

Fixnetix Limited

**Directors' Report and Financial
Statements**

Registered number 5460456

31 March 2013



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2013

Business review and principal activities

The Company's principal activities continued to be the provision and development of market data, trading and communications services

Business development

As previously reported, in February 2012 NYSE Technologies acquired a 25% stake in Fixnetix. It had been anticipated that this investment relationship would lead to a marked increase in revenues for Fixnetix. However, these increases did not materialise and in December 2012 it was announced that ICE (The International Commodities Exchange) had made an offer to acquire 100% of the NYSE Group. In November 2013 ICE's acquisition of NYSE was completed and shortly afterwards ICE announced that it was seeking buyers for its NYSE Technology assets. In March 2014, Fixnetix completed a buyback of NYSE's 25% shareholding enabling Fixnetix to move onto the next chapter.

During 2013 significant new opportunities have arisen for Fixnetix in the Global Outsourcing marketplace. Fixnetix is well placed to service this market and is in the process of finalising a number of large outsourcing contracts which, once contracted, will provide the basis for the company returning to a profitable, self-sustaining independent entity.

Meantime, working capital has been bolstered by raising £2.6m through an issue of 3 year Loan Stock in Q4 of 2013. Furthermore, the directors are in the process of raising up to £5m in a funding round from existing and new strategic shareholders.

Financial Results

The directors are pleased to report that in spite of the disruption to normal trading as a result of the process of finding a strategic investor, and a year of difficult trading conditions, Fixnetix's revenues remained relatively unchanged at £27,457,928 (2012 £28,134,126).

The Group reports a net loss for the year before taxation of £4,415,549 (2012 £2,939,819), after incurring development costs on new products of £2,880,223 (2012 £2,100,895). The EBITDA for the period was £2,782,338 loss (2012 £532,386 loss) calculated as operating loss of £4,273,157 (2012 £2,828,938 loss) plus depreciation and amortisation of £1,490,819 (2012 £2,296,552).

Developments for the future

During the year £3,053,820 (2012 £2,156,632) of direct costs was spent on developing Fixnetix's iX-eCute FPGA based risk management product and other software related products of which £173,597 (2012 £55,737) was capitalised. These costs have been absorbed into the result for the year under review.

Revenues from these developments have contributed to the current 2013/14 results. Indeed, since the year end, Fixnetix's iX-eCute has been successfully installed at three international investment banks in North America and Asia and is already generating significant revenue streams with a number of prospects for future near term sales.

Development resources are continuing to be invested on development of Fixnetix's products to keep them at the forefront of financial services trading technology.

Directors' report *(continued)*

Business risk factors

As with any business we are exposed to certain risks which could adversely affect our results and general financial condition. The items detailed below are the risks which management is currently aware of which would have a detrimental impact. There may be other factors which emerge as material risks in the future.

System Failures

Our business reputation is heavily dependent upon providing a reliable uninterrupted service to our customers. If for whatever reason our service was to suffer from significant outages then customers may move to vendors offering a more resilient service.

Contract Renewals

A significant percentage of our revenues are derived from customers renewing their contracts. In 2012/2013 recurring revenues accounted for 87% of turnover. In order to maintain current levels of revenue and to generate higher revenues we are in part dependent upon our customers continuing to renew their contracts with us.

Third Party Providers

We rely on a number of third party providers for information, telecommunications and datacentre facilities. In addition we license technology from other organisations. Some of these businesses may seek to increase their fees or charges. If we are unable to negotiate acceptable commercial terms our business could be adversely affected.

General Market Conditions

Our customers all operate in the financial services sector. If their businesses are adversely affected by an economic downturn or recession there will inevitably be an impact on the collective amount spent on the type of services provided by Fixnetix.

