

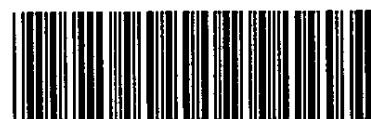
VCS (HOLDINGS UK) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

Company Registration Number 08375791

Baker Tilly Tax and Accounting Limited

Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

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VCS (HOLDINGS UK) LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

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VCS (HOLDINGS UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

The board of directors	Mr B Ertischek Mr C Baty Mr J Paulson Mr J Haladay Mr M Harris
Company secretary	Mr B Ertischek
Business address	4th Floor Central Square Forth Street Newcastle upon Tyne NE1 3PJ
Registered office	4th Floor Central Square Forth Street Newcastle upon Tyne NE1 3PJ
Auditor	Baker Tilly UK Audit LLP Chartered Accountants Tenon House Ferryboat Lane Sunderland SR5 3JN
Accountants	Baker Tilly Tax and Accounting Limited Chartered Accountants Tenon House Ferryboat Lane Sunderland SR5 3JN

VCS (HOLDINGS UK) LIMITED

STRATEGIC REPORT

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

Business review, key performance indicators and future developments

The principal activity of the company during the period was that of a holding company. The group's principal activity during the period was that of software development and distribution.

The company was incorporated on 25 January 2013 and on the 1 February 2013 the ultimate parent company of 4Projects Limited was acquired by Viewpoint Inc. The acquisition has led to further significant investment in all areas of the business and the move to a new European HQ in Newcastle upon Tyne to allow for further expansion.

4Projects performed very well during the financial year recording double digit revenue growth, strong profit margins and excellent customer retention and acquisition rates.

Major milestones in the period include the launch of our innovative Building Information Modelling product 4BIM and the award of 'Product of the Year' and 'Collaboration Product of the Year' at the 2013 Construction Computing Awards.

The business continues to perform well in 2014 to date with a strong and growing pipeline of business.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary intergroup and intercompany borrowings. The management objectives are to

- retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds.

Signed on behalf of the directors



C Baty

Approved by the directors on

25/9/14

VCS (HOLDINGS UK) LIMITED

DIRECTORS' REPORT

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

The directors present their report and the financial statements of the group for the period from 25 January 2013 to 31 December 2013

Results and dividends

The loss for the period, after taxation, amounted to £1,982,729. The directors have not recommended a dividend.

Directors

The directors who served the company during the period were as follows

Mr B Ertischek
Mr C Baty
Mr J Paulson
Mr J Haladay
Mr M Harris

Mr B Ertischek was appointed as a director on 25 January 2013
Mr C Baty was appointed as a director on 25 January 2013
Mr J Paulson was appointed as a director on 25 January 2013
Mr J Haladay was appointed as a director on 25 January 2013
Mr M Harris was appointed as a director on 25 January 2013

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 period. 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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of 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 judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

VCS (HOLDINGS UK) LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

In so far as the directors are, individually, aware

- there is no relevant audit information of which the group's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Strategic report

The directors have prepared a Strategic Report in accordance with section 414C(11) of the Companies Act 2006. This is shown on page 2 of the financial statements.

Auditor

Baker Tilly Audit Limited ceased trading on 31st March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors



C Baty

Approved by the directors on 25/9/14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCS (HOLDINGS UK) LIMITED

We have audited the group and parent company financial statements ("the financial statements") of VCS (Holdings UK) Limited for the period from 25 January 2013 to 31 December 2013 on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 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 December 2013 and of the group's loss for the period 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VCS (HOLDINGS UK) LIMITED (CONTINUED)**

Matters on which we are required to report by exception

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

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

Kevin Rooney, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Tenon House
Ferryboat Lane
Tyne and Wear
SR5 3JN

