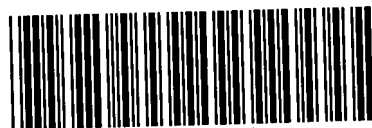


Company Registration No. 01651588 (England and Wales)

**SYSMEDIA GROUP PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

FRIDAY



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# **SYSMEDIA GROUP PLC**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr D T Lowen Mr A D Lambourne
<b>Company number</b>	01651588
<b>Registered office</b>	One Bell Lane Lewes East Sussex BN7 1JU
<b>Auditors</b>	Knill James One Bell Lane Lewes East Sussex BN7 1JU

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# **SYSMEDIA GROUP PLC**

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# **SYSMEDIA GROUP PLC**

## **CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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The company continued throughout 2013 in the earn-out period agreed as part of the sale of SysMedia Ltd to Screen Subtitling Systems Ltd (Screen).

The structure of that deal with Screen includes an earn-out based partly on SysMedia Ltd product sales performance, as well as providing sales warranties. Revenue earned under the terms of the agreement amounted to £66,084 (2012: £71,041). SysMedia Group plc has no control over the Screen sales operation, although SysMedia sales staff have been retained by Screen.

Group funds are held mainly on deposit in two UK banks.

The earn-out period is completed during 2014. When the final benefit is assessed, the directors will consider how to utilise the funds in the best interests of the shareholders and make recommendations accordingly. Meanwhile, the directors continue to run the company as a going concern.

SysMedia Group plc has two fee-based directors and Mrs Gillian Lambourne is employed on a freelance basis to manage the accounts and to oversee banking and financial transactions. Andrew Lambourne is employed by Screen and this enables scrutiny to be applied during the earn-out. He retains his shareholding in SysMedia Group plc.



.....  
Mr D T Lowen

Chairman

.....  
29 May 2014

# **SYSMEDIA GROUP PLC**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

---

### **Review of the business**

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

### **Risk Management**

The Company has identified its key risks as follows:

**Business Risk** - The company continues to be open minded about new business opportunities as one option available to it.

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

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

**Foreign Currency Risk** - The company currently has no exposure to foreign currency.

*A. D. Lambourne*

Mr A D Lambourne

Director

*29 May 2014*

# **SYSMEDIA GROUP PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

---

The directors present their report and financial statements for the year ended 31 December 2013.

#### **Principal activities and review of the business**

The subsidiary trading company was disposed of during the year ended 31 December 2011. The principal activity of the company was that of a holding company and the company is prepared to consider new opportunities as one option in the future.

#### **Results and dividends**

The results for the year are set out on page 7.

#### **Directors**

The following directors have held office since 1 January 2013:

Mr D T Lowen

Mr A D Lambourne

Directors' interests in share options are as disclosed in note 8 of the financial statements.

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

#### **Auditors**

In accordance with the company's articles, a resolution proposing that Knill James be reappointed as auditors of the company will be put at a General Meeting.

#### **Statement of 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 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 of the profit or loss of the company 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;
- 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.

# **SYSMEDIA GROUP PLC**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

A. D. Lambourne

Mr A D Lambourne

Director

29 May 2014

# **SYSMEDIA GROUP PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SYSMEDIA GROUP PLC**

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We have audited the financial statements of SysMedia Group Plc for the year ended 31 December 2013 set out on pages 7 to 17. 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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 other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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 (CONTINUED) TO THE MEMBERS OF SYSMEDIA GROUP PLC**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Knill James*

David Martin FCA (Senior Statutory Auditor)  
for and on behalf of Knill James

*29 May 2014*  
.....

Chartered Accountants  
Statutory Auditor

One Bell Lane  
Lewes  
East Sussex  
BN7 1JU

# **SYSMEDIA GROUP PLC**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

---

	Notes	2013 £	2012 £
Administrative expenses		(60,299)	(56,337)
<b>Operating loss</b>	<b>2</b>	(60,299)	(56,337)
Net profit on sale of investment		66,084	71,041
<b>Profit on ordinary activities before interest</b>		5,785	14,704
Other interest receivable and similar income	<b>3</b>	9,419	18,170
<b>Profit on ordinary activities before taxation</b>		15,204	32,874
Tax on profit on ordinary activities	<b>4</b>	-	-
<b>Profit for the year</b>	<b>9</b>	15,204	32,874

---

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **SYSMEDIA GROUP PLC**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013**

---

	Notes	2013 £	2012 £
Profit for the financial year		15,204	32,874
Other movements - FRS20 charge released		7,559	7,831
Total recognised gains relating to the year		<u>22,763</u>	<u>40,705</u>

