

Ability Matters Group Limited

Directors' Report and Consolidated Financial Statements

for the year ended 31 October 2013

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Critchleys LLP
Registered Auditors
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Ability Matters Group Limited

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Ability Matters Group Limited

Company Information

Directors	M A O'Byrne J O'Byrne R Chatfield A Whittaker
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

Strategic Report for the year ended 31 October 2013

The directors present their strategic report on the group for the year ended 31 October 2013.

Review of the business

The company and its subsidiary undertakings supply products and services that enhance the lives of those who require devices to improve their mobility, accessibility and independence, in the United Kingdom and Europe.

Results and performance

The directors are pleased to report the group has enjoyed a further year of successful trading. Turnover has increased by 1% to £28.5 million (2012: 18% - £28 million) as a result of contract gains in the NHS service business and growth in export of product into mainland Europe. Growth in exports to Europe continues, with the group achieving a 10% increase (2012: 75%).

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 30% on prior year at £4.7 million (2012: £3.6 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.

To simplify the group's corporate structure, in August 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 remains unchanged.

Business environment

The underlying health of the general public impacts significantly on the demand for prosthetic and orthotic devices. Pressure from health organisations to reduce costs requires operators to continually make efficiency gains in its operations through investment in new technology and research and development activities.

Strategy

The group will continue to develop its provision of prosthetic and orthotic products and services to the public and private sectors within the UK and overseas. Expansion into the area of posture and mobility products and services will continue to receive focus to broaden the group's activities.

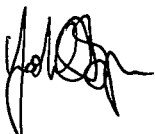
Key performance indicators

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

Principal risks and uncertainties

The principal risk to the Group is the market reliance on UK NHS contracts, which under European Commission rules are subject to periodic competitive tendering. In addition, over reliance on any one supplier can lead to difficulties of supply especially in an environment of changing technology.

Approved by the Board on 30 July 2014 and signed on its behalf by:



J O'Byrne
Director

Ability Matters Group Limited

Directors Report for the year ended 31 October 2013

The directors present their report and the consolidated financial statements for the year ended 31 October 2013.

Directors of the company

The directors who held office during the year were as follows:

M A O'Byrne

J O'Byrne

R Chatfield

A Whittaker - (appointed 3 June 2013)

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

On 1 November 2013, the company increased its authorised share capital to £150,000, divided into 15,000,000 ordinary shares of £0.01 each, split equally between the A, B and C share classes. Subsequently, the company made a bonus issue of 101 A ordinary shares and 101 B ordinary shares, through the capitalisation of £202 of distributable profits.

On 1 November 2013, the group acquired a European based group of companies for £700,000 in exchange for the issue of 3,321 ordinary C shares in the company.

The group purchased long leasehold premises on 21 January 2014 at a cost of £1.4 million. The purchase has been in part funded by a fixed term bank loan.

Research and development

The group continues its research and development activities in new products and a new clinical software system to facilitate and enhance the provision of prosthetic and orthotic services. £187,000 of research and development spend on the new software system has been capitalised as an intangible asset.

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.

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.

Ability Matters Group Limited
Directors Report
for the year ended 31 October 2013 (*Continued*)

Qualifying third party indemnity provisions

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

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 30 July 2014 and signed on its behalf by:



J 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Ability Matters Group Limited

Independent Auditor's Report to the members of Ability Matters Group Ltd

We have audited the financial statements of Ability Matters Group Limited for the year ended 31 October 2013, set out on pages 7 to 25. 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 and to identify any information that is apparently 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 group's and of the parent company's affairs as at 31 October 2013 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.