Date - *29 September 2014*

VCS (HOLDINGS UK) LIMITED
GROUP PROFIT AND LOSS ACCOUNT
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

		Period from 25 Jan 13 to 31 Dec 13 £
Group turnover	Note 2	5,987,508
Cost of sales		(163,188)
Gross profit		<u>5,824,320</u>
Administrative expenses (including amortisation of £1,301,722)		(5,754,477)
Other operating income	3	165,492
Operating profit	4	<u>235,335</u>
Interest payable and similar charges	7	(2,171,683)
Loss on ordinary activities before taxation		<u>(1,936,348)</u>
Tax on loss on ordinary activities	8	(46,381)
Loss for the financial period	9	<u><u>(1,982,729)</u></u>

All of the activities of the group are classed as continuing and derive from the entities acquired during the financial period

The group has no recognised gains or losses other than the results for the period as set out above

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 25 form part of these financial statements

VCS (HOLDINGS UK) LIMITED
GROUP BALANCE SHEET
31 DECEMBER 2013

	Note	£	31 Dec 13 £
Fixed assets			
Intangible assets	10		24,736,504
Tangible assets	11		441,712
			<u>25,178,216</u>
Current assets			
Debtors	14	2,042,549	
Cash at bank and in hand		1,493,847	
		<u>3,536,396</u>	
Creditors Amounts falling due within one year	16	<u>(2,113,196)</u>	
Net current assets			1,423,200
Total assets less current liabilities			<u>26,601,416</u>
Creditors Amounts falling due after more than one year	17		(28,584,144)
			<u>(1,982,728)</u>
Capital and reserves			
Called-up share capital	22		1
Profit and loss account	23		(1,982,729)
Shareholders' funds	24		<u>(1,982,728)</u>

These accounts were approved by the directors and authorised for issue on 25/1/14, and are signed on their behalf by

Mr C Baty
Director



The notes on pages 11 to 25 form part of these financial statements

VCS (HOLDINGS UK) LIMITED

Registered Number 08375791

BALANCE SHEET**31 DECEMBER 2013**

	Note	£	31 Dec 13 £
Fixed assets			
Investments	12		2,787,133
Current assets			
Debtors due within one year	14	243,054	
Debtors due after more than one year		24,348,906	
		24,591,960	
Creditors Amounts falling due within one year	16	(964)	
Net current assets			24,590,996
Total assets less current liabilities			27,378,129
Creditors Amounts falling due after more than one year	17	(28,833,959)	
		(1,455,830)	
Capital and reserves			
Called-up share capital	22		1
Profit and loss account	23		(1,455,831)
Shareholders' funds			(1,455,830)

These accounts were approved by the directors and authorised for issue on 25/9/14, and are signed on their behalf by

Mr C Baty
Director



The notes on pages 11 to 25 form part of these financial statements

VCS (HOLDINGS UK) LIMITED

GROUP CASH FLOW

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

	Note	Period from 25 Jan 13 to 31 Dec 13	£
Net cash inflow from operating activities	25		1,147,087
Net cash outflow from returns on investments and servicing of finance			-
Taxation			-
Capital expenditure			
Payments to acquire tangible fixed assets		(334,324)	
Net cash outflow from capital expenditure			(334,324)
Acquisitions and disposals			
Net cash balance acquired with subsidiary undertakings		1,635,586	
Net cash outflow from acquisition and disposals			1,635,586
Cash inflow before financing			2,448,349
Financing			
Payment of loans		(900,000)	
Capital element of hire purchase		(54,502)	
Cash outflow from financing			(954,502)
Increase in cash	25		<u>1,493,847</u>

The notes on pages 11 to 25 form part of these financial statements

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The accounts are prepared on the going concern basis which assumes the continued support of the ultimate parent undertaking, Viewpoint Inc. The directors have received written confirmation of this support from Viewpoint Inc.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents total invoice value, excluding value added tax, of sales of software as a service made during the year. Turnover is recognised on a monthly basis as the service is provided.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classed as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is considered to be 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill - over 20 years on a straight line basis

