

DAMOVO CORPORATE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 January 2014

Registered Number: 4134744



DAMOVO CORPORATE SERVICES LIMITED

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DAMOVO CORPORATE SERVICES LIMITED

STATUTORY INFORMATION

Directors

Salim Alam – resigned 8 April 2014
Helen McCusker

Secretary

Robert G. Hynd

Registered Office

Leroy House
436 Essex Road
London
N1 3QP

Independent auditor

Deloitte LLP

Bankers

Royal Bank of Scotland plc

DAMOVO CORPORATE SERVICES LIMITED

DIRECTOR'S REPORT

The director presents her report and the audited financial statements of the Company for the year ended 31 January 2014. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The director is exempt from preparing a separate strategic report.

Business review and principal activities

The Company provides central support functions to the Damovo Group and generates turnover by charging other group companies for the provision of these services. An element of expenses are not recharged hence a pre-exceptionals operating loss is incurred. The Company will continue to provide these services in the coming year.

Results and dividend

The Company's loss for the year is £1,040,000 (2013: £6,009,000). The director does not recommend payment of a dividend (2013: £Nil).

Review of business and future developments

The Company has established in prior years a number of inter-company loans resulting in it being in a net payables position to other group companies at the year end. It is not anticipated that this position will change in the foreseeable future.

At 31 January 2014, the Company had current assets of £3,358,000 (2013: £4,778,000) and current liabilities of £40,815,000 (2013: £60,504,000). At the same date, the Company had amounts owing to other Damovo group companies of £61,162,000 (2013: £60,218,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £2,360,000 (2013: £3,336,000).

Going Concern

In forming her conclusion on going concern the director has placed reliance on a letter of support provided by Damovo Group Holdings Limited ("the Group"). Damovo Group Holdings Limited, the ultimate parent company of Damovo Corporate Services Limited, has confirmed in writing to the director of the Company that it will seek to procure that its subsidiaries do not seek repayment of inter-company amounts owing by the Company such that the Company would be unable to meet its obligations to inter-company and external suppliers.

Although the director is confident that the Group will be able to provide the necessary support, in the event that this is not forthcoming, then a number of options exist to the director, such as negotiations with external suppliers, renegotiations with inter-company counter parties or the raising of additional finance.

On this basis the director has concluded that the adoption of the going concern basis remains appropriate.

Key performance indicators ("KPIs")

Given the straightforward nature of the Company's business, the Company director is of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company's business.

Post Balance Sheet Events

During April 2014, Administrators of the holding companies of the former Damovo Group ("Old Damovo") agreed to settle their Litigation relating to matters connected with Old Damovo for an amount of EUR 7.0 million. This represents a contingent asset to the Company and is not recognised in the Balance Sheet as at 31 January 2014 since it was not known at the Balance Sheet date that agreement would be reached on a settlement amount.

During October 2014, Investors of the Damovo Group formally agreed a 12 month extension to the repayment date of the Senior Loan Notes, for which the Company is a Guarantor, to 31 December 2015. Furthermore, Investors agreed to a revised 'Available Cash' quarterly covenant of EUR 2.5 million, which was previously EUR 6.5 million.

Directors

The directors who held office during the year and the director in place at the date of this report are set out on page 3.

DAMOVO CORPORATE SERVICES LIMITED

DIRECTOR'S REPORT (continued)

Auditor and disclosure of information to auditor

The director at the date of approval of this annual report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that she ought to have taken as a director in order to be made aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



Helen McCusker
Director
30 October 2014

DAMOVO CORPORATE SERVICES LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless she is 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- make an assessment of the Company's ability to continue as a going concern.

The director is 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. She is 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.

By order of the board



Helen McCusker
Director
30 October 2014

DAMOVO CORPORATE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMOVO CORPORATE SERVICES LIMITED

We have audited the financial statements of Damovo Corporate Services Limited for the year ended 31 January 2014 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

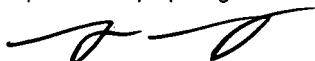
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the director was not entitled to take advantage of the small companies exemption from preparing a strategic report and in preparing the director's report.



