Registered No: 02747866

VeriFone Services UK & Ireland Limited

Report and Financial Statements

31 October 2014

Directors
M E Rothman
A Y-Q Liu

Secretary
A Y-Q Liu

Auditors
Ernst & Young LLP
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London SE1 2AF

Bankers
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2 Cannon Street
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Strategic Report

The directors present their strategic report and financial statements for VeriFone Services UK & Ireland Limited ("the Company") for the year ended 31 October 2014.

Principal activities and review of the business

The profit for the year after taxation amounted to £1,697,494 (year ended 31 October 2013 £723,382).

The Company's principal activity during the year continued to be that of computer hardware and software consultants, particularly in the field of payment card processing.

The directors are satisfied with the current level of trading.

During the year ended 31 December 2011 the Company's ultimate parent undertaking Electronic Transaction Group Nordic Holdings AB was acquired by VeriFone Systems Inc, (VeriFone), consequently the Company's ultimate parent undertaking and controlling party is now considered to be VeriFone.

Key performance indicators

The Company's directors consider a range of key performance indictors to measure the business. The range may include, but is not limited to, performance levels, quality, health and safety and a range of financial measures. The directors believe that because of the nature of the business, disclosing further key performance indicators is not necessary for an understanding of the company's development, performance or position.

Principal risks and uncertainties

The key risks the Company faces are:

Credit risk

In the course of normal trading the Company gives credit to debtors based on available financial information on the debtor company and their historical trading patterns. The directors have reviewed and have agreed a policy (debtor days) for managing credit risk at an acceptable level.

Price risk

The market place is a competitive environment and as such the Company will be subject to price pressures. The directors consider this risk to be an ongoing normal trading condition.

Liquidity risk

The directors do not consider there is a significant liquidity risk. The immediate parent company has agreed to make sufficient funds available to the Company to meet its liabilities as they fall due for the foreseeable future, being not less than twelve months from the date of approval of these financial statements.

On behalf of the Board

M E Rothman
Director

2015 JUL 23 2015

Directors' Report

The directors present their report for the year ended 31 October 2014.

Dividends

The directors do not recommend the payment of any dividends for the year (2013: £nil).

Research and development

Research expenditure is written off to the profit and loss account in the year which it is incurred. Development expenditure is written off, in the same way.

Future developments

The Company aims to continue its strategy of growth and re-investment by providing its products and services through major UK banks, direct sales and value added reseller channels.

By selling its products on fixed term contracts, the Company can confidently predict future income. The result of this is that the directors consider that the next year will show continued growth in sales and profitability.

Going concern

Despite the current uncertain economic climate, the Company is optimistic about its future prospects. Coupled with the financial backing of its parent company, the directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors and secretary

The directors who served the company during the year were as follows:

M E Rothman
A Y-Q Liu

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

M. E. Rothman

M E Rothman
Director

2015 JUL 2 3 2015

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 company will continue in business.

The directors are responsible for keeping proper 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the member of VeriFone Services UK & Ireland Limited

We have audited the financial statements of VeriFone Services UK & Ireland Limited for the year ended 31 October 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on 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.

Independent auditor's report

to the member of VeriFone Services UK & Ireland Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Fraser Bull (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

24-7-15

Profit and loss account

for the year ended 31 October 2014

	Notes	*Year ended 31 October 2014 £*	*Year ended 31 October 2013 £*
Turnover		24,900,933	24,450,244
Cost of sales		(13,818,364)	(14,092,146)
Gross profit		11,082,569	10,358,098
Administrative expenses		(8,744,796)	(9,096,612)
Operating profit	3	2,337,773	1,261,486
Loss on disposal of fixed assets	8	(142,954)	(785,250)
Interest payable and similar charges	6	(578,462)	(640,065)
Profit/(loss) on ordinary activities before taxation		1,616,357	(163,829)
Tax on profit/(loss) on ordinary activities	7	81,137	887,211
Profit for the financial year	18	1,697,494	723,382

Continuing operations

None of the Company's activities were acquired or discontinued during the current year or previous year.

