

Ability Matters Group Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 October 2012



Ability Matters Group Limited
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Ability Matters Group Limited
Company Information

Directors	M A O'Byrne J O'Byrne R Chatfield
Registered office	Windrush Court Blacklands Way Abingdon Oxfordshire OX14 1SY
Auditors	Critchleys LLP Registered Auditors Greyfriars Court Paradise Square Oxford OX1 1BE

Ability Matters Group Limited
Directors' Report for the Year Ended 31 October 2012

The directors present their report and the consolidated financial statements for the year ended 31 October 2012

Directors of the company

The directors who held office during the year were as follows

M A O'Byrne

J O'Byrne

R Chatfield (appointed 23 October 2012)

D Hill (resigned 23 October 2012)

J Lyons (resigned 3 June 2013)

The following director was appointed after the year end

A Whittaker - (appointed 3 June 2013)

Principal activity

The principal activity of the group is the supply of products and services that enhances the lives of those who require devices to improve their mobility and accessibility and independence. This is carried out both in the UK and overseas.

Change of company name

On 7 June 2013 the company changed its statutory name from Ability Technology Group Limited to Ability Matters Group Limited. There was no change to the principal activity of the company during the accounting period in question.

Business review

The directors are pleased to report the group has enjoyed a further year of successful trading. Turnover has increased by 18% to £28 million (2011: 16% - £24 million) as a result of contract gains in the NHS service business and growth in export of product into mainland Europe. Exports to Europe grew by over 75% following a decision to transfer the product distribution activity of an EU based sister company to the UK. Sales to Europe now form 9% (2011: 7%) of total revenue.

The operating profit margin remains in line with the prior year at 1% with the underlying profitability of the Group slightly improved. The group continues to tender for additional public sector contracts and expand its product base. The directors expect this activity to lead to further growth in the coming year and improved profitability.

Net assets of the group are up 10% on prior year at £3.6 million (2011: £3.3 million). This increase is despite the group's continued investment in research and development and the continuing support given to its sister companies based in Europe.

The future strategy of the group will be to continue the development of prosthetic and orthotic products and services provided to the public and private sectors in the UK and overseas. The group continues to expand into the area of posture and mobility products and services.

Financial KPIs

The directors consider the turnover and operating profit margin to be the key performance indicators used to measure the success of the group. The group's performance against these KPIs is reviewed above.

Principal risks and uncertainties

The principal risk to the group is the market reliance on NHS contracts, which under European Commission rules are subject to periodic competitive tendering. The group has a solid base of contracts and is not overly dependent on any one particular contract. To mitigate risk the group is continuing to expand its private client base and develop its service in complementary markets.

Ability Matters Group Limited
Directors' Report for the Year Ended 31 October 2012

continued

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Price risk

The company is exposed to the changes in the market prices of its raw materials, but because of the size of the group's operations it would not be cost effective to attempt to manage this risk. However, the directors will review this policy if circumstances change.

Credit risk

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers where appropriate, and by monitoring payments against contractual agreements with customers.

Cash flow risk

The group monitors cash flow risk as part of its day to day control procedures. The board considers cash flow projections on a monthly basis and ensures that available facilities are available to be drawn upon as necessary.

Interest rate risk

The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will review this policy should circumstances change.

Post balance sheet events

To simplify the group's corporate structure, in June 2013 the trade and net assets of the following three subsidiary companies, Ability Lifting Solutions Limited, Ability Matters (NI) Limited and Ability Matters Limited were transferred into the parent company. The nature of the trades of these three companies will remain unchanged.

Research and development

The group continues to invest in research and development incurring costs during the year of £470,000 (2011: £449,000). £258,000 of this spend has been expensed to the profit and loss account and relates to the investment in new products. £212,000 of the investment in research and development has been capitalised as an intangible asset as the group continues to invest in its new clinical system to facilitate and enhance the provision of prosthetic and orthotic services.

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company.

Employee involvement

The flow of information to staff is achieved by members of the management team regularly visiting branches to discuss with staff matters of current interest and concern to the business.

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all of its directors.

