

SysMedia Group plc

Registered number 1651588

Directors' report and financial statements

For the year ended 31 December 2009



SYSMEDIA GROUP PLC

COMPANY INFORMATION

Directors	A D Lambourne D T Lowen
Company number	1651588
Registered office	Gatwick House Peeks Brook Lane Horley Surrey RH6 9ST
Auditors	Mazars LLP Chartered accountants & Registered auditors 37 Frederick Place Brighton BN1 4EA
Bankers	Barclays Bank plc 27 Soho Square London W1D 3QR

SYSMEDIA GROUP PLC

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SYSMEDIA GROUP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

I am pleased to report that SysMedia Group plc again achieved a profit despite another challenging year for the broadcast market. SysMedia reports a pre-tax profit of £40,388 (2008 £78,956) on a turnover of £1,687,887 (2008 £1,781,968).

The focus for the company during 2009 has continued to be on achieving sales, delivering on projects that further enhance its product capability, and building partnerships and channels to market. Sales in the UK remained steady at 28% of turnover (2008 28%) with the bulk of non-UK sales from Europe at 55% of turnover (2008 61%), while sales from the rest of the world increased by just over 50%.

The out-turn can be placed in context by reference to the Industry Index Report of the IABM (International Association of Broadcast Manufacturers) published in April 2010 which states that technology sales in the broadcast industry worldwide fell by 9.1% in 2009 with some 30% of companies in the sector moving from profit into loss.

Costs were again tightly controlled. Administrative expenses were £1,456,065 (2008 £1,417,905), the rise being caused mainly by the increase in staff to 20 (2008 19). The Sterling/Euro exchange rate was less favourable than in 2008, which added to costs.

Cash balances were £321,164 at year end (2008 £286,522) and the Board has continued its policy of limiting its exposure to any one bank in placement of funds.

Trading included repeat revenue from the established customer base as customers extended use of our products to grow their business capability, as well as sales to new customers. We have invested in developing a new generation subtitling preparation system based on a contract with a lead customer. Work has progressed on our next generation hardware product platform for HD signal processing. Both new systems are due for launch during 2010. Teletext systems and inserters continue to sell in Europe, with a significant system being sold to Hungary despite the UK trend to discontinue teletext broadcasts. The company continues to provide these systems in a form which can also be used for data feed handling and multi-platform publishing to set top box middleware and mobile phones.

Andrew Lambourne, as Chief Executive, deserves thanks for leading the company's operations with a tightly controlled level of resources and against tough competition in challenging markets. He is supported by a loyal and hard-working staff.

Performance in the first half of 2010 has been satisfactory but market conditions defy predictions and the Board remains prudent in its forecasts.



Name David Lowen
Chairman

Date 27 May 2010

SYSMEDIA GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the group during the year was the development supply and support of multimedia, teletext and subtitling software and equipment to worldwide broadcasters. The principal activity of the company was that of a holding company.

Business review

A full review of the business during the year is given in the Chairman's statement on page 1.

Risk management

Business Risk The industry continues to be highly competitive with margins under pressure. The group continues to look at ways of introducing new products and services to existing and potential customers and the possibility of partnering with companies that share synergies.

Liquidity Risk The group manages its cash to maximise interest income, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business. The group has no borrowings.

Interest Rate Risk The group is exposed to cash flow interest rate risk on short-term deposits.

Foreign Currency Risk The group manages its exposure to currency risk on trade debtors based in foreign currency through a euro currency account. The financial assets based in foreign currency at the balance sheet date amounted to £219,822 (2008: £218,678).

Results

The profit for the year, after taxation, amounted to £46,863 (2008: £76,863).

Directors

The directors who served during the year were:

A D Lambourne
D T Lowen

Directors' interests in share options are as disclosed in note 15 to the financial statements.

Qualifying third party indemnity insurance is in place for the directors.

Company's policy for payment of creditors

In respect of the group's suppliers, it is not the group's policy to follow any code or standard on payment practice. It is the group's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction and then to abide by them. The average number of creditor days was 42.

SYSMEDIA GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Research and development activities

The group continued to invest in software and hardware products. Research and development expenditure is written off to the profit and loss account in the year it is incurred. The group takes advantage of research and development taxation credits under the HM Revenue & Customs' rules.

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the performance of the group, through informal meetings and communications.

