

Fixnetix Limited

**Directors' Report and Financial
Statements**

Registered number 5460456

31 March 2014

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Strategic report

The directors present their strategic report for the year ended 31 March 2014.

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 March 2014, Fixnetix completed a buyback of NYSE's 25% shareholding enabling Fixnetix to move onto the next chapter.

During 2014 Fixnetix signed contracts on several large outsourcing deals which were identified during 2013; these deals along with several restructuring plans have enabled Fixnetix to focus on its core strengths. The Directors forecast that Fixnetix will return to a monthly break-even position during the financial year 2014/15 whilst still being able to scale the business to accommodate the expected growth in managed services and risk products.

Since the year-end financial advisors have been appointed to first assist with fund raising and then to advise the board of directors on the various funding options available to take the company forward to optimise its full potential by continuing expansion initiatives into new geographical regions and market sectors.

Financial Results and Key Performance Indicators

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 slightly increased to £27,904,437 (2013: £27,457,928).

The Group reports a net loss for the year before taxation of £4,181,327 (2013: £4,415,549), after incurring development costs on Fixnetix 'in house' trading products of £3,635,254 (2013: £2,880,223). The EBITDA for the period was £2,790,303 loss (2013: £2,712,296 loss) calculated as operating loss of £3,889,563 (2013: £4,273,157 loss) plus depreciation and amortisation of £1,099,260 (2013: £1,560,861).

Developments for the future

During the year £3,872,229 (2013: £3,053,820) of direct costs was spent on developing Fixnetix's iX-eCute FPGA based risk management product and other software related products of which £93,652 (2013: £173,597) 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, with Fixnetix's iX-eCute successfully installed at two international investment banks in North America and Asia with a third Tier 1 investment bank forecasted to sign contracts Q3 14/15.

Strategic report *(continued)*

Principal Risks and Uncertainties

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 2013/2014 recurring revenues accounted for 88% of turnover (2012/13: 87%). 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.

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.



Mr H L Hughes
Director

45 Moorfields
London
EC2Y 9AE

20 November 2014

Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2014.

Charitable contributions

The Company made donations of £10,872 (2013: £4,600) to UK & International 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 indicate that the Group will continue to meet its liabilities and debt repayments as they fall due for the foreseeable future.

Proposed dividend

The directors do not recommend the payment of a dividend(2013: £Nil).

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 B J Chmelich (resigned 27/01/14)
Mr R D Fuller (appointed 29/01/14)

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.

Directors' report *(continued)*

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

20 November 2014

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

The directors are responsible for preparing the Strategic Report, 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 2014 set out on pages 8 to 31. 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 2014 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 Strategic Report and 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

20 November 2014

Consolidated profit and loss account
for the year ended 31 March 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	27,904,437	27,457,928
Cost of sales		(19,414,128)	(19,013,999)
		<hr/>	<hr/>
Gross profit		8,490,309	8,443,929
Administrative expenses	3	(12,379,872)	(12,717,086)
		<hr/>	<hr/>
Operating loss	3	(3,889,563)	(4,273,157)
Interest receivable and similar income	6	830	5,763
Interest payable and similar charges	7	(292,594)	(148,155)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(4,181,327)	(4,415,549)
Taxation			
Tax on loss on ordinary activities	8	6,098	143,142
		<hr/>	<hr/>
Loss for the financial year	17	(4,175,229)	(4,272,407)
		<hr/>	<hr/>

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 13 to 31 form an integral part of these financial statements.

Consolidated balance sheet
at 31 March 2014

	<i>Note</i>	2014	2013
		£	£
Fixed assets			
Intangible assets	9	2,578	17,759
Tangible assets	10	1,324,534	1,537,016
		<u>1,327,112</u>	<u>1,554,775</u>
Current assets			
Stocks	12	127,237	463,852
Debtors	13	7,141,650	7,081,933
Cash at bank and in hand		-	2,576,091
		<u>7,268,650</u>	<u>10,121,876</u>
Creditors: amounts falling due within one year	14	<u>(12,546,687)</u>	<u>(13,630,719)</u>
Net current liabilities		<u>(5,277,800)</u>	<u>(3,508,843)</u>
Total assets less current liabilities		<u>(3,950,688)</u>	<u>(1,954,068)</u>
Creditors: amounts falling due after more than one year	15	<u>(3,015,146)</u>	<u>(880,736)</u>
Net liabilities		<u>(6,965,834)</u>	<u>(2,834,804)</u>
Capital and reserves			
Called up share capital	16	5,890,273	7,840,358
Share premium account	17	109,910	1,735,883
Capital redemption reserve	17	3,579,122	-
Profit and loss account	17	(16,545,139)	(12,411,045)
Shareholders' deficit		<u>(6,965,834)</u>	<u>(2,834,804)</u>

