

Knowledge Support Systems Limited
Annual Report and Accounts
for the year ended 30 June 2013



Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2013. Comparative information is provided for the year ended 30 June 2012. The Knowledge Support Systems Limited group trades as KSS Fuels.

Principal activities

The KSS Fuels Group's principal activities are the sale of petroleum retail pricing and network planning solutions and services to the petroleum retail and oil and gas wholesale industries.

Our pricing solutions include intelligent software products and related services that optimise tactical pricing decisions for businesses selling to mass consumer markets. The products determine the prices to be set to meet our clients' strategic objectives in the most profitable manner. These strategic objectives could be sales volumes, customer acquisition, customer retention or profitability. Our planning solutions enable our customers to effectively manage their networks of outlets to meet their strategic and profit making objectives.

Directors

The Directors who held office during the year and to the date of signing this report were as follows:

R P Bernstein
R B Stein
B Ormsby

None of the Directors benefited from third party indemnity provisions in place during the financial year or at the date of this report.

Corporate structure

On 17 August 2012, Eurovestech plc, KSS Fuels' controlling shareholder, sold a 40% stake in the Company to Invesco Perpetual for a cash consideration of £7,200,000. Eurovestech plc retains a 60% controlling shareholding.

Enhanced business review

The Group has had a successful year with improvements across most of its key markets resulting in record revenues and profits. The successful integration of the MPSI acquisition has been the most significant contributor to the good results. In Europe two significant new clients were added to the Pricing business and continued success was achieved in the Planning business, particularly in Japan and South Africa, which drove the Rest of World growth. North American markets were more challenging but the year ended with a strong sales pipeline for the upcoming financial year.

The Group's Key Performance Indicators are revenue and profit. Revenues show a 17% increase to £15,465,000 (30 June 2012: £13,239,000) driven by the factors explained above.

Underlying profit before interest, tax, depreciation and amortisation grew to £1,927,000 (2012: £678,000) as the revenue growth fed through to profitability and the cost base was well managed. Underlying profit also grew significantly to £1,683,000 from £541,000 in the prior year for the aforementioned reasons.

Profit for the year after taxation amounted to £2,070,000 (30 June 2012: loss of £943,000). This reflects the improved growth in this year together with exceptional costs being offset by taxation credits. The prior year result reflected the lower underlying profitability and the significant integration costs in 2012. The results for the year are shown in the consolidated Statement of Comprehensive Income on page 5.

The Group continues to focus on developing, marketing, selling and supporting intelligent data-based tactical decision support systems in the Petroleum Retail sectors for both pricing and planning. Investment in research and development is a core part of the Group's activities in developing its client focused solutions in both these markets and during the year £1,904,000 (2012: £1,521,000) was spent driving improvement in our products to meet and exceed our clients evolving needs.

We have completed the integration of operations from our acquisition of MPSI in May 2011 and look forward with confidence to another successful year in delivering our one-stop solution of best in class technologies for pricing and planning solutions to our clients.

Directors' Report

Principal risks and uncertainties

The Group operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. The key risks and uncertainties facing the business are

- We may fail to achieve our financial forecasts due to our inability to close sales deals in accordance with our sales forecasts. Our sales pipeline, and in particular new licence sales, is sometimes difficult to predict and control and significant delays outside the control of the Company can occur in sales cycles.
- Economic, political and market conditions such as wars and natural disasters, in particular natural disasters materially affecting the oil markets, can adversely affect our revenue growth and profitability.
- We supply solutions in competitive software markets which are also subject to rapid technological changes. The Group continues to invest in product development to maintain a competitive position in the market, however the development of the market could result in significant new competition emerging which could have an adverse effect on the Group's business.
- As a result of changes in the competitive landscape we may have to change our pricing models to compete successfully, which could involve price reductions which may adversely affect our revenue or profitability.
- We may experience foreign currency gains and losses because a proportion of our business is conducted in currencies other than sterling.

Details of financial risks and their management are given in note 25.

IFRS conversion

Following the continuing significant change that is taking place within the UK accounting framework, the Group has elected to convert from UK Generally Accepted Accounting Principles (UK GAAP) to International Financial Reporting Standards as adopted by the EU (IFRS). The current year financial statements together with all comparatives have been amended and the impact of the conversion is reflected in note 30 to the financial statements.

Financial instruments

The details of the financial instruments held by the Group are disclosed in note 19.

Dividends

No dividends were paid or proposed during the current or prior year.

Charitable donations

The group made no political or charitable donations during the current or prior year.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Directors' Report

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Board of Directors section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Provision of information to the auditor

Insofar as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD



Bradley Ormsby

Director

24 September 2013

Company registration number 02800886 (England and Wales)

Independent Auditor's Report

to the members of Knowledge Support Systems Limited

We have audited the financial statements of Knowledge Support Systems for the year ended 30 June 2013 set out on pages 5 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 of the parent company's affairs as at 30 June 2013 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James' Square

Manchester

M6 2DS

25 September 2013

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Continuing operations	Note		
Revenue	3	15,465	13,239
Operating expenses		(13,782)	(12,698)
Underlying operating profit	4	1,683	541
Exceptional items and business combination amortisation	8	(655)	(1,643)
Operating profit/(loss)	4	1,028	(1,102)
Finance income	9	3	4
Finance costs	10	(155)	(154)
Profit/(loss) before tax		876	(1,252)
Income tax credit	11	1,194	309
Profit/(loss) for the year		2,070	(943)
Foreign exchange movements		(61)	13
Total comprehensive income and expense recognised in the year		2,009	(930)
Attributable to			
Owners of the Company		2,009	(930)

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

Consolidated Statement of Financial Position

at 30 June 2013

		30 June 2013 £000	30 June 2012 £000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	12	353	250
Goodwill	13	1,764	1,724
Other intangible assets	14	1,149	1,091
Deferred tax asset	16	1,399	272
Trade and other receivables		56	60
		4,721	3,397
Current assets			
Trade and other receivables	17	5,150	3,519
Cash and cash equivalents	20	1,532	1,828
		6,682	5,347
Liabilities			
Current liabilities			
Trade and other payables	21	(5,517)	(4,577)
Borrowings	22	(34)	-
		(5,551)	(4,577)
Net current assets		1,131	770
Non-current liabilities			
Other interest bearing loans and borrowings	22	(1,853)	(2,106)
Deferred tax liability	16	(182)	(293)
		(2,035)	(2,399)
Net assets		3,817	1,768
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	23	1	1
Share premium		-	-
Other reserves		19	40
Retained earnings		3,797	1,727
Total equity		3,817	1,768

