

Company Registration No. 04168293

Ikon Science Limited

Annual report and financial statements

for the year ended 31 March 2013

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Ikon Science Limited

Annual report and financial statements 2013

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Ikon Science Limited

Annual report and financial statements 2013

Officers and professional advisers

The Board of Directors

P Dolan	Chairman
M F Millwood Hargrave	Chief Executive Officer
S A Hunt	Chief Operating Officer
P R O'Brien	Sales & Software Development Director
A J Paxton	Finance Director
R E Swarbrick	Global Director, Geopressure
A M Alves	Non-executive Director +
T G Hickey	Non-executive Director + x
A M McCoss	Non-executive Director x
H W B Sallitt	Non-executive Director + x

+ Audit Committee

x Remuneration Committee

Company secretary

C L Roche

Registered office

Causeway House
The Causeway
Teddington
Middlesex
TW11 0JR

Bankers

National Westminster Bank Plc
22 George Street
Richmond
Surrey
TW9 1JW

Solicitors

Adams & Remers
Duke's Court
32 Duke Street
London
WC1X 8BT

Auditor

Deloitte LLP
Chartered Accountants
London

Ikon Science Limited

Directors' report

The directors present their annual report on the affairs of the group, together with the financial statements and auditor's report, for the year ended 31 March 2013

Principal activities, business review and key performance indicators

The principal activities of the group during the year were the development and sales of the RokDoc® geoprediction software platform, global and regional geoprediction studies conducted on a multiclient basis and geoprediction consulting, including Quantitative Interpretation, geopressure and geomechanics advisory solutions to the global oil and gas industry using Ikon's distinctive subsurface geoscience software technologies, knowledge base and know-how

The year ended 31 March 2013 has seen continuing impressive progress with revenue growth of 49% to £21.1 million with Adjusted EBITDA (note 3) of £3.1 million in the current year versus £1.4 million in the prior year. Adjusted EBITDA margin increased from 9.9% to 14.7%, and net assets increased from £3.5 million in the prior year to £7.4 million in the current year.

A key element is the growth in software sales during the year which is consistent with Ikon's software-led strategy to continually invest in research & development thus ensuring sustainable revenues. Software sales grew by 69% in the year, while software maintenance revenue grew by 40% with close to a 100% customer renewal rate. Several factors have played a direct role in achieving this growth including the successful launch and uptake of significant new products including the new RokDoc QED platform which substantially increases the broader market potential for the product, closing a substantial deal to fund the development of a new geological inversion tool with a key customer, strengthening Ikon's software and development team with key senior hires, and expanding the global footprint to include presence in Canada, Indonesia, Norway and Russia.

The growth seen in the current year is supported by continued investment in new products. Of note during the year was Ikon's acquisition of JRS Petroleum Research Pty Ltd, an Adelaide-based company, specialising in geomechanics software and services. In addition, Ikon signed an agreement with COPPE (Federal University of Brazil) to allow Ikon and COPPE to jointly bid for large-scale research & development projects in Brazil. These events complement Ikon's internal software development programme with at least seven new products in development.

Ikon's leading technology, together with an expanding team of geoscience experts, has led to a major increase in high-end subsurface consulting and advisory solutions for both Quantitative Interpretation and geopressure projects. These projects result in regional and global multiclient studies for resale or proprietary geoprediction studies for which the group has seen year-on-year revenue growth of 115% and 26% respectively.

New expertise and know-how in the shape of significant hires throughout the year are seen as an essential element in sustaining Ikon's growth plan. Ikon has been successful in attracting and retaining industry-recognised technical geoscience experts as well as commercial leaders. Ongoing investment in the recruitment and retention of Ikon's experienced, energetic and innovative staff is considered a cornerstone of the group's business. The directors would like to thank all current and past staff members for their contribution to Ikon Science and look forward to further growth and expansion in the year to come.

Beneficial interests held in UKCS licences

On 22 August 2012, the company terminated its carried interest arrangements in UKCS licence P1619 and P1562 without liability.

Ikon Science Limited

Directors' report (continued)

Risk management objectives and policies

Risk assessment and evaluation are an essential part of the group's planning and an important part of control systems

The principal risk factors are considered to be the ability to continue to develop innovative software, the ability to secure sufficient and profitable sales contracts to support the group's operations and the general economic environment for customers with particular emphasis on the level of commodity prices

The group's principal financial assets are bank balances, trade receivables and accrued income. The group's credit risk is mainly attributable to its trade receivables. There is no significant concentration of credit risk, with exposure spread over a much larger number of clients than in previous years. The group's liquidity risk is managed by actively monitoring its forecast cash flows and requirements

Supplier payment policy

The company agrees payment terms with its suppliers on an individual basis and abides by those payment terms. The company creditor days at the end of the year amounted to 55 (2012: 48). The group creditor days at the end of the year amounted to 51 (2012: 36).

Employment policy

The directors view the group's employees as integral to the success of the business and, as a result, the group's employment practices are designed to attract, retain and develop the talent necessary to ensure that the group retains its strong market position with motivated and satisfied employees.

The directors are committed to maintaining appropriate standards of health and safety in all premises and areas of the group's operations.