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: 30/7/14

Ability Matters Group Limited

Consolidated Profit and Loss Account for the year ended 31 October 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	28,511	28,161
Cost of sales		(19,239)	(19,372)
Gross profit		9,272	8,789
Administrative expenses		(7,947)	(8,392)
Operating profit	3	1,325	397
Other interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(36)	(44)
Profit on ordinary activities before taxation		1,289	354
Tax on profit on ordinary activities	8	(156)	(57)
Profit/(Loss) for the financial year		1,133	297

Turnover and operating profit derive wholly from continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

Ability Matters Group Limited

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 October 2013

	Note	2013 £ 000	2012 £ 000
Profit for the financial year		1,133	297
Foreign currency translation differences		(27)	25
Profit/(Loss) for the financial year	19	<u>1,106</u>	<u>322</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

Ability Matters Group Limited

Consolidated Balance Sheet at 31 October 2013

	Note	£ 000	2013 £ 000	£ 000	2012 £ 000
Fixed assets					
Intangible fixed assets	9		860		753
Tangible fixed assets	10		1,545		1,515
			<u>2,405</u>		<u>2,268</u>
Current assets					
Stocks	12	2,585		2,533	
Debtors	13	3,824		4,414	
Cash at bank and in hand		835		195	
			<u>7,244</u>	<u>7,142</u>	
Creditors: Amounts falling due within one year	14	(4,757)		(5,563)	
Net assets			<u>2,487</u>		<u>1,579</u>
Total assets less current liabilities			<u>4,892</u>		<u>3,847</u>
Creditors: Amounts falling due after more than one year	15		-		(62)
Provisions for liabilities	16		(165)		(164)
Net assets			<u><u>4,727</u></u>		<u><u>3,621</u></u>
Capital and reserves					
Share Capital	17		-		-
Profit and loss account	18		4,727		3,621
Shareholders' funds	19		<u><u>4,727</u></u>		<u><u>3,621</u></u>

Approved by the Board on 30 July 2014 and signed on its behalf by:



J O'Byrne
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

Ability Matters Group Limited

Balance Sheet at 31 October 2013

Company number: 03039768

	Note	£ 000	2013 £ 000	£ 000	2012 £ 000
Fixed assets					
Intangible fixed assets	9		68		-
Tangible fixed assets	10		192		104
Investments	11		58		62
			<u>318</u>		<u>166</u>
Current assets					
Stocks	12	360		-	
Debtors	13	2,282		2,371	
Cash at bank and in hand		75		2	
		<u>2,717</u>		<u>2,373</u>	
Creditors: Amounts falling due within one year	14	(2,600)		(2,412)	
Net assets			<u>117</u>		<u>(39)</u>
Total assets less current liabilities			<u>435</u>		<u>127</u>
Creditors: Amounts falling due after more than one year	15		-		-
Provisions for liabilities	16		(29)		(10)
Net assets			<u><u>406</u></u>		<u><u>117</u></u>
Capital and reserves					
Share Capital	17		-		-
Profit and loss account	18		406		117
Shareholders' funds	19		<u><u>406</u></u>		<u><u>117</u></u>

Approved by the Board on 30 July 2014 and signed on its behalf by:



J O'Byrne
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

Ability Matters Group Limited
Consolidated Cash Flow Statement
for the year 31 October 2013 (*Continued*)

	Note	2013 £ 000	2012 £ 000
Net cash inflow/(outflow) from operating activities	20	2,088	(41)
Returns on investment and servicing of finance			
Interest received		-	1
Interest paid		(36)	(44)
		<u>(36)</u>	<u>(43)</u>
Tax received		31	124
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(188)	(193)
Purchase of tangible fixed assets		(515)	(382)
Sale of tangible fixed assets		13	12
		<u>(690)</u>	<u>(563)</u>
Acquisitions and disposals			
Acquisition of business net of cash required		-	(100)
Equity dividends paid		-	-
Net cash inflow/(outflow) before management of liquid resources and financing		<u>1,393</u>	<u>(623)</u>
Financing			
Repayment of loans and borrowings		(201)	(255)
Repayment of capital element of finance leases and HP contracts		(138)	(123)
	22	<u>(339)</u>	<u>(378)</u>
Increase/(decrease) in cash	21	<u>1,054</u>	<u>(1,001)</u>

The notes on pages 11 to 24 form an integral part of these financial statements.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013

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 £289,000.

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 it's 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.

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 10 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.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (*Continued*)

1 Accounting policies (*Continued*)

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.

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'.