Ability Matters Group Limited
Directors' Report for the Year Ended 31 October 2012

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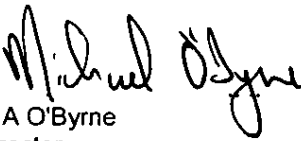
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

The auditors Critchleys LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on ^{25 July 2013} and signed on its behalf by


M A O'Byrne
Director

Ability Matters Group Limited
Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of
Ability Matters Group Limited**

We have audited the financial statements of Ability Matters Group Limited for the year ended 31 October 2012, set out on pages 8 to 29. 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 Statement of Directors' Responsibilities (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 (APB'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 group's and parent 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 group's and of the parent company's affairs as at 31 October 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent Auditor's Report to the Members of
Ability Matters Group Limited**

. . . *continued*

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



Robert Kirtland (Senior Statutory Auditor)
For and on behalf of Critchleys LLP, Statutory Auditor

Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Date 25/7/13

Ability Matters Group Limited
Consolidated Profit and Loss Account for the Year Ended 31 October 2012

	Note	2012 £ 000	2011 £ 000
Turnover	2	28,161	23,789
Cost of sales		<u>(19,372)</u>	<u>(16,412)</u>
Gross profit		8,789	7,377
Administrative expenses		<u>(8,392)</u>	<u>(7,114)</u>
Group operating profit	3	397	263
Other interest receivable and similar income	7	1	1
Interest payable and similar charges	8	<u>(44)</u>	<u>(29)</u>
Profit on ordinary activities before taxation		354	235
Tax on profit on ordinary activities	9	<u>(57)</u>	<u>29</u>
Profit for the financial year attributable to members of the parent company	19	<u>297</u>	<u>264</u>

Turnover and operating profit derive wholly from continuing operations

Ability Matters Group Limited

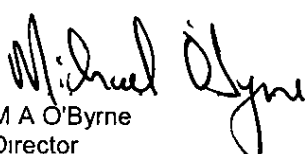
Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 October 2012

	Note	2012 £ 000	2011 £ 000
Profit for the financial year		297	264
Foreign currency translation differences		<u>25</u>	<u>3</u>
Total recognised gains and losses relating to the year		<u>322</u>	<u>267</u>

Ability Matters Group Limited
Consolidated Balance Sheet at 31 October 2012

		2012		2011	
	Note	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Intangible fixed assets	10		753		566
Tangible fixed assets	11		1,515		1,552
Current assets					
Stocks	13	2,533		2,573	
Debtors	14	4,414		3,475	
Cash at bank and in hand		195		789	
		<u>7,142</u>		<u>6,837</u>	
Creditors Amounts falling due within one year	15	<u>(5,563)</u>		<u>(5,346)</u>	
Net current assets			<u>1,579</u>		<u>1,491</u>
Total assets less current liabilities			<u>3,847</u>		<u>3,609</u>
Creditors Amounts falling due after more than one year	16		(62)		(173)
Provisions for liabilities	17		<u>(164)</u>		<u>(137)</u>
Net assets			<u><u>3,621</u></u>		<u><u>3,299</u></u>
Capital and reserves					
Profit and loss account	19	<u>3,621</u>		<u>3,299</u>	
Shareholders' funds	20		<u><u>3,621</u></u>		<u><u>3,299</u></u>

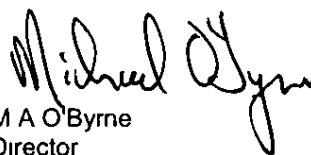
Approved by the Board on 25 July 2013 and signed on its behalf by


M A O'Byrne
Director

Ability Matters Group Limited
(Registration number. 03039768)
Balance Sheet at 31 October 2012

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Tangible fixed assets	11	104	73
Investments	12	<u>62</u>	<u>62</u>
		<u>166</u>	<u>135</u>
Current assets			
Debtors	14	2,371	2,836
Cash at bank and in hand		<u>2</u>	<u>7</u>
		2,373	2,843
Creditors Amounts falling due within one year	15	<u>(2,412)</u>	<u>(2,951)</u>
Net current liabilities		<u>(39)</u>	<u>(108)</u>
Total assets less current liabilities		127	27
Provisions for liabilities	17	<u>(10)</u>	<u>(13)</u>
Net assets		<u>117</u>	<u>14</u>
Capital and reserves			
Profit and loss account	19	<u>117</u>	<u>14</u>
Shareholders' funds	20	<u>117</u>	<u>14</u>

Approved by the Board on ^{25 July 2013} and signed on its behalf by


M A O'Byrne
Director

Ability Matters Group Limited
Consolidated Cash Flow Statement for the Year Ended 31 October 2012