James Boyle CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
31 October 2014

DAMOVO CORPORATE SERVICES LIMITED

INCOME STATEMENT

		Year ended 31 January 2014 £'000	Year ended 31 January 2013 £'000
	Notes		
Continuing operations			
Revenue	2	2,170	2,433
Administrative expenses		(2,821)	(3,257)
Non-recurring administrative expenses	3	(90)	(1,367)
Total administrative expenses		(2,911)	(4,624)
Operating loss	4	(741)	(2,191)
Finance costs	6	(375)	(3,941)
Finance income	6	76	123
Net finance costs		(299)	(3,818)
Loss before taxation		(1,040)	(6,009)
Taxation	9	-	-
Loss for the year	18	(1,040)	(6,009)

All the activities of the Company are classed as continuing.

The accompanying notes on pages 12 to 28 form part of these financial statements.

DAMOVO CORPORATE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 January 2014 £'000	Year ended 31 January 2013 £'000
Loss for the year and total comprehensive loss	(1,040)	(6,009)

STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital £'000	Retained loss £'000	Total equity £'000
At 31 January 2012		687	(53,864)	(53,177)
Loss recognised in the income statement	18	-	(6,009)	(6,009)
Total comprehensive loss for the year		-	(6,009)	(6,009)
At 31 January 2013		687	(59,873)	(59,186)
Loss recognised in the income statement	18	-	(1,040)	(1,040)
Total comprehensive loss for the year		-	(1,040)	(1,040)
At 31 January 2014		687	(60,913)	(60,226)

The accompanying notes on pages 12 to 28 form part of these financial statements.

DAMOVO CORPORATE SERVICES LIMITED

BALANCE SHEET

		As at 31 January 2014 £'000	As at 31 January 2013 £'000
	Notes		
Assets			
Non-current assets			
Intangible assets	11	63	75
Property, plant and equipment	10	36	63
Investments in subsidiary undertakings	22	5	5
Trade receivables and other debtors	13	468	-
		572	143
Current assets			
Trade receivables and other debtors	13	2,879	4,264
Cash and cash equivalents		479	514
		3,358	4,778
Total assets		3,930	4,921
Equity			
Share capital	17	687	687
Retained earnings	18	(60,913)	(59,873)
		(60,226)	(59,186)
Current liabilities			
Trade payables and other creditors	14	40,510	59,582
Provisions	16	305	922
		40,815	60,504
Non-current liabilities			
Trade payables and other creditors	14	23,341	3,603
		23,341	3,603
Total liabilities		64,156	64,107
Total equity and liabilities		3,930	4,921

The financial statements of Damovo Corporate Services Ltd., registered number 4134744, were approved by the Board of Directors on 30 October 2014 and were signed on its behalf by:



Helen McCusker

Director

The accompanying notes on pages 12 to 28 form part of these financial statements.

DAMOVO CORPORATE SERVICES LIMITED

CASH FLOW STATEMENT

		Year ended 31 January 2014 £'000	Year ended 31 January 2013 £'000
	Notes		
Cash flows from operating activities			
Cash (used in) / generated from operations	20	(35)	97
Interest paid		-	(4)
Interest received		-	-
Net cash (used in) / generated from operating activities		(35)	93
Cash flows from investing activities			
Purchase of property, plant and equipment and Intangible assets	10, 11	-	(5)
Net cash used in investing activities		-	(5)
Cash flows from financing activities			
Net cash generated from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(35)	88
Movement in cash and cash equivalents			
Opening cash and cash equivalents		514	426
Net (decrease) / increase in cash and cash equivalents		(35)	88
Cash and cash equivalents at end of year		479	514

The accompanying notes on pages 12 to 28 form part of these financial statements.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are applied consistently and are set out below.

Basis of accounting

The financial statements of Damovo Corporate Services Limited, a limited liability company domiciled in the United Kingdom, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with IAS 39 (Financial Instruments Recognition and Measurement) as explained below.

In forming her conclusion on going concern the director has placed reliance on a letter of support provided by Damovo Group Holdings Limited ("the Group"). Damovo Group Holdings Limited, the ultimate parent company of Damovo Corporate Services Limited, has confirmed in writing to the director of the Company that it will seek to procure that its subsidiaries do not seek repayment of inter-company amounts owing by the Company such that the Company would be unable to meet its obligations to inter-company and external suppliers.

