingham Innovation Park
Nottingham
NG7 2TU

27 September 2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Romax Technology Limited

We have audited the financial statements of Romax Technology Limited for the year ended 31 March 2016 set out on pages 7 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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.

Anthony Hambleton (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 3rd October 2016

Consolidated profit and loss account and other comprehensive income
for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	2	19,221	17,495
Cost of sales		(8,118)	(8,281)
Gross profit		11,103	9,214
Distribution costs		-	-
Administrative expenses		(11,409)	(10,455)
Other operating income and expense	3	1,428	1,213
Group operating profit/(loss)		1,122	(28)
Other interest receivable and similar income	7	13	13
Interest payable and similar charges	8	-	(4)
Profit/(loss) on ordinary activities before taxation		1,135	(19)
Tax on profit/(loss) on ordinary activities	9	(233)	(181)
Profit/(loss) for the financial year		902	(200)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		21	(15)
Other comprehensive income for the year, net of income tax		21	(15)
Total comprehensive income for the year		923	(215)

Consolidated balance sheet
at 31 March 2016

	<i>Note</i>	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	<i>10</i>	451		492	
Tangible assets	<i>11</i>	856		1,132	
		<hr/>		<hr/>	
			1,307		1,624
Current assets					
Debtors	<i>13</i>	7,748		6,411	
Cash at bank and in hand	<i>14</i>	4,121		4,717	
		<hr/>		<hr/>	
		11,869		11,128	
Creditors: amounts falling due within one year	<i>15</i>	(8,341)		(8,840)	
		<hr/>		<hr/>	
Net current assets			3,528		2,288
			<hr/>		<hr/>
Net assets			4,835		3,912
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>18</i>	102		102	
Share premium account		9,081		9,081	
Profit and loss account		(4,348)		(5,271)	
		<hr/>		<hr/>	
Shareholders' funds			4,835		3,912
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 27 September 2016 and were signed on its behalf by:

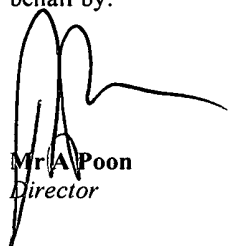

Mr A Roon
Director

Company registered number: 02345696

Company balance sheet
at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	10	402	469
Tangible assets	11	597	815
Investments	12	228	373
		1,227	1,657
Current assets			
Debtors	13	7,686	7,435
Cash at bank and in hand		3,300	3,675
		10,986	11,110
Creditors: amounts falling due within one year	15	(7,441)	(8,523)
Net current assets		3,545	2,587
Net assets		4,772	4,244
Capital and reserves	18		
Called up share capital		102	102
Share premium account		9,081	9,081
Profit and loss account		(4,411)	(4,939)
Shareholders' funds		4,772	4,244

These financial statements were approved by the board of directors on 27 September 2016 and were signed on its behalf by:


Mr. A. Poon
Director

Company registered number: 02345696

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	102	9,081	(5,056)	4,127
Total comprehensive income for the year				
Profit or loss	-	-	(200)	(200)
<i>Other comprehensive income</i>				
Foreign exchange differences on translation of foreign operations	-	-	(15)	(15)
Total comprehensive income for the year	-	-	(215)	(215)
Balance at 31 March 2015	102	9,081	(5,271)	3,912
	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	102	9,081	(5,271)	3,912
Total comprehensive income for the year				
Profit or loss	-	-	902	902
<i>Other comprehensive income</i>				
Foreign exchange differences on translation of foreign operations	-	-	21	21
Total comprehensive income for the year	-	-	923	923
Balance at 31 March 2016	102	9,081	(4,348)	4,835
Set aside for dividends declared after the reporting year			-	-
Total			(4,348)	4,835

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	102	9,081	(4,794)	4,389
Total comprehensive income for the year				
Profit or loss	-	-	(145)	(145)
Balance at 31 March 2015	102	9,081	(4,939)	4,244