Disabled employees

The group's policy is to give disabled workers equal opportunity to apply and be considered for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 27 May 2010 and signed on its behalf



D T Lowen
Director

SYSMEDIA GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2009

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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,
- 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 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SYSMEDIA GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SYSMEDIA GROUP PLC

We have audited the financial statements of SysMedia Group plc for the year ended 31 December 2009, which comprise the consolidated profit and loss account, the group and 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit 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. This report, including our opinion, has been prepared for and only for the company's members, as a body, in accordance with Sections 495 and 496 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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


SYSMEDIA GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SYSMEDIA GROUP PLC

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



Mazars LLP, Chartered accountants (Registered auditors)

David W Martin (Senior Statutory Auditor)

37 Frederick Place
Brighton
BN1 4EA

27 May 2010

SYSMEDIA GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Turnover	1,2	1,687,887	1,781,968
Cost of sales		(183,851)	(277,227)
Gross profit		1,504,036	1,504,741
Selling and distribution costs		(9,723)	(10,417)
Administrative expenses		(1,456,065)	(1,417,905)
Other operating income	3	1,400	-
Operating profit	5	39,648	76,419
Interest receivable	4	740	2,537
Profit on ordinary activities before taxation		40,388	78,956
Tax on profit on ordinary activities	9	6,475	(2,093)
Profit for the financial year	17	46,863	76,863

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 11 to 23 form part of these financial statements

SYSMEDIA GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

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SYSMEDIA GROUP PLC

Registered number 1651588

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	10		49,069		54,581
Current assets					
Stocks	12	74,309		58,840	
Debtors	13	446,498		315,551	
Cash at bank and in hand		321,164		286,522	
		<u>841,971</u>		<u>660,913</u>	
Creditors amounts falling due within one year	14	(443,072)		(317,465)	
Net current assets			398,899		343,448
Total assets less current liabilities			447,968		398,029
Provisions for liabilities					
Other provisions			(18,520)		(19,300)
Net assets			<u>429,448</u>		<u>378,729</u>
Capital and reserves					
Called up share capital	15		2,412,734		2,412,734
Share premium account	17		2,766,220		2,766,220
Profit and loss account	17		(4,749,506)		(4,800,225)
Shareholders' funds	16		<u>429,448</u>		<u>378,729</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2010



D T Lowen
Director

The notes on pages 11 to 23 form part of these financial statements

SYSMEDIA GROUP PLC

Registered number 1651588

COMPANY BALANCE SHEET**AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
Fixed assets					
Fixed asset investments	11		1,110,000		1,110,000
Current assets					
Debtors	13	1,430,702		1,421,791	
Cash at bank		26,453		20,733	
		<u>1,457,155</u>		<u>1,442,524</u>	
Creditors amounts falling due within one year	14	(37,170)		(32,286)	
Net current assets			<u>1,419,985</u>		<u>1,410,238</u>
Total assets less current liabilities			<u>2,529,985</u>		<u>2,520,238</u>
Capital and reserves					
Called up share capital	15		2,412,734		2,412,734
Share premium account	17		2,766,220		2,766,220
Profit and loss account	17		<u>(2,648,969)</u>		<u>(2,658,716)</u>
Shareholders' funds	16		<u>2,529,985</u>		<u>2,520,238</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2010



D T Lowen
Director

The notes on pages 11 to 23 form part of these financial statements

SYSMEDIA GROUP PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	18	55,673	149,836
Returns on investments and servicing of finance	19	740	2,537
Taxation		7,999	-
Capital expenditure and financial investment	19	(29,770)	(25,180)
Increase in cash in the year		34,642	127,193

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
Increase in cash in the year	34,642	127,193
Movement in net debt in the year	34,642	127,193
Net funds at 1 January 2009	286,522	159,329
Net funds at 31 December 2009	321,164	286,522

The notes on pages 11 to 23 form part of these financial statements

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of SysMedia Group plc and all of its subsidiary undertakings ('subsidiaries')

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the consolidated profit and loss account over its estimated economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	10%	straight line
Computer equipment	-	20-33%	straight line
Demonstration equipment	-	33%	straight line
Fixtures, fittings and equipment	-	12.5-33%	straight line

1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting Policies (continued)

1.8 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

SysMedia derives revenue by delivering solutions that enable "text on TV". These are used to create and deliver text-based services to accompany television broadcasts and include teletext services and interactive digital text services, subtitling for language access and for hearing impaired viewers. Revenue is also generated from the sale of test equipment that is used by manufacturers during the design and production of television sets and teletext decoders. The accounting policies applied to these revenue streams are as follows

Development, integration and installation contracts

Contracts are undertaken for customers on the basis of time and materials or according to fixed price terms, or a combination of the two. Revenue from contracts negotiated on a time and materials basis is recognised as costs are incurred. For fixed price contracts revenue and profit are recognised according to the proportion of the contract value completed. All losses are recognised as soon as incurred or reasonably foreseen. Total contract revenue and profitability to date are reviewed periodically and the cumulative effects of changes are recognised in the period in which they are identified. Where there is uncertainty as to the scope of work or fee payable, revenue is deferred until any such uncertainties are resolved.

