

# **Crate Enterprises Limited**

## **Consolidated Financial Statements**

Year ended 31 March 2014

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COMPANIES HOUSE

Company no. 6824947

# Crate Enterprises Limited

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Registered No. 6824947

## **Directors**

S Devine

I Major – appointed 23 April 2014

A Morris – resigned 23 April 2014

## **Secretary**

M Schlichting

## **Auditors**

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

## **Registered Office**

2<sup>nd</sup> Floor

112-116 Old Street

London EC1V 9BG

## **Bankers**

Barclays Bank plc

27 Soho Square

London W1D 3QR

## **Solicitors**

Everyman Legal Limited

1G, Network Point

Range Road

Windrush Park

Witney OX29 0YN

## Strategic report

The directors present the audited Financial Statements of Crate Enterprises Limited for the year ended 31 March 2014.

### Principal activity and review of the business

The group's principal activity is as a technology and digital media business specialising in content, tools, service provision, product comparison, knowledge management and agency services, to consumers and to businesses, for finance and other verticals.

### Risks and uncertainties

The Company is exposed to risks and uncertainties relating to economic, operational and regulatory risks that are inherent in the environment in which the company will operate. The risks and uncertainties described below are not the only ones the company may face. Additional risks and uncertainties not presently known to the company or that the company's management currently deems minor or insignificant may also impair its business operations.

#### Economic:

- Dependence on financial service partners for product provision in the online product comparison market
- Dependence on network partners for distribution of some of the group's technical services

#### Operational:

- Loss of key staff within the management, development, editorial, marketing and support functions would impact the business, whilst replacements are identified and employed
- Technical failures related to the delivery of service

#### Regulatory:

- Further enhancements to the existing regulatory framework and reporting guidelines

### Key performance indicators

The group's key performance indicators are considered to be aggregate product clicks from visitors across its distribution network, and customers' engagement with the knowledge management platform on the group's own sites and on its distribution network, and growth in the agency business. With regard to the group's key performance indicators, performance in the financial year and position at the end of the financial year is considered to be satisfactory, with further significant progress made on developing the technology and functionality underlying the knowledge management platform, and in expanding the business to business distribution network in the finance vertical.

### Future developments

The group will continue to pursue a strategy of focused growth, leveraging its digital expertise for the benefit of its own consumers and for its expanding network of distribution partners.

### Going concern

The directors are confident that, based on current forecasts and improving trading conditions, the group has sufficient cash resources to finance its operations until at least 31 March 2016 without requiring additional funds.

The Balance Sheet and related note 13 refer to longer term obligations to The Motley Fool Limited. The original due date for repayment of these obligations was 1 October 2012.

At 20 March 2015 The Motley Fool Limited had entered into agreement to restructure the debt as a preferred loan note with repayment date of 30 September 2017.

Signed:

Saul Devine, Director

30 March 2015



## Directors' report

The directors present their report and financial statements for the Crate Enterprises group of companies for the year ended 31 March 2014.

### Results and dividends

The group loss for the year after taxation amounted to £285,386 (2013 profit £333,775), after total charges of £647,176 (2013 £553,078) relating to interest on net debt subsequent to the acquisition of lovemoney.com from The Motley Fool in 2009. The directors do not recommend the payment of a dividend and the loss for the year has been transferred to group reserves.

### Directors

The directors who served during the year are as follows:

S Devine

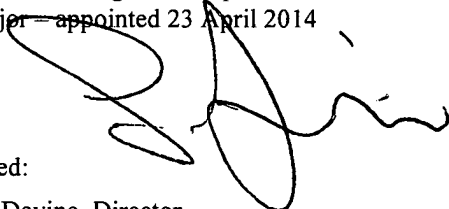
A Morris – resigned 23 April 2014

I Major – appointed 23 April 2014

Signed:

Saul Devine, Director

30 March 2015



## Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



M Schlichting

Secretary

30 March 2015

## **Independent auditor's report** to the members of Crate Enterprises Limited

We have audited the financial statements of Crate Enterprises Limited for the year ended 31 March 2014 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB'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](http://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 of the 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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



David Pearson

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP,

Statutory Auditor, Chartered Accountants

30 March 2015

## Consolidated Profit and Loss Account

for the year ended 31 March 2014

	Notes	2014 £	2013 £
<b>Turnover</b>	2	10,006,735	9,700,194
Cost of sales		(6,783,525)	(6,677,354)
<b>Gross profit</b>		3,223,210	3,022,840
Administrative expenses		(3,075,034)	(2,137,928)
<b>Operating profit</b>	3	148,176	884,912
Interest receivable		4,096	1,941
Interest payable	6	(647,176)	(553,078)
<b>(Loss) / profit on ordinary activities before taxation</b>		(494,904)	333,775
Taxation	7	209,518	-
<b>(Loss) / profit for the financial year</b>	15	(285,386)	333,775

All results are derived from continuing operations.

There were no recognised gains or losses other than the loss for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Consolidated Balance Sheet

for the year ended 31 March 2014

	Notes	Group 2014 £	Group 2013 £
<b>Fixed assets</b>			
Intangible assets	8	15,082	26,375
Tangible assets	9	32,886	37,998
		<u>47,968</u>	<u>64,373</u>
<b>Current assets</b>			
Debtors	11	2,389,326	2,626,024
Cash at bank and in hand		1,120,684	806,058
		<u>3,510,010</u>	<u>3,432,082</u>
<b>Creditors:</b> amounts falling due within one year	12	(2,202,287)	(2,502,220)
<b>Net current assets</b>		<u>1,307,723</u>	<u>929,862</u>
<b>Total assets less current liabilities</b>		<u>1,355,691</u>	<u>994,235</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(5,577,145)	(4,930,303)
<b>Net liabilities</b>		<u>(4,221,454)</u>	<u>(3,936,068)</u>
<b>Capital and reserves</b>			
Called up share capital	14	625	625
Profit and loss account	15	(4,222,079)	(3,936,693)
<b>Shareholders' deficit</b>	16	<u>(4,221,454)</u>	<u>(3,936,068)</u>

These financial statements were approved and authorised by the Board on 30 March 2015 and were signed on its behalf by;

  
Saul Devine  
Director

Registered number 6824947

The accompanying accounting policies and notes form an integral part of these financial statements.

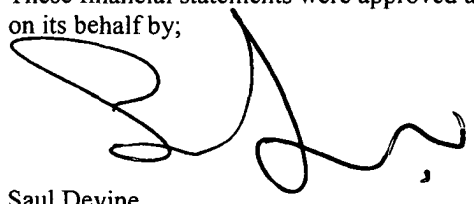


# Company Balance Sheet

for the year ended 31 March 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Intangible assets	8	8,916	26,375
Tangible assets	9	32,886	37,998
Investments	10	475,586	444,086
		<u>517,388</u>	<u>508,459</u>
<b>Current assets</b>			
Debtors	11	2,752,901	2,007,043
Cash at bank and in hand		113,427	13,776
		<u>2,866,328</u>	<u>2,020,819</u>
<b>Creditors:</b> amounts falling due within one year	12	(2,714,948)	(1,457,768)
<b>Net current assets</b>		<u>151,380</u>	<u>563,051</u>
<b>Total assets less current liabilities</b>		<u>668,768</u>	<u>1,071,510</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(5,577,145)	(4,929,969)
<b>Net liabilities</b>		<u>(4,908,377)</u>	<u>(3,858,459)</u>
<b>Capital and reserves</b>			
Called up share capital	14	625	625
Profit and loss account	15	(4,909,002)	(3,859,084)
<b>Shareholders' deficit</b>	16	<u>(4,908,377)</u>	<u>(3,858,459)</u>

These financial statements were approved and authorised by the Board on 30 March 2015 and were signed on its behalf by;

  
Saul Devine  
Director

Registered number 6824947

The accompanying accounting policies and notes form an integral part of these financial statements.