The Company is not required to prepare consolidated financial statements by virtue of the small sized group exemption under section 398 of the Companies Act 2006. The results of the Company are also included within the financial statements of the Company's ultimate parent undertaking Damovo Group Holdings Limited, a company incorporated in the Cayman Islands, which has prepared consolidated financial statements for the year to 31 January 2014. The financial statements therefore present information about the Company as an individual entity and not about its group.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern and financing arrangements

At 31 January 2014, the Company had current assets of £3,358,000 (2013: £4,778,000) and current liabilities of £40,815,000 (2013: £60,504,000). At the same date, the Company had amounts owing to other Damovo group companies of £61,162,000 (2013: £60,218,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £2,360,000 (2013: £3,336,000).

In forming her conclusion on going concern the director has placed reliance on a letter of support provided by Damovo Group Holdings Limited ("the Group"). Damovo Group Holdings Limited, the ultimate parent company of Damovo Corporate Services Limited, has confirmed in writing to the director of the Company that it will seek to procure that its subsidiaries do not seek repayment of inter-company amounts owing by the Company such that the Company would be unable to meet its obligations to inter-company and external suppliers.

Although the director is confident that Damovo Group Holdings Limited will be able to provide the necessary support, in the event that this is not forthcoming, then a number of options exist to the director, such as negotiations with external suppliers and renegotiations with inter-company counter parties.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but, with the exception of the amendment to IFRS 1, may impact the accounting for future transactions and arrangements.

Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters. The amendment provides a limited exemption for first-time adopters from providing comparative fair-value hierarchy disclosures under IFRS 7.

IAS 24 (2009) Related Party Disclosures. The revised Standard has a new, clearer definition of a related party, with inconsistencies under the previous definition having been removed.

Amendment to IAS 32 Classification of Rights Issues. Under the amendment, rights issues, options or warrants to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency and which otherwise meet the definition of equity are classified as equity.

Improvements to IFRSs 2010. Aside from the IFRS 7 amendment already identified above, the amendments made to standards under the 2010 improvements to IFRSs have had no impact on the company.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (amended) Disclosures – Transfers of Financial Assets
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 1 (amended) Presentation of Items of Other Comprehensive Income
IAS 12 (amended) Deferred Tax: Recovery of Underlying Assets
IAS 19 (revised) Employee Benefits
IAS 27 (revised) Separate Financial Statements
IAS 28 (revised) Investments in Associates and Joint Ventures

The director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows:

IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
IFRS 12 will impact the disclosure of interests the Company has in other entities; and
IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

Foreign currency translation

British Pounds Sterling (GBP) is the presentation currency of the Company's financial statements. GBP is used by the Company for conducting the majority of its business, and also for reporting its results. Where the Company carries out transactions in a different currency to its local one, the foreign currency amounts are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, such as trade receivables, trade payables and foreign currency bank accounts, are retranslated at the rate of exchange ruling at the end of the reporting period. All differences arising on translating these amounts are taken to the statement of comprehensive income in the period in which they occur.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on a straight-line basis over the estimated useful life of the assets based on the following rates:

IT infrastructure and equipment	20%
Fixtures and fittings	20%

The book values of these assets are reviewed for impairment whenever changes in circumstances indicate those values may not be recoverable. If the book values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount is the greater of the estimated net sales price and the value in use. Value in use is calculated by discounting the estimated future cash flows arising from the asset's use to their present value.

Intangible assets

Intangible assets comprise software licences and trademarks and are stated at cost less amortisation. Amortisation is calculated on a straight-line basis over the shorter of the estimated useful life of the assets, or the length of the licences based on the following rates:

Software licences	20 - 33%
Trademarks	5%

The book values of these assets are reviewed for impairment whenever changes in circumstances indicate those values may not be recoverable.

Revenue recognition

Revenue is the recharging of central support function costs to Damovo Group companies. These recharges include a profit element and depending upon the nature of the recharge, revenue is taken to the income statement when the service is provided or in equal monthly instalments over the period for which the recharge relates.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less.