Going concern

The directors consider the use of the going concern basis in the preparation of the financial statements to be appropriate. Further details are provided in note 1 to the accounts.

Results and dividends

The profit for the year, after taxation, amounted to £1,330,360 (2012: £997,588). The directors have not recommended the payment of a dividend (2012: nil).

Sponsorships and donations

Ikon is now in the final year of a five-year R&D sponsorship agreement with the University of Durham, whereby the group in partnership with DONG (UK) Ltd sponsor a Professorship for CCS (Carbon Capture and Sequestration) & Energy. The annual sponsorship commitment of £60,000 was accrued during the year.

There were no political or charitable donations made during the year.

Ikon Science Limited

Directors' report (continued)

Directors

The directors, who served since 1 April 2012, were as follows

P Dolan	A M Alves
M F Millwood Hargrave	A R Armour (resigned 18 July 2012)
S A Hunt	T G Hickey
P R O'Brien	A M McCoss
A J Paxton	H W B Sallitt
R E Swarbrick	

Auditor

Each of the persons who is a director at the date of approval of this 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 he ought to have taken as a director in order to make himself 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 Section 418 of the Companies Act 2006

A resolution will be proposed at the Annual General Meeting to re appoint Deloitte LLP as auditor

Approved by the Board of Directors
and signed on behalf of the Board of Directors



C L Roche
Company Secretary

21 June 2013

Ikon Science Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). 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 group and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time, the financial position of the company and group and to 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Ikon Science Limited

We have audited the financial statements of Ikon Science Limited for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and parent company balance sheets, the consolidated 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 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.

Independent auditor's report to the members of Ikon Science Limited (continued)

Matters on which we are required to report by exception

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

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



Emma Lewis (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

21 June 2013

Ikon Science Limited

Consolidated profit and loss account For the year ended 31 March 2013

	Notes	2013 £	2012 £
Turnover	2	21,130,842	14,142,139
Cost of sales		(5,557,815)	(3,710,676)
Gross profit		<u>15,573,027</u>	<u>10,431,463</u>
Distribution costs		(645,036)	(395,914)
Administrative expenses			
Salaries	4	(6,970,027)	(5,138,431)
Share-based payments	18	(76,038)	(55,159)
Other admin expenses		(5,936,618)	(3,772,021)
Total operating costs		<u>(13,627,719)</u>	<u>(9,361,525)</u>
Operating profit	3	1,945,308	1,069,938
Net interest receivable		8,825	6,373
Profit on ordinary activities before taxation		1,954,133	1,076,311
Tax charge on profit on ordinary activities	6	(623,773)	(78,723)
Profit on ordinary activities after taxation		<u>1,330,360</u>	<u>997,588</u>
Profit for the financial year attributable to equity shareholders of the parent company		1,385,731	1,062,976
Loss for the financial year attributable to minority interest		(55,371)	(65,388)
Profit on ordinary activities after taxation		<u>1,330,360</u>	<u>997,588</u>

All of the activities of the group are classed as continuing

Ikon Science Limited

Consolidated statement of recognised gains and losses For the year ended 31 March 2013

	2013 £	2012 £
Group profit for the financial year	1,330,360	997,588
Foreign exchange on re-translation of overseas subsidiaries	102,767	(52,503)
	<u>1,433,127</u>	<u>945,085</u>
Total gains and losses recognised since last annual report and financial statements	<u>1,433,127</u>	<u>945,085</u>
Attributable to		
Equity shareholders of the parent company	1,488,498	1,010,473
Minority interest	(55,371)	(65,388)
	<u>1,433,127</u>	<u>945,085</u>
Total gains and losses recognised since last annual report and financial statements	<u>1,433,127</u>	<u>945,085</u>

Ikon Science Limited

Consolidated balance sheet As at 31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Goodwill	8	1,362,498	-
Intangible assets	8	352,818	425,454
Tangible assets	9	596,201	443,463
		<u>2,311,517</u>	<u>868,917</u>
Current assets			
Debtors amounts falling due within one year	12	7,318,595	4,931,435
Deferred tax	13	77,462	283,194
Cash at bank and in hand		3,483,504	2,295,414
		<u>10,879,561</u>	<u>7,510,043</u>
Creditors: amounts falling due within one year	14	<u>(5,755,015)</u>	<u>(4,702,534)</u>
Net current assets		<u>5,124,546</u>	<u>2,807,509</u>
Total assets less current liabilities		<u>7,436,063</u>	<u>3,676,426</u>
Creditors: amounts falling due after more than one year	15	-	(145,638)
Net assets		<u>7,436,063</u>	<u>3,530,788</u>
Capital and reserves			
Called-up share capital	19	34,562	31,266
Share premium account	20	4,958,914	3,814,950
Foreign currency translation reserve	20	53,140	(49,627)
Profit and loss account	20	816,438	(773,822)
Merger reserve	20	944,321	-
Share-based payments reserve	20	649,447	573,409
Shares to be issued	20	100,000	-
		<u>7,556,822</u>	<u>3,596,176</u>
Issued capital and reserves attributable to equity holders of the parent		<u>7,556,822</u>	<u>3,596,176</u>
Minority interest	22	<u>(120,759)</u>	<u>(65,388)</u>
Total equity	21	<u>7,436,063</u>	<u>3,530,788</u>