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	102	9,081	(4,939)	4,244
Total comprehensive income for the year				
Profit or loss	-	-	528	528
Balance at 31 March 2016	102	9,081	(4,411)	4,772
Set aside for dividends declared after the reporting year			-	-
Total			(4,411)	4,772

Consolidated cash flow statement
for year ended 31 March 2016

	<i>Note</i>	2016	2015
		£000	£000
Cash flows from operating activities			
Profit/(loss) for the year		902	(200)
Adjustments for:			
Depreciation, amortisation and impairment		558	511
Interest receivable and similar income		(13)	(13)
Interest payable and similar charges		-	4
Loss on sale of tangible fixed assets		29	33
Taxation		233	181
		<hr/>	<hr/>
		1,709	516
Increase in trade and other debtors		(1,007)	(1,140)
(Decrease)/increase in trade and other creditors		(565)	1,956
		<hr/>	<hr/>
		137	1,332
Tax paid		(494)	(235)
		<hr/>	<hr/>
Net cash from operating activities		(357)	1,097
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		13	13
Acquisition of tangible fixed assets		(149)	(741)
Acquisition of other intangible assets		(112)	(187)
Sale of intangible fixed assets		-	-
		<hr/>	<hr/>
Net cash from investing activities		(248)	(915)
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		-	(4)
		<hr/>	<hr/>
Net cash from financing activities		-	(4)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(605)	178
Cash and cash equivalents at 1 April		4,717	4,466
Effect of exchange rate fluctuations on cash held		9	73
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		4,121	4,717
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Romax Technology Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Group has made a number of measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 25.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the Company’s cost of investment in subsidiaries is its deemed cost at 1 April 2014.
- Lease incentives – for leases commenced before 1 April 2014 the Group and Company continued to account for lease incentives under previous UK GAAP.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The strategic report and the directors' report on pages 1 to 2 describe the financial position of the group; its cash flows, liquidity position, the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements. The group also has a large cash balance and is unlikely to consume this in the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes (continued)

1 Accounting policies (continued)

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	- 20 years' straight line
Computer equipment	- straight line 3 to 5 years
Motor vehicles	- straight line over 5 years
Leasehold improvements	- straight line 5 to 7 years
Office equipment	- straight line over 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8. Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Notes (continued)

1 Accounting policies (continued)

1.9. Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

1.11. Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Where a sale transaction is for goods and services (typically the sale of a perpetual software licence with a support package), the sale transaction is unbundled using the residual fair value method. Under this method, the fair value of the support package is initially deferred and recognised over the period of the contract. The remaining revenue is allocated to the sale of the software licence and recognised at the point that a customer is provided with a licence.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

1.12. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

	2016	2015
	£000	£000
Sale of software licenses and support packages	12,364	9,591
Rendering of services	5,949	7,151
Royalties	908	753
	<hr/>	<hr/>
Total turnover	19,221	17,495
	<hr/> <hr/>	<hr/> <hr/>

	2016	2015
	£000	£000
UK	3,325	1,623
Asia	7,773	8,504
Rest of World	8,123	7,368
	<hr/>	<hr/>
Total turnover	19,221	17,495
	<hr/> <hr/>	<hr/> <hr/>

3 Other operating income and expense

	2016	2015
	£000	£000
Government grants	1,457	1,246
Net loss on disposal of tangible fixed assets	(29)	(33)
	<hr/>	<hr/>
	1,428	1,213
	<hr/> <hr/>	<hr/> <hr/>

Government grants have been received to support a number of research and development activities. Grant income is recognised over the life of the project. Where a project has only been partially completed at the balance sheet date grant income represents the value of funding based on the proportion of the work completed.

Notes (continued)

4 Auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	30	-
Audit fees payable to Deloitte (prior year auditors)	-	21
Amounts receivable by the company's auditor and its associates in respect of:		
Audit-related assurance services	4	-
Taxation compliance services	7	7
Other tax advisory services	3	3
Other assurance services	3	-
	<u>30</u>	<u>21</u>

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £nil (2015: £nil).

As KPMG LLP were appointed auditors in 2016 they did not receive any remuneration in respect of the 2015 audit.