Investments

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

Employee benefits

Pensions and other post-employment benefits

The Company operates a defined contribution pension scheme for the benefit of all employees. The costs relating to this scheme are charged to the Income Statement as they fall due. The Company provides no other post-retirement benefits to its employees.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Non-recurring items

Items are classified as non-recurring income or expenses where they are considered by the Company to be material and are different from events or transactions which fall within the ordinary activities of the Company and which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Details of the non-recurring items are provided in note 3.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight line basis over the term of the relevant lease.

Financial risk management

A discussion of the Company's financial risk management objectives and policies and the exposure of the Company to liquidity, market and credit risk is included within note 12 to the financial statements.

Critical Accounting Judgements

In the application of the Company's accounting policies, which are described in this note, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Group Undertakings

The Company has fully provided for inter-company amounts receivable from Damovo Czech in the year to 31 January 2014 and in the year to 31 January 2013. It is assumed that all other amounts owed by and to group undertakings will be received and paid and therefore no provision has been made for these other amounts.

Provisions

A provision has been recognised in relation to future legal costs associated with the 2007 restructuring of the Group, under IAS 37 on the basis that the quantum of the spend to date, the state of the parties and the precedent of past practice have together created a constructive obligation under which the Company has no realistic alternative to incurring these costs.

2. Revenue

The Company's revenue and operating loss relate entirely to its principal activities in the United Kingdom.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Non-recurring administrative expenses

Items are classified as non-recurring when they are considered by the Company to be material and are different from events or transactions which fall within ordinary activities of the Company and which individually, or if of similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.

Non-recurring items are made up of and have been charged / (credited) to the Income Statement as follows:

	2014	2013
	£'000	£'000
Professional fees associated with 2007 restructuring of the Group	142	1,044
Refinancing	23	-
Provision against inter-company receivable from Damovo Czech	(75)	314
Professional fees credit relating to Damovo Group S.A.	-	(66)
Amortisation of re-financing expenses	-	15
Write-off of inter-company receivables due from Damovo Holdings Netherlands (now liquidated)	-	60
Non-recurring items included in operating loss	90	1,367

4. Operating loss

Operating loss is stated after the following charges which require to be disclosed:

		2014	2013
	Notes	£'000	£'000
Depreciation on assets			
- owned by the Company	10	27	27
Amortisation of intangible assets	11	12	12
Operating lease rentals payable			
- property		25	25
Currency translation (gains) / losses	6	(171)	2

5. Auditor remuneration

	2014	2013
	£'000	£'000
Fees payable to the company's auditor for the audit of company financial statements	5	5
Fees payable to the company's auditor for other services		
- Non-audit services - taxation compliance services	1	1
- Non-audit services - taxation advisory services	-	-
	6	6

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Finance costs and income

	2014	2013
	£'000	£'000
Bank charges	(23)	(12)
Group undertakings interest	(2,199)	(2,267)
Currency translation gains / (losses)	1,847	(1,662)
Finance costs	(375)	(3,941)
Interest income from other group undertakings	76	123
Finance income	76	123

Currency translation gains / (losses):

	2014	2013
	£'000	£'000
Currency translation gains / (losses) included in:		
- Operating gain / (loss)	171	(2)
- Finance income (costs)	1,847	(1,662)
Total currency translation gains / (losses)	2,018	(1,664)

Currency translation gains and losses relate to the translation of the transactions and balances that are not denominated in the Company's functional currency, the British Pound. The gain of £2,018,000 in the year ended 31 January 2014 (2013: £(1,664,000) loss) is primarily due to the appreciation (2013: depreciation) of the British Pound against the Euro.

7. Staff costs

		2014	2013
	Note	£'000	£'000
Wages and salaries		1,137	1,471
Social security costs		164	182
Pension costs – defined contribution plans	15	27	28
		1,328	1,681

The average number of employees in the year was 10 (2013: 12).

The total remuneration of the key management during the year was £817,000 (2013: £990,000) including contributions to defined contribution pension plans of £6,000 (2013: £6,000). Emoluments received by key management were for services to all group companies. Key management is defined as the Board of Directors who served during the year and Mike Parton (the Chief Executive Officer).