Reconciliation of operating profit to net cash flow from operating activities

	2012 £ 000	2011 £ 000
Operating profit	397	263
Depreciation, amortisation and impairment charges	424	363
Profit on disposal of fixed assets	(4)	(15)
Decrease/(increase) in stocks	40	(581)
(Increase)/decrease in debtors	(1,093)	872
Increase in creditors	195	179
Net cash (outflow)/inflow from operating activities	<u>(41)</u>	<u>1,081</u>

Cash flow statement

	2012 £ 000	2011 £ 000
Net cash (outflow)/inflow from operating activities	<u>(41)</u>	<u>1,081</u>
Returns on investments and servicing of finance		
Interest received	1	1
Interest paid	<u>(44)</u>	<u>(29)</u>
	<u>(43)</u>	<u>(28)</u>
Tax received/(paid)	<u>124</u>	<u>(90)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(193)	(267)
Purchase of tangible fixed assets	(382)	(773)
Sale of tangible fixed assets	12	66
	<u>(563)</u>	<u>(974)</u>
Acquisitions and disposals		
Acquisition of investments in subsidiary undertakings	-	(3)
Acquisition of businesses net of cash required	<u>(100)</u>	<u>(110)</u>
	<u>(100)</u>	<u>(113)</u>
Equity dividends paid	<u>-</u>	<u>-</u>
Net cash outflow before management of liquid resources and financing	<u>(623)</u>	<u>(124)</u>
Financing		
New finance leases	-	233
Repayment of loans and borrowings	-	(136)
Repayment of capital element of finance leases and HP contracts	(123)	(120)
Capital element of finance lease payments	<u>(255)</u>	<u>-</u>
	<u>(378)</u>	<u>(23)</u>
Decrease in cash	<u>(1,001)</u>	<u>(147)</u>

Ability Matters Group Limited
Consolidated Cash Flow Statement for the Year Ended 31 October 2012

... continued

Reconciliation of net cash flow to movement in net debt

	Note	2012 £ 000	2011 £ 000
Decrease in cash		(1,001)	(147)
Debt acquired on acquisition of subsidiary		-	(80)
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		378	23
Change in net debt resulting from cash flows		(623)	(204)
Exchange translation		38	-
Movement in net debt		(585)	(204)
Net debt at 1 November		(393)	(189)
Net debt at 31 October		(978)	(393)

Ability Matters Group Limited
Notes to the Financial Statements for the Year Ended 31 October 2012

1 Accounting policies

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2012

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £103,000.

Going concern

The financial statements have been prepared on a going concern basis.

Turnover

Turnover represents amounts chargeable in respect of the sale of goods and services to customers, excluding value added tax, and its attributable to the group's principal activities. Turnover is recognised when goods are despatched. Services are provided under long term contracts. Turnover from the provision of these services is recognised monthly for a fixed proportion of the annual contract value.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group and company's share of identifiable net assets acquired. Goodwill on the acquisition of subsidiaries and businesses is included in intangible assets. Positive goodwill is amortised through the profit and loss account over the directors estimate of its useful economic life, up to a maximum of 20 years. Impairment tests on the carrying value are undertaken at the end of the first full year following acquisition carried out and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

All tangible fixed assets are shown at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly related to the acquisition of assets.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Asset class	Depreciation method and rate
Short leasehold improvements	over the period of the lease
Plant and machinery	8% - 25% straight line
Motor vehicles	25% straight line

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying value is written down immediately to its recoverable amount if the carrying value is greater than its estimated recoverable amount.

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

... continued

Research and development

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria

- The project is clearly defined and related expenditure is separately identifiable,
- The project is technically feasible and commercially viable,
- Current and future costs are expected to be exceeded by future sales, and
- Adequate resources exist for the project to be completed

In such circumstances the costs are carried forward and amortised over a period not exceeding 5 years commencing in the year the company starts to benefit from the expenditure

Fixed asset investments

Investments are included at cost less provision for any impairment in value

Stock and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of attributable overheads. The cost of work in progress and finished goods is calculated on the basis of direct costs plus an appropriate proportion of attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currency

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

The assets and liabilities of overseas subsidiary undertakings are translated at the closing rate. The profit and loss account of these subsidiary undertakings are translated at the average rate for the year. Gains and losses arising on these translations are taken net of exchange differences on related foreign currency borrowings

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

continued

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Assets under finance leases are shown in other debtors within current assets and are stated at the value of the net investment in the lease. The income from the finance leases is credited to the profit and loss account each year so as to give a constant rate of return on the funds invested.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy note above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS17 'Retirement benefits'.