Statement of total recognised gains and losses

for the year ended 31 October 2014

	Year ended 31 October 2014 £	*Year ended 31 October 2013 £*
Profit for the financial year	1,697,494	723,382
Total recognised gains and losses relating to the year	1,697,494	723,382
Total gains and losses recognised since last annual report	1,697,494	723,382

Registered No: 02747866

Balance sheet
at 31 October 2014

	Notes	*31 October 2014* £	*31 October 2013* £
Fixed assets			
Tangible assets	8	6,892,539	7,388,984
Current assets			
Stocks	9	836,562	345,272
Debtors	10	5,666,712	6,097,181
Cash at bank and in hand		2,810,048	1,548,795
Deferred tax asset	11	1,220,401	1,116,850
		10,533,723	9,108,098
Creditors: amounts falling due within one year	12	(10,585,512)	(6,726,926)
Net current (liabilities)/assets		(51,789)	2,381,172
Total assets less current liabilities		6,840,750	9,770,156
Creditors: amounts falling due after more than one year	13	(5,557,345)	(10,234,110)
Provisions for liabilities and charges	16	(229,059)	(235,909)
Net assets/(liabilities)		1,054,346	(699,863)
Capital and reserves			
Called up share capital	17	1,000	1,000
Share premium	18	9,899	9,899
Profit and loss account	18	1,043,447	(710,762)
Shareholder's funds/(deficit)	18	1,054,346	(699,863)

The financial statements have been approved and signed on behalf of the Board:

M E Rothman

Director

2015 JUL 23 2015

Registered No: 02747866

Notes to the financial statements

1. Accounting policies

Basis of preparation

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

Going concern

Despite the current uncertain economic climate, the directors are optimistic about the company's future prospects. As at the balance sheet date, the Company held customer contracts which will generate in excess of £17m of turnover during the next 12 months of trading and the directors are therefore able to forecast future profitability and positive cash flows.

Coupled with the financial backing of its parent undertaking, the directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Revenue recognition

Revenue for the provision of goods and services is recognised as follows:

Provision of goods – revenue is recognised at the point of supply.

Services provided under a fixed term contract and licence fees – revenue is recognised evenly over the duration of the contract.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its expected useful economic life or the term of any lease under which it may be held:

Short leasehold property – over the period of the lease, 15 years
Plant and machinery – written off over 4 years
Fixtures and fittings – written off over the assets useful economic life, between 4 and 7 years
Motor vehicles – 25% reducing balance basis
Assets held for operating leases – written off over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Share based payments

The company has adopted FRS 20 'Share Based Payments'. FRS 20 requires the company to recognise an expense in respect of its ultimate parent undertaking granting shares or to recognise an expense in respect of its ultimate parent undertaking granting share or options to the company's employees, directors or suppliers.

The expense of equity settled transactions with employees is calculated by reference to the fair value of awards, at grant date, determined using an appropriate pricing model. The company has taken advantage of the transitional provisions of FRS20 is respect of equity settled awards so as to apply the measurement provisions of FRS 20 only to those equity awards granted after 7 November 2010 that had not been vested by the effective adoption date.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost incurred and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing and hire purchase commitments

Assets obtained under finance leases are included in tangible fixed assets at cost and depreciation is provided over their useful economic lives, or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rental payments are apportioned between the financial element, which is charged to the profit and loss account, and the capital element, which reduced the outstanding obligation for future instalment, so as to give a constant rate of charge on the outstanding obligation.

Hire purchase obligations are treated similarly, except that depreciation is provided over the useful economic life of the assets.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Assets held for leasing

Assets held for leasing under operating leases are included in tangible fixed assets at cost less accumulated depreciation. Depreciation is provided in order to write off the cost of the assets over their economic lives or over the term of the lease, whichever is shorter.

Rental receipts under operating leases are credited to the profit and loss account on a straight line basis over the term of the lease.

Provisions for liabilities

A provision if recognised when the company has a legal or constructive obligation as a result of a past event and it is probable than an outflow of economic benefits will be required to settle the obligation.