Capital

At this time, based on current plans for the company, including the funding round in progress, the directors consider the company to now have sufficient working capital for its projected business requirements. Repayments of £1,566,429 (2012 £965,472) were made on loans during the year.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

Mr P R Ellis
Mr H L Hughes
Mr R M Johnson
Mr A J Moore
Mr A Yarrow
Mr K J Yeadon
Mr S Young (resigned 01/06/12)
Mr B J Chmelich (appointed 03/07/2012)

Directors' report *(continued)*

Financial risk management objectives and policies

The company makes limited use of financial instruments other than operational and term deposit bank accounts (see note 14) and fixed rate borrowings (see note 15 and 16) and so its exposure to interest rate risk, price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and result of the company

Charitable contributions

The Company made donations of £4,600 (2012 £3,535) to UK charities during the year

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is based on cash flow forecasts prepared by the directors which take into account the expected benefit of a new significant new contract secured in May 2014. The forecasts also take account of the repurchase of share capital (see note 27) which took place after year end. These forecasts indicate that the Group will continue to meet its liabilities and debt repayments as they fall due for the foreseeable future.

Post balance sheet events

The Company raised additional share capital of £200 through the proceeds of sale of 200 'A' Preference Shares of £1 each and used this to repurchase 338,473 Ordinary Shares, 677,313 'A' Ordinary Shares and 1,950,188 'A' Preference Shares in itself from the NYSE Group for a consideration of £200 on 26th March 2014.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



Mr H L Hughes
Director

45 Moorfields
London
EC2Y 9AE

3rd June 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditor's report to the members of Fixnetix Limited

We have audited the financial statements of Fixnetix Limited for the year ended 31 March 2013 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK 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 Fixnetix 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, 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

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

4 June 2014

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

	<i>Note</i>	2013 £	2012 £
Turnover	2	27,457,928	28,134,126
Cost of sales		(19,013,999)	(18,114,769)
Gross profit		8,443,929	10,019,357
Administrative expenses		(12,717,086)	(11,364,949)
Transaction costs		-	(983,346)
Vendor contract termination		-	(500,000)
Administrative expenses	3	(12,717,086)	(12,848,295)
Operating loss	3	(4,273,157)	(2,828,938)
Interest receivable and similar income	6	5,763	23,661
Interest payable and similar charges	7	(148,155)	(134,542)
Loss on ordinary activities before taxation	3	(4,415,549)	(2,939,819)
Taxation			
Tax on loss on ordinary activities	8	143,142	(543,794)
Loss for the financial year	18	(4,272,407)	(3,483,613)

A statement of total recognised gains and losses has not been included as part of these financial statements as the Group made no gains or losses in the period other than disclosed above in the profit and loss account

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The results stated above are all derived from continuing operations

The notes on pages 12 to 30 form an integral part of these financial statements

Consolidated balance sheet
at 31 March 2013

	<i>Note</i>	2013	2012
		£	£
Fixed assets			
Intangible assets	9	17,759	87,801
Tangible assets	10	1,537,016	1,540,867
		<u>1,554,775</u>	<u>1,628,668</u>
Current assets			
Stocks	12	463,852	553
Debtors	13	7,081,933	4,305,957
Investments – term deposits	14	-	2,251,572
Cash at bank and in hand		2,576,091	1,991,866
		<u>10,121,876</u>	<u>8,549,948</u>
Creditors: amounts falling due within one year	15	<u>(13,630,719)</u>	<u>(8,680,794)</u>
Net current liabilities		<u>(3,508,843)</u>	<u>(130,846)</u>
Total assets less current liabilities		<u>(1,954,068)</u>	<u>1,497,822</u>
Creditors: amounts falling due after more than one year	16	<u>(880,736)</u>	<u>(165,195)</u>
Net (liabilities) / assets		<u><u>(2,834,804)</u></u>	<u><u>1,332,627</u></u>
Capital and reserves			
Called up share capital	17	7,840,358	7,840,354
Share premium account	18	1,735,883	1,733,082
Profit and loss account	18	(12,411,045)	(8,240,809)
Shareholders' (deficit) / funds		<u><u>(2,834,804)</u></u>	<u><u>1,332,627</u></u>