Test equipment

The revenues derived from these sales is recognised upon delivery of the cards in accordance with the customer's order. Warranties are given on this equipment and volumes are sufficiently low that it is considered appropriate to charge any repair costs on an as-incurred basis.

Licence fees

Licence fee income is recognised when the software is delivered to the customer.

Support and maintenance

Support and maintenance income forms a substantial part of annual turnover and represents around 43.5% (2008: 38%) of total turnover. This income is initially deferred and then recognised over the term of the contract, most of which are either arranged on a quarterly or annual basis. This forms a predictable and consistent revenue stream throughout the year.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting Policies (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the consolidated profit and loss account

1.12 Research and development

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

1.13 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.14 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.15 Share based incentives

In accordance with FRS 20 the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the group's estimate of options that will eventually vest. The fair value of options granted is measured by a binomial pricing model.

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

2 Turnover

The whole of the turnover is attributable to the principal business activity

A geographical analysis of turnover is as follows

	2009	2008
	£	£
United Kingdom	469,641	497,933
Rest of European Union	922,940	1,088,041
Rest of world	295,306	195,994
	<u>1,687,887</u>	<u>1,781,968</u>

The directors have not provided a split of profit per geographical market as they believe this would be prejudicial to the group's interests

3 Other operating income

	2009	2008
	£	£
Sundry income	<u>1,400</u>	<u>-</u>

4. Interest receivable

	2009	2008
	£	£
Other interest receivable	<u>740</u>	<u>2,537</u>

5. Operating profit

The operating profit is stated after charging/(crediting)

	2009	2008
	£	£
Amortisation - intangible fixed assets	-	25,086
Depreciation of tangible fixed assets		
- owned by the group	35,282	43,171
Auditors' remuneration	14,000	13,650
Auditors' remuneration - non-audit	4,193	3,611
Operating lease rentals		
- plant and machinery	10,837	9,323
- other operating leases	40,377	46,919
Difference on foreign exchange	11,760	(93,953)
Research and development	<u>114,807</u>	<u>379,302</u>

Auditors' fees for the company were £14,000 (2008 £13,650)

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6 Staff costs

Staff costs, including directors' remuneration, were as follows

	2009	2008
	£	£
Wages and salaries	881,961	833,616
Social security costs	98,311	87,111
Other pension costs	67,631	60,325
	<u>1,047,903</u>	<u>981,052</u>

The average monthly number of employees, including the directors, during the year was as follows

	2009	2008
	No	No.
Administration	3	3
Sales	3	3
Technical	14	13
	<u>20</u>	<u>19</u>

7. Directors' remuneration

	2009	2008
	£	£
Emoluments	<u>117,358</u>	<u>102,664</u>
Company pension contributions to money purchase pension schemes	<u>8,400</u>	<u>7,958</u>

During the year retirement benefits were accruing to 1 director (2008 1) in respect of money purchase pension schemes

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

8 Share based payments

The group's equity-settled share-based payments comprise share options awarded after 7 November 2002. Details of share options subject to equity-settled share-based payments are set out in note 15. The options are valued using a binomial pricing model according to the table below.

Share Option Award	27 December 2009	17 December 2009	14 August 2008	14 April 2004	14 October 2003	Total
Share price at grant date	2p	2p	N/A	7p	7.75p	
Exercise price	4p	4p	2p	7p	7.75p	
Options life in years	10	10	10	10	10	
Risk free rate	4.14%	4.14%	4.14%	4.96%	4.88%	
Expected volatility	15.28%	15.28%	15.28%	15.28%	10.5%	
Value per option	4p	4p	3.5p	2.94p	3.06p	
Balance b/f	-	-	£1,313	£2,096	£3,884	£7,293
less prior year cancellations	-	-	£(56)	£(803)	£(2,172)	£(3,031)
Charge in year	£7	£46	£3,301	£226	£276	£3,856
Balance c/f	£7	£46	£4,558	£1,519	£1,988	£8,118

Due to the low number of employees in each pool of options it has been assumed that no employees will leave prior to vesting, and that options will be exercised at the final vesting date.