The provision in the financial statements in respect of the asset retirement obligation refers to two leased buildings and represents the best estimate of the expected dilapidation costs on the leased buildings.

Cash flow statement

Under FRS1 'Cash Flow Statement', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

2. Turnover

Turnover represents the total invoice value, excluding trade discounts and value added tax, of sales made to customers during the period. The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

This is stated after charging:

	Year ended 31 October 2014	*Year ended 31 October 2013*
	£	£
Auditor's remuneration – audit services	28,000	28,000
Operating lease rentals – land and buildings	307,871	236,975
Other operating leases	64,568	142,389
Depreciation of fixed assets (note 8)	3,160,975	3,852,098

Notes to the financial statements (continued)

4. Directors' emoluments

	Year ended 31 October 2014	*Year ended 31 October 2013*
	£	*£*
Emoluments	–	–

Included in the above is £Nil (2013 £Nil) pension contributions paid by the company on behalf of the directors.

5. Staff costs

	Year ended 31 October 2014	*Year ended 31 October 2013*
	£	*£*
Wages and salaries	7,508,759	6,994,393
Social security costs	751,374	705,815
Other pension costs	267,246	334,637
	8,527,380	8,034,845

The average monthly number of employees during the year was made up as follows:

	2014	*2013*
	No.	*No.*
Administration	40	40
Technical	60	87
Sales	52	43
Research	46	50
	198	220

Notes to the financial statements (continued)

6. Interest payable and similar charges

	Year ended 31 October 2014	*Year ended 31 October 2013*
	£	*£*
Other interest payable	578,462	649,352
Other interest receivable		(9,287)
	578,462	640,065

Interest payable represents the interest on loans with group undertakings (note 14).

Notes to the financial statements (continued)

7. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	Year ended 31 October 2014 £	Year ended 31 October 2013 £
Current tax:		
UK corporation tax on the profit/(loss) for the year		-
Under provision in prior years	22,414	(428,934)
Total current tax (note 7(b))	22,414	(428,934)
Deferred tax:		
Prior year adjustment	-	(184,736)
Origination and reversal of timing differences	(103,551)	(448,931)
Effect of change in tax rates	-	175,390
Total deferred tax (note 11)	(103,551)	(458,277)
Tax on profit/(loss) on ordinary activities	(81,137)	(887,211)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21.83% (2013 – 23.42%). The differences are explained below:

	31 October 2014 £	31 October 2013 £
Profit/(loss) on ordinary activities before tax	1,616,357	(163,829)

(b) Factors affecting tax charge for the year

Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.83% (2013 – 23.42%)	352,851	(38,369)
Effects of:		
Depreciation in excess of capital allowances	114,523	430,961
Expenses not deductible for tax purposes	17,057	54,323
Group relief surrendered for nil payment	(448,332)	(689,175)
Adjustments in respect of prior years	-	428,934
Other short term timing differences	35,932	242,244
Share options	(49,617)	-
Current tax for the period (note 7(a))	22,414	(428,934)

(c) Factors that may affect future tax charges

The Finance Act 2013, enacted in July 2013, included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have been substantively enacted at the balance sheet date and are therefore included in the figures within these financial statements.

Notes to the financial statements (continued)

8. Tangible fixed assets

	Short leasehold property	*Plant and machinery*	*Fixtures and fittings*	*Total*
	£	*£*	*£*	*£*
Cost or valuation:				
At 1 November 2013	354,935	20,887,506	625,533	21,867,974
Additions	15,171	2,525,483	266,830	2,807,484
Disposals	(66,008)	(8,498,163)	(290,392)	(8,854,563)
At 31 October 2014	304,098	14,914,826	601,971	15,820,895
Depreciation:				
At 1 November 2013	100,117	13,972,692	406,181	14,478,990
Charge for year	19,806	3,033,148	108,021	3,160,975
Disposals	(67,360)	(8,353,873)	(290,375)	(8,711,608)
At 31 October 2014	52,563	8,651,967	223,827	8,928,357
Net book value				
At 31 October 2014	251,535	6,262,859	378,144	6,892,539
At 31 October 2013	254,818	6,914,814	219,352	7,388,984

The cost of tangible fixed assets includes £13,899,715 (2013 – £18,062,907 in respect of assets held for leasing under operating leases. Accumulated depreciation of tangible fixed assets includes £7,875,113 (2013 – £11,608,285) in respect of assets held for leasing under operating leases.