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

The financial statements on pages 5 to 35 were authorised for issue by the board of Directors on 24 September 2013 and were signed on its behalf



Bradley Ormsby
Director

Registered number 02800886

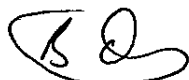
Company Statement of Financial Position

at 30 June 2013

	Note	30 June 2013 £000	30 June 2012 £000
Assets			
Non-current assets			
Property, plant and equipment	12	190	128
Other intangible assets	14	296	30
Financial assets	15	-	-
Deferred tax asset	16	649	243
		1,135	401
Current assets			
Trade and other receivables	17	8,138	6,975
Cash and cash equivalents	20	556	109
		8,694	7,084
Liabilities			
Current liabilities			
Trade and other payables	21	(1,860)	(1,155)
Borrowings	22	(34)	-
		(1,894)	(1,155)
Net current assets		6,800	5,929
Non-current liabilities			
Other interest bearing loans and borrowings	22	(63)	(10)
		(63)	(10)
Net assets		7,872	6,320
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	23	1	1
Share premium		-	-
Other reserves		67	27
Retained earnings		7,804	6,292
Total equity		7,872	6,320

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

The financial statements on pages 5 to 35 were authorised for issue by the board of Directors on 24 September 2013 and were signed on its behalf



Bradley Ormsby
Director

Registered number 02800886

Consolidated Statement of Cashflows

for the year ended 30 June 2013

		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
	Note		
Cashflows from operating activities			
Profit/(loss) for the year before taxation		876	(1,252)
Adjustments for			
Net finance cost		152	150
Depreciation of property, plant and equipment		131	105
Amortisation of intangible assets		393	664
Share-based payments		40	27
(Increase)/decrease in trade and other receivables		(1,687)	33
Increase/(decrease) in trade and other payables		940	(263)
Net cash from/(used in) operations		845	(536)
Finance costs		(7)	(2)
Income tax received/(paid)		12	(29)
Net cash generated from/(used in) operating activities		850	(567)
Cashflows from investing activities			
Finance income		3	4
Purchase of property, plant and equipment		(154)	(178)
Purchase of intangible assets		(450)	(54)
Net cash used in from investing activities		(601)	(228)
Cashflows from financing activities			
Repayment of loan		(500)	-
Finance lease capital repayments		(14)	(17)
Net cash used in financing activities		(514)	(17)
Net decrease in cash and cash equivalents		(265)	(812)
Exchange movements		(31)	62
Cash and cash equivalents at the start of the year		1,828	2,578
Cash and cash equivalents at the end of the year	20	1,532	1,828

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

Company Statement of Cashflows

for the year ended 30 June 2013

		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
	Note		
Cashflows from operating activities			
Profit/(loss) for the year before taxation		1,106	(270)
Adjustments for			
Net finance cost		6	1
Depreciation of property, plant and equipment		71	58
Amortisation of intangible assets		19	14
Share-based payments		40	27
(Increase)/decrease in trade and other receivables		(1,219)	(442)
Increase/(decrease) in trade and other payables		705	(81)
Net cash generated from/(used in) operations		728	(693)
Finance costs		(7)	(1)
Income tax received		56	100
Net cash generated from/(used in) operating activities		777	(594)
Cashflows from investing activities			
Finance income		1	-
Purchase of property, plant and equipment		(51)	(114)
Purchase of intangible assets		(255)	(33)
Net cash (used in)/generated from investing activities		(305)	(147)
Cashflows from financing activities			
Finance lease capital repayments		(14)	(17)
Net cash used in financing activities		(14)	(17)
Net increase/(decrease) in cash and cash equivalents		458	(758)
Exchange movements		(11)	20
Cash and cash equivalents at the start of the year		109	847
Cash and cash equivalents at the end of the year	24	556	109

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

Statements of Changes in Equity

for the year ended 30 June 2013

Group

	Share capital £000	Share premium £000	Other reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 1 July 2011	1	-	-	-	2,670	2,671
Share-based payment charge	-	-	27	-	-	27
Transactions with owners	-	-	27	-	-	27
Loss for the year	-	-	-	-	(943)	(943)
Foreign exchange movements	-	-	-	13	-	-
Total comprehensive income	-	-	-	13	(943)	(943)
At 30 June 2012	1	-	27	13	1,727	1,768
Share-based payment charge	-	-	40	-	-	40
Transactions with owners	-	-	40	-	-	40
Profit for the year	-	-	-	-	2,070	2,070
Foreign exchange movements	-	-	-	(61)	-	(61)
Total comprehensive income	-	-	-	(61)	2,070	2,009
At 30 June 2013	1	-	67	(48)	3,797	3,817

Company

	Share capital £000	Share premium £000	Other reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 1 July 2011	1	-	-	-	6,462	6,463
Share-based payment charge	-	-	27	-	-	27
Transactions with owners	-	-	27	-	-	27
Loss for the year	-	-	-	-	(170)	(170)
Total comprehensive income	-	-	-	-	(170)	(170)
At 30 June 2012	1	-	27	-	6,292	6,320
Share-based payment charge	-	-	40	-	-	40
Transactions with owners	-	-	40	-	-	40
Profit for the year	-	-	-	-	1,512	1,512
Total comprehensive income	-	-	-	-	1,512	1,512
At 30 June 2013	1	-	67	-	7,804	7,872

The notes on pages 11 to 35 form an integral part of the consolidated financial statements

Notes to the Company Financial Statements

for the year ended 30 June 2013

1 General information

Knowledge Support Systems Limited ("KSS Fuels" and the "Company") and its subsidiaries (together the "Group") is the leading global provider of price management and optimisation solutions and network planning solutions to the fuel retail and oil and gas wholesale industries

The Company is incorporated and domiciled in the UK and its registered office is St James' Buildings, 79 Oxford Street, Manchester, M1 6SS

The registered number of the Company is 02800866

2 Summary of significant accounting policies

Basis of preparation

Both the parent company financial statements and the consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments. Consistent accounting policies have been adopted throughout the Group and in preparing an opening IFRS balance sheet at 1 July 2011 for the purposes of the transition to IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under "Use of key accounting estimates and judgements".

The parent company financial statements present information about the Company as a separate entity and not about the Group. On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Group's, and the Company's, functional and presentational currency is Sterling.