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2013 (Continued)

2 Turnover

An analysis of turnover by geographical location is given below:

	2013 £ 000	2012 £ 000
UK	25,543	25,416
Europe	2,822	2,555
Rest of World	146	190
	<u>28,511</u>	<u>28,161</u>

3 Operating profit

Operating profit is stated after charging:

	2013 £ 000	2012 £ 000
Depreciation of tangible fixed assets		
- Owned	415	358
- Subject to finance leases	41	41
Profit on disposal of tangible fixed assets	(3)	(4)
Auditors' remuneration	-	
- Audit fees	32	32
- Non-audit fees - tax compliance services	6	6
Operating lease costs	-	
- Plant and machinery	134	119
- Other	471	462
Foreign currency losses/(gains)	(26)	44
Amortisation of intangible assets	81	25
	<u> </u>	<u> </u>

4 Particulars of employees

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

	2013 No	2012 No
Management and administration	139	145
Prosthetists, orthotists and production	247	241
	<u>386</u>	<u>386</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

4 Particulars of employees (Continued)

	2013 £ 000	2012 £ 000
Wages and salaries	9,708	9,994
Social security costs	908	952
Staff pensions	293	174
	<u>10,909</u>	<u>11,120</u>

5 Directors' remuneration

	2013 £ 000	2012 £ 000
Directors' emoluments	437	558
Company contributions to money purchase pension schemes	120	55
	<u>557</u>	<u>613</u>

The number of directors accruing benefits under money purchase pension schemes was 5 (2012: 2).

6 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Bank interest receivable	-	1
	<u>-</u>	<u>1</u>

7 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on bank borrowings	24	16
Other interest payable	12	28
	<u>36</u>	<u>44</u>

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2013 (Continued)

8 Taxation

	2013 £ 000	2012 £ 000
Current tax		
Corporation tax charge	177	30
Adjustments in respect of previous years	(21)	-
UK Corporation tax	<u>156</u>	<u>30</u>
Deferred tax		
Origination and reversal of timing differences	(2)	27
Effect of changes in tax rates	2	-
Total deferred tax	<u>-</u>	<u>27</u>
Total tax on profit on ordinary activities	<u><u>156</u></u>	<u><u>57</u></u>

Factors affecting the current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 – lower than) the standard rate of corporation tax in the UK of 23.42% (2012 – 24.83%)

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Profit on ordinary activities before taxation	<u>1,289</u>	<u>354</u>
Corporation tax at standard rate	302	88
Depreciation for period in excess of capital allowances	32	11
Other short term timing differences	(1)	67
Expenses not deductible for tax purposes	(216)	(5)
Additional deduction for R&D expenditure	(52)	(131)
Loss relief	79	-
Losses carried forward	33	-
Adjustment for prior period	(21)	-
	<u><u>156</u></u>	<u><u>30</u></u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

9 Intangible fixed assets

Group	Goodwill £ 000	Development costs £ 000	Total £ 000
Cost or valuation			
At 1 November 2012	713	522	1,235
Additions		188	188
Disposals			-
At 31 October 2013	713	710	1,423
Depreciation			
At 1 November 2012	482	-	482
Charge for the year	29	52	81
On disposal			-
At 31 October 2013	511	52	563
Net book value			
At 31 October 2013	202	658	860
At 31 October 2012	231	522	753
Company			
	Goodwill £ 000	Development costs £ 000	Total £ 000
Cost or valuation			
At 1 November 2012	-	-	-
Transferred from subsidiary undertaking	70	-	70
Disposals	-	-	-
At 31 October 2013	70	-	70
Depreciation			
At 1 November 2012	-	-	-
Charge for the year	2	-	2
On disposal			-
At 31 October 2013	2	-	2
Net book value			
At 31 October 2013	68	-	68
At 31 October 2012	-	-	-

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

10 Tangible fixed assets

Group	Long leasehold land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor Vehicles £ 000	Total £ 000
Cost or valuation					
At 1 November 2012		372	2,995	150	3,517
Additions	133	44	319	-	496
Disposals	-	-	(13)	(53)	(66)
At 31 October 2013	133	416	3,301	97	3,947
Depreciation					
At 1 November 2012	-	145	1,752	105	2,002
Charge for the year	-	85	351	20	456
On disposal	-	-	(9)	(47)	(56)
At 31 October 2013	-	230	2,094	78	2,402
Net book value					
At 31 October 2013	133	186	1,207	19	1,545
At 31 October 2012	-	227	1,243	45	1,515

Leased assets

Included within the net book value of tangible fixed assets is £356,000 (2012 - £400,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £41,000 (2012 - £41,000).