## Consolidated Cash Flow Statement

for the year ended 31 March 2014

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
<b>Net cash inflow / (outflow) from operating activities</b>	19(a)	323,192	(180,747)
<b>Returns on investments and servicing of finance</b>			
Interest received		4,096	1,941
<b>Net cash inflow from returns on investments and servicing of finance</b>		4,096	1,941
<b>Capital expenditure and financial investment</b>			
Purchase of intangible fixed assets		(6,166)	(10,000)
Purchase of tangible fixed assets		(6,496)	(20,337)
		(12,662)	(30,337)
<b>Increase / (decrease) in cash</b>		314,626	(209,143)

### Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Net debt as at 1 April		(4,123,911)	(4,536,690)
Increase / (decrease) in cash		314,626	(209,143)
Net movement in long term loans and licence fees		(647,176)	621,922
<b>Net debt as at 31 March</b>	19(b)	<b>(4,456,461)</b>	<b>(4,123,911)</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Notes to the consolidated financial statements

at 31 March 2014

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are set out below.

The financial statements have been prepared on a going concern basis, on which further comment is made in the Strategic Report. Based on forecasts there are sufficient cash resources to finance the group in its operations until at least 31 March 2016.

The long-term debt obligations are summarised in note 13 to these accounts, and reference is made to these in the Directors' Report. As at 20 March 2015 an agreement was entered into to restructure the debt as a preferred loan note with a repayment date of 30 September 2017. In the absence of the restructured loan, The Motley Fool Limited have given assurances that they have no intention of recalling the loan for at least a year from the signing of these accounts.

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of Section 408 of the Companies Act 2006.

#### *Fixed assets*

All fixed assets are initially recorded at acquired value or cost. Such costs include costs directly attributable to making the asset capable of operating as intended.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Computer equipment	–	33% per annum
Furniture and fittings	–	20% per annum
Office equipment	–	20% per annum
Leasehold improvements	–	Over the length of the term of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Intangible assets*

Purchased goodwill arising from the acquisition of the minority shareholding in LoveEating.com is calculated as the difference between the fair value of the purchase consideration and the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is capitalised and classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful life of 3 years. Goodwill is reviewed for impairment when necessary if circumstances indicate that its carrying value may not be recoverable.

Strategic and material acquisitions of domain names are capitalised and amortised over the estimated useful life of 3 years.

# Notes to the consolidated financial statements

at 31 March 2014

## Accounting policies (continued)

### Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

### Leasing commitments

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

### Pension scheme

The company runs a defined contribution pension scheme, which all employees are entitled to join. The company normally directly contributes to the pension scheme, and any contributions made by the company are charged in the profit and loss account as they become payable.

## 2. Turnover

Advertising revenues are initially recognised based on the expected delivery of online advertising activity to be served on the company's website; any shortfall against expected delivery is quantified and deferred until it is actually served. Product, partnership and syndication revenues are recognised in accordance with the underlying contracts and periods of delivery of contracted products and services.

Turnover consists entirely of sales made in the United Kingdom, stated net of value added tax.

## 3. Operating profit

This is stated after charging / (crediting):

	2014	2013
	£	£
Auditor's remuneration for audit services	22,500	21,500
Other fees to auditor – taxation services	16,000	16,500
Depreciation of tangible fixed assets	11,608	11,944
Amortisation of intangible assets	17,459	33,382
Operating lease charges:		
Land and buildings	121,141	121,141
Licence fees	-	360,000
Debt reduction for early termination of website tenancy agreement	-	(1,535,000)
	<u>          </u>	<u>          </u>