First time adoption of IFRS

Both the Group and the Company are preparing their financial statements in accordance with IFRS as adopted by the EU for the first time and consequently both have applied IFRS 1. An explanation of how the transition to IFRS as adopted by the EU has affected the reported financial position, financial performance and cash flows of the Group is provided in note 30.

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been taken in these financial statements:

- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 July 2011.
- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 July 2011.

New and amended standards that have been adopted by the Group in the 30 June 2013 financial statements

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been adopted and effective in these financial statements as follows:

Amendment to IAS 1 – Presentation of items of other comprehensive income – The amendments require that an entity present separately items of Other Comprehensive Income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. They also preserve the existing option to present the profit or loss and other comprehensive income in two statements. The adoption of this amendment to the standard has not impacted on the financial statements.

Amendment to IAS 12 – Deferred tax: recovery of underlying assets – The Amendment relates to measurement principles relating to deferred tax assets and liabilities arising from investment properties. The adoption of this amendment has not impacted on the financial statements.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 30 June 2013 financial statements

Annual improvements to IFRSs – 2009-2011 cycle – effective for periods starting on or after 1 January 2013 – This cycle of improvements contains amendments to

- IFRS 1 *First-time adoption of IFRSs* – repeated application of IFRS 1 and borrowing cost exemption,
- IAS 1 *Presentation of financial statements* – comparative information beyond minimum requirements and presentation of the opening statement of financial position and related notes,
- IAS 16 *Property, plant and equipment* – classification of servicing equipment,
- IAS 32 *Financial instruments: presentation* – income tax consequences of distributions, and
- IAS 34 *Interim financial reporting* – segment assets and liabilities

IFRS10 – Consolidated financial statements – effective for periods starting on or after 1 January 2014 – Part of a new suite of standards on consolidation and related standards, replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements), and making limited amendments in relation to associates

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities - This new standard provides a single model to be applied in determining when an investor controls an entity where the investor's shareholding is less than 100%

IFRS 11 – Joint arrangements – effective for periods starting on or after 1 January 2014 – All parties to a joint arrangement are within the scope of IFRS 11 IFRS 11

- carves out from IAS 31, situations where entities are party to a joint arrangement where this joint arrangement is a separate vehicle but that separation is overcome by form, contract or other facts and circumstances, and
- removes the choice of equity or proportionate accounting for Jointly Controlled Entities (as was allowed under IAS 31)

IFRS 12 – Disclosure of interests in other entities – effective for periods starting on or after 1 January 2014 – Contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities

Transitional guidance: amendments to IFRS10, 11 and 12 – effective for periods starting on or after 1 January 2014 – The amendments simplify the transition to these new standards and provide additional relief from certain disclosures

IFRS 13 – Fair value measurement – effective for periods starting on or after 1 January 2013 – This new standard replaces existing guidance on fair value measurement in different IFRSs with a single definition of fair value, a framework for measuring fair values and disclosures about fair value measurements

IAS 27 – Separate financial statements – effective for periods starting on or after 1 January 2014 – IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011)

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities – effective for periods starting on or after 1 January 2013 – For financial assets and financial liabilities, an entity is required to make additional disclosures in respect of financial assets and liabilities that have been offset in accordance with the offsetting criteria in IAS 32

The Group is currently assessing the impact of the adoption of these new standards, however the adoption of the above standards is not expected to have a material impact on the financial statements

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Other standards, amendments and interpretations not yet effective in 2013 that are not relevant to the Group for the 30 June 2013 financial statements:

- *Government loans – amendments to IFRS1 – effective for periods starting on or after 1 January 2013*
- *IAS28 – Investments in associates and joint ventures – effective for periods starting on or after 1 January 2014*
- *Amendments to IAS19 – defined benefit plans – effective for periods starting on or after 1 January 2013*
- *IFRIC 20 – Stripping cost in the production phase of a surface mine – effective for periods starting on or after 1 January 2013*

Consolidation

These financial statements consolidate the accounts of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. Acquisition consideration is measured at the fair value of the consideration given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Business combination costs directly attributable to the acquisition are immediately written off through the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Revenue recognition

Revenues from perpetual software licence agreements, which are not part of a long-term contract, are recognised as revenues upon receipt of an executed licence agreement or an unconditional order under an existing licence agreement and delivery of the software, if there are no significant remaining vendor obligations and collection is probable.

Revenue under fixed-term subscription licence agreements is recognised on a straight line basis over the life of the contract.

Professional services include implementation fees, consultancy and training. Revenues and costs derived from fixed-fee contracts are recognised on the percentage of completion method for individual contracts. Provisions for any estimated losses on incomplete contracts are made in the year in which the loss is anticipated. Professional service revenues, which are provided on a time and expense basis, are recognised as the service is performed.

Revenues from network planning contracts for which the duration is more than six weeks, are recognised via the percentage of completion method. All other revenue from network planning contracts is recognised upon completion of the contracted service.

Revenues from maintenance and support services are recognised over the period that the services are provided on a straight line basis. Payments received in advance of services performed are recorded as deferred income and vice versa.

Revenues from royalty arrangements are recognised only once the actual revenue to be recognised is ascertained.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Segmental analysis

Operating segments are reported in a manner consistent with internal reporting provided to the board of Directors, which is responsible for allocating and assessing performance of operating segments, and which is considered to be the Chief Operating Decision Maker. An operating segment is a group of assets and operations engaged in production that is subject to risks and returns that are different from those of other operating segments. A geographical segment is engaged in production within a particular economic environment that is different from that in segments operating in other economic environments.

The Directors consider the Group's operating segments to be

- Pricing, and
- Planning

The Group has also elected to present operating segment analysis with reference to geographical location of customers.

Financial assets

Financial assets consist of loans and receivables and investments in subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with maturities of less than three months.

Trade receivables

Trade receivables are recognised and carried at the original invoice amount less an allowance for uncollectable amounts. An estimate of uncollectable amounts is made when collection of the full amount is no longer probable. Uncollectable amounts are written off to the income statement when identified.

Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the dates of the transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates and any exchange gains and losses are recorded in the income statement.

On consolidation, income and cashflow statements of foreign subsidiaries are translated into Sterling at the average exchange rate for the accounting period. Balance sheets of foreign subsidiaries are translated into Sterling at the exchange rate prevailing at the year-end date. Differences arising from translation of opening and closing net assets are recognised in the translation reserve in the Consolidated Statement of Changes in Equity.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at 1 July 2011 (the date of transition to EU adopted IFRSs).