Notes to the financial statements (continued)

9. Stocks

	31 October 2014 £	31October 2013 £
Stocks	836,562	345,272

10. Debtors

	31 October 2014 £	31 October 2013 £
Trade debtors	4,861,797	4,196,452
Amounts owed by group undertakings	-	143,496
Prepayments	804,915	543,930
Corporation tax	-	1,213,303
	5,666,712	6,097,181

Included in prepayments is £61,997 (2013: £90,249) due in more than one year.

11. Provision for deferred tax

	31 October 2014 £	31 October 2013 £
Opening balance- asset	1,116,850	658,573
Profit and loss account (note 7(a))	103,551	458,277
Closing balance	1,220,401	1,116,850

The deferred tax consists of:

	31 October 2014 £	31 October 2013 £
Decelerated capital allowances	1,184,243	1,116,850
Other timing differences	36,158	-
Total deferred tax asset	1,220,401	1,116,850

This deferred tax asset will reverse in line with future profits of the company. For this reason, the asset is not expected to reverse in full in the next 12 months.

Notes to the financial statements (continued)

12. Creditors: amounts falling due within one year

	31 October 2014	*31 October 2013*
	£	*£*
Trade creditors	593,489	649,331
Other taxes and social security	410,075	297,837
Other creditors	-	2,340
Accrued expenses	786,936	699,374
Accruals and deferred income	3,906,800	3,555,406
Amounts owed to group undertakings	4,818,632	1,488,928
Corporation tax	22,414	-
Pension contributions	47,166	33,710
	10,585,512	6,726,926

13. Creditors: amounts falling due after more than one year

	31 October 2014	*31 October 2013*
	£	*£*
Amounts owed to group undertaking (see note 14)	4,264,398	9,063,922
Accruals and deferred income	1,292,947	1,170,188
	5,557,345	10,234,110

14. Loans

An analysis of maturity of loans is given below:

	31 October 2014	*31 October 2013*
	£	*£*
Amounts falling due after more than five years:		
Amounts owed to group undertaking	4,264,398	9,063,922

Amounts due to group undertaking after more than one year comprise an intercompany loan payable to VeriFone Nordic AB of £4,264,398. The loan bears interest payable at a rate per annum of 7.0% accruing daily and payable quarterly over the term of the loan. The loan is repayable on 30 December 2021.

Notes to the financial statements (continued)

15. Obligations under operating leases

The following operating lease payments are committed to be paid within one year:

	Land and buildings		*Other operating leases*	
	31 October 2014	*31 October 2013*	*31 October 2014*	*31 October 2013*
	£	*£*	*£*	*£*
Expiring:				
Within one year	-	11,447	7,605	57,178
Between two and five years	289,614	289,614	-	19,889
In more than five years	-	-	-	-
	289,614	265,701	7,605	77,067

16. Provisions for liabilities and charges

	31 October 2014	*31 October 2013*
	£	*£*
Asset retirement obligation	229,059	235,909

Provision is recognised for expected dilapidation costs on the leased buildings. It is expected that most of these costs will be incurred more than five years from the balance sheet date.

17. Issued share capital

		2014		*2013*
Authorised, allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Notes to the financial statements (continued)

18. Reconciliation of shareholders' funds and movements on reserves

	Share Premium	*Share capital*	*Profit and loss account*	*Total share-holders' funds*
		£	£	£
At 1 November 2012	9,899	1,000	(1,649,524)	(1,638,625)
Profit for the year	–	–	723,382	723,382
Share based payments (note 21)	–	–	215,380	215,380
At 31 October 2013	9,899	1,000	(710,762)	(699,863)
Profit for the year	–	–	1,697,494	1,697,494
Share based payments (note 21)	–	–	56,715	56,715
At 31 October 2014	9,899	1,000	1,043,447	1,054,346

19. Related party transactions

The Company has taken advantage of the exemption available in FRS 8 from disclosing transactions with related parties that are part of the VeriFone Systems Inc. group based in the USA, on the basis that 100% of the Company's voting rights are controlled within the group.

