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Registered number: 03134383

LANNER GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013


Clement Keys LLP
CHARTERED ACCOUNTANTS

WEDNESDAY



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COMPANIES HOUSE

LANNER GROUP LIMITED



Andrew Aitken

Chief Operating
Officer

David Jones

Chief Executive
Officer

Chris Barnes

Chief Finance
Officer

LANNER GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

A R Aitken
J C Barnes
K C Briddon
D E Jones
J V Arrowsmith

COMPANY SECRETARY

J C Barnes

REGISTERED NUMBER

03134383

REGISTERED OFFICE

Forward House
17 High Steet
Henley-in-Arden
Warwickshire
B95 5AA

INDEPENDENT AUDITORS

Clement Keys LLP
Chartered Accountants & Statutory Auditors
No.8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

LANNER GROUP LIMITED

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LANNER GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

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

PRINCIPAL ACTIVITIES

Lanner is a market-leading provider of enterprise predictive simulation software and services with headquarters in the UK, subsidiaries in the USA and France and worldwide distribution coverage.

Lanner's predictive simulation capability has delivered excellent value to some of the world's largest and most successful manufacturing, service and government organisations for many years. Our range of products and services give operational decision-makers the ability to make better-informed business decisions through each stage of the business life cycle from pre-investment, day to day operations through to future-state "what-if?" scenarios.

We enable large multi-national organisations such as Rolls-Royce and BAE Systems to improve understanding of their operations, to better manage and predict their resource requirements and to refine assessment of their operational and business risks. This process allows them to make data informed decisions to optimise efficiency which in turn creates a higher and more certain return on investment.

Leading ISV's such as IBM and Software AG have embedded our component technologies in their solutions to deliver these capabilities to their customers.

Further information about Lanner can be found at <http://www.lanner.com>.

BUSINESS REVIEW

"2013 was another year of profitable progress with record cash recorded."

Lanner delivered revenue of £3.8m and an operating profit of £501k in 2013 which was another good performance, albeit a small reduction from the record 2012 results. New business revenues in 2013 matched last year following another excellent performance in the UK and the US, although, for the second year running, custom built applications revenue for one major client declined. Overall another year of positive development and investment.

In the market place, predictive simulation is rapidly becoming a key component of Business Process Management (BPM) as it evolves into "Intelligent Business Operations" through the integration of Business Intelligence (BI) and real time analytics. The key drivers for the increased adoption of predictive simulation are that:

- Predictive Analytics uses predictive simulation as a key enabler. Predictive Analytics is driving the next big phase in Business Intelligence by extending the value of Business Intelligence to convert the insight gained from business data into operational and strategic value;
- Cloud computing is now widely adopted by business. This is highly favourable for predictive simulation as it provides the additional processing power and elasticity that certain complex simulations require, thereby making simulation easier and more effective;
- BPM industry standards now mean that simulation is more accessible to BPM users.

Our investment in WITNESS® continues to provide value to our long standing customers and this is reflected in the solid recurring revenue base from new business sales, related services, annual support fees and training. L-SIM® continues to generate an encouraging high margin revenue stream with good potential for future growth.

LANNER GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

The profitable 2013 trading performance has resulted in total assets less current liabilities growing from £548k to £706k, with cash balances also growing from £456k to £559k. Following the investment made by our major shareholder NVM Private Equity Limited (NVM) in March 2010, the balance sheet is robust and does not include any bank borrowings.

Lanner continues to make significant progress in transforming the business with our technology strategy, to enable wider usage and easier adoption, being the driver for future growth. "Speed to answers" is driving the roadmap for all our product lines of business and service delivery, to enable our customers and partners to increase their take-up of this "must have" capability. This take-up is developing not only at the strategic level for business and process change but more actively into full scale operations planning solutions and real time decision support.

The continued good level of operating profitability reflects much hard work from the Lanner team in continuing to build the fundamentals for future growth. We have invested further in our technology by partnering with Virtualis, a leading 3D supplier, for our WITNESS 14 release. We have also designed and developed new prototypes with our partners, to demonstrate how the benefit of simulation can be extended to new markets using LCloud, a new Lanner service built on Microsoft's Windows Azure platform. These new solutions are being market tested for potential exploitation starting in 2014.

We have further invested in our approach and methodology with key customers and partners, to build new ways of adopting the value of simulation through configurable sector solutions. This is evidenced in the Oil and Gas sector where Lanner is engaged with leading players with good market reach to take joint propositions to market. This approach is extendable across other sectors where Lanner has significant experience of applying its improvement methodology and approach.

NVM is one of the UK's leading independent private equity businesses. Amounts owed to NVM consist of a £2.4m loan repayable in 2015 and 2016 and £0.8m of non-equity shares and accumulated interest with no fixed repayment date. We thank NVM for their continued support to enable us to exploit future growth in our predictive analytics/simulation markets and technologies.