These financial statements were approved by the board of directors on behalf by

3rd June 2014 and were signed on its



Mr H L Hughes
Director

The notes on pages 12 to 30 form an integral part of these financial statements

Company balance sheet
at 31 March 2013

	<i>Note</i>	2013	2012
		£	£
Fixed assets			
Intangible assets	9	17,759	87,801
Tangible assets	10	1,484,547	1,537,709
Investments	11	7	7
		<u>1,502,313</u>	<u>1,625,517</u>
Current assets			
Stocks	12	463,852	553
Debtors	13	7,226,847	4,616,435
Investments – term deposits	14	-	2,251,572
Cash at bank and in hand		2,352,512	1,915,312
		<u>10,043,211</u>	<u>8,783,872</u>
Creditors: amounts falling due within one year	15	<u>(13,280,637)</u>	<u>(8,576,805)</u>
Net current (liabilities) / assets		<u>(3,237,426)</u>	<u>207,067</u>
Total assets less current liabilities		<u>(1,735,113)</u>	<u>1,832,584</u>
Creditors: amounts falling due after more than one year	16	<u>(880,736)</u>	<u>(165,195)</u>
Net (liabilities) / assets		<u>(2,615,849)</u>	<u>1,667,389</u>
Capital and reserves			
Called up share capital	17	7,840,358	7,840,354
Share premium account	18	1,735,883	1,733,082
Profit and loss account	18	(12,192,090)	(7,906,047)
Shareholders' (deficit) / funds		<u>(2,615,849)</u>	<u>1,667,389</u>

These financial statements were approved by the board of directors on 3rd June 2014 and were signed on its behalf by



Mr H L Hughes
Director

The notes on pages 12 to 30 form an integral part of these financial statements

Consolidated cash flow statement
for the year ended 31 March 2013

	Note	2013 £	2012 £
Cash flow statement			
Cash outflow from operating activities	22	(2,128,371)	(2,472,493)
Returns on investments and servicing of finance	23	(142,392)	(110,881)
Taxation		-	-
Capital expenditure	23	(1,414,974)	(1,541,069)
		<hr/>	<hr/>
Cash outflow before use of liquid resources and financing		(3,685,737)	(4,124,443)
Management of liquid resources	23	2,251,572	4,949,999
Financing	23	2,018,390	480,609
		<hr/>	<hr/>
Increase in cash in the year		584,225	1,306,165
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
	24		
Increase in cash in the year		584,225	1,306,165
Cash outflow from decrease in debt financing		1,566,429	965,472
New debenture loans		-	-
New loans		(3,094,383)	-
(Increase in) / repayment of finance leases		(480,106)	(106,920)
		<hr/>	<hr/>
Movement in net debt in the year		(1,423,835)	2,164,717
Net cash/(debt) at beginning of year		1,103,644	(1,061,073)
		<hr/>	<hr/>
Net (debt)/cash at the end of the year		(320,191)	1,103,644
		<hr/>	<hr/>

The notes on pages 12 to 30 form an integral part of these financial statements

Reconciliation of movements in shareholders' (deficit) / funds
for the year ended 31 March 2013

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Loss for the financial year	(4,272,407)	(3,483,613)	(4,362,659)	(3,327,599)
New share capital subscribed	4	22	4	22
Share premium on new share capital subscribed	2,801	1,573,314	2,801	1,573,314
Credit in relation to share based payments	76,616	122,581	76,616	122,581
Foreign exchange	25,555	14,242	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net decrease to shareholders' (deficit) / funds	(4,167,431)	(1,773,454)	(4, 283,238)	(1,631,682)
Opening shareholders' funds	1,332,627	3,106,081	1,667,389	3,299,071
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' (deficit) / funds	(2,834,804)	1,332,627	(2,615,849)	1,667,389
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the loss in the year of £4,272,407 (2012 £3,483,613), net current liabilities of £1,954,068 (2012 net current assets £1,497,822) and net liabilities of £2,834,804 (2012 net assets £1,332,627), which the directors believe to be appropriate for the following reasons