20. Ultimate parent undertaking and controlling party

VeriFone Denmark A/S, a company registered in Denmark, and Verifone Finland Oy (formerly known as Point Transaction Systems Oy), a company registered in Finland, are the immediate parent (each owning 50%) undertaking of the company. VeriFone Systems Inc, is the ultimate parent undertaking and controlling party of VeriFone Services UK & Ireland Limited, by virtue of its indirect holding of all shares in VeriFone Services UK & Ireland Limited. Copies of the group financial statements in which the company is included are available to the public and may be obtained from 88 West Plumeria Drive, San Jose, CA 95134 USA.

Notes to the financial statements (continued)

21. Share based payments

On 22 March 2006, the ultimate parent company's stockholders approved the 2006 Equity Incentive Plan (the "2006 Plan") for various officers, directors, employees, and consultants of the VeriFone Holdings Inc. group. Upon approval of the 2006 Plan a total of 9,000,000 shares of the ultimate parent company's Common Stock were reserved for issuance. On 8 October 2008, the group stockholders approved an amendment to the 2006 Plan increasing the shares reserved for issuance to 13,200,000. Awards are granted with an exercise price equal to the market price of the ultimate parent company's Common Stock at the date of grant. These awards generally vest over a period of four years from the date of grant (25% at the end of the first year then 6.25% quarterly thereafter until the end of four year from the grant date) and have a maximum term of seven years. Performance based Restricted Share Units (RSUs) generally vest over one year from date of grant. There are no cash settlement alternatives under this plan. The expense recognized for equity settled share-based payments in respect of employee services received during the year ended 31 October 2014 is £56,715 (year ended 31 October 2013 – £215,380). This charge was derived by applying an estimated forfeiture rate of 10.42% per annum based on the company's past experience. In determining the information below the following foreign exchange rates have been applied: Closing rate as at 31 October 2014,1.6128 US dollars per GB pound sterling (31 October 2013 – 1.6046); Average rate for year ended 31 October 2014, 1.6552 US dollars per GB pound sterling (year ended 31 October 2013 – 1.558). The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options and RSUs during the year.

a) Movement and weighted average exercise prices of share options granted

	2014	*2014*	*2014*	*2013*	*2013*	*2013*
	No.	*WAEP(£)*	*WAEP($)*	*No.*	*WEAP (£)*	*WEAP($)*
Outstanding as at 1 November	2,000	17.49	28.05	2,000	17.49	28.05
Granted during the year	-	-	-	-	-	-
Forfeited during the year	(1,250)	(17.49)	(28.05)	-	-	-
Exercised during the year	(750)	(17.49)	(28.05)	-	-	-
Expired during the year	-	-	-	-	-	
Outstanding as at 31 October	-	-	-	2,000	17.49	28.05
Exercisable at 31 October	-			500		
Weighted average contractual life	0 years			2.92 years		

Notes to the financial statements (continued)

21. Share based payments (continued)

b) Movement and weighted average exercise prices of share options granted under RSUs

	2014	*2013*
	No.	*No.*
Outstanding as at 1 November	65,300	31,750
Granted during the year	29,900	43,890
Forfeited during the year	(48,654)	(8,590)
Exercised during the year	(18,971)	(1,750)
Expired during the year	(750)	-
Outstanding as at 31 October	26,825	65,300
Exercisable at 31 October	-	-
Weighted average contractual life	2.39years	2.45 years

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted using the weighted-average assumptions noted in the following table below. Expected volatility and life is based on historical data which is not necessarily indicative of future patterns and trends.

	2014	*2013*
Expected share price volatility (%)	54.9	54.4
Risk-free interest rate (%)	1.1	0.9
Expected life of options (years)	3.4	3.5
Dividend rate (%)	0.00	0.00
Weighted average share price at grant date (£)	17.49	17.49