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Property Improvements	- over 10 years on a straight line basis
Fixtures & Fittings	- over 3 years on a straight line basis
Computer Equipment	- over 3 years on a straight line basis
Software	- over 3 years on a straight line basis

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

1 Accounting policies (continued)

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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

Foreign currencies

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

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual agreement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

1 Accounting policies (continued)

Deferred income

When invoices are raised in advance of service delivery, the element relating to future periods is credited to deferred income

Research and development

Research and development expenditure is written off in the year in which it is incurred

2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	Period from 25 Jan 13 to 31 Dec 13 £
United Kingdom	4,755,631
Overseas	1,231,877
	<u>5,987,508</u>

3 Other operating income

	Period from 25 Jan 13 to 31 Dec 13 £
Other operating income	<u>165,492</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	Period from 25 Jan 13 to 31 Dec 13 £
Amortisation of intangible assets	1,301,722
Depreciation of owned fixed assets	79,082
Depreciation of assets held under hire purchase agreements	55,208
Auditors remuneration	13,750
Operating lease costs	
-Other	128,870
Net profit on foreign currency translation	<u>(153,629)</u>

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

5. Particulars of employees

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

	Period from 25 Jan 13 to 31 Dec 13 No
Technical	25
Other	32
	<u>57</u>

The aggregate payroll costs of the above were

	Period from 25 Jan 13 to 31 Dec 13 £
Wages and salaries	2,262,085
Social security costs	228,545
Other pension costs	49,257
	<u>2,539,887</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Period from 25 Jan 13 to 31 Dec 13 £
Remuneration receivable	113,341
Value of company pension contributions to money purchase schemes	7,142
	<u>120,483</u>

The number of directors accruing benefits under company pension schemes was as follows

	Period from 25 Jan 13 to 31 Dec 13 No
Money purchase schemes	<u>2</u>

7 Interest payable and similar charges

	Period from 25 Jan 13 to 31 Dec 13 £
Interest charged on group loans (note 21)	<u>2,171,683</u>

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

8 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 25 Jan 13 to 31 Dec 13 £	£
UK taxation		
In respect of the period		
UK Corporation tax		11,213
Under provision in prior year		10,981
		<u>22,194</u>
Foreign tax		
Current tax on income for the period		1,468
		<u>23,662</u>
Deferred tax		
Origination and reversal of timing differences	22,719	
Total deferred tax (note 15)		22,719
Tax on loss on ordinary activities		<u>46,381</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK

	Period from 25 Jan 13 to 31 Dec 13 £
Loss on ordinary activities before taxation	(1,936,348)
Loss on ordinary activities by rate of tax – 23 25%	(450,201)
Effects of	
Expenses not deductible for tax purposes	135,195
Capital allowances for period in excess of depreciation	(33,730)
Utilisation of tax losses	23,211
Amortisation not deductible for tax purposes	311,876
Benefit of enhanced research and development expenditure	(44,168)
Other timing differences	81,479
Total current tax (note 8(a))	<u>23,662</u>

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

9 Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company, VCS (Holdings UK) Limited, was £(1,455,831)

10. Intangible fixed assets

Group	Goodwill £	Intangible asset £	Total £
Cost			
On acquisition	–	2,879	2,879
Additions	26,034,447	900	26,035,347
At 31 December 2013	<u>26,034,447</u>	<u>3,779</u>	<u>26,038,226</u>
Amortisation			
Charge for the period	1,301,722	–	1,301,722
At 31 December 2013	<u>1,301,722</u>	<u>–</u>	<u>1,301,722</u>
Net book value			
At 31 December 2013	<u>24,732,725</u>	<u>3,779</u>	<u>24,736,504</u>