Further details of the share options awarded after 7 November 2002 are as follows:

	Number of options	Weighted average exercise price
Outstanding at 1 January 2009	1,600,233	6.65p
Granted during the year	<u>450,000</u>	<u>4p</u>
Outstanding at 31 December 2009	<u>2,050,233</u>	<u>5.48p</u>

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

9. Taxation

	2009	2008
	£	£
UK corporation tax (credit)/charge on profit for the year	<u>(6,475)</u>	<u>2,093</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 lower than) the standard rate of corporation tax in the UK (21%) The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	<u>40,388</u>	<u>78,956</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2008 28%)	8,481	22,108
Effects of.		
Expenses not deductible for tax purposes	2,178	2,755
Capital allowances for year in excess of depreciation	(2,061)	7,212
Losses carried back (brought forward used in the year)	-	(28,103)
Research and development credit	(18,082)	-
Other tax adjustments	29	(1,147)
Difference in tax rate/small companies rate	2,980	(732)
Current tax (credit)/charge for the year (see note above)	<u>(6,475)</u>	<u>2,093</u>

Factors that may affect future tax charges

The subsidiary, SysMedia Limited, has approximately £937,000 (2008 £937,000) of trading losses carried forward as at 31 December 2009 A potential deferred tax asset of £197,000 (2008 £197,000) has not been recognised in the financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

10 Tangible fixed assets

Group	Leasehold improvements	Furniture, fittings and equipment	Other fixed assets	Total
Cost	£	£	£	£
At 1 January 2009	29,498	584,130	71,100	684,728
Additions	-	28,155	1,615	29,770
At 31 December 2009	29,498	612,285	72,715	714,498
Depreciation				
At 1 January 2009	29,498	537,551	63,098	630,147
Charge for the year	-	30,553	4,729	35,282
At 31 December 2009	29,498	568,104	67,827	665,429
Net book value				
At 31 December 2009	-	44,181	4,888	49,069
At 31 December 2008	-	46,579	8,002	54,581

11. Fixed asset investments

Company	Shares in group undertakings
Cost or valuation	£
At 1 January 2009 and 31 December 2009	3,909,732
Impairment	
At 1 January 2009 and 31 December 2009	2,799,732
Net book value	
At 31 December 2009	1,110,000
At 31 December 2008	1,110,000

Company name	Country	Percentage Shareholding	Description
SysMedia Limited	England	100	Software development and distribution

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

12. Stocks

	Group	
	2009	2008
	£	£
Finished goods and goods for resale	74,309	58,840

13 Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	261,833	243,843	-	-
Amounts owed by group undertakings	-	-	1,427,172	1,420,998
Other debtors	12,768	893	3,113	793
Prepayments and accrued income	171,897	70,815	417	-
	446,498	315,551	1,430,702	1,421,791

14. Creditors: Amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade creditors	80,371	37,657	19,189	10,418
Corporation tax	-	2,093	-	1,568
Social security and other taxes	27,069	31,959	-	-
Other creditors	136	-	-	-
Accruals and deferred income	335,496	245,756	17,981	20,300
	443,072	317,465	37,170	32,286

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

15 Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
30,679,792 (2008 30,679,792) Ordinary shares of 5p each	1,533,990	1,533,990
8,787,443 (2008 8,787,443) Deferred shares of 10p each	878,744	878,744
	<u>2,412,734</u>	<u>2,412,734</u>

The 10p deferred ordinary shares have no voting rights, or right to receive dividends or any other distribution. On a return of assets or a winding up the deferred shares will be repaid only after the repayment of the capital on the ordinary 5p shares plus the sum of £1,000,000 per ordinary share.