2 Turnover

An analysis of turnover by geographical location is given below.

	2012 £ 000	2011 £ 000
Sales - UK	25,416	22,102
Sales - Europe	2,555	1,438
Sales - Rest of world	190	249
	<u>28,161</u>	<u>23,789</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

continued

3 Operating profit

Operating profit is stated after charging

	2012 £ 000	2011 £ 000
Operating leases - plant and machinery	119	121
Operating leases - other assets	462	384
Foreign currency losses	44	16
Profit on sale of tangible fixed assets	(4)	(15)
Depreciation of owned assets	358	242
Depreciation of assets held under finance lease and hire purchase contracts	41	38
Amortisation	25	83
Auditor's remuneration	38	71

4 Auditor's remuneration

	2012 £ 000	2011 £ 000
Audit of the financial statements	32	50
Other fees to auditors		
Other services	6	21
	<u>38</u>	<u>71</u>

5 Particulars of employees

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

	2012 No	2011 No
Administration and support	145	129
Other departments	241	219
	<u>386</u>	<u>348</u>

The aggregate payroll costs were as follows

	2012 £ 000	2011 £ 000
Wages and salaries	9,994	8,838
Social security costs	952	883
Staff pensions	174	97
	<u>11,120</u>	<u>9,818</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

.. *continued*

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2012 £ 000	2011 £ 000
Remuneration	558	587
Company contributions paid to money purchase schemes	55	5

During the year the number of directors who were receiving benefits and share incentives was as follows

	2012 No	2011 No
Accruing benefits under defined benefit pension scheme	2	2

7 Other interest receivable and similar income

	2012 £ 000	2011 £ 000
Bank interest receivable	<u>1</u>	<u>1</u>

8 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest on bank borrowings	16	23
Other interest payable	<u>28</u>	<u>6</u>
Group interest payable and similar charges	<u>44</u>	<u>29</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

... continued

9 Taxation

Tax on profit on ordinary activities

	2012 £ 000	2011 £ 000
Current tax		
Corporation tax charge/(credit)	30	(48)
Adjustments in respect of previous years	<u>-</u>	<u>(102)</u>
UK Corporation tax	<u>30</u>	<u>(150)</u>
Deferred tax		
Origination and reversal of timing differences	27	121
Deferred tax adjustment relating to previous years	-	1
Effect of changes in tax rates	<u>-</u>	<u>(1)</u>
Group deferred tax	<u>27</u>	<u>121</u>
Total tax on profit on ordinary activities	<u>57</u>	<u>(29)</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.83% (2011 - 26.83%)

The differences are reconciled below

	2012 £ 000	2011 £ 000
Profit on ordinary activities before taxation	<u>354</u>	<u>235</u>
Corporation tax at standard rate	88	63
Depreciation for period in excess of capital allowances	11	(101)
Other short term timing differences	67	138
Income not taxable	-	(163)
Expenses not deductible for tax purposes	(5)	80
Adjustment to tax charge in respect of previous years	-	(102)
Surrender of tax losses for R&D tax credit refund	-	39
Unrelieved tax losses and other deductions arising in period	-	5
Additional deduction for R&D expenditure	<u>(131)</u>	<u>(109)</u>
Total current tax	<u>30</u>	<u>(150)</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

. continued

10 Intangible fixed assets

Group

	Goodwill £ 000	Development costs £ 000	Total £ 000
Cost			
At 1 November 2011	713	310	1,023
Additions	<u>-</u>	<u>212</u>	<u>212</u>
At 31 October 2012	<u>713</u>	<u>522</u>	<u>1,235</u>
Amortisation			
At 1 November 2011	457	-	457
Charge for the year	<u>25</u>	<u>-</u>	<u>25</u>
At 31 October 2012	<u>482</u>	<u>-</u>	<u>482</u>
Net book value			
At 31 October 2012	<u>231</u>	<u>522</u>	<u>753</u>
At 31 October 2011	<u>256</u>	<u>310</u>	<u>566</u>