The financial statements of Ikon Science Limited (registered number 04168293) were approved by the Board of Directors on 21 June 2013

Signed on behalf of the Board of Directors



M F Millwood Hargrave

Chief Executive Officer


Ikon Science Limited

Company balance sheet As at 31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	8	352,818	425,454
Tangible assets	9	347,904	159,156
Investments	10	970,822	370,051
		<u>1,671,544</u>	<u>954,661</u>
Current assets			
Debtors amounts falling due within one year	12	8,065,623	5,292,198
Deferred tax	13	77,462	283,550
Cash at bank and in hand		2,692,934	1,721,487
		<u>10,836,019</u>	<u>7,297,235</u>
Creditors: amounts falling due within one year	14	<u>(3,125,335)</u>	<u>(2,536,251)</u>
Net current assets		<u>7,710,684</u>	<u>4,760,984</u>
Total assets less current liabilities		<u>9,382,228</u>	<u>5,715,645</u>
Creditors: amounts falling due after more than one year	15	<u>-</u>	<u>(145,638)</u>
Net assets		<u><u>9,382,228</u></u>	<u><u>5,570,007</u></u>
Capital and reserves			
Called-up share capital	19	34,562	31,266
Share premium account	20	4,958,914	3,814,950
Foreign currency translation reserve	20	31,666	(24,677)
Profit and loss account	20	3,707,539	1,338,629
Share-based payments reserve	20	649,447	409,839
Shares to be issued	20	100	-
Shareholders' funds		<u><u>9,382,228</u></u>	<u><u>5,570,007</u></u>

The financial statements of Ikon Science Limited (registered number 04168293) were approved by the Board of Directors on 21 June 2013

Signed on behalf of the Board of Directors



M F Millwood Hargrave

Chief Executive Officer

Ikon Science Limited

Consolidated cash flow statement Year ended 31 March 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	23a	1,851,105	1,240,333
Returns on investments and servicing of finance	23b	8,825	6,373
Taxation	23c	(263,880)	(240,497)
Capital expenditure and financial investment	23d	(480,961)	(407,789)
Acquisitions and disposals	23e	(290,388)	-
Cash inflow before financing		<u>824,701</u>	<u>598,420</u>
Financing	23f	<u>425,121</u>	<u>85,620</u>
Increase in cash	23g	<u><u>1,249,822</u></u>	<u><u>684,040</u></u>

Ikon Science Limited

Notes to the financial statements **Year ended 31 March 2013**

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for equity-settled share-based payments, which are recognised at fair value, in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2. In addition, the Directors' report includes the group's financial risk management objectives and policies.

As noted in the Directors' report, the directors have considered the use of the going concern basis in the preparation of the financial statements and concluded that it is appropriate. Software sales and training continue to be very strong with growth in sales of 58% as compared to the prior year. In terms of the service business, this area has seen growth of 40% and the key focus continues to be the increase in the number of active customers for business services across all group companies, creating greater diversification of customers, a strong pipeline of future projects and good cash generating credit control.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group should be able to operate within its current funding arrangements.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

Turnover

The turnover shown in the profit and loss account represents revenue receivable for goods and services, net of trade discounts, VAT and other sales related taxes.

Revenue from the sale of software relates mainly to licences which provide the customer with the right to use the group's products in perpetuity, and bespoke development. In respect of software licence sales, revenue is recognised when the licence has been delivered to a customer, the group obtains the right to consideration and collection of the consideration is probable.

Maintenance revenue is recognised on a straight line basis over the life of the contract. Maintenance contracts, where sold together with the software licence, begin on the day of delivery of the related software licence.

Training revenue is recognised as training services are delivered.

The group also enters into contracts for the supply of fixed and variable price services and studies. For services sold under fixed-price contracts, turnover is recognised on a percentage of completion basis, representing the value of the services provided to date based on a proportion of the total contract value. Turnover in respect of variable-price contracts is recognised on a time-and-materials basis when the services are performed.

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

1. Accounting policies (continued)

Fixed assets

All intangible and tangible assets are initially recorded at cost. Cost includes the purchase price of the assets and the directly attributable costs of bringing the asset into its intended use.

At the balance sheet date, the group reviewed the carrying amounts of its tangible and intangible assets and determined that there is no indication that the assets have suffered an impairment loss. An impairment review is carried out for intangibles that are on the balance sheet for a full first year since acquisition.

Goodwill arising on the acquisition of subsidiary undertakings represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is recognised as an asset and a provision is made for any impairment.

Development expenditure is written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit up to a maximum of five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- five years on a straight line basis
Intellectual Property Rights	- over its useful business life to a maximum of five years, on a straight-line basis

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- five years on a straight-line basis
Plant and machinery	- three years on a straight-line basis
Fixtures and fittings	- three years on a straight-line basis
Equipment	- three years on a straight-line basis

Investments

Fixed asset investments are shown at cost less provision for impairment.

Current asset investments are stated at the lower of cost and net realisable value.