However, various tax compliance services were carried out in 2015 prior to the audit appointment, which are disclosed above.

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Technical	142	142
Sales and marketing	48	42
Administration	54	51
	<u>244</u>	<u>235</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	10,754	10,093
Social security costs	910	888
Contributions to defined contribution plans	880	752
	<u>12,544</u>	<u>11,733</u>

Notes (continued)

6 Directors' remuneration

	2016 £000	2015 £000
Directors' remuneration	547	432
Company contributions to money purchase pension plans	16	15
	<hr/>	<hr/>

The aggregate of remuneration of the highest paid director was £235k (2015: £170k), and company pension contributions of £9k (2015: £9k) were made to a money purchase scheme on his behalf.

	Number of directors 2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	2
	<hr/>	<hr/>

7 Other interest receivable and similar income

	2016 £000	2015 £000
Interest receivable on financial assets at amortised cost	13	13
	<hr/>	<hr/>
Total interest receivable and similar income	13	13
	<hr/>	<hr/>

8 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on financial liabilities at amortised cost	-	4
	<hr/>	<hr/>
Total other interest payable and similar charges	-	4
	<hr/>	<hr/>

Notes (continued)

9 Taxation

Total tax expense recognised in the profit and loss account and other comprehensive income

	2016		2015
	£000	£000	£000
<i>Current tax</i>			
Current tax on income for the period		240	181
Adjustments in respect of prior periods		(7)	-
		<hr/>	<hr/>
Total current tax		233	181
<i>Deferred tax (see note 16)</i>			
Origination and reversal of timing differences	-		-
Change in tax rate	-		-
	<hr/>		<hr/>
Total deferred tax		-	-
		<hr/>	<hr/>
Total tax		233	181
		<hr/> <hr/>	<hr/> <hr/>

	2016		2015
	£000	£000	£000
	Current tax	Deferred tax	Current tax
	£000	£000	£000
Recognised in Profit and loss account	233	-	181
Recognised in other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total tax	233	-	181
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of current tax recognised in profit and loss

	2016	2015
	£000	£000
UK corporation tax	(181)	(359)
Double taxation relief	-	-
Foreign tax	414	540
	<hr/>	<hr/>
Total current tax recognised in profit and loss	233	181
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit / (loss) before tax for the year	1,135	(19)
Tax using the UK corporation tax rate of 20 % (2015: 21 %)	227	(4)
Tax on overseas earnings – net	246	336
Difference in tax rates and other overseas differences	51	98
Non-deductible expenses	13	11
R&D enhanced deduction	(293)	(183)
Current year losses for which no deferred tax asset was recognised	31	(77)
Over provided in prior years	(7)	-
Transition adjustment	(35)	-
Total tax expense included in profit or loss	233	181

10 Intangible fixed assets

	Group Computer Software £000	Company Computer Software £000
Cost		
Balance at 1 April 2015	1,042	932
Other acquisitions – externally purchased	112	77
Disposals	(6)	-
Effect of movements in foreign exchange	-	-
Balance at 31 March 2016	1,148	1,009
Amortisation and impairment		
Balance at 1 April 2015	550	463
Amortisation for the year	155	144
Disposals	(6)	-
Effect of movements in foreign exchange	(2)	-
Balance at 31 March 2016	697	607
Net book value		
At 31 March 2016	451	402
At 31 March 2015	492	469

Notes (continued)

10 Intangible fixed assets (continued)

Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Administrative expenses	155	133	144	128
	<u>155</u>	<u>133</u>	<u>144</u>	<u>128</u>