11 Tangible fixed assets

Group

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation				
At 1 November 2011	285	2,712	160	3,157
Additions	87	295	-	382
Disposals	<u>-</u>	<u>(12)</u>	<u>(10)</u>	<u>(22)</u>
At 31 October 2012	<u>372</u>	<u>2,995</u>	<u>150</u>	<u>3,517</u>
Depreciation				
At 1 November 2011	72	1,461	72	1,605
Charge for the year	73	293	33	399
Eliminated on disposals	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
At 31 October 2012	<u>145</u>	<u>1,752</u>	<u>105</u>	<u>2,002</u>
Net book value				
At 31 October 2012	<u>227</u>	<u>1,243</u>	<u>45</u>	<u>1,515</u>
At 31 October 2011	<u>213</u>	<u>1,251</u>	<u>88</u>	<u>1,552</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

continued

Leased assets

Included within the net book value of tangible fixed assets is £400,000 (2011 - £435,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £41,000 (2011 - £35,000)

Company

	Plant and machinery £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation			
At 1 November 2011	76	22	98
Additions	59	-	59
At 31 October 2012	<u>135</u>	<u>22</u>	<u>157</u>
Depreciation			
At 1 November 2011	15	10	25
Charge for the year	22	6	28
At 31 October 2012	<u>37</u>	<u>16</u>	<u>53</u>
Net book value			
At 31 October 2012	<u>98</u>	<u>6</u>	<u>104</u>
At 31 October 2011	<u>61</u>	<u>12</u>	<u>73</u>

12 Investments held as fixed assets

Company

	2012 £ 000	2011 £ 000
Shares in group undertakings and participating interests	<u>62</u>	<u>62</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

... continued

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Opcare Limited	Ordinary shares	100%	Trading
OrthoEurope Limited	Ordinary shares	100%	Trading
Ability Lifting Solutions Limited	Ordinary shares	75%	Trading
Ability Matters (NI) Limited	Ordinary shares	100%	Trading
Ability Matters Limited	Ordinary shares	100%	Trading
Ortho Europe B V	Ordinary shares	100%	Trading

13 Stocks

	Group		Company	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Raw materials	631	693	-	-
Work in progress	918	1,218	-	-
Finished goods	984	662	-	-
	<u>2,533</u>	<u>2,573</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Trade debtors	2,384	1,837	-	-
Amounts owed by group undertakings	-	-	1,360	1,919
Amounts owed by participating interests	1,408	580	847	638
Other debtors	154	380	2	1
Prepayments and accrued income	424	480	162	276
Corporation tax	44	198	-	2
	<u>4,414</u>	<u>3,475</u>	<u>2,371</u>	<u>2,836</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

.... continued

15 Creditors Amounts falling due within one year

	Group		Company	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Trade creditors	2,648	2,619	119	131
Bank loans and overdrafts	457	164	-	-
Obligations under finance lease and hire purchase contracts	138	150	-	-
Amounts owed to group undertakings	-	-	1,655	2,009
Amounts owed to participating interests	286	-	-	-
Corporation tax	-	-	37	-
Other taxes and social security	624	513	1	6
Other creditors	239	379	-	-
Loan from director	516	694	516	694
Accruals and deferred income	655	827	84	111
	<u>5,563</u>	<u>5,346</u>	<u>2,412</u>	<u>2,951</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

... continued

16 Creditors Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Obligations under finance lease and hire purchase contracts	<u>62</u>	<u>173</u>	<u>-</u>	<u>-</u>

Obligations under finance leases and HP contracts

Amounts repayable

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
In one year or less on demand	138	150	-	-
Between one and two years	<u>62</u>	<u>173</u>	<u>-</u>	<u>-</u>
	<u>200</u>	<u>323</u>	<u>-</u>	<u>-</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

.. *continued*

17 Provisions

Group

	Deferred tax £ 000	Total £ 000
At 1 November 2011	137	137
Charged to the profit and loss account	<u>27</u>	<u>27</u>
At 31 October 2012	<u>164</u>	<u>164</u>

Company

	Deferred tax £ 000	Total £ 000
At 1 November 2011	13	13
Credited to the profit and loss account	<u>(3)</u>	<u>(3)</u>
At 31 October 2012	<u>10</u>	<u>10</u>