Company	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor Vehicles £ 000	Total £ 000
Cost or valuation				
At 1 November 2012	-	135	22	157
Additions	-	28	-	28
Acquisition on transfer of trade	42	71	-	113
At 31 October 2013	42	234	22	298
Depreciation				
At 1 November 2012	-	37	16	53
Charge for the year	4	47	2	53
At 31 October 2013	4	84	18	106
Net book value				
At 31 October 2013	38	150	4	192
At 31 October 2012	-	98	6	104

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

11 Investments held as fixed assets

Company	2013 £ 000	2012 £ 000
Shares in group undertakings and participating interests	58	62

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:

Subsidiary Undertakings	Holding	Proportion of voting rights and shares held	Principal activity
Opcare Limited	Ordinary shares	100%	Trading
Ortho Europe Limited	Ordinary shares	100%	Trading
Ability Lifting Solutions Limited	Ordinary shares	100%	Dormant
Ability Matters (NI) Limited	Ordinary shares	100%	Dormant
Ability Matters Limited	Ordinary shares	100%	Dormant
Ortho Europe BV	Ordinary shares	100%	Trading

12 Stocks

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
Raw materials	396	631	-	-
Work in progress	1,024	918	56	-
Finished goods	1,165	984	304	-
	<u>2,585</u>	<u>2,533</u>	<u>360</u>	<u>-</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

13 Debtors

	Group		Company	
	2013	2012	2013	2012
	£ 000	£ 000	£ 000	£ 000
Trade debtors	2,167	2,384	336	-
Amounts owed by group undertakings	-	-	1,095	1,360
Amounts owed by related undertakings	1,106	1,408	642	847
Other debtors	69	154	1	2
Prepayments and accrued income	482	424	207	162
Corporation tax	-	44	1	-
	<u>3,824</u>	<u>4,414</u>	<u>2,282</u>	<u>2,371</u>

14 Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£ 000	£ 000	£ 000	£ 000
Trade creditors	2,708	2,648	362	119
Bank loans and overdrafts	-	457	-	-
Obligations under finance lease agreements	62	138	-	-
Amounts owed to group undertakings	-	-	1,593	1,655
Amounts owed to related undertakings	123	286	-	-
Corporation tax	142	-	-	37
Other taxes and social security	617	624	43	1
Other creditors	170	239	-	-
Loan from director	385	516	385	516
Accruals and deferred income	550	655	217	84
	<u>4,757</u>	<u>5,563</u>	<u>2,600</u>	<u>2,412</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

15 Creditors: Amounts falling after more than one year

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
Obligations under finance lease agreements	-	62	-	-

Obligations under finance lease and HP contracts

Amounts repayable:

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
In one year or less on demand	62	138	-	-
Between one and two years	-	62	-	-
	<u>62</u>	<u>200</u>	<u>-</u>	<u>-</u>

16 Provisions

Group	Deferred Tax £ 000	Total £ 000
At November 2012	164	164
Charged to the profit and loss account	1	1
At 31 October 2013	<u>165</u>	<u>165</u>
Company	Deferred Tax £ 000	Total £ 000
At November 2012	10	10
Transferred from subsidiaries on transfer of trade	22	22
Charged to the profit and loss account	(3)	(3)
At 31 October 2013	<u>29</u>	<u>29</u>

17 Share capital

	No	2013 £	No	2012 £
Allotted, called up and fully shares				
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 2013 (Continued)

18 Reserves

	Group		Company	
	Profit and loss account £ 000	Total £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2012	3,621	3,621	117	117
Profit for the year	1,133	1,133	289	289
Foreign currency translation gains	(27)	(27)	-	-
At 31 October 2013	<u>4,727</u>	<u>4,727</u>	<u>406</u>	<u>406</u>