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



Mr H L Hughes
Director

20 November 2014 and were signed on

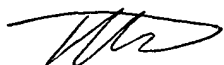
The notes on pages 13 to 31 form an integral part of these financial statements.

Company balance sheet
at 31 March 2014

	Note	2014	2013
		£	£
Fixed assets			
Intangible assets	9	2,578	17,759
Tangible assets	10	1,316,343	1,484,547
Investments	11	7	7
		<u>1,318,928</u>	<u>1,502,313</u>
Current assets			
Stocks	12	127,237	463,852
Debtors	13	7,316,947	7,226,847
Cash at bank and in hand		-	2,352,512
		<u>7,444,186</u>	<u>10,043,211</u>
Creditors: amounts falling due within one year	14	<u>(12,348,816)</u>	<u>(13,280,637)</u>
Net current liabilities		<u>(4,904,632)</u>	<u>(3,237,426)</u>
Total assets less current liabilities		<u>(3,585,704)</u>	<u>(1,735,113)</u>
Creditors: amounts falling due after more than one year	15	<u>(3,015,146)</u>	<u>(880,736)</u>
Net liabilities		<u>(6,600,850)</u>	<u>(2,615,849)</u>
Capital and reserves			
Called up share capital	16	5,890,273	7,840,358
Share premium account	17	109,910	1,735,883
Capital redemption reserve	17	3,579,122	-
Profit and loss account	17	(16,180,155)	(12,192,090)
Shareholders' deficit		<u>(6,600,850)</u>	<u>(2,615,849)</u>

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

20 November 2014 and were signed



Mr H L Hughes
Director

The notes on pages 13 to 31 form an integral part of these financial statements.

Consolidated cash flow statement
for the year ended 31 March 2014

	Note	2014 £	2013 £
Cash flow statement			
Cash outflow from operating activities	21	(2,828,327)	(2,128,371)
Returns on investments and servicing of finance	22	(291,764)	(142,392)
Taxation		-	-
Capital expenditure	22	(884,674)	(1,414,974)
		<hr/>	<hr/>
Cash outflow before use of liquid resources and financing		(4,004,765)	(3,685,737)
Management of liquid resources	22	-	2,251,572
Financing	22	1,016,987	2,018,390
		<hr/>	<hr/>
(Decrease) / increase in cash in the year		(2,987,778)	584,225
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
	23		
(Decrease) / increase in cash in the year		(2,987,778)	584,225
Cash outflow from decrease in debt financing		1,600,556	1,566,429
New loans		(2,691,662)	(3,094,383)
Increase in / (repayment of) finance leases		77,183	(480,106)
		<hr/>	<hr/>
Movement in net debt in the year		(4,001,701)	(1,423,835)
Net (debt)/ cash at beginning of year		(320,191)	1,103,644
		<hr/>	<hr/>
Net debt at the end of the year		(4,321,892)	(320,191)
		<hr/>	<hr/>

The notes on pages 13 to 31 form an integral part of these financial statements.