The Directors have prepared group cash flow forecasts for the period ending 31 March 2017, which take into account the expected benefit of a significant new contract secured in May 2014. The forecasts also take account of the repurchase of share capital (see note 27) which took place after year end. These forecasts indicate that the Group will continue to meet its liabilities and debt repayments as they fall due for the foreseeable future. The business is currently trading in line with these forecasts. In the event that forecast trading levels do not materialise as expected the Directors have the scope to take further actions to enable the group to meet its liabilities as they fall due for the foreseeable future. The financial statements do not include any adjustments in the event that the going concern assumption is inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2013.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions or balances with entities which form part of the group headed by Fixnetix Limited as 100% of the voting rights are controlled within the group and the results are included within the consolidated financial statements.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost. Amortisation is provided to write off the cost of intangible fixed assets to nil by equal instalments over their useful economic lives as follows:

Intellectual property	-	20% per annum
Software costs	-	50% per annum

Investments

In the company's financial statements investments in subsidiary undertakings are stated at cost.
Company No. 5460456

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	-	33% or 50% per annum
Furniture and equipment	-	50% per annum
Leasehold improvements	-	50% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value

Foreign currencies

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

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Share based payments

The share option programme allows employees to acquire shares of the Group. The fair value of options granted after 7 November 2002 are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. The group provides market data and telecommunications services. Turnover is recognised in line with performance of contracted obligations.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed. Amortisation is provided to write off the cost of capitalised development expenditure to nil by equal instalments over two years.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

2 Turnover

The table below sets out information for each of the Group's geographic areas of operation

	2013 £	2012 £
UK	22,249,565	23,495,383
Europe	1,333,029	1,583,584
Americas and Canada	3,372,426	2,691,039
Other	502,908	364,120
	<hr/>	<hr/>
	27,457,928	28,134,126
	<hr/>	<hr/>

Notes (continued)

3 Notes to the profit and loss account

<i>Loss on ordinary activities before taxation is stated after charging:</i>	2013 £	2012 £
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned by the Group	1,408,412	2,160,980
Leased	82,407	135,572
Hire of other assets - operating leases	466,474	426,987
Research and development on new products	2,880,223	2,100,895
Audit of these financial statements	36,000	39,750
Amounts receivable by auditors and their associates in respect of		
Other services relating to taxation	6,350	6,350
	<u> </u>	<u> </u>

Included within administrative expenses in the prior year was £983,346 of one off transaction costs in relation to the purchase of 25% of the share capital of Fixnetix Limited (see note 17) and £500,000 of costs in relation to a termination of a vendor contract

4 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	640,284	877,632
Company contributions to money purchase pension schemes	9,900	9,750
	<u>650,184</u>	<u>887,382</u>

The aggregate of the emoluments of the highest paid director was £311,458 (2012 £316,205) and Company pension contributions of £nil (2012 £nil) were made to a money purchase scheme on his behalf During the year 2 directors exercised share options (2012 2)

	Number of directors 2013	2012
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	1	1
	<u> </u>	<u> </u>

Details of directors' advances, credits and guarantees are disclosed in note 26

5 Staff numbers and costs

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

	Number of employees 2013	2012
Administration and management	12	9
IT development and support	58	54
Sales and marketing	11	12
	<u>81</u>	<u>75</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	6,371,007	6,106,118
Social security costs	794,631	760,805
Pension contributions	328,775	330,758
	<u>7,494,413</u>	<u>7,197,681</u>

6 Interest receivable and similar income

	2013 £	2012 £
Bank interest	5,763	23,661
	<u>5,763</u>	<u>23,661</u>

7 Interest payable and similar charges

	2013 £	2012 £
Interest on debenture loans and finance leases	148,155	134,542
	<u>148,155</u>	<u>134,542</u>