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Directors' remuneration

	2014	2013
	£'000	£'000
Aggregate emoluments		
Aggregate emoluments (including benefits in kind)	322	496
Company pension contributions to money purchase scheme	6	6
	328	502

	2014	2013
	£'000	£'000
Highest paid director		
Aggregate emoluments (including benefits in kind)	241	392
Company pension contributions to money purchase scheme	-	-
	241	392

9. Taxation

	2014	2013
	£'000	£'000
Amount receivable from a group subsidiary in respect of group relief	-	-
Total Tax	-	-

Reconciliation of income taxes

The tax charge on the Company's loss before tax has been based on the average UK tax rate of 23.17% (2013: 24.33%). The rate of corporation tax in the UK reduced to 23% from 24% from 1 April 2013. Further reductions in the current rate of UK corporation tax of 23% have been substantively enacted. The reductions are to 21% from 1 April 2014 and to 20% from 1 April 2015.

A reconciliation of the effective tax rate for the current year tax charge is set out as below.

	2014	2013
	£'000	£'000
Loss before tax	(1,040)	(6,009)
Tax calculated at 23.17% (2013: 24.33%)	241	1,462
Expenses not deductible for tax purposes	(363)	(1,318)
Deferred tax not recognised	122	(144)
Tax credit	-	-

Deferred tax assets

The Company has an unrecognised deferred tax asset as noted below. It is not probable that taxable profits will be generated in the foreseeable future, against which deductible temporary differences and tax losses carried forward can be utilised.

	2014	2013
	£'000	£'000
Depreciation in excess of capital allowances	3,961	4,549
Short term timing differences	164	335
Tax losses carried forward	2,293	2,609
Deferred tax asset not recognised	6,418	7,493

The deferred tax asset of the Company has been calculated at 20% (2012: 23%).

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. Property, plant and equipment

	IT infrastructure & equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost			
As at 31 January 2013	9,415	1	9,416
Disposals	(1)	-	(1)
As at 31 January 2014	9,414	1	9,415
Accumulated depreciation			
As at 31 January 2013	9,352	1	9,353
Depreciation charge for the year	27	-	27
Disposals	(1)	-	(1)
As at 31 January 2014	9,378	1	9,379
Net book value			
As at 31 January 2013	63	-	63
As at 31 January 2014	36	-	36

11. Intangible assets

	Software licences £'000	Other intangibles £'000	Total £'000
Cost			
As at 31 January 2013	24	141	165
As at 31 January 2014	24	141	165
Amortisation			
As at 31 January 2013	11	79	90
Amortisation for the year	5	7	12
As at 31 January 2014	16	86	102
Net book value			
As at 31 January 2013	13	62	75
As at 31 January 2014	8	55	63

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Financial risk management

Financial liabilities

Financial liabilities as defined by International Accounting Standard 39 (IAS 39) comprise trade payables and certain other creditors. The combined carrying value as at 31 January 2014 is £63,804,000 (2013: £63,104,000).

Of these a total of £25,126,000 (2013: £24,419,000) is interest bearing and has an interest rate profile as follows:

	Fixed	Floating	Total
As at 31 January 2014	£'000	£'000	£'000
Intercompany loans	11,087	13,119	24,206
	11,087	13,119	24,206

	Fixed	Floating	Total
As at 31 January 2013	£'000	£'000	£'000
Intercompany loans	10,529	13,890	24,419
	10,529	13,890	24,419

The floating rate liabilities of £328,000 (2013: £343,000) reprice every twelve months, £12,791,000 (2013: £13,350,000) every six months and £Nil (2013: £197,000) every three months.

The carrying amounts of trade payables, accruals and other liabilities, including intercompany loans, are not materially different from their fair value.

Financial assets

Financial assets as defined by IAS 39 comprise cash, trade receivables and certain other debtors. The combined carrying value as at 31 January 2014 is £3,638,000 (2013: £4,600,000). Of this total, cash of £479,000 (2013: £514,000) earns interest at the bank variable rate.

Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk (currency risk, cash flow interest rate risk), credit risk and liquidity risk. The overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not undertake any speculative treasury activities.

Market risk

Foreign exchange management

The Company operates primarily in the UK however there is some foreign exchange risk mainly associated with the Euro as a result of certain inter-company transactions within the Damovo Group being undertaken in the Euro.

The risks arising from operational activities are generally short term in nature, and the Company's policy is to manage this through matching of cash flows in the relevant currencies. Gains and losses on these activities are fully reflected in the Income Statement of the period in which they arise.