Borrowing costs

All borrowing costs are expensed to the Statement of Comprehensive Income as incurred.

Exceptional items

Exceptional items are those that the Directors consider are of unusual size or nature that they are required to be separately disclosed to allow the user of the financial statements to understand the underlying performance of the Group.

Goodwill

Goodwill is the difference between the fair value of the consideration paid and the fair value of the net identifiable assets and liabilities acquired. Following recognition, it is not amortised however is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have become impaired and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Other intangible assets

Internally generated software

Expenditure on software development activities is capitalised if the product or process is technically and commercially feasible, the costs are separately identifiable and reliably measurable and the Group intends to, and has sufficient resources to, complete development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria above. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the year in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded on a straight line basis over the life of the asset which is assessed individually as between three and five years.

Computer software

Software is recorded at historical cost less accumulated amortisation. Amortisation is recorded on a straight line basis over the asset's expected useful life of three to five years.

Customer relationships

Customer relationships reflect the fair value of the assets acquired in acquisitions. Fair value is estimated using discounted cashflow forecasts on an estimated contribution of the customers acquired over their future life of four years.

Other intangibles

Acquired trade names and committed order backlogs are recorded at their fair value. Trade names are amortised over three years and the committed order backlog is amortised over one year.

Research

Research expenditure is recognised as an expense in the year in which it is incurred.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance is charged to the Statement of Comprehensive Income during the financial period in which the cost is incurred.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment on a straight line basis over their estimated useful lives, having regard to residual value. The estimated useful lives are as follows:

Leasehold property improvements	over the term of the lease
Computer equipment	three years
Plant, machinery and office equipment	three years

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses in the Statement of Comprehensive Income.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is likely that an outflow of resource will be required to settle the obligation and that the amount of the probable outflow can be reasonably estimated. Where the Group expects all or some of the obligation to be reimbursed, the reimbursement is recognised as a separate asset to the extent that it is virtually certain to be reimbursed. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the year-end date. If material, provisions are determined by discounting the expected future cashflows using rates that reflect current market assessments of the time value of money.

Leases

For finance leases, where the Group bears substantially all the risks and rewards related to ownership of the leased asset, the related asset is capitalised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Finance costs are charged to the Statement of Comprehensive Income over the period of the lease in accordance with the capital balance outstanding. Obligations under finance leases are included in financial liabilities net of finance costs.

Operating leases, where the lessor retains substantially all the risks and rewards of ownership, are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Employee benefits - Defined contribution plans

The Company makes payments into defined contribution plans for its staff. Payments by the Company into these schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Dividends

Final equity dividends to the shareholders of Knowledge Support Systems Limited are recognised in the year that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Financial liabilities

The Group's financial liabilities consist of trade and other payables and finance leases

Financial liabilities are recognised when the Group becomes a party to the contractual arrangements of the instrument

Trade and other payables are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost less settlement payments, using the effective interest method

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Where the contractual obligations of financial instruments, including share capital, are equivalent to a similar debt instrument, those instruments are classed as financial liabilities. Financial liabilities are classified as such in the Statement of Financial Position.

Where the contractual terms of issued shares do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument.

Equity

Issued capital

Ordinary shares are classified as equity.

Share premium

The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of the expenses of the share issue.

Other reserve

The other reserve represents equity-settled share-based employee expense until such share options are exercised.

Foreign exchange reserve

The foreign exchange reserve represents foreign exchange gains and losses arising on translation of investments in overseas subsidiaries.

Retained earnings

Retained earnings include all current and prior period results for the Company and the post-acquisition results of the Group's subsidiaries.

Income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws enacted or substantively enacted in the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. IAS 12 "Income Taxes" does not require deferred tax to be recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and that affected neither the accounting nor taxable profit.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year-end date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Notes to the Company Financial Statements

for the year ended 30 June 2013

2 Summary of significant accounting policies continued

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its Directors and employees

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

Share-based compensation is recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to other reserves. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. IFRS 2 "Share-based Payment" has been applied to equity-settled share options granted after 7 November 2002.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in subsidiary. If the amount recharged exceeds the increase in the cost of investment the excess is recognised as a dividend. When the cost of investment in subsidiary has been reduced to nil, the excess is recognised as a dividend.

Use of key accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below.

Critical accounting assumptions and estimates

- (a) Fair value assessment of the business combination. Following the acquisition of Market Planning Solutions Inc (MPSI) by the Company, an assessment of all assets and liabilities took place, inclusive of identification of intangible assets acquired and related goodwill. The valuation process for the intangible assets required a number of judgements to be made regarding future performance of the MPSI group, together with other asset specific factors, to result in the recognition of certain previously unrecorded intangible assets, which together with the goodwill on consolidation requires periodic assessment to ensure these assets are held at an appropriate valuation.
- (b) Carrying value of goodwill. The Company performs an annual assessment of whether the goodwill arising from the acquisition of MPSI is impaired. This annual assessment includes a number of key assumptions regarding future growth and discount rates.
- (c) Recognition of revenue for fixed fee contracts. For fixed fee contracts, the Company makes a judgement when assessing the stage of completion of any individual contract.
- (d) Judgement is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The Group recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known.

Sources of estimation uncertainty

- (a) Depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved. The carrying value of property, plant and equipment is £353,000 (note 12) and intangible assets are £1,149,000 (note 14).

Notes to the Company Financial Statements

for the year ended 30 June 2013

3 Segmental analysis

The chief operating decision maker has been identified as the board of Directors. The board reviews the Group's internal reporting in order to make strategic decisions. The board considers the business from both an operational and geographic perspective.

The segment results for the year ended 30 June 2013 are as follows.