8 Taxation

	2013 £	2012 £
<i>Analysis of charge in period</i>		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination of timing differences	(189,769)	466,354
Effect of decreased tax rate	46,627	77,440
Total deferred tax (credit) / charge	<u>(143,142)</u>	<u>543,794</u>
Tax (credit) / charge on profit on ordinary activities	<u>(143,142)</u>	<u>543,794</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2012 higher) than the standard rate of corporation tax in the UK of 24%, 2012 26%) The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(4,415,549)	(3,483,613)
	<u> </u>	<u> </u>
Current tax at 24% (2012 26%)	(1,059,732)	(905,739)
<i>Effects of</i>		
Expenses not deductible for tax purposes	64,166	337,263
Provision utilised	(2,400)	-
Capital allowances for period in deficit of depreciation	245,933	260,438
Carry forward of tax losses	937,516	540,377
Foreign (profits) / losses not subject to UK tax	(21,660)	40,564
Enhanced expenditure relief on research and development	-	(92,266)
Share scheme relief	(163,823)	(180,637)
	<u> </u>	<u> </u>
Total current tax credit	-	-
	<u> </u>	<u> </u>

The recognised deferred tax assets movement is as follows

	2013 £	2012 £
At beginning of year	929,279	1,473,073
Credit / (charge) to the profit and loss for the year	143,142	(543,794)
	<u> </u>	<u> </u>
At end of year	1,072,421	929,279
	<u> </u>	<u> </u>

The elements of recognised deferred tax assets are as follows

	2013 £	2012 £
<i>Effects of</i>		
Difference between accumulated depreciation and capital allowances	727,421	569,279
Tax losses	345,000	360,000
	<u> </u>	<u> </u>
Total deferred tax asset at end of year	1,072,421	929,279
	<u> </u>	<u> </u>

The tax rate used for calculating the closing deferred tax position was 23%

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2013, it has not been possible to quantify the impact this will have

The deferred tax asset does not include further taxable losses available totalling £8,503,982 (2012 £4,664,228) on the grounds that there is uncertainty over their recoverability against future trading profits of the Group within the next 12 months

Notes (*continued*)

9 Intangible fixed assets

	Software Costs £	Intellectual Property £	Total £
Group and Company			
<i>Cost</i>			
At the beginning and end of year	142,102	30,941	173,043
	<u> </u>	<u> </u>	<u> </u>
<i>Amortisation</i>			
At beginning of year	69,256	15,986	85,242
Charge for the year	63,853	6,189	70,042
	<u> </u>	<u> </u>	<u> </u>
At end of year	133,109	22,175	155,284
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 31 March 2013	8,993	8,766	17,759
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	72,846	14,955	87,801
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

10 Tangible fixed assets

	Computer equipment £	Furniture and equipment £	Leasehold Improvements £	Total £
Group				
Cost				
At beginning of year	7,240,242	343,819	-	7,584,061
Additions	1,229,023	90,343	95,608	1,414,974
Disposals	-	(591)	-	(591)
Transfers	27,579	(27,579)	-	-
Foreign exchange movement	2,346	-	-	2,346
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	8,499,190	405,992	95,608	9,000,790
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	5,768,304	274,890	-	6,043,194
Charge for year	1,311,870	73,103	35,804	1,420,777
Depreciation on disposals	-	(197)	-	(197)
Depreciation on transfers	17,596	(17,596)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	7,097,770	330,200	35,804	7,463,774
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2013	1,401,420	75,792	59,804	1,537,016
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	1,471,938	68,929	-	1,540,867
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of computer equipment includes £nil (2012 £68,732) which are held as security for promissory notes (see notes 15 and 16) with a depreciation charge for the year of £68,732 (2012 £103,098)

Included in the total net book value of computer equipment is £560,000 (2012 £82,407) in respect of assets held under finance leases. Depreciation for the year on these assets was £82,407 (2012 £133,573)

Notes (continued)