11. Tangible fixed assets

Group	Leasehold Property £	Fixtures & Fittings £	Computer Equipment £	Software £	Total £
Cost					
On acquisition	–	18,648	302,020	51,778	372,446
Additions	158,033	14,721	131,775	75,526	380,055
At 31 December 2013	<u>158,033</u>	<u>33,369</u>	<u>433,795</u>	<u>127,304</u>	<u>752,501</u>
Depreciation					
On acquisition	–	11,050	137,424	28,025	176,499
Charge for the period	247	9,791	101,556	22,696	134,290
At 31 December 2013	<u>247</u>	<u>20,841</u>	<u>238,980</u>	<u>50,721</u>	<u>310,789</u>
Net book value					
At 31 December 2013	<u>157,786</u>	<u>12,528</u>	<u>194,815</u>	<u>76,583</u>	<u>441,712</u>

Hire purchase agreements

Included within the net book value of £441,712 is £107,059 relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £55,208.

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

12. Investments

Company	Group companies £
Cost	
Additions	2,787,133
At 31 December 2013	<u>2,787,133</u>
Net book value	
At 31 December 2013	<u>2,787,133</u>

Holdings in subsidiary undertakings

	Country of incorporation	Class of share held	Proportion of shares held	Principal activity
Riverside Topco Limited	United Kingdom	Ordinary	100%	Holding company
Riverside Acquisitions Limited	United Kingdom	Ordinary	100%	Holding company
4Projects Holdings Limited	United Kingdom	Ordinary	100%	Holding company
4Projects Limited	United Kingdom	Ordinary	100%	Software sales and distribution
4Retail Limited	United Kingdom	Ordinary	100%	Software sales and distribution
4Projects Management Limited	United Kingdom	Ordinary	100%	Dormant company

All of the above entities have been included within the consolidated financial statements using the acquisition accounting method

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of S 479A CA 2006

Riverside Topco Limited	– registered number 06318545
Riverside Acquisitions Limited	– registered number 06318542
4Projects Holdings Limited	– registered number 05279498
4Projects Management Limited	– registered number 02171374

VCS (HOLDINGS UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

13. Acquisitions

On 1 February 2013, the company acquired all of the Ordinary shares of the 4Projects Group, which includes all of the entities listed in note 12 of these financial statements. The resulting goodwill of £26,034,447 was capitalised and will be written off over 20 years. The directors have selected this period as they believe that this most fairly reflects the period of use of the goodwill acquired.

In the opinion of the directors, the adjustments that arose on acquisition and accounting policy alignments are not material and have been shown below. All consideration was due immediately in cash and satisfied by the ultimate parent entity. As part of the transaction, the external debt finance that existed in the group at 1 February 2013 was repaid and is replaced by intercompany debt owed to the ultimate parent entity, Viewpoint Inc, a company incorporated in the United States of America.

The book value and fair value of the assets acquired are as follows:

	Total £	Fair value adjustments £	Total £
Tangible fixed assets	264,031	(65,205)	198,826
Current assets			
Debtors	1,618,545	–	1,618,545
Cash at bank and in hand	1,635,586	–	1,635,586
Total assets	<u>3,518,162</u>	<u>(65,205)</u>	<u>3,452,957</u>
Creditors	26,760,979	(60,535)	26,700,444
Deferred taxation	(43,760)	31,826	(11,934)
Total liabilities	<u>26,717,219</u>	<u>(28,709)</u>	<u>26,688,510</u>
Net liabilities	<u>(23,199,057)</u>	<u>(36,496)</u>	<u>(23,235,553)</u>
Purchase consideration			2,798,894
Goodwill			<u>26,034,447</u>

In the previous financial period the result of the acquired entities were as follows:

Subsidiary undertakings	Financial period	Profit/(Loss) £
Riverside Topco Limited	Period from 1 April 12 to 31 Dec 12	–
Riverside Acquisitions Limited	Period from 1 April 12 to 31 Dec 12	(622,929)
4Projects Holdings Limited	Period from 1 April 12 to 31 Dec 12	1,177,000
4Projects Limited	Period from 1 April 12 to 31 Dec 12	1,156,973
4Retail Limited	Period from 1 April 12 to 31 Dec 12	(279,922)
4Projects Management Limited	Period from 1 April 12 to 31 Dec 12	–