Reconciliation of movements in shareholders' (deficit) / funds
for the year ended 31 March 2014

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Loss for the financial year	(4,175,229)	(4,272,407)	(4,058,036)	(4,362,659)
New share capital subscribed	5	4	5	4
Share premium on new share capital subscribed	3,059	2,801	3,059	2,801
Credit in relation to share based payments	69,971	76,616	69,971	76,616
Foreign exchange	(28,836)	25,555	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net decrease to shareholders' (deficit) / funds	(4,131,030)	(4,167,431)	(3,985,001)	(4,283,238)
Opening shareholders' (deficit)/funds	(2,834,804)	1,332,627	(2,615,849)	1,667,389
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	(6,965,834)	(2,834,804)	(6,000,850)	(2,615,849)
	<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 group loss in the year of £4,175,229 (2013: £4,272,407), group net current liabilities of £5,277,800, (2013: £3,508,843) and group net liabilities of £6,695,834 (2013: £2,834,804). The company has net current liabilities of £4,904,632 (2013: £3,237,426) and company net liabilities of £6,600,850 (2013: £2,615,849) 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 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 and is expected to reach monthly breakeven before the end of the year. 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 2014.

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

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

Investments

In the company's financial statements investments in subsidiary undertakings are stated at cost.

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, trading systems and telecommunications services. Turnover is recognised in line with performance of contracted obligations.

Notes (continued)

1 Accounting policies (continued)

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.

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.

	2014 £	2013 £
UK	21,552,971	22,249,565
Europe	1,246,870	1,333,029
Americas and Canada	4,326,167	3,372,426
Other	778,429	502,908
	<hr/> 27,904,437 <hr/>	<hr/> 27,457,928 <hr/>

Notes (continued)

3 Notes to the profit and loss account

<i>Loss on ordinary activities before taxation is stated after charging:</i>	2014	2013
	£	£
Depreciation:		
Owned by the Group	953,256	1,408,412
Leased	130,823	82,407
Amortisation	15,181	70,042
Loss on disposal of tangible assets	8,199	394
Hire of other assets - operating leases	283,767	466,474
Research and development on Fixnetix internal products	3,635,254	2,880,223
Audit of these financial statements	40,000	36,000
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	6,350	6,350
	<hr/> <hr/>	<hr/> <hr/>

4 Remuneration of directors

	2014	2013
	£	£
Directors' emoluments	828,807	640,284
Company contributions to money purchase pension schemes	18,750	9,900
	<hr/> <hr/>	<hr/> <hr/>
	847,557	650,184

The aggregate of the emoluments of the highest paid director was £305,286 (2013: £311,458) and Company pension contributions of £nil (2013: £nil) were made to a money purchase scheme on his behalf. During the year no directors exercised share options (2013: 2).

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	1
	<hr/> <hr/>	<hr/> <hr/>

Details of the share based payment scheme is disclosed in note 24.

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	
	2014	2013
Administration and management	13	12
IT development and support	56	58
Sales and marketing	9	11
	<hr/> <hr/>	<hr/> <hr/>
	78	81

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	6,334,506	6,371,007
Social security costs	774,010	794,631
Pension contributions	295,274	328,775
	<u>7,403,790</u>	<u>7,494,413</u>

6 Interest receivable and similar income

	2014 £	2013 £
Bank interest	830	5,763
	<u>830</u>	<u>5,763</u>

7 Interest payable and similar charges

	2014 £	2013 £
Interest on debenture loans and finance leases	292,594	148,155
	<u>292,594</u>	<u>148,155</u>

8 Taxation

	2014 £	2013 £
<i>Analysis of charge in period</i>		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
<i>Deferred tax</i>		
Origination of timing differences	(26,633)	(189,769)
Effect of change in tax rate	-	46,627
Adjustment in respect of previous years	(324,465)	-
Release of asset on tax losses	345,000	-
	<u>(6,098)</u>	<u>(143,142)</u>
Total deferred tax credit	(6,098)	(143,142)
	<u>(6,098)</u>	<u>(143,142)</u>
Tax credit on profit on ordinary activities	(6,098)	(143,142)
	<u>(6,098)</u>	<u>(143,142)</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below.