10 Tangible fixed assets (continued)

	Computer equipment £	Furniture and equipment £	Leasehold Improvements £	Total £
Company				
Cost				
At beginning of year	7,238,613	316,240	-	7,554,853
Additions	1,056,627	90,343	95,608	1,242,577
Disposals	-	(591)	-	(591)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	8,295,239	405,992	95,608	8,796,839
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	5,759,850	257,294	-	6,017,144
Charge for year	1,186,438	73,103	35,804	1,295,345
Depreciation on disposals	-	(197)	-	(197)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6,946,288	330,200	35,804	7,312,292
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2013	1,348,951	75,792	59,804	1,484,547
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	1,478,763	58,946	-	1,537,709
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of computer equipment includes £nil (2012 £68,732) which are held as security for promissory notes (see notes 15 and 16) with a depreciation charge for the year of £68,732 (2012 £103,098)

Included in the total net book value of computer equipment is £560,000 (2012 £82,407) in respect of assets held under finance leases. Depreciation for the year on these assets was £82,407 (2012 £133,573)

Notes (continued)

11 Fixed asset investments

	Shares in group undertakings £
Company Cost	
At the beginning and end of the year	7
	<u>7</u>
Provision	
At the beginning and end of the year	-
	<u>-</u>
Net book value	
At 31 March 2013	7
	<u>7</u>
At 31 March 2012	7
	<u>7</u>

The principal subsidiaries in which the Company's interest at the year end is more than 20% and have been included in these consolidated accounts are as follows

Company Name	Country of incorporation	Principal Activity	Description of Shares held	Percentage of shares held
Fixnetix Inc	USA	Provides low latency software development services	\$0.001 Ordinary Shares	100%

12 Stocks

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Finished goods and goods for resale	463,852	553	463,852	553
	<u>463,852</u>	<u>553</u>	<u>463,852</u>	<u>553</u>

Notes (continued)

13 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	4,155,414	2,126,229	3,642,015	1,686,632
Amounts owed by group undertakings	-	-	729,560	820,433
Finance lease debtors	226,650	234,175	226,650	234,175
Other debtors	86,938	40,426	63,006	24,907
Deferred tax assets (note 8)	1,072,421	929,279	1,072,421	929,279
Prepayments and accrued income	1,540,510	975,848	1,493,195	921,009
	<u>7,081,933</u>	<u>4,305,957</u>	<u>7,226,847</u>	<u>4,616,435</u>

14 Investments (held as current assets)

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Fixed term deposits	-	2,251,572	-	2,251,572
	<u>-</u>	<u>2,251,572</u>	<u>-</u>	<u>2,251,572</u>

All investments expired in February 2013

15 Creditors: amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Debenture loans and promissory notes	1,548,203	420,063	1,548,203	420,063
Obligations under finance leases and hire purchase contracts	467,343	302,964	467,343	302,964
Trade creditors	3,284,220	856,774	3,044,287	791,729
Other creditors	123,868	50,054	113,112	50,054
Taxation and social security	1,075,248	1,067,589	1,075,248	1,067,589
Accruals and deferred income	7,131,837	5,983,350	7,032,444	5,944,406
	<u>13,630,719</u>	<u>8,680,794</u>	<u>13,280,637</u>	<u>8,576,805</u>

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Debenture loans and promissory notes	500,000	101,186	500,000	101,186
Obligations under finance leases and hire purchase contracts	380,736	64,009	380,736	64,009
	<u>880,736</u>	<u>165,195</u>	<u>880,736</u>	<u>165,195</u>

The debenture loans are secured by a first fixed charge over the company's property (any future freehold or leasehold property), intellectual property, shares and goodwill. The debenture loans are also secured by a floating charge over all of the company's other assets. The company has also secured £nil (2012 £68,732) of its promissory notes over certain of its fixed assets (see note 10).