11 Tangible fixed assets

Group	Land and buildings £000	Motor vehicles £000	Computer equipment £000	Office equipment £000	Leasehold improvements £000	Total £000
Cost						
Balance at 1 April 2015	263	28	1,392	606	209	2,498
Acquisitions	-	13	84	49	3	149
Disposals	-	-	(31)	(48)	(13)	(92)
Effect of movements in foreign exchange		1	3	3	1	8
Balance at 31 March 2016	<u>263</u>	<u>42</u>	<u>1,448</u>	<u>610</u>	<u>200</u>	<u>2,563</u>
Depreciation and impairment						
Balance at 1 April 2015	51	16	778	367	154	1,366
Depreciation charge for the year	27	9	254	101	12	403
Disposals	-	-	(27)	(24)	(12)	(63)
Effect of movements in foreign exchange	-	-	1	1	(1)	1
Balance at 31 March 2016	<u>78</u>	<u>25</u>	<u>1,006</u>	<u>445</u>	<u>153</u>	<u>1,707</u>
Net book value						
At 31 March 2016	<u>185</u>	<u>17</u>	<u>442</u>	<u>165</u>	<u>47</u>	<u>856</u>
At 31 March 2015	<u>212</u>	<u>12</u>	<u>614</u>	<u>239</u>	<u>55</u>	<u>1,132</u>

Land and buildings

The net book value of land and buildings comprises:

	2016 £000	2015 £000
Freehold	70	75
Short leasehold	115	137
	<u>185</u>	<u>212</u>

Notes *(continued)*

11 Tangible fixed assets *(continued)*

<i>Company</i>	Land and buildings £000	Vehicles £000	Computer equipment £000	Office equipment £000	Leasehold improvements £000	Total £000
Cost						
Balance at 1 April 2015	263	7	1,055	269	124	1,718
Acquisitions	-	-	50	2	-	52
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	263	7	1,105	271	124	1,770
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment						
Balance at 1 April 2015	51	5	541	189	117	903
Depreciation charge for the year	27	1	205	35	2	270
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	78	6	746	224	119	1,173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2016	185	1	359	47	5	597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	212	2	514	80	7	815
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings

The net book value of land and buildings comprises:

	2016 £000	2015 £000
Freehold	70	75
Short leasehold	115	137
	<hr/>	<hr/>
	185	212
	<hr/>	<hr/>

Notes (continued)

12 Fixed asset investments

<i>Company</i>	Shares in group undertakings £000
<i>Cost</i>	
At beginning of year	373
Additions	59
	<hr/>
At end of year	432
	<hr/>
<i>Provisions</i>	
At beginning of year	-
Impairment losses	204
	<hr/>
At end of year	204
	<hr/>
<i>Net book value</i>	
At 31 March 2016	228
	<hr/>
At 31 March 2015	373
	<hr/>

The undertakings in which the Group and Company had an interest in is as follows at the year-end:

Group and Company	Country of incorporation	Principal activity	Class and percentage of shares held Company
<i>Subsidiary undertakings</i>			
Romax Technology Japan Ltd	Japan	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology Korea Co Ltd	Korea	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Insight Korea Ltd	Korea	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Solutions Pvt Ltd	India	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology Inc.	USA	Transmission software, sales & consultancy	Ordinary Shares 100%
Romax Technology (Hangzhou) Ltd	China	Transmission software, sales & consultancy	Ordinary Shares 100%

All holdings are directly held by the Company.

Notes (continued)

13 Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	3,177	2,685	1,073	1,353
Amounts recoverable on contracts	1,505	1,573	624	979
Amounts owed by group undertakings	-	-	3,679	3,532
Amounts recoverable on government grants	176	56	175	56
Corporation tax	849	522	849	522
Prepayments and accrued income	2,041	1,575	1,286	993
	<u>7,748</u>	<u>6,411</u>	<u>7,686</u>	<u>7,435</u>
Due within one year	7,748	6,411	6,436	6,025
Due after more than one year	-	-	1,250	1,410
	<u>7,748</u>	<u>6,411</u>	<u>7,686</u>	<u>7,435</u>

Debtors include prepayments and accrued income of £nil (2015: £nil).

14 Cash and cash equivalents/ bank overdrafts

	2016	2015
Group	£000	£000
Cash at bank and in hand	4,121	4,717
Bank overdrafts	-	-
	<u>4,121</u>	<u>4,717</u>

Included within cash and in hand is £2,710k (2015: £2,702k) held in an account that is readily converted to cash on demand.