Part of the Company's debt is denominated in Euros and the Company is exposed to foreign exchange translation risk on that debt. For every 10 per cent movement in the Euro, there is an approximate movement in equity of £5,336,000 (2013: £5,278,000).

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Financial risk management (continued)

Interest rate management

Interest rate risk management is governed by the interest rate risk on the Company's inter-company loans.

The following Company's inter-company debt facilities carry variable interest terms:

Interest rate	Inter-company balance £ '000
6 mth EURIBOR + 8%	12,791
12 mth EUR LIBOR + 3%	328
	13,119

The interest rate risk is unhedged. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company simulates interest rate movements based on the impact on Income Statement of a 200 basis point shift, which would be a maximum increase or decrease of £262,000 (2013: £278,000).

Liquidity risk

The Company is financed through a mix of long and short term finance. The liabilities of the Company are primarily amounts owed to Damovo group undertakings. Full details are given in note 14. The outstanding payables owed to group undertakings are not considered to be a significant liquidity risk. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term external funding requirements.

The following table summarises the ageing of the liquidity risk.

	Amounts owed to group undertakings	Trade payables	Accruals	Social security and other taxes	Total
Due as at 31 January 2014	£'000	£'000	£'000	£'000	£'000
Less than 1 month	37,739	476	2,166	47	40,428
Within 1 year	82	-	-	-	82
Within 2 years	15,004	-	-	-	15,004
Within 7 years	8,337	-	-	-	8,337
	61,162	476	2,166	47	63,851

Credit risk

Credit risk arises from cash, cash equivalents, outstanding receivables and committed transactions. The Company holds minimal cash and cash equivalents, and the outstanding receivables (excluding fully provided for balance with Damovo Czech) are owed by group undertakings that are not considered to be a significant credit risk.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Trade receivables and other debtors

	2014	2013
	£'000	£'000
Amounts falling due after more than one year		
Amounts owed by group undertakings	468	-
	468	-
	2014	2013
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	5,955	7,473
Provision for bad and doubtful debts - group undertakings	(4,062)	(4,137)
Amounts owed by other Damovo Group companies – net	1,893	3,336
Trade receivables	7,673	7,966
Trade receivables - provision for bad and doubtful debts	(7,673)	(7,966)
	1,893	3,336
Prepayments and accrued income	95	123
Sales taxes	54	52
Deferred expenses	36	-
Other debtors	17,251	17,909
Other debtors - provision for bad and doubtful debts	(16,450)	(17,156)
	2,879	4,264

£468,000 (2013: £Nil) owed by group undertakings are repayable within two years and £164,000 (2013: £Nil) is repayable within one year. All other amounts owed by group undertakings are repayable on demand. £1,709,000 (2013: £1,783,000) bears interest at a rate of 7.15% p.a., £164,000 bears interest at the rate of 7.5% (2013: £ Nil). All other amounts owed by group undertakings of £4,550,000 (2013: £5,690,000) are non-interest bearing. Amounts owed by group undertakings include balances with Damovo Czech, which are provided for in full at £4,062,000 (2013: £4,137,000). Trade receivables and other debtors include fully provided for balances owed by former group undertakings: Enterprise Digital Architects SpA, Damovo Group S.A. and Damovo III S.A.

The carrying amounts of trade receivables and other debtors are equal to their fair values. As at 31 January 2014, trade receivables and other debtors of £28,183,000 (2013: £29,259,000) were impaired and fully provided for.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Trade receivables and other debtors (continued)

The impaired receivables are as follows:

	2014	2013
Due as at 31 January	£'000	£'000
Group undertakings:		
Damovo Ceska Republika s.r.o.	4,062	4,137
Former group undertakings:		
Enterprise Digital Architects SpA	6,642	6,890
Damovo Group S.A.	6,040	6,302
Damovo III S.A.	11,218	11,707
	23,900	24,899
Deposit with a group supplier	134	134
Administration fees and costs paid in advance	89	89
	223	223
Total impaired receivables	28,185	29,259

These receivables are due as follows:

	2014	2013
Due as at 31 January	£'000	£'000
Less than 1 month	28,185	29,259
	28,185	29,259