	Pricing £000	Planning £000	Total £000
Revenue	9,559	5,906	15,465
Other operating expenses	(8,550)	(5,232)	(13,782)
Underlying operating profit	1,009	674	1,683
Exceptional items and business combination amortisation			(655)
Operating profit			1,028
Net finance cost			(152)
Profit before tax			876
Income tax credit			1,194
Profit for the year			2,070

The segment results for the year ended 30 June 2012 are as follows

	Pricing £000	Planning £000	Total £000
Revenue	8,042	5,197	13,239
Other operating expenses	(7,519)	(5,179)	(12,698)
Underlying operating profit	523	18	541
Exceptional items and business combination amortisation			(1,643)
Operating profit			(1,102)
Net finance cost			(150)
Profit before tax			(1,252)
Income tax credit			309
Profit for the year			(943)

The segment assets and liabilities at 30 June 2013 are as follows

	Pricing £000	Planning £000	Unallocated items £000	Total £000
Assets	4,133	2,096	5,174	11,403
Liabilities	(3,590)	(2,024)	(1,972)	(7,586)
Net assets	543	72	3,202	3,817
Capital expenditure	554	162	-	716
Depreciation and amortisation	106	138	280	524

Unallocated assets and liabilities comprise net debt, deferred taxation assets and liabilities, goodwill and acquired intangible assets.

Notes to the Company Financial Statements

for the year ended 30 June 2013

3 Segmental analysis continued

The segment assets and liabilities at 30 June 2012 are as follows

	Pricing	Planning	Unallocated items	Total
	£000	£000	£000	£000
Assets	2,446	1,703	4,595	8,744
Liabilities	(2,599)	(1,978)	(2,399)	(6,976)
Net assets	(153)	(275)	2,196	1,768
Capital expenditure	153	79	-	232
Depreciation and amortisation	85	52	632	769

The parent company is domiciled in the UK. The Group's main business segments are based in the following locations:

- Pricing – North America, Europe and Rest of the World
- Planning – North America, Rest of the World and Europe

The geographical segments are based on an analysis of revenue by the location of the Group's customers as follows:

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Europe	4,276	2,316
North America	7,351	7,663
Rest of the World	3,838	3,260
Revenue	15,465	13,239

One customer, based in Europe, contributed 14 per cent of the Group's revenue, no other customer contributed greater than 7 per cent of the Group's revenue.

4 Operating profit

Operating profit has been arrived at after charging/(crediting):

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Depreciation of property, plant and equipment	131	105
Amortisation of intangible assets	113	32
Exceptional items and business combination amortisation (note 8)	655	1,643
Land and buildings held under operating leases	406	360
Audit and non-audit services		
Fees payable to the Company's auditors, KPMG LLP for		
– the audit of the parent company financial statements and the consolidation	46	37
– tax services	8	8

Notes to the Company Financial Statements

for the year ended 30 June 2013

5 Employees

Employee costs (including Directors)

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Wages and salaries	7,963	5,867
Social security costs	585	506
Pension costs	213	172
Share-based payments	40	27
	8,801	6,572

Included in employee costs above are Research and Development costs of £1,904,000 (2012 £1,521,000) of which £355,000 were capitalised during the year (2012 £11,000)

The average number of employees during the year was as follows

	Number	Number
Sales and marketing	23	20
Professional services	44	51
Research and development	45	33
Administration	16	11
Management	8	8
	136	123

6 Directors' remuneration

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Directors' emoluments	503	333
Company contributions to money purchase pension plans	13	8
	516	341

Emoluments of the highest paid director were as follows.

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Directors' emoluments	348	280
Company contributions to money purchase pension plans	7	6
	355	286

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £nil (2012 £nil)

Employer contributions are made to company pension plan arrangements for two directors (2012. two)

Notes to the Company Financial Statements

for the year ended 30 June 2013

7 Remuneration of key senior management

Key senior managers comprise Directors and those senior managers whose role is viewed as strategically important to the Group

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Short-term employee benefits	1,409	1,037
Share-based payments	30	20
Other long-term benefits	34	41
	1,473	1,098

The number of Directors and senior managers making up key senior management was 8 (2012 8)

8 Exceptional items and business combination amortisation

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Exceptional items	375	1,011
Business combination amortisation	280	632
	655	1,643

Exceptional items consist of the final steps taken in the integration of MPSI, including the cost of modernising the professional services delivery function and subsequent final staff restructuring. The 2012 exceptional costs related to the main steps taken in integrating MPSI directly after its acquisition. These costs included staff severances, integration consultants, re-branding of the enlarged company and one-off integration incentives.

Business combination amortisation arises from the intangible assets recognised (other than goodwill) from the acquisition of MPSI.

9 Finance income

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Interest on short-term bank deposits	3	4

10 Finance costs

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Interest expense on overdrafts and loans	(148)	(152)
Finance charges on finance leases	(7)	(2)
	(155)	(154)

Notes to the Company Financial Statements

for the year ended 30 June 2013

11 Income tax

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Current tax		
UK corporation tax credit	-	(148)
Overseas tax	44	14
Deferred tax	(1,238)	(175)
Taxation credit	(1,194)	(309)

The tax assessed for the year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below.

Profit/(loss) before tax	876	(1,252)
Profit/(loss) before tax multiplied by the respective standard rate of corporation tax applicable in the UK of 23.75 per cent (2012: 25.5 per cent)	208	(319)
Effects of		
– non-deductible expenses	(92)	107
– other temporary differences	(29)	(9)
– research and development tax credits	-	(147)
– recognition of previously unrecognised tax losses	(840)	-
– impact of changes in tax rates	10	-
– differences in overseas tax rates	(328)	(44)
– use of losses	(123)	103
Tax credit for the year	(1,194)	(309)

Changes to the UK Corporation tax rate were announced in the March 2012 and March 2013 Budget Statements. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and therefore has been included in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 2% to 21% from 1 April 2014 and a further 1% to 20% from 1 April 2015. The changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Notes to the Company Financial Statements

for the year ended 30 June 2013

12 Property, plant and equipment

Group	Leasehold property improvements £000	Computer equipment £000	Plant, machinery and office equipment £000	Total £000
Cost				
At 1 July 2011	145	1,574	277	1,996
Additions	64	110	4	178
Disposals	(6)	(10)	(23)	(39)
Foreign exchange	-	10	-	10
At 30 June 2012	203	1,684	258	2,145
Additions	37	178	21	236
Disposals	-	(425)	(49)	(474)
Foreign exchange	-	(6)	(1)	(7)
At 30 June 2013	240	1,431	229	1,900
Depreciation				
At 1 July 2011	133	1,445	228	1,806
Foreign exchange	-	2	-	2
Disposals	(6)	(10)	(2)	(18)
Charge for the year	12	82	11	105
At 30 June 2012	139	1,519	237	1,895
Foreign exchange	-	(6)	(1)	(7)
Disposals	-	(425)	(47)	(472)
Charge for the year	23	94	14	131
At 30 June 2013	162	1,182	203	1,547
Net book value				
At 30 June 2013	78	249	26	353
At 30 June 2012	64	165	21	250
At 30 June 2011	12	129	49	190