## Notes to the consolidated financial statements

at 31 March 2014

### 4. Staff costs

	2014 £	2013 £
Salaries (including directors' remuneration)	1,764,168	1,792,335
Social security costs	197,212	203,481
	<u>1,961,380</u>	<u>1,995,816</u>

The average monthly number of employees was as follows:

	2014 £	2013 £
Administration	3	3
Operations	18	21
Design and technology	11	9
	<u>32</u>	<u>33</u>

### 5. Directors' emoluments

	2014 £	2013 £
Emoluments	430,630	400,682
Highest paid directors' emoluments	265,814	256,460
	<u>2014 No.</u>	<u>2013 No.</u>
Number of directors who are members of defined contribution pension scheme	1	1

### 6. Interest payable and similar charges

	2014 £	2013 £
Amounts payable to minority shareholder	647,176	553,078

## Notes to the consolidated financial statements

at 31 March 2014

### 7. Taxation

	2014 £	2013 £
Corporation tax at 23%	-	-
R&D tax credits for 2012/13	(209,518)	-
	<u>(209,518)</u>	<u>-</u>

The current taxation charge for the year is different from the standard rate of corporation tax in the UK (23%). The differences are explained below.

	2014 £	2013 £
Group (loss) / profit on ordinary activities before tax	<u>(494,904)</u>	<u>333,775</u>
Theoretical tax at UK Corporation tax rate of 23% (2013:24%)	(113,828)	80,106
<i>Effects of:</i>		
- Capital allowances in excess of depreciation	(3,741)	(4,848)
- Expenses not deductible	7,691	5,551
- Qualifying charitable donations	69	-
- Group relief surrender	179,018	-
- Current year losses not utilised	115,778	-
- Group relief claim	(179,018)	-
- Brought forward trade losses utilised	(5,969)	(80,809)
- R&D tax credits for 2012/13	(209,518)	-
Actual current tax credit	<u>(209,518)</u>	<u>-</u>

A deferred tax asset of £914,958 has not been recognised in the consolidated balance sheet as it is currently uncertain when the group will generate sufficient profits to make use of the brought forward tax losses. The Company has a deferred tax asset of £674,124, which has not been recognised in the Company balance sheet as it is uncertain when it will generate sufficient profits to utilise those losses.

# Notes to the consolidated financial statements

at 31 March 2014

## 8. Intangible assets

### Consolidated

	<i>Purchased Goodwill &amp; Capitalised domain names £</i>
Cost:	
At 1 April 2013	52,378
Additions	6,166
At 31 March 2014	58,544
Amortisation:	
At 1 April 2013	26,003
Provided during the year	17,459
At 31 March 2014	43,462
Net book amount at 31 March 2014	15,082
Net book amount at 1 April 2013	26,375

### Company

	<i>Capitalised domain names £</i>
Cost:	
At 1 April 2013	52,378
Additions	-
At 31 March 2014	52,378
Amortisation:	
At 1 April 2013	26,003
Provided during the year	17,459
At 31 March 2014	43,462
Net book amount at 31 March 2014	8,916
Net book amount at 1 April 2013	26,375

## Notes to the consolidated financial statements

at 31 March 2014

### 9. Tangible fixed assets

#### Consolidated

	<i>Short term leasehold improvements</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost:			
At 1 April 2013	46,597	14,332	60,929
Additions	-	6,496	6,496
At 31 March 2014	46,597	20,828	67,425
Depreciation:			
At 1 April 2013	9,882	13,049	22,931
Provided during the year	9,859	1,749	11,608
At 31 March 2014	19,741	14,798	34,539
Net book value:			
At 31 March 2014	26,856	6,030	32,886
At 1 April 2013	36,715	1,283	37,998

#### Company

	<i>Short term leasehold improvements</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost:			
At 1 April 2013	46,597	14,332	60,929
Additions	-	6,496	6,496
At 31 March 2014	46,597	20,828	67,425
Depreciation:			
At 1 April 2013	9,882	13,049	22,931
Provided during the year	9,859	1,749	11,608
At 31 March 2014	19,741	14,798	34,539
Net book value:			
At 31 March 2014	26,856	6,030	32,886
At 1 April 2013	36,715	1,283	37,998