As at 31 January 2014 accounts receivable of £2,582,000 (2013: £1,829,000) were past due, but not impaired. These relate to trading receivable amounts from current Damovo group undertakings. The ageing analysis of these receivables is as follows and in the prior year includes credit notes which were less than 3 months old:

	2014	2013
	£'000	£'000
less than 3 months	37	(68)
3 to 6 months	486	129
Over 6 months	2,059	1,768
	2,582	1,829

The carrying amounts of receivables are denominated in the following currencies:

	2014	2013
	£'000	£'000
GBP	1,128	1,264
EUR	1,676	2,175
USD	543	635
	3,347	4,074

Movement on the provision for impaired trade and other receivables was due to its foreign currency exchange revaluation, the Administration fees and costs paid in advance and the Damovo Czech provision and is as follows:

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Trade receivables and other debtors (continued)

	£'000
At 1 February 2013	29,259
Foreign currency revaluation	(1,176)
Decrease in provision	102
At 31 January 2014	28,185

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the Balance Sheet date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security.

14. Trade payables and other creditors

Current:

	2014	2013
	£'000	£'000
Trade payables	476	412
Amounts owed to group undertakings	37,821	56,615
Accruals	2,166	2,506
Social security and other taxes	47	49
	40,510	59,582

Non-current:

	2014	2013
	£'000	£'000
Amounts owed to group undertakings	23,341	3,603
	23,341	3,603

£37,739,000 (2013: £56,272,000) of the amounts owed to group undertakings are repayable on demand, £82,000 (2013: £343,000) is repayable within 1 year, £15,004,000 (2013: £Nil) is repayable within two years, £Nil (2013: £3,603,000) is repayable within 3 years and £8,337,000 (2013: £Nil) is repayable within 7 years.

£6,774,000 bears interest at a rate 7.5% p.a. (2013: £6,927,000); £12,791,000 (2013: £13,350,000) at a rate of 6 month EURIBOR + 8% p.a.; £Nil (2013: £197,000) at a rate of BBA 3 month EURLIBOR +1% margin p.a.; £4,314,000 at a rate of 12.4% (2013: £3,603,000); £328,000 (2013: £343,000) at a rate of BBA 12 month BBA EURLIBOR + 3% p.a.. All other amounts owed to group undertakings are non-interest bearing.

15. Employee benefits

Defined contribution plan

The Group operates defined contribution pension plans for eligible employees. Contributions are paid by the member and/or the employer at fixed rates. The benefits secured at retirement or death reflects each employee's accumulated fund and the cost of purchasing benefits at that time.

The charge for the year represents the employer's contribution at the Balance Sheet date. The charge to the Income Statement for defined contribution plans was £27,000 (2013: £28,000).

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16. Provisions

Committed legal and professional fees of £305,000 (2013: £922,000) associated with the 2007 reorganisation of the Group have been fully provided. This provision is anticipated to be utilised within the next one year.

17. Ordinary shares

	2014	2013
	£	£
Authorised		
686,973 Ordinary shares of £1	686,973	686,973
Allotted, called up and fully paid		
686,973 Ordinary shares of £1	686,973	686,973

18. Reserves

The reserves of the Company are shown below and reflect the transactions shown in the Income Statement and Statement of Changes in Equity.

	Retained earnings £'000
As at 31 January 2012	(53,864)
Loss for the year	(6,009)
As at 31 January 2013	(59,873)
Loss for the year	(1,040)
As at 31 January 2014	(60,913)

19. Commitments and contingencies

Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013
	£'000	£'000
Within 1 year	10	25
Between 2 and 5 years	-	10
	10	35

The Company is a joint guarantor, together with fellow Damovo Group undertakings, of the €358M senior secured fixed and floating rate notes issued on 22 April 2005 by its previously associated company Damovo III S.A. The Company has pledged the shares of its directly held subsidiaries as security for its guarantee obligations. 99.2% of the €358M notes are now held by Damovo Holdings S.a.r.l., a subsidiary of the Company's ultimate parent undertaking, Damovo Group Holdings Limited.

The Company is a joint guarantor, together with fellow Damovo Group undertakings, of the €20m Senior Secured Loan Notes due 31 December 2014 and the €10m Convertible Loan Notes due 31 December 2020.