DIRECTORS

The directors who served during the year were:

A R Aitken
J C Barnes
K C Briddon
D E Jones
J V Arrowsmith

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the group 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

LANNER GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has insurance provisions in place to provide indemnity cover for directors and officers of the company.

GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors consider appropriate. More details are given on the basis of preparation within note 1.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

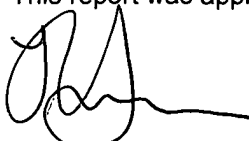
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

The auditors, Clement Keys LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 2 May 2014 and signed on its behalf.



J C Barnes
Director

LANNER GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANNER GROUP LIMITED

We have audited the financial statements of Lanner Group Limited for the year ended 31 December 2013, set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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 AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 group's and the 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 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the group uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.
- In common with many other businesses of this size and nature, the group uses our firm to provide tax advice and to represent it, as necessary, at tax tribunals.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

LANNER GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANNER GROUP LIMITED

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

Clement Keys LLP

Joseph Bates FCA (Senior statutory auditor)
for and on behalf of

Clement Keys LLP
Chartered Accountants
Statutory Auditors
No.8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

2 May 2014

LANNER GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	3,780	3,916
Cost of sales		(2,831)	(2,851)
GROSS PROFIT		949	1,065
Administrative expenses		(448)	(465)
Operating profit before exceptional expenses		501	600
Exceptional expenses	4	(90)	-
Total administrative expenses		(538)	(465)
OPERATING PROFIT	3	411	600
Interest payable and similar charges	8	(290)	(286)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		121	314
Tax on profit on ordinary activities	9	(10)	(17)
PROFIT FOR THE FINANCIAL YEAR		111	297

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 20 form part of these financial statements.

LANNER GROUP LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
PROFIT FOR THE FINANCIAL YEAR		111	297
Other movements in profit and loss reserve	16	<u>(11)</u>	<u>(14)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>100</u>	<u>283</u>

The notes on pages 10 to 20 form part of these financial statements.

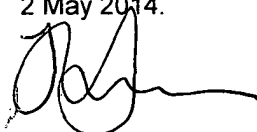
LANNER GROUP LIMITED
REGISTERED NUMBER: 03134383

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	10		31		37
CURRENT ASSETS					
Debtors	12	951		1,067	
Cash at bank and in hand		559		456	
		<u>1,510</u>		<u>1,523</u>	
CREDITORS: amounts falling due within one year	13	<u>(835)</u>		<u>(1,012)</u>	
NET CURRENT ASSETS			<u>675</u>		<u>511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>706</u>		<u>548</u>
CREDITORS: amounts falling due after more than one year	14		3,274		3,216
CAPITAL AND RESERVES					
Called up share capital	15	50		50	
Profit and loss account	16	<u>(2,618)</u>		<u>(2,718)</u>	
			<u>(2,568)</u>		<u>(2,668)</u>
			<u>706</u>		<u>548</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 May 2014.



J C Barnes
Director

The notes on pages 10 to 20 form part of these financial statements.

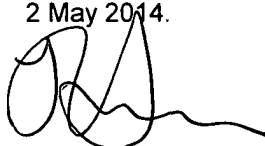
LANNER GROUP LIMITED
REGISTERED NUMBER: 03134383

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	10		28		33
Investments	11		493		493
			<u>521</u>		<u>526</u>
CURRENT ASSETS					
Debtors	12	722		710	
Cash at bank and in hand		547		370	
		<u>1,269</u>		<u>1,080</u>	
CREDITORS: amounts falling due within one year	13	(911)		(741)	
NET CURRENT ASSETS			<u>358</u>		<u>339</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>879</u>		<u>865</u>
CREDITORS: amounts falling due after more than one year					
	14		3,365		3,365
CAPITAL AND RESERVES					
Called up share capital	15	50		50	
Profit and loss account	16	(2,536)		(2,550)	
			<u>(2,486)</u>		<u>(2,500)</u>
			<u>879</u>		<u>865</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 May 2014.



J C Barnes
Director

The notes on pages 10 to 20 form part of these financial statements.

LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate on the basis of support from their institutional investors.

1.3 Cash flow

The financial statements do not include a consolidated cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.4 Basis of consolidation

The financial statements consolidate the accounts of Lanner Group Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

1.5 Turnover

Turnover represents the amounts (excluding sales tax and value added taxes) derived from the provision of goods and services to customers. Annual support fees invoiced in advance for fixed periods is taken to income in equal monthly instalments over the period of the service contract.