In the company's balance sheet, for investments in subsidiary undertakings acquired for consideration which includes the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued and any share premium is ignored.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Ikon Science Limited

Notes to the financial statements **Year ended 31 March 2013**

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

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

Foreign currencies

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

The results of overseas operations are translated at the rate of exchange determined for the month, and their balance sheets at the closing rate. Exchange differences arising on translation of the opening net assets are recognised in the foreign currency translation reserve

Share-based payments

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value, using a Black-Scholes Model, at the date of grant. Shares issued as remuneration are measured at the market value of shares. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Pension Scheme

Historically, the group has made available a stakeholder pension scheme in accordance with its legal obligations. From 1 October 2011 Ikon introduced a group pension scheme for employees from commencement of employment. The scheme requires Ikon to make contributions of 5% gross salary (up to a defined salary cap) if an employee with two years' service (reducing to one year of service from 1 July 2012) elects to contribute 3% or more gross salary into the scheme. The amount charged to the profit and loss account in respect of the defined contribution pension scheme is the contributions payable in the year

Research and Development ("R&D") expenditure

The group expenses all internally-generated R&D expenditure as incurred. This comprises the costs of the group's Software Development Team and the R&D cost centre at head office and includes all employee-related and direct operational costs including software licences and external consultants' fees. Costs also include a share of office rental costs and an appropriate allocation of general and administrative expenditure

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

2. Turnover

The turnover and profit before tax are attributable to the provision of high-end subsurface evaluations, studies, software sales and services, and training to the oil and gas industry

An analysis of turnover is given below

	2013 £	2012 £
United Kingdom	5,101,546	3,489,114
Overseas	16,029,296	10,653,025
	<u>21,130,842</u>	<u>14,142,139</u>
Subsurface evaluations and studies	9,427,631	6,741,465
Software services and training	11,703,211	7,400,674
	<u>21,130,842</u>	<u>14,142,139</u>

3. Operating profit

a) Operating profit is stated after charging

	2013 £	2012 £
Operating lease rentals	739,593	541,093
Amortisation of intangible assets (note 8)	526,998	82,136
Amortisation of goodwill (note 8)	204,529	13,716
Depreciation of owned fixed assets (note 9)	281,639	194,185
Net loss/(gain) on foreign currency re-translation	78,434	(21,283)
Equity-settled share-based payments expense (note 18)	76,038	55,159

The analysis of the auditor's remuneration is as follows

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	56,000	35,000
Total audit fees	<u>56,000</u>	<u>35,000</u>
Taxation compliance services	11,450	17,157
Other taxation advisory services	8,400	-
Accounts preparation services	6,000	-
Total non-audit fees	<u>25,850</u>	<u>17,157</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

3. Operating profit (continued)

The following analysis illustrates the performance of the group's activities and reconciles the group's operating profit to adjusted EBITDA

b) Earnings before interest, tax, depreciation and amortisation ("EBITDA")

	2013	2012
	£	£
Operating profit	1,945,308	1,069,938
Add back		
Depreciation of owned fixed assets	281,639	194,185
Amortisation of intangible assets	526,998	82,136
Amortisation of goodwill	204,529	13,716
EBITDA	2,958,474	1,359,975
Adjustments		
Loss/(gain) on FX (note 3a)	78,434	(21,283)
FRS 20 Share-based payments (note 18)	76,038	55,159
ADJUSTED EBITDA	3,112,946	1,393,851
Add back Internally-generated R&D Expenditure	3,544,644	2,613,945
ADJUSTED EBITDA (before R&D Expenditure)	6,657,590	4,007,796

In arriving at operating profit, the group expenses all internally-generated R&D expenditure as incurred (refer Note 1). The directors consider that while this treatment is appropriate in the calculation of EBITDA, to also indicate the impact of the significant amounts of expenditure incurred in the year provides an important benchmark for the performance of the business

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

4. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	Group		Company	
	2013	2012	2013	2012
	No.	No.	No.	No.
Number of staff	149	112	103	63

The aggregate payroll costs of the above were

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Wages and salaries	9,707,096	6,691,071	6,353,039	4,337,496
Social security costs	859,108	598,314	726,524	490,960
Defined contribution pension cost	171,906	81,649	98,039	24,898
	<u>10,738,110</u>	<u>7,371,034</u>	<u>7,177,602</u>	<u>4,853,354</u>

A proportion of the above costs are allocated to cost of sales, with the remainder in administrative expenses

5. Directors' remuneration and transactions

Directors' remuneration:

	2013	2012
	£	£
Emoluments	1,059,732	948,902
Sums paid to third parties in respect of directors' services	7,500	7,500
	<u>1,067,232</u>	<u>956,402</u>

Remuneration of highest-paid director.