Except for the guarantees noted above, there are no contingent liabilities at 31 January 2014.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20. Cash (used in) / generated from operations

	Notes	2014 £'000	2013 £'000
Continuing operations			
Loss before tax		(1,040)	(6,009)
Adjustments for:			
- Depreciation and amortisation	4	39	39
- Currency translation (gain) / loss	4, 6	(2,018)	1,664
- Interest income	6	(76)	(123)
- Interest expense	6	2,199	2,267
Operating cash flows before movement in working capital:		(896)	(2,162)
- Decrease in trade receivables and other debtors		663	240
- Increase in trade payables and other creditors		815	1,097
- (Decrease) / increase in provisions		(617)	922
Cash (used in) / generated from operations		(35)	97

21. Related party transactions

	2014 £'000	2013 £'000
Damovo group companies		
Sales of services to fellow group companies during the period	2,170	2,243
Purchases of services from fellow group companies during the period	(358)	(364)
Amounts receivable from other group undertakings	2,360	3,146
Amounts payable to other group undertakings	(61,162)	(60,218)

The Company charges other Damovo group companies for providing central management services.

Interest income and expense from related party transactions is disclosed at note 6, 'Finance costs and income'.

The Company purchases services from other Damovo group companies in relation to running the central head office function.

Directors' and key management remuneration

The remuneration of the directors and key management is set out at the note 7 'Staff costs' and note 8 'Directors' remuneration'.

DAMOVO CORPORATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

22. Investments in subsidiary undertakings

	Country of incorporation	% owned	31 January 2014 Carrying value £'000	31 January 2013 Carrying value £'000
Damovo Mexico SA de CV	Mexico	0.25%	5	5
Damovo UK Finance II Ltd	UK	100%	-	-
Damovo Group Holdings Limited	Cayman	10%	-	-
Total			5	5

On 9 July 2014, the Damovo Group announced that it had sold its shareholdings in Damovo Mexico SA de CV. The consideration amount attributed to the sale of all the shares of Damovo Mexico SA de CV was €1 and so in the year to 31 January 2015 the Company's associated investment will be written down to EUR nil. The principal activity of Damovo Mexico SA de CV is installation and servicing of information technology and telecommunication systems.

The principal activity of Damovo Group Holdings Limited is as the non-trading parent undertaking of the Damovo group of companies. In the prior year, 10,000 ordinary shares of €0.10 each in Damovo Group Holdings Limited were transferred to the Company following the group refinancing in July 2012. A nominal value of £1 was attributed to this shareholding and subsequent to the Balance Sheet date, the shares were transferred to senior group management for nil consideration.

The Company investment in Damovo UK Finance II Ltd is 2,188,057 ordinary shares of £1 each.

The principal activity of Damovo UK Finance II Ltd. is to lend finance to, and borrow finance from, other Damovo group companies.

23. Ultimate parent undertaking

The ultimate parent undertaking at 31 January 2014 and the smallest and largest consolidating group of which the Company is a member, was Damovo Group Holdings Limited, a Cayman Islands based company. Consolidated financial statements of the Group for the period ended 31 January 2014 are available to the public and may be obtained from the registered office of Damovo Group Holdings Limited, 95 Solaris Avenue, Camana Bay, PO BOX 1348, Grand Cayman, KY1-1108, Cayman Islands.

24. Contingent asset

At the balance sheet date, the Company was funding litigation relating to matters connected with the former Damovo Group. The outcome of this litigation at 31 January 2014 was uncertain however events subsequent to the balance sheet date resulted in a settlement being reached which represents a contingent asset for the Company. For further details, see note 25 'Post balance sheet events'.

25. Post balance sheet events

During April 2014, Administrators of the holding companies of the former Damovo Group ("Old Damovo") agreed to settle their Litigation relating to matters connected with Old Damovo for an amount of EUR 7.0 million. This represents a contingent asset to the Company and is not recognised in the Balance Sheet as at 31 January 2014 since it was not known at the Balance Sheet date that agreement would be reached on a settlement amount.

During October 2014, Investors of the Damovo Group formally agreed a 12 month extension to the repayment date of the Senior Loan Notes, for which the Company is a Guarantor, to 31 December 2015. Furthermore, Investors agreed to a revised 'Available Cash' quarterly covenant of EUR 2.5 million, which was previously EUR 6.5 million.