	2014 £	2013 £
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(4,181,327)	(4,415,549)
Current tax at 23% (2013: 24%)	(961,705)	(1,059,732)
<i>Effects of:</i>		
Impact of rate difference between deferred and current tax	111,159	-
Expenses not deductible for tax purposes	82,532	64,166
Timing differences on unpaid pension contributions	(3,629)	-
Provision utilised	-	(2,400)
Capital allowances for period in deficit of depreciation	167,464	245,933
Carry forward of tax losses	577,225	937,516
Foreign (profits) / losses not subject to UK tax	26,954	(21,660)
Share scheme relief	-	(163,823)
Total current tax credit	-	-

The recognised deferred tax asset movement is as follows:

	2014 £	2013 £
At beginning of year	1,072,421	929,279
Credit / (charge) to the profit and loss for the year	6,098	143,142
At end of year	1,078,520	1,072,421

The elements of recognised deferred tax assets are as follows:

	2014 £	2013 £
<i>Effects of:</i>		
Short term timing differences	2,245	-
Difference between accumulated depreciation and capital allowances	1,076,274	727,421
Tax losses	-	345,000
Total deferred tax asset at end of year	1,078,520	1,072,421

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

The deferred tax asset does not include further taxable losses available totalling £11,423,239 (2013: £8,503,982) on the grounds that there is uncertainty over their recoverability against future trading profits of the Group within the next 12 months, which is why the asset over deferred tax losses was released in the year.

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
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of year	133,109	22,175	155,284
Charge for the year	8,993	6,188	15,181
	<hr/>	<hr/>	<hr/>
At end of year	142,102	28,363	170,465
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2014	-	2,578	2,578
	<hr/>	<hr/>	<hr/>
At 31 March 2013	8,993	8,766	17,759
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets

	Computer equipment £	Furniture and equipment £	Leasehold Improvements £	Total £
Group				
Cost				
At beginning of year	8,499,190	405,992	95,608	9,000,790
Foreign exchange movement	(13,081)	-	-	(13,081)
Additions	797,820	26,279	60,575	884,674
Disposals	(67,784)	(18,804)	-	(86,588)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9,216,145	413,467	156,183	9,785,795
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	7,097,770	330,200	35,804	7,463,774
Foreign exchange movement	(8,203)	-	-	(8,203)
Charge for year	957,106	58,458	68,515	1,084,079
Depreciation on disposals	(60,584)	(17,805)	-	(78,389)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	7,986,089	370,853	104,319	8,461,261
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2014	1,230,056	42,614	51,864	1,324,534
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	1,401,420	75,792	59,804	1,537,016
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of computer equipment is £590,405 (2013: £560,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £130,823 (2013: £82,407).

Notes (continued)

10 Tangible fixed assets (continued)

	Computer equipment £	Furniture and equipment £	Leasehold Improvements £	Total £
Company				
Cost				
At beginning of year	8,295,239	405,992	95,608	8,796,839
Additions	789,798	26,279	60,576	876,653
Disposals	(62,993)	(18,804)	-	(81,797)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9,022,044	413,467	156,184	9,591,695
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	6,946,288	330,200	35,804	7,312,292
Charge for year	909,686	58,458	68,515	1,036,659
Depreciation on disposals	(55,794)	(17,805)	-	(73,599)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	7,800,180	370,853	104,319	8,275,352
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2014	1,221,864	42,614	51,865	1,316,343
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	1,348,951	75,792	59,804	1,484,547
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of computer equipment is £590,405 (2013: £560,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £130,823 (2013: £82,407).

Notes (continued)

11 Fixed asset investments

	Shares in group undertakings £
Company	
<i>Cost</i>	
At the beginning and end of the year	7
	<u>7</u>
<i>Provision</i>	
At the beginning and end of the year	-
	<u>-</u>
<i>Net book value</i>	
At 31 March 2014	7
	<u>7</u>
At 31 March 2013	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 and US Infrastructure	\$0.001 Ordinary Shares	100%

12 Stocks

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Finished goods and goods for resale	127,237	463,852	127,237	463,852
	<u>127,237</u>	<u>463,852</u>	<u>127,237</u>	<u>463,852</u>

Notes (continued)

13 Debtors

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade debtors	4,523,147	4,155,414	4,175,742	3,642,015
Amounts owed by group undertakings	-	-	581,190	729,560
Finance lease debtors	43,486	226,650	43,486	226,650
Other debtors	309,749	86,938	288,003	63,006
Deferred tax asset (note 8)	1,078,520	1,072,421	1,078,520	1,072,421
Prepayments and accrued income	1,186,748	1,540,510	1,150,006	1,493,195
	<u>7,141,650</u>	<u>7,081,933</u>	<u>7,316,947</u>	<u>7,226,847</u>