# SYSMEDIA GROUP PLC

## BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
<b>Current assets</b>					
Debtors	5	75,253		86,136	
Cash at bank and in hand		829,365		796,678	
		<u>904,618</u>		<u>882,814</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(19,890)</u>		<u>(20,849)</u>	
<b>Total assets less current liabilities</b>			<u>884,728</u>		<u>861,965</u>
<b>Capital and reserves</b>					
Called up share capital	8	2,412,734		2,412,734	
Share premium account	9	2,766,220		2,766,220	
Profit and loss account	9	<u>(4,294,226)</u>		<u>(4,316,989)</u>	
<b>Shareholders' funds</b>	10		<u>884,728</u>		<u>861,965</u>

Approved by the Board and authorised for issue on .....

29 May 2014



Mr D T Lowen  
Director

Company Registration No. 01651588

# **SYSMEDIA GROUP PLC**

## **CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

---

	£	2013 £	£	2012 £
<b>Net cash inflow/(outflow) from operating activities</b>		23,268		(33,655)
<b>Returns on investments and servicing of finance</b>				
Interest received	9,419		18,170	
	<u>          </u>		<u>          </u>	
<b>Net cash inflow for returns on investments and servicing of finance</b>		9,419		18,170
		<u>          </u>		<u>          </u>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		32,687		(15,485)
		<u>          </u>		<u>          </u>
<b>Increase/(Decrease) in cash in the year</b>		<u>32,687</u>		<u>(15,485)</u>

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# SYSMEDIA GROUP PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

<b>1 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating loss	(60,299)	(56,337)
Decrease/(increase) in debtors	76,967	38,546
Decrease in creditors within one year	(959)	(23,695)
Share based payments	7,559	7,831
<b>Net cash inflow/(outflow) from operating activities</b>	<b>23,268</b>	<b>(33,655)</b>

<b>2 Analysis of net funds</b>	<b>1 January 2013</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	796,678	32,687	-	829,365
Bank deposits	-	-	-	-
<b>Net funds</b>	<b>796,678</b>	<b>32,687</b>	<b>-</b>	<b>829,365</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash in the year	32,687	(15,485)
<b>Movement in net funds in the year</b>	<b>32,687</b>	<b>(15,485)</b>
Opening net funds	796,678	812,163
<b>Closing net funds</b>	<b>829,365</b>	<b>796,678</b>

#### 4 Major non-cash transactions

The contingent debtor of £66,804 (2012 - £71,041) has been excluded from the debtors movement in note 1.

# **SYSMEDIA GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis. The company's directors are currently exploring future investment opportunities as one option for the future. The company has significant cash at the year end.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.4 Share-based payments**

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 company's estimate of options that will eventually vest. The fair value of options granted is measured by a binomial pricing model.

<b>2 Operating loss</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging:		
Cost of share option scheme	7,559	7,831
Fees payable to the company's auditor for the audit of the company's annual accounts	2,400	2,400
	<u>          </u>	<u>          </u>

Included in the financial statements, is a profit on disposal of £66,084 (2012 - £71,041). This relates to money due in relation to the earn out on the sale of SysMedia Limited, its former subsidiary, in 2011. Accounting standards do not allow us to recognise the deferred consideration until it becomes 'virtually certain' so we can expect the eventual loss to be significantly lower.

<b>3 Investment income</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Bank interest	9,419	18,170
	<u>          </u>	<u>          </u>
	<u>9,419</u>	<u>18,170</u>

# SYSMEDIA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

4	Taxation	2013 £	2012 £
	<b>Total current tax</b>	-	-
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	15,204	32,874
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 20.00%)	3,041	6,575
	Effects of:		
	Tax losses utilised	(3,041)	(6,575)
		(3,041)	(6,575)
	<b>Current tax charge for the year</b>	-	-

There is no taxation charge on the profit for the year as a result of tax losses brought forward from prior years.

The company has a contingent asset in respect of the sale of SysMedia Limited, its former subsidiary. We expect that the company will have a capital loss and therefore no future tax will be due on the future consideration.