15 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade creditors	707	832	652	784
Amounts owed to group undertakings	-	-	2,231	2,698
Taxation and social security	529	440	267	199
Accruals and deferred income	7,105	7,568	4,291	4,842
	<u>8,341</u>	<u>8,840</u>	<u>7,441</u>	<u>8,523</u>

Notes (continued)

16 Deferred tax assets and liabilities

The Group & Company has an unrecognised deferred tax liability.

Deferred tax assets and liabilities are attributable to the following:

Group & Company	Liabilities		Assets		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Accelerated capital allowances	-	-	51	83	51	83
Arising on business combinations	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Unused tax losses	(612)	(680)	-	-	(612)	(680)
Other	(6)	(5)	-	-	(6)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred tax (assets) / liabilities	(618)	(685)	51	83	(567)	(602)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The deferred tax asset relating to taxable losses carried forward in the Group has not been recognised as the directors are not certain there will be sufficient taxable profits for this to be utilised against.

17 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £880k (2015: £752k)

18 Capital and reserves

Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
101,577 ordinary shares of £1 each	102	102
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

Dividends

After the balance sheet date total dividends of £nil (2015: £nil) were proposed by the directors

Notes (continued)

19 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £000	2015 £000
Assets measured at amortised cost	4,121	4,717
Assets measured at cost less impairment	4,858	4,314
Liabilities measured at amortised cost	707	832
	<u> </u>	<u> </u>

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Less than one year	952	929	610	598
Between one and five years	2,892	3,189	2,328	2,362
More than five years	1,773	2,349	1,773	2,348
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	5,617	6,467	4,711	5,308
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year £987k was recognised as an expense in the profit and loss account in respect of operating leases (2015: £925k). (Company: £628k (2015: £579k)).

21 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £nil (2015: £nil) (Company: £nil (2015: £nil)).

22 Related parties

The remuneration of key management personnel (the directors) is disclosed in note 6.

In line with section 33.1A of FRS 102 "related party disclosures", the company has the exemption from disclosing related party transactions with wholly owned subsidiaries.

23 Ultimate parent company and parent company of larger group

Romax Technology Limited is the ultimate parent company and is the largest group in which the results of the Company and its group are consolidated.

At the year-end date Dr SY Poon, a director of the company and family members, directly held 54.4 percent of the issued share capital of the company, with Dr SY Poon considered the controlling party.

Notes *(continued)*

24 Accounting estimates and judgements

Recoverability of trade debtors

Trade debtors are reviewed for impairment where there is uncertainty regarding their recoverability. Ageing of trade debtors and the specific commercial position is used to assess the key sources of uncertainty at the balance sheet date and need for impairment.

25 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

Group

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes (continued)

25 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of equity

Group	Note	1 April 2014			31 March 2015		
		UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Fixed assets							
Intangible fixed assets	D	-	441	441	-	492	492
Tangible fixed assets	D	1,220	(441)	779	1,624	(492)	1,132
		<u>1,220</u>	<u>-</u>	<u>1,220</u>	<u>1,624</u>	<u>-</u>	<u>1,624</u>
Current assets							
Debtors (due with one year)		5,263	-	5,263	6,411	-	6,411
Cash at bank and in hand		4,466	-	4,466	4,717	-	4,717
		<u>9,729</u>	<u>-</u>	<u>9,729</u>	<u>11,128</u>	<u>-</u>	<u>11,128</u>
Creditors: amounts due within one year	A, B, C	(6,436)	(386)	(6,822)	(8,386)	(454)	(8,840)
Net current assets / (liabilities)		<u>3,293</u>	<u>(386)</u>	<u>2,907</u>	<u>2,742</u>	<u>(454)</u>	<u>2,288</u>
Net assets / (liabilities)		<u>4,513</u>	<u>(386)</u>	<u>4,127</u>	<u>4,366</u>	<u>(454)</u>	<u>3,912</u>
Capital and reserves							
Called up share capital		102	-	102	102	-	102
Share premium account		9,081	-	9,081	9,081	-	9,081
Profit and loss account		(4,670)	(386)	(5,056)	(4,817)	(454)	(5,271)
Shareholders' equity		<u>4,513</u>	<u>(386)</u>	<u>4,127</u>	<u>4,366</u>	<u>(454)</u>	<u>3,912</u>