14 Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Debenture loans and promissory notes	554,648	1,548,203	554,648	1,548,203
Overdrafts	411,687	-	468,481	-
Obligations under finance leases and hire purchase contracts	340,411	467,343	340,411	467,343
Trade creditors	3,133,906	3,284,220	3,018,548	3,044,287
Other creditors	115,237	123,868	110,017	113,112
Taxation and social security	617,875	1,075,248	617,875	1,075,248
Accruals and deferred income	7,372,923	7,131,837	7,238,836	7,032,444
	<u>12,546,687</u>	<u>13,630,719</u>	<u>12,348,816</u>	<u>13,280,637</u>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2014	2013	2014	2013
	£	£	£	£
Debenture loans and promissory notes	-	500,000	-	500,000
Unsecured shareholders loans	2,584,661	-	2,584,661	-
Obligations under finance leases and hire purchase contracts	430,485	380,736	430,485	380,736
	3,015,146	880,736	3,015,146	880,736

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 (see note 10). The company has also issued a further £2.6m (2013: £Nil) of unsecured loan stock to shareholders.

Loan maturity analysis

	Group	Group	Company	Company
	2014	2013	2014	2013
	£	£	£	£
Within one year	554,648	1,548,203	554,648	1,548,203
In the second to fifth years	2,584,661	500,000	2,584,661	500,000
	3,319,309	2,048,203	3,319,309	2,048,203

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	Group	Company	Company
	2014	2013	2014	2013
	£	£	£	£
Within one year	340,411	467,343	340,411	467,343
In the second to fifth years	430,485	380,736	430,485	380,736
	770,896	848,079	770,896	848,079

Notes (continued)

16 Called up share capital

	2014	2013
<i>Allotted, called up, fully and partly paid</i>		
912,223 (2013:1,204,553) Ordinary Shares of £0.0001 each	91	120
1,723,307 (2013:2,397,454) 'A' Ordinary Shares of £0.0001 each	172	240
5,889,980 (2013: 7,839,968) 'A' Preferred Shares of £1 each	5,889,980	7,839,968
30 (2013: 30) 'B' Preferred Shares of £1 each	30	30
	<u>5,890,273</u>	<u>7,840,358</u>

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

During the year 46,143 Ordinary Shares were issued to share option holders.

In addition, 3,166 'A' Ordinary Shares were issued to share option holders.

On 26/03/2014 338,473 of Ordinary Shares, 677,313 of 'A' Ordinary Shares and 1,950,188 of 'A' Preferred Shares were acquired by the company for £200 from NYSE. The impact of this transaction was to reduce the share capital by £1,950,089 and the share premium account by £1,629,032 and to increase the capital redemption reserve by £3,579,121. The share were acquired from funds from the issue of 200 preference shares on 26/03/2014, issued specifically to fund the share buyback.

17 Share premium and reserves

	Capital redemption reserve £	Share premium account £	Profit and loss account £	Total £
Group				
At beginning of year	-	1,735,883	(12,411,045)	(10,675,162)
Loss for the year	-	-	(4,175,229)	(4,175,229)
Premium on shares issued	-	3,059	-	3,059
Credit in relation to share based payment	-	-	69,971	69,971
Share buyback	3,579,122	(1,629,032)	-	1,950,090
Exchange adjustments	-	-	(28,836)	(28,836)
	<u>3,579,122</u>	<u>109,910</u>	<u>(16,545,139)</u>	<u>(12,856,107)</u>

	Capital redemption reserve £	Share premium account £	Profit and loss account £	Total £
Company				
At beginning of year	-	1,735,883	(12,192,090)	(10,456,207)
Loss for the year	-	-	(4,058,036)	(4,058,036)
Premium on shares issued	-	3,059	-	3,059
Credit in relation to share based payment	-	-	69,971	69,971
Share buyback	3,579,122	(1,629,032)	-	1,950,090
	<u>3,579,122</u>	<u>109,910</u>	<u>(16,180,155)</u>	<u>(12,491,123)</u>

Notes (continued)

18 Capital commitments

	2014 £	2013 £
Contracted for at year end but not provided for	<u>73,860</u>	<u>260,196</u>

19 Other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2014	2013	2014	2013
	Land and buildings £	Land and buildings £	Land and buildings £	Land and buildings £
Operating leases which expire:				
Within one year	57,328	333,743	57,328	275,175
In the second to fifth years inclusive	432,847	163,434	378,335	57,328
	<u>490,175</u>	<u>497,177</u>	<u>435,663</u>	<u>332,503</u>

20 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 £295,274 (2013: £328,775).