Loan maturity analysis

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Within one year	1,548,203	420,063	1,548,203	420,063
In the second to fifth years	500,000	101,186	500,000	101,186
	<u>2,048,203</u>	<u>521,249</u>	<u>2,048,203</u>	<u>521,249</u>

The obligations under finance leases and hire purchase contracts are secured over the assets to which they relate. The net book value of assets secured is stated at note 10.

The maturity of obligations under finance leases and hire purchase contracts is as follows

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Within one year	467,343	302,964	467,343	302,964
In the second to fifth years	380,736	64,009	380,736	64,009
	<u>848,079</u>	<u>366,973</u>	<u>848,079</u>	<u>366,973</u>

Notes (continued)

17 Called up share capital

	2013	2012
<i>Allotted, called up, fully and partly paid</i>		
1,204,553 (2012 1,164,453) Ordinary Shares of £0.0001 each	120	117
2,397,454 (2012 2,392,512) 'A' Ordinary Shares of £0.0001 each	240	239
7,839,968 (2012 7,839,968) 'A' Preferred Shares of £1 each	7,839,968	7,839,968
30 (2012 30) 'B' Preferred Shares of £1 each	30	30
	<u>7,840,358</u>	<u>7,840,354</u>

The 'A' Ordinary Shares rank pari passu in all respects with the Ordinary Shares issued by the company

During the year 40,100 Ordinary Shares were issued to share option holders

In addition, 4,942 'A' Ordinary Shares were issued to share option holders

18 Share premium and reserves

	Share premium account £	Profit and loss account £	Total £
Group			
At beginning of year	1,733,082	(8,240,809)	(6,507,727)
Premium on shares issued	2,801	-	2,801
Loss for the year	-	(4,272,407)	(4,272,407)
Credit in relation to share based payment	-	76,616	76,616
Exchange adjustments	-	25,555	25,555
At end of year	<u>1,735,883</u>	<u>(12,411,045)</u>	<u>(10,675,162)</u>
	Share premium account £	Profit and loss account £	Total £
Company			
At beginning of year	1,733,082	(7,906,047)	(6,172,965)
Premium on shares issued	2,801	-	2,801
Loss for the year	-	(4,362,659)	(4,362,659)
Credit in relation to share based payment	-	76,616	76,616
At end of year	<u>1,735,883</u>	<u>(12,192,090)</u>	<u>(10,456,207)</u>

Notes (continued)

19 Capital commitments

	2013 £	2012 £
Contracted for at year end but not provided for	<u>260,196</u>	<u>133,723</u>

20 Other financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Group		Company	
	2013	2012	2013	2012
	Land and buildings £	Land and buildings £	Land and buildings £	Land and buildings £
Operating leases which expire				
Within one year	333,743	291,306	275,175	291,306
In the second to fifth years inclusive	163,434	275,175	57,328	275,175
	<u>497,177</u>	<u>566,481</u>	<u>332,503</u>	<u>566,481</u>

21 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £328,775 (2012 £330,758).

Contributions amounting to £33,052 (2012 £50,820) were payable to the scheme at the year end and are included in creditors.

Notes *(continued)*

22 Reconciliation of operating profit to operating cash flows

	2013	2012
	£	£
Operating loss	(4,273,157)	(2,828,938)
Depreciation and amortisation charge	1,490,819	2,296,552
Share based payment charge	76,616	122,581
Exchange adjustments	23,207	14,242
Loss on disposal of fixed assets	394	-
(Increase) / decrease in stocks	(463,299)	146,624
Increase in debtors	(2,640,358)	(475,529)
Increase / (decrease) in creditors	3,657,407	(1,748,025)
	<hr/>	<hr/>
Net cash outflow from operating activities	(2,128,371)	(2,472,493)
	<hr/>	<hr/>

Notes (continued)