Emoluments	<u>247,800</u>	<u>227,604</u>
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The highest-paid director did not exercise options over shares in the company (2012 none)

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

6. Tax charge on ordinary activities

The Finance Act 2011-12 provided for a reduction in the main rate of UK corporation tax from 26% to 24% effective from 1 April 2012. The 2013 budget (enacted in July 2012) announced a further reduction in the UK corporation tax rate to 23% effective from 1 April 2013, and this rate has been used in the calculation of deferred tax (refer note 13)

	2013 £	2012 £
Analysis of Group tax charge in the year.		
UK current tax charge	183,709	221,444
Foreign current tax charge	228,632	140,473
Deferred tax movement relating to subsidiary undertaking acquired during the year	5,700	-
Deferred tax debit/(credit) (see note 13)	205,732	(283,194)
Total tax charge on ordinary activities	623,773	78,723
Group current tax reconciliation:		
Profit before taxation	1,954,133	1,076,311
Tax on profit at standard UK corporation tax rate of 24% (2012 26%)	468,992	279,841
Effect of		
Depreciation in excess of capital allowances	(9,520)	608
Expenses not deductible	194,321	36,827
Share scheme deductions	(153,410)	852
Expenditure qualifying for R&D relief	(249,929)	(162,181)
Tax loss on overseas earnings	185,086	153,225
Previous loss utilised	(204,862)	(95,359)
Tax on overseas income - current tax withheld on foreign income in the year	78,585	147,209
Effect of other tax rates	103,078	-
Other	-	895
Current corporation tax charge for the year	412,341	361,917
Group corporation tax creditor:		
Opening balance creditor	215,493	94,073
Opening balance acquired on acquisition of subsidiary undertaking	14,138	-
Current year tax charge	412,341	361,917
Non-claimable withholding taxes included in foreign current year charge	(71,226)	-
Claimable withholding taxes offset against UK tax liability	(94,806)	-
Payments (note 23c)	(263,880)	(240,497)
Closing balance net creditor (note 14)	212,060	215,493

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

6 Tax charge on ordinary activities (continued)

	2013 £	2012 £
Company tax payable:		
UK current corporation tax charge before double tax relief	183,709	221,444
Double tax relief	(94,806)	-
UK current corporation tax charge after double tax relief	<u>88,903</u>	<u>221,444</u>

7. Profit attributable to members of the parent company

The profit for the financial year dealt with in the financial statements of the parent company was £2,368,910 (2012 £1,191,151). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is prepared in respect of the parent company.

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

8. Intangible fixed assets

Group	Goodwill £	Intellectual property rights £	Total £
Cost			
At 1 April 2012	274,313	1,308,477	1,582,790
Additions	-	454,362	454,362
Acquisition of subsidiary (note 11)	1,567,027	-	1,567,027
At 31 March 2013	1,841,340	1,762,839	3,604,179
Amortisation			
At 1 April 2012	274,313	883,023	1,157,336
Charge for the year	204,529	526,998	731,527
At 31 March 2013	478,842	1,410,021	1,888,863
Net book value			
At 31 March 2013	1,362,498	352,818	1,715,316
At 31 March 2012	-	425,454	425,454

The amortisation charge for the year for Intellectual property rights includes an Exceptional charge of £454,362. This represents the full amortisation of the additions during the year which enhanced the group's interest in a software product. The original cost of the product had previously been fully amortised and it was considered appropriate to immediately amortise the full additional cost incurred. The total amortisation charge is included in other admin expenses in calculating total operating costs in the consolidated profit and loss account.

Company	Intellectual property rights £
Cost	
At 1 April 2012	1,302,477
Additions	454,362
At 31 March 2013	1,756,839
Amortisation	
At 1 April 2012	877,023
Charge for the year	526,998
At 31 March 2013	1,404,021
Net book value	
At 31 March 2013	352,818
At 31 March 2012	425,454

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

9. Tangible fixed assets

Group	Leasehold improvement £	Plant and machinery £	Fixtures & fittings £	Total £
Cost				
At 1 April 2012	284,882	1,723,142	358,270	2,366,294
Acquisition of subsidiary (note 11)	-	-	71,584	71,584
Additions	68,231	284,915	59,261	412,407
Exchange adjustment	491	1,608	(6,381)	(4,282)
At 31 March 2013	353,604	2,009,665	482,734	2,846,003
Depreciation				
At 1 April 2012	189,943	1,524,413	208,475	1,922,831
Acquisition of subsidiary (note 11)	-	-	45,332	45,332
Charge for the year	52,628	152,611	76,400	281,639
At 31 March 2013	242,571	1,677,024	330,207	2,249,802
Net book value				
At 31 March 2013	111,033	332,641	152,527	596,201
At 31 March 2012	94,939	198,729	149,795	443,463

Company	Leasehold improvement £	Plant and machinery £	Fixtures & fittings £	Total £
Cost				
At 1 April 2012	207,451	1,479,703	119,475	1,806,629
Additions	57,332	204,902	82,597	344,831
At 31 March 2013	264,783	1,684,605	202,072	2,151,460
Depreciation				
At 1 April 2012	180,505	1,371,798	95,170	1,647,473
Charge for the year	24,750	92,254	39,079	156,083
At 31 March 2013	205,255	1,464,052	134,249	1,803,556
Net book value				
At 31 March 2013	59,528	220,553	67,823	347,904
At 31 March 2012	26,946	107,905	24,305	159,156

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

10 Investments

Company	Group companies £
Cost	
At 1 April 2012	869,696
Additions	412,643
Capital contributions (note 20)	188,128
	<hr/>
At 31 March 2013	<u>1,470,467</u>
Amounts written off	
At 1 April 2012 and at 31 March 2013	<u>499,645</u>
Net book value	
At 31 March 2013	<u>970,822</u>
At 31 March 2012	<u>370,051</u>