## Notes to the consolidated financial statements

at 31 March 2014

### 10. Investments - company

	2014 £	2013 £
At cost		
At 1 April	444,086	444,586
Additions / (disposals)	31,500	(500)
At 31 March	475,586	444,086

At 31 March 2014 the company held more than 20% of allotted share capital of the following group undertakings:

Name	Country of incorporation	Class of share capital held	Proportion held	Principal activity	Capital and reserves £	Profit/(loss) for the financial year £
lovemoney.com financial services limited	England and Wales	Ordinary	100%	Mortgage Intermediary	237,342	26,796
loveeating.com limited	England and Wales	Ordinary	100%	Food website	(61,100)	(39,756)
Runpath Digital Limited	England and Wales	Ordinary	100%	Digital agency	1,824,958	530,136
lovemoney.com limited	England and Wales	Ordinary	100%	Finance website	184,575	294,059

### 11. Debtors

#### Consolidated

	2014 £	2013 £
Trade debtors	1,603,036	2,258,363
Prepayments and accrued income	476,065	266,955
Other debtors	100,706	100,706
R&D tax credits receivable	209,519	-
	2,389,326	2,626,024

Other debtors include an amount of £100,706 relating to a rent deposit paid, secured under a rent deposit deed. The lease expires on 27 December 2016.

## Notes to the consolidated financial statements

at 31 March 2014

### 11. Debtors (continued)

#### Company

	2014	2013
	£	£
Trade debtors	14,400	-
Amount due from subsidiary undertakings	2,349,317	1,841,428
Prepayments and accrued income	56,118	50,952
Other debtors	123,547	114,663
R&D tax credits receivable	209,519	-
	<u>2,752,901</u>	<u>2,007,043</u>

Other debtors include an amount of £100,706 relating to a rent deposit paid, secured under a rent deposit deed. The lease expires on 27 December 2016.

### 12. Creditors: amounts falling due within one year

#### Consolidated

	2014	2013
	£	£
Trade creditors	585,137	464,318
Other taxes and social security costs	193,282	329,369
Accruals and deferred income	1,423,868	1,705,033
Short-term loan due to minority shareholder	-	3,500
	<u>2,202,287</u>	<u>2,502,220</u>

#### Company

	2014	2013
	£	£
Trade creditors	131,202	106,068
Other taxes and social security costs	193,282	330,368
Accruals and deferred income	79,683	100,346
Amounts due to subsidiary undertakings	2,310,781	920,986
	<u>2,714,948</u>	<u>1,457,768</u>

## Notes to the consolidated financial statements

at 31 March 2014

### 13. Creditors: amounts falling due after more than one year

#### Consolidated

	2014	2013
	£	£
Long-term loan due to minority shareholder	3,561,000	3,561,000
Interest due on long-term loan to minority shareholder	2,016,145	1,368,969
Minority shareholders	-	334
	<u>5,577,145</u>	<u>4,930,303</u>

#### Company

	2014	2013
	£	£
Long-term loan due to minority shareholder	3,561,000	3,561,000
Interest due on long-term loan to minority shareholder	2,016,145	1,368,969
	<u>5,577,145</u>	<u>4,929,969</u>

The loan due to minority shareholder relates to a loan from The Motley Fool Limited to finance the transfer of certain assets to the company, and incurs interest at 10% annually compounded on a monthly basis on the loan related to converted licence fees and 15% per annum on the original loan, compounding if unpaid by 1 September each year. Under the terms of the agreement the loan is repayable by 1 October 2012, or later by agreement with The Motley Fool Limited, subject to compliance with certain financial covenants. The loan is secured by a debenture creating a fixed and floating charge over the group's assets.