5	Debtors	2013 £	2012 £
	Other debtors	66,084	71,041
	Prepayments and accrued income	9,169	15,095
		75,253	86,136

6	Creditors: amounts falling due within one year	2013 £	2012 £
	Trade creditors	15,511	9,041
	Accruals and deferred income	4,379	11,808
		19,890	20,849

# SYSMEDIA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

### 7 Share-based payment transactions

The company'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 8. The options are valued using a binomial pricing model according to the table below

Share Option Award	24 May 2011	23 Nov 2010	Dec 2009	14 Aug 2008	14 Apr 2004	Total
Share price at grant date	2p	2p	2p	N/A	7p	
Exercise price	2.5p	3p	4p	2p	7p	
Options life in years	10	10	10	10	10	
Risk free rate	4.14%	4.14%	4.14%	4.14%	4.96%	
Expected volatility	15.28%	15.28%	15.28%	15.28%	15.28%	
Value per option	2.5p	4p	4p	3.5p	2.94p	
Charge in year	1,875	1,000	1,400	3,060	224	7,559

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 2013	2,390,000	2.93p
Lapsed in year	90,000	7.75p
Outstanding at 31 December 2013	2,300,000	2.74p

# SYSMEDIA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

8	Share capital	2013 £	2012 £
	<b>Allotted, called up and fully paid</b>		
	30,679,800 Ordinary shares of 5p each	1,533,990	1,533,990
	8,787,440 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

100,000 shares at an exercise price of 3p exercisable by 10th anniversary of the original date of grant being 23 November 2010

67,500 shares at an exercise price of 2p exercisable by 10th anniversary of the original date of grant being 24 May 2011

##### 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

150,000 shares at an exercise price of 3p exercisable by 10th anniversary of the original date of grant being 23 November 2010

67,500 shares at an exercise price of 2.5p exercisable by 10th anniversary of the original date of grant being 24 May 2011

### Employees of former subsidiary

90,000 shares at an exercise price of 7.75p exercisable by 10th anniversary of the original date of grant being 14 October 2003. During the year, these share options lapsed.

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

615,000 shares at an exercise price of 2.5p exercisable by 10th anniversary of the original date of grant being 24 May 2011

# SYSMEDIA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

### 9 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2013	2,766,220	(4,316,989)
Profit for the year	-	15,204
Share based payment transactions	-	7,559
Balance at 31 December 2013	<u>2,766,220</u>	<u>(4,294,226)</u>

### 10 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	15,204	32,874
Share based payment transactions	7,559	7,831
Opening shareholders' funds	<u>861,965</u>	<u>821,260</u>
Closing shareholders' funds	<u>884,728</u>	<u>861,965</u>

### 11 Contingent assets

At 1 January 2013, the company had contingent assets with a maximum value of £1,054,000. The value is subject to certain targets being achieved by its former subsidiary, SysMedia Limited. At the year end the directors have recognised an amount of £66,084 (2012: £71,041) as a debtor relating to performance achieved by the former subsidiary as at 31 December 2013. A reduced amount of between £250,000 and £300,000 (2012: £944,526) is left as contingent.

### 12 Directors' remuneration

	2013 £	2012 £
Remuneration for qualifying services	<u>26,400</u>	<u>25,200</u>

### 13 Control

There is no overall controlling party.

# **SYSMEDIA GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2013***

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### **14 Related party relationships and transactions**

During the year, the company was charged £14,778 (2012 - £14,678) for professional services from International Television and Media Consulting Limited, a company of which D T Lowen is a director. At the year end an amount of £6,222 (2012 - £6,205) was outstanding in respect of the fees owed. This amount is included within creditors.

During the year, the company was charged £12,000 (2012 - £12,000) in respect of professional services from A D Lambourne, a director of the company. At the year end an amount of £6,000 (2012 - £6,000) was outstanding in respect of the fees owed. This amount is included within creditors.

During the year, the company incurred £1,366 (2012 - £1,046) for accounts and administration services provided by G Lambourne, the wife of A D Lambourne. This same amount was owed at the year end.

# **SYSMEDIA GROUP PLC**

## **DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013**

---

	£	2013 £	£	2012 £
<b>Administrative expenses</b>		(60,299)		(56,337)
		<u>          </u>		<u>          </u>
<b>Operating loss</b>		(60,299)		(56,337)
<b>Net profit on sale of investment</b>	66,084		71,041	
	<u>          </u>		<u>          </u>	
		66,084		71,041
<b>Other interest receivable and similar income</b>				
Bank interest received		9,419		18,170
		<u>          </u>		<u>          </u>
<b>Profit before taxation</b>		15,204		32,874
		<u>          </u>		<u>          </u>

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# **SYSMEDIA GROUP PLC**

## **SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2013**

---

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Directors' fees	26,400	25,200
Share option costs	7,559	7,831
Insurance	5,472	1,317
Legal and professional fees	14,930	13,746
Audit fees	2,400	2,400
Bank charges	136	99
Bad and doubtful debts	-	2,670
Sundry expenses	3,402	3,074
	<hr/>	<hr/>
	60,299	56,337
	<hr/>	<hr/>

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