Contributions amounting to £28,480 (2013: £33,052) were payable to the scheme at the year end and are included in creditors.

Notes (continued)

21 Reconciliation of operating profit to operating cash flows

	2014	2013
	£	£
Operating loss	(3,889,563)	(4,273,157)
Depreciation and amortisation charge	1,099,260	1,490,819
Share based payment charge	69,971	76,616
Exchange adjustments	(23,957)	23,207
Loss on disposal of fixed assets	8,199	394
(Decrease) / increase in stocks	336,615	(463,299)
Increase in debtors	(59,717)	(2,783,500)
Increase in deferred tax asset	6,098	143,142
(Decrease) / increase in creditors	(375,233)	3,657,407
	<hr/>	<hr/>
Net cash outflow from operating activities	(2,828,327)	(2,128,371)
	<hr/>	<hr/>

Notes (continued)

22 Analysis of cash flows

	2014		2013	
	£	£	£	£
Returns on investment and servicing of finance				
Interest received	830		5,763	
Interest paid	(270,333)		(142,151)	
Interest element of finance lease rental arrangements	(22,261)		(6,004)	
	<u> </u>		<u> </u>	
		(291,764)		(142,392)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(884,674)		(1,414,974)	
	<u> </u>		<u> </u>	
		(884,674)		(1,414,974)
		<u> </u>		<u> </u>
Management of liquid resources				
Cash withdrawn from 7 day deposit		-		2,251,572
		<u> </u>		<u> </u>
Financing				
Shares issued in the period	3,064		2,805	
Repayment of loans	(1,600,556)		(1,566,429)	
New loans	2,691,662		3,094,383	
Capital element of finance lease rental payments	(77,183)		487,631	
	<u> </u>		<u> </u>	
		1,016,987		2,018,390
		<u> </u>		<u> </u>

Notes (continued)

23 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash at bank	2,576,091	(2,987,778)	(411,687)
Debt due			
in less than one year	(1,548,203)	993,555	(554,648)
in greater than one year	(500,000)	(2,084,661)	(2,584,661)
Finance leases	(848,079)	77,183	(770,896)
Total	(320,191)	(4,001,701)	(4,321,892)

24 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	372,727	No performance conditions have to be met before the options become exercisable.	19/12/2016 to 31/05/2021
		<u>372,727</u>		

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 £69,971 (2013: £76,616).

Notes (continued)

24 Share based payments – Group and Company (continued)

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

	2014 Weighted average exercise price £	2014 Number of options
Outstanding at the beginning of the year	0.0908	372,727
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	0.0908	(48,409)
Lapsed during the year	0.0908	(8,372)
	<hr/>	<hr/>
Outstanding at the end of the year	0.0908	315,946
	<hr/>	<hr/>
Exercisable at the end of the year	0.0908	268,171
	<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:

	2014 Approved EMI scheme	2014 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)

25 Related parties

Included in other creditors is £922 (2013: *£nil*) payable to Mr P R Ellis, director, for the reimbursement of expenses incurred on behalf of the Company.

Mr P R Ellis also settled an interest-free loan, advanced by the Company, during the year. During the year the maximum amount outstanding was £4,245 (2013: £6,899).

Included in other debtors is £2,000 (2013: *£nil*) due from Mr R D Fuller, director. The advance is interest free and repayable on demand. During the year the maximum amount outstanding was £4,750 (2013: *£nil*).

The company made purchases of £519,763 (2013: £1,094,938) and made sales of £120,177 (2013: £848,000) from NYSE Technologies, a key shareholder until the capital redemption in March 2014. At the year-end a total of £311,983 (2013: £106,664) was owed to NYSE Technologies and is included in trade payables.

26 Ultimate controlling party

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