18 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No	£	No	£
A Ordinary shares of £0.01 each	100	1	100	1
B Ordinary shares of £0.01 each	100	1	100	1
	<u>200</u>	<u>2</u>	<u>200</u>	<u>2</u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

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19 Reserves

Group

	Profit and loss account £ 000	Total £ 000
At 1 November 2011	3,299	3,299
Profit for the year	297	297
Foreign currency translation gains	<u>25</u>	<u>25</u>
At 31 October 2012	<u><u>3,621</u></u>	<u><u>3,621</u></u>

Company

	Profit and loss account £ 000	Total £ 000
At 1 November 2011	14	14
Profit for the year	<u>103</u>	<u>103</u>
At 31 October 2012	<u><u>117</u></u>	<u><u>117</u></u>

20 Reconciliation of movement in shareholders' funds

Group

	2012 £ 000	2011 £ 000
Profit attributable to the members of the group	297	264
Other recognised gains and losses relating to the year	<u>25</u>	<u>3</u>
Net addition to shareholders' funds	322	267
Shareholders' funds at 1 November	<u>3,299</u>	<u>3,032</u>
Shareholders' funds at 31 October	<u><u>3,621</u></u>	<u><u>3,299</u></u>

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

continued

Company

	2012 £ 000	2011 £ 000
Profit attributable to the members of the company	103	51
Net addition to shareholders' funds	103	51
Shareholders' funds/(deficit) at 1 November	14	(37)
Shareholders' funds at 31 October	117	14

21 Pension schemes

The group operates both defined contribution and a defined benefit schemes on behalf of the employees. The main scheme is a defined contribution pension scheme whose assets are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account as incurred and totalled £164,000 for the year (2011 £97,000). The amount unpaid at the year end and included within creditors due in less than one year is £20,000 (2011 £19,000).

The value of defined benefit scheme is not material. The contributions have been charged to the profit and loss account as incurred and totalled £10,000 (2011 £Nil). The amount unpaid at the year end and included within creditors due in less than one year is £2,000 (2011 £Nil).

22 Contingent liabilities

In conjunction with the other members of the Ability Matters Group Limited group of companies, the company has given a composite guarantee to the company's bankers. There is a right of set off incorporated in the composite guarantee and a mortgage debenture.

In addition, Ortho Europe Limited, a subsidiary of Ability Matters Group Limited, has given, in the normal course of business, guarantees which, in total, amount to £80,000 (2011 £80,000).

Ability Matters Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2012

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23 Commitments

Operating lease commitments

Group

As at 31 October 2012 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £ 000	2011 £ 000
Land and buildings		
Within one year	43	37
Within two and five years	344	59
Over five years	-	120
	<u>387</u>	<u>216</u>
Other		
Within one year	16	23
Within two and five years	59	40
Over five years	-	53
	<u>75</u>	<u>116</u>

Ability Matters Group Limited
Notes to the Financial Statements for the Year Ended 31 October 2012

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24 Control and related parties

The company is controlled by M A O'Byrne by virtue of his shareholding

The company regards the following companies as companies related to the group due to common ownership

Gomina Establishment Limited
Assistive Technology Group Limited
Ortho Europe SARL
Van Luijn and Van Der Meer
Trustees of Opcare Limited Pension Scheme

During the year, the group entered into the following arrangements with these related companies

During the year the group generated revenue through sales to related companies of £2,100,000 (2011 £621,000) The group purchased services from related companies of £362,000 (2011 £1,896,000) At 31 October 2012 the group owed related companies £102,000 (2011 £nil) in connection with trading At that date related companies owed the group £1,148,000 (2011 £580,000) in connection with trading In addition, the group is owed £109,000 in respect of loans made to Gomina Establishment Limited for the purchase of Ortho Europe SARL (2011 £109,000)

In March 2011 Michael O'Byrne advanced loans to the group totalling £1,000,000 bearing an annual interest rate of 2.0% above bank base rate Interest is applied daily and added to the loan and the balance is being repaid by monthly repayments The outstanding amount owed at the year end was ££516,000 (2011 £694,000) and during the year £22,000 (2011 £14,000) interest was paid by the group

The group has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related party disclosures", not to disclose any transactions with members of the group headed Ability Matters Group Limited on the grounds that 100% of the voting rights in the Company are controlled within that group and the company is included in consolidated financial statements