Share options

Directors	D T Lowen	70,000 shares at an exercise price of 2p exercisable by 10th anniversary of the original date of grant being 14 August 2008
		150,000 shares at an exercise price of 4p exercisable by 10th anniversary of the original date of grant being 27 December 2009
	A D Lambourne	70,000 shares at an exercise price of 2p exercisable by 10th anniversary of the original date of grant being 14 August 2008
		200,000 shares at an exercise price of 4p exercisable by 10th anniversary of the original date of grant being 17 December 2009
Employees		490,233 shares at an exercise price of 12.88p exercisable by 10th anniversary of the original date of grant being 5 February 2002
		90,000 shares at an exercise price of 7.75p exercisable by 10th anniversary of the original date of grant being 14 October 2003
		77,000 shares at an exercise price of 7p exercisable by 10th anniversary of the original date of grant being 14 April 2004
		803,000 shares at an exercise price of 2p exercisable by 10th anniversary of the original date of grant being 14 August 2008
		100,000 shares at an exercise price of 4p exercisable by 10th anniversary of the original date of grant being 17 December 2009

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

16 Reconciliation of movement in shareholders' funds

	2009	2008
	£	£
Group		
Opening shareholders' funds	378,729	297,989
Profit for the year	46,863	76,863
FRS20 calculation for share based payments	3,856	3,877
	<u>429,448</u>	<u>378,729</u>
 Closing shareholders' funds	 <u><u>429,448</u></u>	 <u><u>378,729</u></u>
	2009	2008
	£	£
Company		
Opening shareholders' funds	2,520,238	2,514,249
Profit for the year	5,891	2,112
FRS20 calculation for share based payments	3,856	3,877
	<u>2,529,985</u>	<u>2,520,238</u>
 Closing shareholders' funds	 <u><u>2,529,985</u></u>	 <u><u>2,520,238</u></u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The profit for the year dealt with in the financial statements of the individual company, SysMedia Group plc, was £5,891 (2008 £2,112)

17 Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2009	2,766,220	(4,800,225)
Profit for the year	-	46,863
Other movements - FRS20 charge released	-	3,856
	<u>2,766,220</u>	<u>(4,749,506)</u>
 At 31 December 2009	 <u><u>2,766,220</u></u>	 <u><u>(4,749,506)</u></u>
	Share premium account £	Profit and loss account £
Company		
At 1 January 2009	2,766,220	(2,658,716)
Profit for the year	-	5,891
Other movements - FRS20 charge released	-	3,856
	<u>2,766,220</u>	<u>(2,648,969)</u>
 At 31 December 2009	 <u><u>2,766,220</u></u>	 <u><u>(2,648,969)</u></u>

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

18 Net cash flow from operations

	2009 £	2008 £
Operating profit	39,648	76,419
Share based payment	3,856	3,877
Amortisation of intangible fixed assets	-	25,086
Depreciation of tangible fixed assets	35,282	43,171
(Increase)/decrease in stocks	(15,469)	25,224
(Increase)/decrease in debtors	(134,564)	38,627
Increase/(decrease) in creditors	127,700	(81,868)
(Decrease)/increase in provisions	(780)	19,300
Net cash inflow from operations	55,673	149,836

19. Analysis of cash flows for headings netted in cash flow statement

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	740	2,537
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(29,770)	(25,180)

20 Analysis of changes in net debt

	1 January 2009 £	Cash flow £	Other non-cash changes £	31 December 2009 £
Cash at bank and in hand	286,522	34,642	-	321,164
Net funds	286,522	34,642	-	321,164

21 Related party transactions

The group rented premises for £24,000 (2008 £24,000) from Synapsys Investment Company Limited. A D Lambourne is a director and majority shareholder of Synapsys Investment Company Limited. At the year end Synapsys Investment Company Limited was owed £18,000 (2008 £6,000) and A D Lambourne was owed £458 (2008 £770) in respect of expenses. Both amounts are included within trade creditors (note 14).

SYSMEDIA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

22. Operating lease commitments

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		2009	Other
	2009	2008		2008
	£	£	£	£
Expiry date:				
Within 1 year	24,000	24,000	-	-
Between 2 and 5 years	17,280	17,280	9,543	9,174

23. Financial Instruments

Except for disclosure of currency exposure, short term debtors and creditors have been excluded from this disclosure

	2009	2008
	£	£
Currency exposures - Euro bank account	27,682	92,823
Short term debtors based in Euro currency	192,140	125,855
Total	219,822	218,678

As explained in the directors' report the currency risk is managed through the use of a euro currency bank account. Foreign exchange differences arising on retranslation of these assets are taken to the profit and loss account of the group.

The fair value of those financial assets and liabilities as at the 31 December 2009 are as follows

	Book value	Fair value
	£	£
Trade debtors	192,140	192,140
Cash at bank and in hand	27,682	27,682

24 Pension arrangements

The group operates a defined contribution scheme for which the pension cost charge for the year amounted to £67,631 (2008 £60,325)