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

13. Acquisitions (continued)

The results of the acquired entities from 1 January 2013 to 1 February 2013 are as follows

	Riverside Topco Limited group including all 100% owned subsidiaries*
	£
Turnover	486,345
Operating profit	146,124
Profit/(loss) before tax	(36,400)
Profit/(loss) after tax	(36,400)

There were no recognised gains or losses of the acquired entities other than in profit or loss from 1 January 2013 to 1 February 2013

* Riverside Acquisitions Limited, 4Projects Holdings Limited, 4Projects Limited, 4Retail Limited and 4Projects Management Limited

14. Debtors

	Group	Company
	£	£
Trade debtors	1,098,145	964
Amounts owed by group undertakings	239,024	24,348,906
Other debtors	14,680	–
Deferred taxation (Note 15)	58,183	–
Called up share capital not paid	–	1
Prepayments and accrued income	632,517	242,089
	<u>2,042,549</u>	<u>24,591,960</u>

The debtors above include the following amounts falling due after more than one year

	Group	Company
	£	£
Amounts owed by group undertakings	<u>239,024</u>	<u>24,348,906</u>

VCS (HOLDINGS UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 25 JANUARY 2013 TO 31 DECEMBER 2013

15. Deferred taxation

The movement in the deferred taxation asset during the period was

	Group £	Company £
Provision for period	58,183	-
Asset carried forward	<u>58,183</u>	<u>-</u>

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

	Provided	Unprovided £
Excess of depreciation over taxation allowances	44,932	-
Other timing differences	<u>13,251</u>	<u>-</u>
	<u>58,183</u>	<u>-</u>

16. Creditors: Amounts falling due within one year

	Group £	Company £
Trade creditors	330,503	-
Amounts owed to group undertakings	473,356	-
Hire purchase agreements	62,473	-
Other creditors including taxation and social security		
Corporation tax	11,213	-
PAYE and social security	80,552	-
VAT	205,855	-
Other creditors	10,257	964
Accruals and deferred income	<u>938,987</u>	<u>-</u>
	<u>2,113,196</u>	<u>964</u>

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16 Creditors: Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group £	Company £
Hire purchase	62,473	—

17 Creditors: Amounts falling due after more than one year

	Group £	Company £
Amounts owed to group undertakings	28,543,754	28,833,959
Hire purchase agreements	40,390	—
	<u>28,584,144</u>	<u>28,833,959</u>

Included within amounts owed to group undertakings are loans that arose as a result of the acquisition of 4Projects Group. There are no fixed terms of repayment associated with the amounts due to group undertakings. However, no demand for full repayment within one year will be made. Interest is charged through the inter-company account to the profit and loss account at a rate of 9%.

The following liabilities disclosed under creditors falling due after more than one year are secured by the group

	Group £	Company £
Hire purchases	40,390	—

18 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	Group £	Company £
Amounts payable within 1 year	62,473	—
Amounts payable between 2 to 5 years	40,390	—
	<u>102,863</u>	<u>—</u>

19 Equity settled share based payments

The group has a share option scheme for all employees (including directors) which was created during the year. Options are granted in respect of the shares of the ultimate parent company and are exercisable at a price equal to the fair value of the ultimate parent company's shares on the date of grant, being 26 July 2013.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The fair value of share options has been based on an independent valuation performed on 31 March 2013. As there were no major share transactions or other changes in the business operations between the valuation date and the grant date, the directors consider this to be the most appropriate fair value of the options at the grant date.

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19 Equity settled share based payments (continued)

The weighted average fair value of options granted during the year was £0.45 (2012: £nil)

385,000 share options were granted in the ultimate parent company during the period 31 December 2013. None of the options have vested as at 31 December 2013.