1.6 Goodwill

In accordance with Financial Reporting Standard No 10, goodwill, representing the excess of the fair value of consideration over the fair value of net assets acquired which has previously been written off to reserves will remain eliminated. On a subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill not written off through the profit and loss account, including any previously taken direct to reserves.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	over a 6 to 10 year period
Computer equipment	-	over a 3 year period

LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Operating leases

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

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains or losses arising on these translations are included in the profit and loss account.

1.12 Development expenditure

Research and development expenditure is written off in the year in which it is incurred.

1.13 Government grants

Government grants are credited to the profit and loss account as the related expenditure is incurred.

LANNER GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

The Group contributes to individual personal pension schemes on behalf of the employees. Contributions made to the schemes are charged to the profit and loss account in the year to which they relate.

1.15 Investments held in own shares held by employee trusts

As required by UITF 38 "Accounting for ESOP Trusts" the group's accounting policy in respect of investments in own shares held by employee benefit trusts are reported as a deduction from shareholders' funds.

1.16 Share capital

In accordance with FRS25 preference and ordinary share capital are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Cumulative dividends on such share capital are classified as liabilities and are recognised in the income statement as an interest expense. Where insufficient retained reserves exist the relevant dividends are included within non-equity interests.

2. TURNOVER

52.6% of the company's turnover (2012 - 55.2%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2013	2012
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the group	19	18
- held under finance leases	-	-
Development expenditure	380	416
Auditors' remuneration	9	8
Auditors' remuneration - other services	2	2
Rentals under operating leases:		
Land and buildings	159	144

4. EXCEPTIONAL COSTS

	2013	2012
	£000	£000
Strategic business review costs	90	-

LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013 £000	2012 £000
Group:		
Wages and salaries	1,816	1,935
Social security costs	290	254
Other pension costs	424	319
	<u>2,530</u>	<u>2,508</u>

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

	2013	2012
Sales and customer service	23	23
Directors and administration	8	8
Research and development	7	7
	<u>38</u>	<u>38</u>

6. DIRECTORS' REMUNERATION

	2013 £000	2012 £000
Directors emoluments:		
Salaries and fees	291	342
Pension contributions	126	108
	<u>417</u>	<u>450</u>

Retirement benefits are accruing under pension schemes in respect of 3 (2012: 3) directors.

LANNER GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

7. SHARE BASED INCENTIVES

On 14 March 1997, the Company and the trustee established the Lanner Group Employees' Share Participation Plan and The Lanner Group 1997 United States Share Option Plan ("the Share Option Plans"). There are no options in existence as at the balance sheet date. In accordance with rule 8.1 of the Lanner Group Employees' Share Participation Plan an alteration was made on 17 October 2002 so as to permit the grant of options in the form of Enterprise Management Incentive ("EMI") options. Under the FRSSE the group is exempt from applying the full requirements of FRS 20 - Share-based Payments. The following EMI options have been granted.

	At 1 January 2013	Granted	Cancelled	At 31 December 2013	<i>Exercise price</i>
Date of grant:					
1p 'G' ordinary shares					
27 July 2010	165,000	-	-	165,000	1p
16 May 2011	40,000	-	-	40,000	1p
4 May 2012	182,500	-	-	182,500	1p
18 June 2013	-	62,500	-	62,500	1p
Total	387,500	62,500	-	450,000	

8. INTEREST PAYABLE

	2013 £000	2012 £000
On bank loans and overdrafts	233	231
Dividends on shares classed as debt	57	55
	<u>290</u>	<u>286</u>

9. TAXATION

	2013 £000	2012 £000
Foreign tax (credit)/charge for the year	10	17
Tax on profit on ordinary activities	<u>10</u>	<u>17</u>

Factors affecting tax charge for the year and future tax charges

The tax charge relates to Lanner Group Limited £2,000 (2012: £nil) irrecoverable overseas withholding tax; Lanner Group SARL £nil (2012: £10,000) corporate tax; and Lanner Inc £8,000 (2012: £7,000) irrecoverable withholding tax.

Tax losses of circa £4.2 million (2012: £4.4 million) are available to offset certain future group profits.

LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

10. TANGIBLE FIXED ASSETS

Group	Expenditure on leasehold property £000	Office and computer equipment £000	Total £000
Cost			
At 1 January 2013	16	53	69
Additions	-	13	13
At 31 December 2013	16	66	82
Depreciation			
At 1 January 2013	5	27	32
Charge for the year	5	14	19
At 31 December 2013	10	41	51
Net book value			
At 31 December 2013	6	25	31
At 31 December 2012	11	26	37
Company			
Cost			
At 1 January 2013	16	47	63
Additions	-	12	12
At 31 December 2013	16	59	75
Depreciation			
At 1 January 2013	5	25	30
Charge for the year	5	12	17
At 31 December 2013	10	37	47
Net book value			
At 31 December 2013	6	22	28
At 31 December 2012	11	22	33