The company has recorded capital contributions of £188,128 in relation to the charge under FRS 20 in respect of share options issued by the company to employees of wholly-owned subsidiary undertakings

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

10 Investments (continued)

Principal group investments

The parent company and the group have investments in the following subsidiary undertakings which principally affected the profits or net assets of the group

Subsidiary undertakings

All held by the company

Name of subsidiary	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Earthmodels Limited	England & Wales	Ordinary shares	100%	Dormant company
GeoPressure Technology Limited	England & Wales	Ordinary shares	100%	Software development, training and consultancy
Ikon Science Americas, Inc	United States of America	Ordinary shares	100%	Software development, training and consultancy
Ikon Science Asia Pacific Pty Limited	Australia	Ordinary shares	100%	Software development, training and consultancy
Ikon Science Canada Limited	Canada	Ordinary shares	100%	Software development, training and consultancy
Ikon Science do Brasil Limitada	Brasil	Ordinary shares	60%	Software development, training and consultancy
Ikon Science Malaysia Sdn Bhd	Malaysia	Ordinary shares	100%	Software development, training and consultancy
JRS Petroleum Research Pty Ltd	Australia	Ordinary shares	100%	Software development, training and consultancy

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

11 Acquisition of subsidiary undertaking

On 16 August 2012 the company acquired 100 per cent of the issued share capital of JRS Petroleum Research Pty Ltd (JRS) for £1,550,009 consideration comprising the issue of 11,500 ordinary shares of 10p each in the company valued at £100 each, £250,000 in cash and 1,000 ordinary shares of 10p each in the company valued at £100 each deferred until the first sales of the JRS software. The fair value of the total consideration was £1,550,009. In accordance with section 615 of the Companies Act 2006, the company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued plus the fair value of the other consideration. The resulting difference arising on consolidation has been credited to other reserves.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group.

	Book value £	Fair value to Group £
Fixed assets		
Intangible	-	-
Tangible	26,252	26,252
Current assets		
Debtors	204,138	204,138
Deferred Taxation	5,700	5,700
Cash	9,621	9,621
Total assets	245,711	245,711
Creditors		
Trade creditors	26,011	26,011
Other creditors	143,534	143,534
Accruals	56,744	56,744
Provisions		
Pensions	12,959	12,959
Taxation	23,482	23,482
Total liabilities	262,729	262,729
Net (liabilities)	(17,018)	(17,018)
Goodwill (note 8)		1,567,027
		1,550,009
Satisfied by		
Shares issued		1,150,000
Cash		250,000
Deferred consideration – shares to be issued (note 20)		100,000
Acquisition expenses - cash		50,009
		1,550,009

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

11 Acquisition of subsidiary undertaking (continued)

Net cash outflows in respect of the acquisition comprised

	£
Cash consideration and acquisition expenses	300,009
Cash at bank and in hand acquired	(9,621)
	<u>290,388</u>

No charge has been made to the group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 16 August 2012 to 31 March 2013

JRS earned a profit after taxation of £90,267 in the period from the date of its financial year commencing on 1 July 2012 to 31 March 2013, of which £18,951 loss arose in the period from 1 July 2012 to 15 August 2012. The summarised profit and loss account for the period from 1 July 2012 to 15 August 2012, shown on the basis of the accounting policies of JRS prior to the acquisition, are as follows

Profit and loss account

	£
Turnover	72,201
Cost of sales	(60,536)
Gross profit	<u>11,665</u>
Total operating costs	(30,616)
Loss on ordinary activities	<u>(18,951)</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

12. Debtors: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	5,535,325	3,307,319	2,472,148	1,531,404
Amounts owed by group undertakings	-	-	4,672,351	3,202,499
Corporation tax	-	-	-	3,090
Other debtors	99,258	26,217	79,733	8,889
Prepayments and accrued income	1,684,012	1,597,899	841,391	546,316
	<u>7,318,595</u>	<u>4,931,435</u>	<u>8,065,623</u>	<u>5,292,198</u>

13. Deferred taxation

The movement in the deferred taxation assets during the year was

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Provision brought forward	283,194	-	283,550	-
(Decrease)/increase in provision	(205,732)	283,194	(206,088)	283,550
Provision carried forward	<u>77,462</u>	<u>283,194</u>	<u>77,462</u>	<u>283,550</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2013		2012	
	Provided	Un-provided	Provided	Un-provided
	£	£	£	£
Excess of taxation allowances over depreciation of fixed assets	(28,641)	18,555	43,292	-
Tax losses carried forward	-	946,975	141,541	726,846
Timing difference on share options	106,103	-	98,361	-
Total	<u>77,462</u>	<u>965,530</u>	<u>283,194</u>	<u>726,846</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of

Company	2013		2012	
	Provided	Un-provided	Provided	Un-provided
	£	£	£	£
Excess of taxation allowances over depreciation of fixed assets	(28,641)	-	43,648	-
Tax losses carried forward	-	-	141,541	-
Timing difference on share options	106,103	-	98,361	-
Total	<u>77,462</u>	<u>-</u>	<u>283,550</u>	<u>-</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

14. Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	216,298	567,698	107,659	343,515
Corporation tax	212,060	215,493	90,409	-
Other taxation and social security	576,538	350,961	408,437	180,644
Other creditors	3,293	9,268	-	-
Accruals and deferred income	4,746,826	3,486,276	2,518,830	1,939,254
Deferred purchase consideration	-	72,838	-	72,838
	<u>5,755,015</u>	<u>4,702,534</u>	<u>3,125,335</u>	<u>2,536,251</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Deferred purchase consideration	-	145,638	-	145,638
Total	<u>-</u>	<u>145,638</u>	<u>-</u>	<u>145,638</u>

All amounts due to the vendors of Earthmodels Limited in respect of deferred purchase consideration were settled during the year

16. Commitments under operating leases

The group had commitments under non-cancellable operating leases as set out below

	Land and buildings	
Group	2013	2012
	£	£
Operating leases which expire		
Within 1 year	231,377	152,325
Within 2 to 5 years	512,616	400,256
	<u>743,993</u>	<u>552,581</u>

The company had commitments under non-cancellable operating leases as set out below

	Land and buildings	
Company	2013	2012
	£	£
Operating leases which expire		
Within 1 year	8,000	16,000
Within 2 to 5 years	206,091	206,091
	<u>214,091</u>	<u>222,091</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

17. Related party transactions

Other than remuneration paid to directors, no transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

18. Share-based payments

The group recognised the following share-based payments expense during the year

	2013 £	2012 £
Equity-settled share options scheme	76,038	55,159

Equity-settled share options scheme

The group operates share option schemes for employees (including directors). Options are exercisable at the share price set by directors. The exercise period is usually one to five years, following a one to three year vesting period. The options are settled in equity once exercised.

If the options remain unexercised after a period of five years from the date of grant, the options expire. There are no performance conditions attached to the schemes. Unexercised options are forfeited if the employee leaves the group.

	2013		2012	
	Number of share options	Weighted average price	Number of share options	Weighted average price
Outstanding at beginning of year	60,410	38.82	38,300	29.28
Granted during the year	11,850	80.00	26,650	50.00
Forfeited during the year	(5,569)	46.76	(761)	30.00
Exercised during the year	(13,947)	30.48	(3,779)	22.66
Expired during the year	-	-	-	-
Outstanding at the end of the year	52,744	49.47	60,410	38.82
Exercisable at the end of the year	21,568	36.80	22,520	30.00

The number of employees to whom options were outstanding at the year end was 43 (2012: 47).

In recognising the charge against income for the year, a Black-Scholes model was used to calculate a fair value for the share options.

The inputs into the Black-Scholes model are as follows:

	2013	2012
Weighted average share price	£80	£40
Weighted average exercise price	£80	£50
Expected volatility	8.9%	17.5%
Expected life	5 years	5 years
Risk-free rate	0.82%	1.75%
Expected dividend yield	-	-

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

18. Share-based payments (continued)

Expected volatility was determined by calculating the historical volatility of the estimated fair value of the company's share price from the date of grant to the end of the financial year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

19. Called-up share capital

	2013 £	2012 £
Authorised share capital		
1,000,000 Ordinary shares of £0.10 each	100,000	100,000
63,400 Preferred shares of £0.10 each	6,340	6,340
	<u>106,340</u>	<u>106,340</u>

	2013		2012	
	No	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £0.10 each	282,218	28,222	249,258	24,926
Preferred shares of £0.10 each	63,400	6,340	63,400	6,340
	<u>345,618</u>	<u>34,562</u>	<u>312,658</u>	<u>31,266</u>

During the year, the company issued 32,960 Ordinary shares of 10p each at a consideration of between £30 and £100 per share, in respect of share options exercised, intellectual property rights purchased and the acquisition of a subsidiary company.

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

20. Reserves

Group	Share premium account £	Merger reserve £	Profit and loss account £	Foreign currency translation reserve £
Balance brought forward	3,814,950	-	(773,822)	(49,627)
Profit for the year	-	-	1,385,731	-
New equity share capital issued – ordinary shares	1,143,964	-	-	-
Exchange difference on retranslation of subsidiary undertakings	-	-	-	102,767
Arising on acquisition of subsidiary during the year (note 11)	-	1,148,850	-	-
Goodwill amortised on acquisition of subsidiary during the year	-	(204,529)	204,529	-
Balance carried forward	<u>4,958,914</u>	<u>944,321</u>	<u>816,438</u>	<u>53,140</u>

Group	Share-based payments reserve £	Shares to be issued £
Balance brought forward	573,409	-
Share-based payment charge	76,038	-
Arising on acquisition of subsidiary during the year (note 11)	-	100,000
Balance carried forward	<u>649,447</u>	<u>100,000</u>

In accordance with sections 612 & 613 of the Companies Act 2006, the company has not recognised any share premium in relation to the shares issued by Ikon Science Limited as consideration for the acquisition of JRS Petroleum Research Pty Ltd (note 11), as such the difference arising has been credited to the Merger reserve

As described in note 11, deferred consideration of £100,000 to be satisfied by the issue of 1,000 ordinary shares of 10p is payable to the vendors of JRS Petroleum Research Pty Ltd (JRS) upon the first sale of the JRS software. In accordance with FRS 25 'Financial Instruments - Presentation', these shares have been disclosed within shares to be issued as a separate reserve