19 Reconciliation of movement in shareholders' funds

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
Profit attributable to the members of the company	1,133	297	289	103
Other gains and losses relating to the year	(27)	25	-	-
Net addition to shareholders' funds	<u>1,106</u>	<u>322</u>	<u>289</u>	<u>103</u>
Shareholders' funds at 1 November	3,621	3,299	117	14
Shareholders' funds at 31 October	<u>4,727</u>	<u>3,621</u>	<u>406</u>	<u>117</u>

20 Reconciliation of operating profit to net cash flow from operating activities

	2013 £ 000	2012 £ 000
Operating profit	1,325	397
Depreciation, amortisation and impairment charges	537	424
Profit on disposal of fixed assets	(3)	(4)
(Increase)/decrease in stocks	(52)	40
Decrease/(increase) in debtors	546	(1,093)
(Decrease)/Increase in creditors	(265)	195
Net cash inflow/(outflow) from operating activities	<u>2,088</u>	<u>(41)</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (*Continued*)

21 Reconciliation of net cash flow to movement in net debt

	2013 £ 000	2012 £ 000
Increase/(decrease) in cash	1,054	(1,001)
Cash outflow from repayment of loans and borrowings	201	255
Cash outflow from repayment of capital element of finance leases	138	123
Change in net debt resulting from cash flows	<u>1,393</u>	<u>(623)</u>
Exchange translation	(27)	38
Movement in net debt	<u>1,366</u>	<u>(585)</u>
Net debt at 1 November 2012	(978)	(393)
Net debt at 31 October 2013	<u><u>388</u></u>	<u><u>(978)</u></u>

22 Analysis of changes in net funds

	2012 £ 000	Cash flow £ 000	Other changes £ 000	Acquisition (excl cash & overdrafts) £ 000	2013 £ 000
Cash at bank and in hand	195	640	-	-	835
Overdraft	(387)	387	-	-	-
	<u>(192)</u>	<u>1,027</u>	<u>-</u>	<u>-</u>	<u>835</u>
Debt due within one year	(724)	339	(62)	-	(447)
Debt due after one year	(62)	-	62	-	-
Total	<u><u>(978)</u></u>	<u><u>1,366</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>388</u></u>

23 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 £245,000 for the year (2012: £164,000). The amount of unpaid contributions at the year end and included within creditors due in less than one year is £29,000 (2012: £20,000).

The value of defined benefit scheme is not material. The contributions have been charged to the profit and loss account as incurred and totalled £48,000 (2012: £10,000). The amount unpaid at the year end and included within creditors due in less than one year is £5,000 (2012: £2,000).

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (Continued)

24 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 (2012: £80,000).

25 Commitments under operating leases

As at 31 October 2013 the company had annual commitments under non-cancellable operating leases which expire as follows:

	2013 £ 000	2012 £ 000
Land and buildings		
Within one year	58	43
Within two and five years	336	344
	<u>394</u>	<u>387</u>
Other		
Within one year	43	16
Within two and five years	44	59
	<u>87</u>	<u>75</u>

26 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 generated revenue through sales to these related companies of £1,811,000 (2012: £2,100,000). The group purchased services from related companies of £24,000 (2012: £362,000). At 31 October 2013 the group owed related companies £122,000 (2012: £102,000) in connection with trading; and the related companies owed the group £1,002,000 (2012: £1,148,000) in connection with trading. In addition, the group was owed £104,000 in respect of loans made to Gomina Establishment Limited for the purchase of Ortho Europe SARL (2012: £109,000).

In March 2011, the director, 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 £385,000 (2012: £516,000) and during the year £12,000 (2012: £22,000) 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 the group and each company is included in the consolidated financial statements.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2013 (*Continued*)

27 Post Balance Sheet Events

On 1 November 2013, the company increased its authorised share capital to £150,000, divided into 15,000,000 ordinary shares of £0.01 each, split equally between the A, B and C share classes. Subsequently, the company made a bonus issue of 101 A ordinary shares and 101 B ordinary shares, through the capitalisation of £202 of distributable profits.

On 1 November 2013, the group acquired a European based group of companies for £700,000 in exchange for the issue of 3,321 ordinary C shares in the company.

The group purchased long leasehold premises on 21 January 2014 at a cost of £1.4 million. The purchase has been in part funded by a fixed term bank loan £860,000.