The company has covenanted that its total group bank and cash balances will not be less than £500,000.

As at 20 March 2015 an agreement was entered into to restructure the debt as a preferred loan note with a repayment date of 30 September 2017. In the absence of the restructured loan, The Motley Fool Limited have given assurances that they have no intention of recalling the loan for at least a year from the signing of these accounts.

## Notes to the consolidated financial statements

at 31 March 2014

### 14. Authorised and issued share capital

	2014	2013
<i>Authorised</i>	£	£
Series A Ordinary shares of £0.0001 each	125	125
Ordinary shares of £0.0001 each	9,987	9,987
	<u>10,112</u>	<u>10,112</u>
	2014	2014
<i>Authorised, called up, and fully paid</i>	No.	£
Series A Ordinary shares of £0.0001 each	1,250,000	125
Ordinary shares of £0.0001 each	5,000,000	500
	<u>6,250,000</u>	<u>625</u>

The Series A Ordinary shares and Ordinary shares rank pari passu, except that the holders of Series A Ordinary shares are entitled to convert them into Ordinary shares on the occurrence of conditions specified in the company's Articles of Association, and automatically in the event of an Initial Public Offering by the company.

### 15. Movements on reserves

#### Consolidated

	<i>Profit and loss account</i>	
	2014	2013
	£	£
At 1 April	(3,936,693)	(4,270,468)
(Loss) / profit for the year	(285,386)	333,775
	<u>(4,222,079)</u>	<u>(3,936,693)</u>
At 31 March		

#### Company

	<i>Profit and loss account</i>	
	2014	2013
	£	£
At 1 April	(3,859,084)	(4,166,583)
(Loss) / profit for the year	(1,049,918)	307,499
	<u>(4,909,002)</u>	<u>(3,859,084)</u>
At 31 March		

# Notes to the consolidated financial statements

at 31 March 2014

## 16. Shareholders' funds

### Consolidated

	2014	2013
	£	£
At 1 April	(3,936,068)	(4,269,843)
(Loss) / profit for the year	(285,386)	333,775
At 31 March	<u>(4,221,454)</u>	<u>(3,936,068)</u>

### Company

	2014	2013
	£	£
At 1 April	(3,858,459)	(4,165,958)
(Loss) / profit for the year	(1,049,918)	307,499
At 31 March	<u>(4,908,377)</u>	<u>(3,858,459)</u>

## 17. Financial commitments

At 31 March 2014 the group had annual commitments under non-cancellable rental agreements as set out below:

	<i>Land and buildings</i>	
	2014	2013
	£	£
Operating leases which expire:		
within one year	134,275	134,275
in two to five years	234,981	369,256
	<u>369,256</u>	<u>503,531</u>

## 18. Contingent liabilities

The group had no contingent liabilities at 31 March 2014.

## Notes to the consolidated financial statements

at 31 March 2014

### 19. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	2014	2013
	£	£
Operating profit	148,176	884,912
Depreciation	11,608	11,944
Amortisation	17,459	33,382
Decrease / (increase) in debtors	236,698	(646,907)
(Decrease) / increase in creditors	(300,267)	711,422
R&D tax credit	209,518	-
Decrease increase in long term loans and accrued licence fees	-	(1,175,000)
Decrease in minority shareholdings	-	(500)
Net cash inflow / (outflow) from operating activities	323,192	(180,747)

(b) Analysis of changes in net debt

	At 1 April 2013	Cash flow	Non-cash Items	At 31 March 2014
	£	£	£	£
Cash at bank and in hand	806,058	314,626	-	1,120,684
Long term loan and accrued interest	(4,929,969)	-	(647,176)	(5,577,145)
	(4,123,911)	314,626	(647,176)	(4,456,461)

### 20. Controlling party

The immediate and ultimate controlling undertaking is Crate Enterprises Employee Trustee Ltd., incorporated in the UK.