23 Analysis of cash flows

	2013		2012	
	£	£	£	£
Returns on investment and servicing of finance				
Interest received	5,763		23,661	
Interest paid	(142,151)		(126,799)	
Interest element of finance lease rental arrangements	(6,004)		(7,743)	
	<u> </u>		<u> </u>	
		(142,392)		(110,881)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of intangible fixed assets	-		(55,737)	
Purchase of tangible fixed assets	(1,414,974)		(1,485,332)	
	<u> </u>		<u> </u>	
		(1,414,974)		(1,541,069)
		<u> </u>		<u> </u>
Management of liquid resources				
Cash withdrawn from 7 day deposit		2,251,572		4,949,999
		<u> </u>		<u> </u>
Financing				
Shares issued in the period	2,805		1,573,336	
Repayment of loans	(1,566,429)		(965,472)	
New loans	3,094,383		-	
Capital element of finance lease rental payments	487,631		(127,255)	
	<u> </u>		<u> </u>	
		2,018,390		480,609
		<u> </u>		<u> </u>

Notes (continued)

24 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash at bank	1,991,866	584,225	2,576,091
Debt due			
in less than one year	(420,063)	(1,128,140)	(1,548,203)
in greater than one year	(100,186)	(399,814)	(500,000)
Finance leases	(367,973)	(480,106)	(848,079)
Total	1,103,644	(1,423,835)	(320,191)

25 Share based payments – Group and Company

During the year options existed under an approved Enterprise Management Incentive (EMI) scheme and an unapproved scheme on the ordinary shares. The terms and conditions of options granted in the year are as follows

Grant date and nature of scheme	Method of settlement accounting	Number of instruments	Conditions	Contractual life of options
Brought forward number of options	Equity	432,048	No performance conditions have to be met before the options become exercisable	19/12/2016 to 31/05/2021
		432,048		

The vesting periods of the options are five years. Upon each anniversary of the date of the grant 20% of such options shall become exercisable. The latest date for the exercise of the options is the tenth anniversary of the date of the grant.

Share-based payment charge

The total expense recognised in the year arising from share based payments was £76,616 (2012 £122,581)

Notes (continued)

25 Share based payments (continued)

The number and weighted average exercise prices of share options in issue are as follows

	2013 Weighted average exercise price £	2013 Number of options
Outstanding at the beginning of the year	0.0908	432,048
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	0.0908	(45,942)
Lapsed during the year	0.0908	(13,379)
	<hr/>	<hr/>
Outstanding at the end of the year	0.0908	372,727
	<hr/>	<hr/>
Exercisable at the end of the year	0.0908	264,607
	<hr/>	<hr/>

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of the services received is measured using a Black Scholes model. Measurement inputs and assumptions are as follows

	2013 Approved EMI scheme	2013 Unapproved scheme
Fair value at measurement date (£)	14.92	14.92
Weighted average share prices (£)	15.00	15.00
Exercise price (£)	0.0908	0.0908
Exercise option life (years)	5	5
Employee retention rate (%)	100	100
Expected volatility (%)	30	30
Dividend yield (%)	0	0
Risk free interest rate based on national government bonds (%)	2.14	2.14

There were no new options granted during the year

No dividends are anticipated

The expected volatility is based on historic volatility adjusted for any expected changes to future volatility

Notes (continued)

26 Related parties

Included in other debtors is £4,056 (2012 £1,632) due from Mr P R Ellis, director. The advance is interest free and repayable on demand. During the year the maximum amount outstanding was £6,899 (2012 £7,387).

The company made purchases of £1,094,938 (2012 £1,333,972) and made sales of £848,000 (2012 £nil) from NYSE Technologies, a key shareholder. At the year end a total of £106,664 (2012 £58,356) was owed to NYSE Technologies and is included in trade payables.

27 Subsequent events

The Company raised additional share capital of £200 through the proceeds of sale of 200 'A' Preference Shares of £1 each and used this to repurchase 338,473 Ordinary Shares, 677,313 'A' Ordinary Shares and 1,950,188 'A' Preference Shares in itself from the NYSE Group for a consideration of £200 on 26th March 2014.

28 Ultimate controlling party

In the directors' opinion, the Group has no ultimate controlling party.