Notes to the reconciliation of equity

- A. The first year's software maintenance revenue included in the sale of a perpetual licence is now recognised over the period of the maintenance agreement.
- B. Under FRS102 a holiday pay accrual is now recognised.
- C. Operating lease rental charge for buildings is recognised over the contractual term rather than spread to the first break point of the contract.
- D. Under FRS102 computer software is reported within intangible assets.

Notes (continued)

25 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of (loss) for 2015

	Note	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Turnover	A, D	18,790	(1,295)	17,495
Cost of sales		(8,281)	-	(8,281)
Gross profit		10,509	(1,295)	9,214
Administrative expenses	B, C	(10,436)	(19)	(10,455)
Other operating income and expense	D	(33)	1,246	1,213
Operating profit/(loss)		40	(68)	(28)
Interest receivable and similar income		13	-	13
Interest payable and similar charges		(4)	-	(4)
Profit/(loss) on ordinary activities before taxation		49	(68)	(19)
Tax on loss on ordinary activities after taxation		(181)	-	(181)
Loss for the year		(132)	(68)	(200)

Notes to the reconciliation of loss

- A. The first year's software maintenance revenue included in the sale of a perpetual licence is now recognised over the period of the maintenance agreement.
- B. Under FRS102 a holiday pay accrual is now recognised.
- C. Operating lease rental charge for buildings is recognised over the contractual term rather than spread to the first break point of the contract.
- D. Under FRS102 the revenue element of government funded projects is now shown within other operating income and expense.

Company

In preparing their FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes (continued)

25 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of equity

Company	Note	1 April 2014			31 March 2015		
		UK GAAP	Effect of transition to FRS 102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
		£000	£000	£000	£000	£000	£000
Fixed assets							
Intangible fixed assets	D	-	433	433	-	469	469
Tangible fixed assets	D	1,024	(433)	591	1,284	(469)	815
Investments		373	-	373	373	-	373
		<u>1,397</u>	<u>-</u>	<u>1,397</u>	<u>1,657</u>	<u>-</u>	<u>1,657</u>
Current assets							
Debtors (due with one year)		6,226	-	6,226	7,435	-	7,435
Cash at bank and in hand		3,584	-	3,584	3,675	-	3,675
		<u>9,810</u>	<u>-</u>	<u>9,810</u>	<u>11,110</u>	<u>-</u>	<u>11,110</u>
Creditors: amounts due within one year	A, B, C	(6,561)	(257)	(6,818)	(8,295)	(228)	(8,523)
Net current assets/ (liabilities)		<u>3,249</u>	<u>(257)</u>	<u>2,992</u>	<u>2,815</u>	<u>(228)</u>	<u>2,587</u>
Net assets / (liabilities)		<u>4,646</u>	<u>(257)</u>	<u>4,389</u>	<u>4,472</u>	<u>(228)</u>	<u>4,244</u>
Capital and reserves							
Called up share capital		102	-	102	102	-	102
Share premium account		9,081	-	9,081	9,081	-	9,081
Profit and loss account		(4,537)	(257)	(4,794)	(4,711)	(228)	(4,939)
Shareholders' equity		<u>4,646</u>	<u>(257)</u>	<u>4,389</u>	<u>4,472</u>	<u>(228)</u>	<u>4,244</u>

Notes to the reconciliation of equity

- A. The first year's software maintenance revenue included in the sale of a perpetual licence is now recognised over the period of the maintenance agreement.
- B. Under FRS102 a holiday pay accrual is now recognised.
- C. Operating lease rental charge for buildings is recognised over the contractual term rather than spread to the first break point of the contract.
- D. Under FRS102 computer software is reported within intangible assets.