The cost of property, plant and equipment held under finance leases is £82,000 (2012 £nil), accumulated depreciation is £7,000 (2012 £nil), giving a net book value of £75,000 (2012 £nil)

Notes to the Company Financial Statements

for the year ended 30 June 2013

12 Property, plant and equipment continued

Company	Leasehold property improvements £000	Computer equipment £000	Plant, machinery and office equipment £000	Total £000
Cost				
At 1 July 2011	70	1,108	153	1,331
Additions	52	58	4	114
At 30 June 2012	122	1,166	157	1,445
Additions	5	128	-	133
At 30 June 2013	127	1,294	157	1,578
Depreciation				
At 1 July 2011	59	1,061	139	1,259
Charge for the year	10	41	7	58
At 30 June 2012	69	1,102	146	1,317
Charge for the year	13	51	7	71
At 30 June 2013	82	1,153	153	1,388
Net book value				
At 30 June 2013	45	141	4	190
At 30 June 2012	53	64	11	128
At 30 June 2011	11	47	14	72

The cost of property, plant and equipment held under finance leases is £82,000 (2012 £nil), accumulated depreciation is £7,000 (2012 £nil), giving a net book value of £75,000 (2012 £nil)

13 Goodwill

	£000
At 1 July 2011	1,671
Foreign exchange	53
At 30 June 2012	1,724
Foreign exchange	40
At 30 June 2013	1,764

Goodwill recognised on acquisition relates to the acquisition of MPSI on 31 May 2011. As a result only one cash-generating unit is recognised.

The Group tests goodwill annually for impairment. The recoverable amount of the goodwill is determined from value in use calculations for the cash generating unit ("CGU"). The calculation uses pre-tax cash flow projections based on current performance, financial budgets and forecasts approved by management covering a five year period giving rise to 10% annual growth during the period. No cash flows beyond the five year period are included.

Management has used a pre-tax discount rate of 10% that reflects current market assessments for the time value of money and the risks associated with the CGU. Management has performed sensitivity analyses on all the impairment calculations by reducing the growth rate to 0% and by increasing the pre-tax discount rate by 5% to 15%. No impairment would arise in this scenario.

Notes to the Company Financial Statements

for the year ended 30 June 2013

14 Other intangible assets

Group	Computer software £000	Internally generated software £000	Customer relationships £000	Other intangibles £000	Total £000
Cost or valuation					
At 1 July 2011	597	701	649	357	2,304
Additions	43	11	-	-	54
Disposals	-	(39)	-	-	(39)
Foreign exchange	3	18	26	14	61
At 30 June 2012	643	691	675	371	2,380
Additions	125	355	-	-	480
Disposals	(314)	-	-	-	(314)
Foreign exchange	(2)	(7)	(6)	-	(15)
At 30 June 2013	452	1,039	669	371	2,531
Amortisation					
At 1 July 2011	541	12	6	55	614
Charge for the year	32	206	166	260	664
Foreign exchange	11	-	-	-	11
At 30 June 2012	584	218	172	315	1,289
Charge for the year	27	163	173	30	393
Foreign exchange	-	11	3	-	14
Disposals	(314)	-	-	-	(314)
At 30 June 2013	297	392	348	345	1,382
Net book value					
At 30 June 2013	155	647	321	26	1,149
At 30 June 2012	59	473	503	56	1,091
At 30 June 2011	56	689	643	302	1,690

Other intangibles consist of the committed order backlog and trade names acquired as part of the acquisition of MPSI

Notes to the Company Financial Statements

for the year ended 30 June 2013

14 Other intangible assets

Company	Computer software £000	Internally generated software £000	Total £000
Cost or valuation			
At 1 July 2011	492	-	492
Additions	33	-	33
At 30 June 2012	525	-	525
Additions	115	170	285
At 30 June 2013	640	170	810
Amortisation			
At 1 July 2011	481	-	481
Charge for the year	14	-	14
At 30 June 2012	495	-	495
Charge for the year	19	-	19
At 30 June 2013	514	-	514
Net book value			
At 30 June 2013	126	170	296
At 30 June 2012	30	-	30
At 30 June 2011	11	-	11

15 Financial assets at fair value through profit and loss: non-current

	£
At 1 July 2011, 30 June 2012 and 30 June 2013	2

The company holds 100% of the ordinary share capital and voting rights of the following principal subsidiaries which are included in the consolidation

Subsidiary companies consolidated in these Accounts	Country of incorporation	% interest in ordinary shares at 30 June 2013	Principal activity
Knowledge Support Systems Licensing Limited	UK	100	Intermediate holding company
Knowledge Support Systems Inc	USA	100	Pricing and planning
Market Planning Solutions Inc	USA	100	Pricing and planning
MPSI K K	Japan	100	Planning
MPSI Systems Limited	UK	100	Planning

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet

Notes to the Company Financial Statements

for the year ended 30 June 2013

16 Deferred income tax

	Group £000	Company £000
Deferred taxation assets		
At 1 July 2011 and 30 June 2012	272	243
Credited to the income statement	1,127	406
At 30 June 2013	1,399	649
	Group £000	Company £000
Deferred taxation liability		
At 1 July 2011	(468)	-
Credited to the income statement	175	-
At 30 June 2012	(293)	
Credited to the income statement	111	
At 30 June 2013	(182)	-

The Group's deferred tax asset recognised relates wholly to tax losses in both the UK and USA. In addition to the recognised deferred tax asset above there are unrecognised tax losses arising in the UK of £3,054,000 at 23%, £702,000 (2012 £4,673,000 at 24%, £1,121,000). Tax losses arising in the USA for which no deferred tax asset was recognised were £850,000 at 38%, £323,000 (2012 £959,000 at 38%, £364,000). These amounts have not been recognised due to uncertainty over timing of recoverability.

The deferred tax liability relates to the tax effect arising from the intangible asset fair value adjustments from the acquisition of MPSI and is reducing annually as these are amortised.

17 Trade and other receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Current				
Trade receivables	2,944	2,113	226	147
Amounts due from subsidiaries	-	-	6,523	6,300
Tax receivables	120	176	120	176
Other receivables	214	148	53	22
Prepayments and accrued income	1,872	1,082	1,216	330
	5,150	3,519	8,138	6,975

The fair value of trade and other receivables approximates their carrying value.