LANNER GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

11. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2013 and 31 December 2013	<u>1,861</u>
Impairment	
At 1 January 2013 and 31 December 2013	<u>1,368</u>
Net book value	
At 31 December 2013	<u><u>493</u></u>
At 31 December 2012	<u><u>493</u></u>

12. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	818	956	594	620
Foreign tax recoverable	-	21	-	15
Other debtors and prepayments	133	90	128	75
	<u>951</u>	<u>1,067</u>	<u>722</u>	<u>710</u>

13. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade creditors	59	95	49	86
Amounts owed to group undertakings	-	-	324	-
Other taxation and social security	139	150	111	113
Deferred income	447	435	242	237
Other creditors	190	332	185	305
	<u>835</u>	<u>1,012</u>	<u>911</u>	<u>741</u>

LANNER GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

14. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Loan stock	2,400	2,400	2,400	2,400
Amounts owed to group undertakings	-	-	91	149
Share capital treated as debt (Note 15)	107	107	107	107
Other non-equity interests	767	709	767	709
	3,274	3,216	3,365	3,365

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Loan stock	2,400	2,400	2,400	2,400

Loans from the investment group headed by NVM Private Equity Limited amount to £2,400,000. The loan is secured by a fixed and floating debenture over all the assets of the company.

The repayment term in respect of the loan stock is as follows:

- 12 March 2015 £600,000
- 9 September 2015 £600,000
- 9 March 2016 £600,000
- 9 September 2016 £600,000

Interest at a rate of 8% per annum accrues on the loan stock.

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15. SHARE CAPITAL

	2013 £	2012 £
Shares classified as capital		
Allotted, called up and fully paid		
2,400,000 'D' ordinary shares of £0.01 each	24,000	24,000
2,100,000 'F' ordinary shares of £0.01 each	21,000	21,000
500,000 'G' ordinary shares of £0.01 each	5,000	5,000
	<u>50,000</u>	<u>50,000</u>
Shares classified as debt		
Allotted, called up and fully paid		
10,168,458 Deferred shares of £0.01 each	101,685	101,685
57,600,000 'E' ordinary shares of £0.0001 each	5,760	5,760
	<u>107,445</u>	<u>107,445</u>

The 'E' shares bear interest at a rate of 8% per annum based upon the issue price and accruing from the 11 March 2010 on a daily basis and compounding on each anniversary. There is no fixed date for redemption of the 'E' shares.

The deferred shares and 'E' ordinary shares have no voting rights.

16. RESERVES

Group	Profit and loss account £000
At 1 January 2013	(2,718)
Profit for the financial year	111
Other movements	(11)
	<u>(2,618)</u>
At 31 December 2013	<u>(2,618)</u>

Other movements relate to exchange losses arising on consolidation amounting to £11,000 (2012: £14,000).

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16. RESERVES (continued)

	Profit and loss account £000
Company	
At 1 January 2013	(2,550)
Profit for the financial year	14
	<u> </u>
At 31 December 2013	<u><u>(2,536)</u></u>

The Group's profit for the financial year amounted to £100,000 (2012: £283,000).
The Company's profit for the financial year amounted to £14,000 (2012: £58,000).

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	Equity £000	Non-equity £000	Equity £000	Non-equity £000
Equity interests	(2,668)	-	(2,500)	-
Non-equity preference shares	-	107	-	107
Share premium account	-	570	-	570
Other non equity interests	-	139	-	139
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At beginning of period	(2,668)	816	(2,500)	816
Total recognised gains and losses for the financial year	100	-	14	-
Increase in 'E' ordinary share value	-	57	-	57
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u><u>(2,568)</u></u>	<u><u>873</u></u>	<u><u>(2,486)</u></u>	<u><u>873</u></u>

In accordance with FRS25 non-equity interests are disclosed within non-current liabilities.

LANNER GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. PENSION COMMITMENTS

Contributions totalling £28,000 (2012: £23,000) were payable at the balance sheet date and are included within creditors.

19. OPERATING LEASE COMMITMENTS

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013	Other
	2013	2012		
Group	£000	£000	£000	£000
Expiry date:				
Within 1 year	123	6	-	-
Between 2 and 5 years	35	135	-	-

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013	Other
	2013	2012		
Company	£000	£000	£000	£000
Expiry date:				
Within 1 year	110	-	-	-
Between 2 and 5 years	-	110	-	-

20. SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Lanner Inc	USA	100	Sale of Lanner software and associated professional services
Lanner Group SARL	France	100	Sale of Lanner software and associated professional services
Lanner Employees Trustees Ltd England		100	Trustee to Lanner ESOP Trust

All shareholdings are of ordinary shares.