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

20. Reserves (continued)

Company	Share premium account £	Foreign currency translation reserve £	Profit and loss account £	Share- based payments reserve £
Balance brought forward	3,814,950	(24,677)	1,338,629	409,839
Profit for the year	-	-	2,368,910	-
New equity share capital issued – ordinary shares	1,143,964	-	-	-
Exchange difference on intercompany loan agreements	-	56,343	-	-
Share-based payment charge	-	-	-	51,480
Capital contributions (note 10)	-	-	-	188,128
Balance carried forward	<u>4,958,914</u>	<u>31,666</u>	<u>3,707,539</u>	<u>649,447</u>

Company	Shares to be issued £
Balance brought forward	-
Arising on acquisition of subsidiary during the year (note 11)	100
Balance carried forward	<u>100</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

21 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,385,731	1,062,976
New equity share capital subscribed	3,296	378
Premium on new share capital subscribed	1,143,964	85,242
Merger reserve	1,148,850	-
Share-based payment charge	76,038	55,159
Shares to be issued	100,000	-
	<u>2,472,248</u>	<u>140,779</u>
Profit after share transactions	3,857,979	1,203,755
Exchange differences on re-translation of opening net assets of subsidiary undertakings	46,424	(27,826)
Exchange difference on inter-company loan agreements	56,343	(24,677)
Less minority interest	<u>(55,371)</u>	<u>(65,388)</u>
Net addition to shareholders' funds	3,905,375	1,085,864
Opening shareholders' funds	<u>3,530,788</u>	<u>2,444,924</u>
Closing shareholders' funds	<u><u>7,436,063</u></u>	<u><u>3,530,788</u></u>

22. Minority interest

	2013 £	2012 £
At 1 April 2012	(65,388)	-
Loss on ordinary activities after taxation	<u>(55,371)</u>	<u>(65,388)</u>
At 31 March 2013	<u><u>(120,759)</u></u>	<u><u>(65,388)</u></u>

The minority interest relates to Ikon Science Limited's 60% shareholding in Ikon Science do Brasil Limitada. Since the year end, agreement has been reached with the minority shareholder to acquire its interest with effect from 1 April 2013 (note 25).

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

23. Notes to the statement of cash flows

a. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	1,945,308	1,069,938
Amortisation	731,527	95,852
Depreciation	281,639	194,185
Increase in operating debtors	(2,387,160)	(1,048,913)
Increase in operating creditors	1,125,319	896,079
Decrease in long term operating creditor	-	(684)
Loss/(profit) on foreign currency re-translation	78,434	(21,283)
Share-based payments expense	76,038	55,159
Net cash inflow from operating activities	<u>1,851,105</u>	<u>1,240,333</u>

b. Returns on investments and servicing of finance

	2013 £	2012 £
Interest received	9,879	6,596
Interest paid	(1,054)	(223)
Net cash inflow from returns on investments and servicing of finance	<u>8,825</u>	<u>6,373</u>

c. Taxation

	2013 £	2012 £
UK Corporation tax paid	(209,289)	(106,073)
Foreign tax paid	(54,591)	(134,424)
Net cash outflow from taxation (note 6)	<u>(263,880)</u>	<u>(240,497)</u>

d. Capital expenditure

	2013 £	2012 £
Payments to acquire tangible fixed assets	(408,123)	(407,789)
Settlement of deferred purchase consideration (note 14)	(72,838)	-
Net cash outflow from capital expenditure	<u>(480,961)</u>	<u>(407,789)</u>

Ikon Science Limited

Notes to the financial statements Year ended 31 March 2013

23 Notes to the statement of cash flows (continued)

e. Acquisitions and disposals

	2013 £	2012 £
Purchase of subsidiary undertaking (note 11)	(300,009)	-
Cash acquired on purchase of subsidiary undertaking (note 11)	9,621	-
Net cash outflow from acquisitions and disposals	<u>(290,388)</u>	<u>-</u>

f. Financing

	2013 £	2012 £
Issue of equity share capital	1,546	378
Share premium on issue of equity shares (net of issue costs)	423,575	85,242
Net cash inflow from financing	<u>425,121</u>	<u>85,620</u>

g. Analysis of changes in net funds

	At 1 April 2012 £	Cash flows £	Exchange movements £	At 31 March 2013 £
Net cash				
Cash in hand and at bank	<u>2,295,414</u>	<u>1,249,822</u>	<u>(61,732)</u>	<u>3,483,504</u>

Of the cash balances at the year end, £48,738 (2012 £57,684) is held under bank guarantees in respect of three bid bonds (2012 four) and four performance bonds (2012 three)

24. Ultimate parent company and controlling interest

The ultimate parent company is Ikon Science Limited. The management do not consider there is any ultimate controlling party.

25. Subsequent events

On 5 June 2013 Ikon Science Limited agreed to buy out the minority shareholding of 40% in Ikon Science do Brasil Limitada effective 1 April 2013. As part of the Agreement the company granted to the vendors certain software licences which had a nil book value as at 31 March 2013.