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Non-Current				
Trade receivables	56	60	-	-
	56	60	-	-

Notes to the Company Financial Statements

for the year ended 30 June 2013

18 Credit quality of financial assets

As of 30 June 2013, Group trade receivables of £748,000 (2012 £728,000) were past due but not impaired and £103,000 (2012 £55,000) of Company trade receivables were past due but not impaired. These relate to a number of independent and blue-chip customers for whom there is no recent history of default. The ageing analysis of these overdue trade receivables is as follows:

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade receivables				
Not more than three months	657	307	34	15
More than three months but not more than six months	37	296	36	26
More than six months but not more than twelve months	54	125	33	14
	748	728	103	55

A Group provision for impairment of £21,000 was recorded in the current year (2012 £37,000). The movement in the current year related to utilisation of the provision. No provision was recorded in the Company (2012 £nil). The carrying amount of trade and other receivables is denominated in the following currencies:

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Sterling	1,607	576	7,955	6,931
Euro	173	98	173	44
US dollar	3,370	2,845	10	-
	5,150	3,519	8,138	6,975

19 Financial instruments

Categories of financial instrument

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Financial assets				
Cash and cash equivalents	1,532	1,838	556	109
Loans and receivables	5,150	3,519	8,138	6,795
Financial liabilities				
Borrowings	1,887	2,123	97	-
Amortised cost	5,517	4,577	1,860	1,155

20 Cash and cash equivalents

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Cash at bank and in hand	1,532	1,828	556	109
Cash and cash equivalents	1,532	1,828	556	109

Notes to the Company Financial Statements

for the year ended 30 June 2013

21 Trade and other payables

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Current				
Trade payables	348	381	194	225
Social security and other taxes	175	101	158	87
Other payables	8	5	8	5
Accrued expenses and deferred income	4,986	4,090	1,500	838
	5,517	4,577	1,860	1,155

The fair value of trade and other payables approximates their carrying value

22 Borrowings

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Current				
Finance lease liability	34	-	34	-
Non-current				
Amounts owed to parent undertaking	1,790	2,096	-	-
Shares classified as liabilities	-	10	-	10
Finance lease liability	63	-	63	-
	1,853	2,106	63	10

Finance lease liabilities mature as follows

	Group		Company	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	£000	£000	£000	£000
Finance lease minimum payments				
Less than one year	45	-	45	-
Between two and five years	70	-	70	-
Total minimum lease payments	115	-	115	-
Future finance charges	(18)	-	(18)	-
Present value of finance leases	97	-	97	-

23 Share capital

	Shares	£000
Issued, called up and fully paid		
Ordinary shares of £0.01 each		
At 1 July 2012	109,030	1
At 30 June 2013	109,030	1

On 17 August 2012 the 10,000 redeemable preference shares were redeemed

Notes to the Company Financial Statements

for the year ended 30 June 2013

24 Share-based payments – Group and Company

Certain employees of the company participate in the Company's share option scheme. Options awarded are at the discretion of the shareholders. Options when exercised will be settled in shares. Options in issue at the year-end are as follows:

Options in issue	30 June 2012	Granted in year	Cancelled/lapsed in year	30 June 2013	Exercise price	Exercisable from
7 Jan 2008	10,342	-	(627)	9,715	£75.41	7 Jan 2011
9 Sep 2008	1,254	-	-	1,254	£75.41	9 Sep 2011
6 Dec 2011	3,795	-	(315)	3,480	£101.38	6 Dec 2014
23 Mar 2012	635	-	-	635	£101.38	23 Mar 2015
02 Apr 2012	1,595	-	-	1,595	£101.38	02 Apr 2015
05 Mar 2013	-	635	-	635	£140.37	05 Mar 2016
	17,621	635	(942)	17,314		

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of services received is based on a Black Scholes share option pricing model. The key assumptions used in the model are as follows:

- interest rate 3.0% (2012: 3.0%),
- volatility 30% (2012: 30%),
- no dividend yield (2012: nil), and
- vesting period of three years (2012: three years)

The total expense recognised by the Group for the year, for all continuing schemes, was £40,000 (30 June 2012: £27,000).

25 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the board and their policies are outlined below:

(a) Market risk

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk as it operates primarily within Europe and the US with transactions denominated in Sterling, Euros and US dollars. The Group policy is to try to match the timing of the settlement of sales and purchase invoices so as to aim to eliminate currency exposure.

The Group does not hedge any transactions and foreign exchange differences on retranslation of foreign assets and liabilities are taken to the income statement.

Sensitivity to reasonably possible movements in exchange rates can be measured on the basis that all other variables remain constant. Strengthening or weakening of the Euro against Sterling by 10 per cent would impact equity by plus or minus £64,000 (2012: £12,000). For the same 10 per cent movement in the US dollar the impact would be £199,000 (2012: £134,000). The result for the year is affected by the same 10 per cent movement in the Euro by plus or minus £39,000 (2012: £5,000). For the US dollar a 10 per cent exchange rate movement would impact the result by £131,000 (2012: £48,000).

Notes to the Company Financial Statements

for the year ended 30 June 2013

25 Financial risk management continued

(a) Market risk continued

The cash and cash equivalent balances carried within the Group comprise the following currency holdings

	30 June 2013 £000	30 June 2012 £000
Sterling	148	145
Euros	413	9
US dollars	902	1,458
Canadian dollars	69	216
	1,532	1,828

The majority of the Group's financial assets are held in US dollars but movements in the exchange rate of the Euro and the US dollar against Sterling have an impact on both the result for the year and equity

Interest rate risk

The Group has a long term loan with its majority shareholder at a fixed coupon rate hence the Directors consider that there is no significant interest rate risk

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

Management do not consider that there is any concentration of risk within receivables, as apart from one new customer this year, no existing customer contributed more than 7 per cent of revenue. A provision of £21,000 specifically covers receivables that are considered at risk.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

(c) Liquidity risk

The Group currently holds substantial cash balances in Sterling, US dollars and Euros to provide funding for normal trading activity. During the year, the Group also arranged an unsecured overdraft facility of £200,000 which remained undrawn at 30 June 2013. Trade and other payables are monitored as part of normal management routine.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure.

There is no material difference between the fair values and the carrying values of these financial instruments.