A summary of the status and activity of the share options is presented below

	2013	WAEP
	No	£
Granted	385,000	0.45
Exercised	—	—
Forfeited	(61,500)	0.45
Outstanding at 31 December 2013	<u>323,500</u>	<u>0.45</u>
Exercisable at 31 December 2013	<u>—</u>	<u>—</u>

The share options outstanding at the year-end have a weighted average remaining contractual life of 9.1 years and have the following exercise prices

	2013	Exercise
	£	Price
30 January 2013	320,500	0.45
2 February 2013	500	0.45
23 February 2013	500	0.45
16 March 2013	1,000	0.45
6 July 2013	1,000	0.45
	<u>323,500</u>	

The group recognised total expenses of £nil during the period in relation to equity settled share based payment transactions.

20 Commitments under operating leases

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings 31 Dec 13 £
Operating leases which expire	
After more than 5 years	<u>122,292</u>

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21. Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with 100% owned subsidiaries

Following the acquisition of the 4Projects Group by VCS (Holdings UK) Limited, the external debt of the group was settled as a condition of the sale and purchase agreement the ultimate parent company of the group, Viewpoint Inc. Viewpoint Inc advanced loans to the group and the amount outstanding at the year end, including interest charged of £2,171,683, was £28,541,106

22. Share capital

Allotted, called up and fully paid.

	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

On incorporation 1 Ordinary £1 subscriber share was allotted for a consideration of £1

23. Reserves

Group	Profit and loss account £
Loss for the period	(1,982,729)
Balance carried forward	<u>(1,982,729)</u>
 Company	 Profit and loss account £
Loss for the period	(1,455,831)
Balance carried forward	<u>(1,455,831)</u>

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24 Reconciliation of movements in shareholders' funds

	31 Dec 13
	£
Loss for the financial period	(1,982,729)
New ordinary share capital subscribed	<u>1</u>
Net reduction to shareholders' funds	(1,982,728)
Closing shareholders' deficit	<u>(1,982,728)</u>

25. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	Period from 25 Jan 13 to 31 Dec 13
	£
Operating profit	235,335
Amortisation	1,301,722
Depreciation	134,290
Increase in debtors	(365,821)
Increase in creditors	(158,439)
Net cash inflow from operating activities	<u>1,147,087</u>

Reconciliation of net cash flow to movement in net debt

	31 Dec 13
	£
Increase in cash in the period	1,493,847
Cash flow from hire purchase	54,502
Cash flow from repayment loans	(900,000)
Loans and hire purchases acquired with subsidiaries	(24,581,272)
Non cash flow items	<u>(3,219,847)</u>
Net debt at 31 December 2013	<u>(27,152,770)</u>

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25. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 25 January 2013 £	Acquisitions £	Cash flows £	Other Movements £	At 31 December 2013 £
Cash balance	–	1,635,586	(141,739)	–	1,493,847
Hire purchase	–	(110,734)	54,502	(46,631)	(102,863)
Loans	–	(24,470,538)	–	24,470,538	–
Intercompany loans	–	–	(900,000)	(27,643,754)	(28,543,754)
Net debt	–	(22,895,686)	(987,236)	(3,219,847)	(27,152,770)

Major non cash transactions

During the period and under the terms of the acquisition, the ultimate parent repaid all external borrowing of the group of £24,470,538 and this debt was replaced by inter-company loans, as above, of £27,643,754

Purchase of subsidiary undertakings

All cash flows have been generated from the purchase of subsidiary undertakings. Cash flows relate to continuing activities

26. Ultimate parent company

At 31 December 2013, the company's immediate and ultimate parent company was Viewpoint Inc

27. Ultimate controlling party

At 31 December 2013, the directors believe there was no ultimate controlling party of the company as no individual had control of more than 50% of the share capital of Viewpoint Inc