26 Operating lease commitments

The following payments are due to be made on operating lease commitments

Land and buildings

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Within one year	446	479	106	106
Two to five years	722	679	106	212
Greater than five years	51	34	-	-
	1,219	1,192	212	318

Notes to the Company Financial Statements

for the year ended 30 June 2013

27 Related party transactions

During the year, the Group and Company provided Eurovestech plc, its majority shareholder with professional services amounting to £32,000 (2012 £nil) The balance outstanding at 30 June 2013 was £32,000 (2012 £nil)

At 30 June 2013 the Group also owed Eurovestech plc £1,790,000 (2012 £2,096,000) in respect of a long term loan The annual finance charge was £148,000 (2012 £152,000)

Information on remuneration of key management personnel is given in note 9

There were no other related party transactions

28 Capital commitments

At 30 June 2013 the Group was committed to capital expenditure of £nil (2012 £nil)

29 Ultimate parent company

The ultimate parent company of Knowledge Support Systems Limited is considered to be Eurovestech Plc, a company incorporated in the United Kingdom, which owns 60 per cent of the issued share capital Copies of the company's financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ (www.companieshouse.gov.uk)

30 Explanation of transition to IFRS – Group

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2013, the comparative information presented in these financial statements for the year ended 30 June 2012 and in the preparation of an opening IFRS balance sheet at 1 July 2011 (the Group's date of transition)

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables

Income statement reconciliation

	Year ended 30 June 2012		
	UK GAAP	Effect of transition to IFRS	IFRS
	£000	£000	£000
Revenue	13,239		13,239
Operating expenses	(12,698)		(8,681)
Underlying operating profit	541		541
Exceptional items and business combination amortisation	(1,732)	89	(1,643)
Operating loss	(1,191)	89	(1,102)
Finance income	4	-	4
Finance costs	(154)	-	(154)
Loss before tax	(1,341)	89	(1,252)
Income tax credit	134	175	309
Loss for the year	(1,207)	264	(943)
Attributable to:			
Owners of the Company	(1,207)	264	(943)

Notes to the Company Financial Statements

for the year ended 30 June 2013

30 Explanation of transition to IFRS – Group continued

Reconciliation of equity

	UK GAAP £000	1 July 2011 Effect of transition to IFRS £000	IFRS £000	UK GAAP £000	30 June 2012 Effect of transition to IFRS £000	IFRS £000
Assets						
Non-current assets						
Property, plant and equipment	246	(56)	190	309	(59)	250
Goodwill	1,820	(149)	1,671	1,800	(76)	1,724
Other intangible assets	1,634	56	1,690	1,032	59	1,091
Deferred tax assets	272	-	272	272	-	272
Trade and other receivables	-	77	77	-	60	60
	3,972	(72)	3,900	3,413	(16)	3,397
Current assets						
Trade and other receivables	3,470	(77)	3,393	3,579	(60)	3,519
Cash and cash equivalents	2,578	-	2,578	1,828	-	1,828
	6,048	(77)	5,971	5,407	(60)	5,347
Liabilities						
Current liabilities						
Trade and other payables	(4,823)	-	(4,823)	(4,577)	-	(4,577)
Borrowings	(17)	-	(17)	-	-	-
	(4,840)	-	(4,840)	(4,577)	-	(4,577)
Net current assets	1,208	(77)	1,131	830	(60)	770
Non-current liabilities						
Other interest-bearing loans and borrowings	(1,892)	-	(1,892)	(2,106)	-	(2,106)
Deferred tax liabilities	(164)	(304)	(468)	(164)	(129)	(293)
	(2,056)	(304)	(2,360)	(2,270)	(129)	(2,399)
Net assets	3,124	(453)	2,671	1,973	(205)	1,768
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	1	-	1	1	-	1
Share premium	-	-	-	-	-	-
Retained earnings	3,123	(453)	2,670	1,972	(205)	1,767
Total equity	3,124	(453)	2,671	1,973	(205)	1,768

Notes to the reconciliations

The following explanation details the IFRS transition adjustments to the opening equity reconciliations and profit reconciliation

IAS 38 "Intangible assets"

Computer software is capitalised as a tangible fixed asset under UK GAAP, however under IFRS, judgement is required as to whether this software is separable from the computer and its operating system. If software is separable it should be considered a standalone asset and hence recognised as an intangible asset. In the above reconciliation the Net Book Value of assets transferred to Intangible assets is £56,000 at 1 July 2011 and £59,000 at 30 June 2012.

IFRS 3 "Business combinations"

IFRS 3 requires all professional fees relating to a business combination to be expensed through the income statement rather than being included within the total acquisition cost as part of the calculation of the initial value of goodwill. Additionally under IFRS goodwill is not amortised annually, rather is subject to annual impairment review, whereas under UK GAAP, the Company had previously amortised the goodwill arising from its acquisition of MPSI in May 2011. The impact on the carrying value of goodwill was a reduction of £149,000 at 1 July 2011 and £76,000 at 30 June 2012.

The impact on the Statement of Comprehensive Income of reversing the previous goodwill amortisation under UK GAAP was a credit of £89,000 in the year ended 30 June 2012.

Notes to the Company Financial Statements

for the year ended 30 June 2013

30 Explanation of transition to IFRS – Group continued

Recognition of deferred tax liability

IAS 12 requires deferred tax to be provided on all temporary differences between the accounts base and the tax base of assets. A deferred tax liability has been provided on temporary differences relating to the intangible assets acquired on the MPSI acquisition at 38% (the US tax rate). This liability will unwind as the intangible assets are amortised through the accounts. The impact is to increase the deferred tax liability by £304k at 1 July 2011 and £129k at 30 June 2012.

Reclassification of non-current assets

Previously long term receivables were included within Current Asset Receivables with disclosure of the amount due after one year, as is permitted under UK GAAP. The reclassification of £77,000 at 1 July 2011 and £60,000 at 30 June 2012 separates the non-current assets from current assets.

Reconciliation of the consolidated cash flow statement

With the exception of reclassifications and the change in presentation required under IFRS, there are no material differences between cash flows presented under UK GAAP and those presented under IFRS.

31 Explanation of transition to IFRS – Company

Only one adjustment was required when preparing the opening equity reconciliation, which was the reclassification of computer software from tangible fixed assets under UK GAAP into intangible assets, as explained in the prior Note to the Financial Statements. The Net Book Value of assets transferred to Intangible assets is £11,000 at 1 July 2011 and £30,000 at 30 June 2012. There was no overall adjustment to equity required. No material adjustments were required to Company Statement of Cashflows.