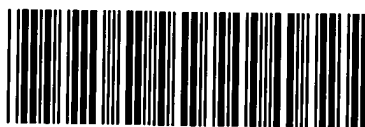


COMPANY REGISTRATION NUMBER 03891212

**CHESS DYNAMICS LIMITED**  
**FINANCIAL STATEMENTS**  
**30 APRIL 2014**

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COMPANIES HOUSE

**CHESS DYNAMICS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

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**CHES DYNAMICS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	A P Ward G J Poole G P Beall D A Tuddenham
<b>Company secretary</b>	A Ward
<b>Registered office</b>	Quadrant House North Heath Industrial Estate North Heath Lane Horsham West Sussex RH12 5QE
<b>Auditor</b>	Clarity Accounting Limited Chartered Certified Accountants & Statutory Auditor Buckingham House Myrtle Lane Billingshurst West Sussex RH14 9SG
<b>Bankers</b>	HSBC Bank plc 67 West Street Dorking Surrey RH4 1BW
<b>Solicitors</b>	ASB Law Innovis House 108 High Street Crawley West Sussex RH10 1AS

# **CHESS DYNAMICS LIMITED**

## **STRATEGIC REPORT**

**YEAR ENDED 30 APRIL 2014**

### **STRATEGIC REVIEW**

The principal activity of the company during the year was that of the provision of engineering assembly services.

As a manufacturer of electro-mechanical systems and other ancillary products the directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being orders, turnover and operating profit margins.

The Company's key financial and other performance indicators during the year were as follows:-

	<b>2014</b>	2013
	<b>£000</b>	£000
Turnover	<b>5,706</b>	9,164
Operating (loss)/profit on trading activities	<b>(205)</b>	1,061
Operating margin on trading activities	<b>(3.59%)</b>	11.58%
Shareholders' funds	<b>2,121</b>	2,258
	<b>=====</b>	<b>=====</b>
	No	No
Employees at year end	<b>54</b>	73
	<b>=====</b>	<b>=====</b>

The order intake for 2013/14 was consistent throughout the year with 44% received in the first half and 56% received in the second half of the year. The results for 2013/14 have been weakened following the reduction of UOR contracts with the drawdown of UK forces from Afghanistan and delays to significant prospects in the sales funnel. Following our Strategic plan, Chess maintained spend on developing new products & systems and upgrading the existing range to support future growth.

The operating loss attributable to trading activities for the year of £205k is as a result of delays in contract placement and a transition period of moving from a pure product company into a business that provides sub-system solutions. This transition into a sub-systems business included the acquisition of Vision4ce Limited in January 2013. The combined development of Chess products and Vision4ce software resulted in the creation of market leading stabilised surveillance and tracking systems capable of being deployed in harsh land and marine environments.

The employee numbers have reduced following a restructure of the workforce to better meet the needs of a sub-system business.

### **OUTLOOK**

A number of significant contracts, including those that were delayed from 2013/14, have been received during 2014/15. This substantial uplift in order-intake has increased the order book to a record level, providing a solid platform for the future.

Our investment during 2013/14 and transition into a sub-system supplier, has positioned the business well for future growth and, the recent momentum in order intake, strongly underpins the company's prospects.

# **CHESS DYNAMICS LIMITED**

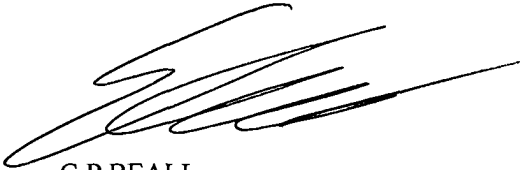
## **STRATEGIC REPORT** *(continued)*

**YEAR ENDED 30 APRIL 2014**

### **OUTLOOK** *(continued)*

In order to finance the substantial growth prospects the board have approved an additional £500k of shareholder investment during 2014/15.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'G P Beall', with a long, sweeping horizontal stroke extending to the right.

G P BEALL  
Director

Approved by the directors on 20 January 2015

# **CHESS DYNAMICS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 30 APRIL 2014**

The directors present their report and the financial statements of the company for the year ended 30 April 2014.

### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £137,039 (2013 Profit £801,906).

The directors have not recommended a payment of a dividend to the ordinary shareholders in respect of the year (2013 - £nil).

### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The company carries out research and development in support of its activities. Chess Dynamics will continue to develop products for the business with a number of key projects expected to be released over the coming year.

### **EMPLOYEE INVOLVEMENT**

It is Chess Dynamics policy to promote equal treatment at work, regardless of marital status, Civil partnership, gender, gender reassignment, age, disability, race, religion, nationality, ethnic or national origins, sex, sexual orientation, pregnancy, part time or fixed time contractual status.

The Company seeks to ensure that fair consideration is given to applications for employment received from disabled persons and to ensure continued employment, training and advancement where possible of employees who are or become temporarily or permanently disabled.

The Company also recognises the need to provide information on matters of concern to employees. To satisfy that need the Company provides employees with information using regular meetings and updates.

### **DIRECTORS**

The directors who served the company during the year were as follows:

A P Ward

G J Poole

G P Beall

D A Tuddenham (Appointed 8 October 2014)

### **DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **CHESS DYNAMICS LIMITED**

## **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30 APRIL 2014**

### **DIRECTORS' RESPONSIBILITIES** *(continued)*

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.

### **STRATEGIC REPORT**

Further information regarding the business has been included within the strategic report under section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013

### **AUDITOR**

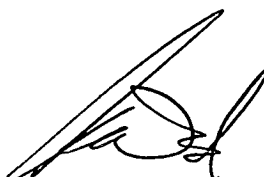
Clarity Accounting Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

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

Registered office:  
Quadrant House  
North Heath Industrial Estate  
North Heath Lane  
Horsham  
West Sussex  
RH12 5QE

Signed by order of the directors



A P WARD  
Company Secretary

Approved by the directors on 20 January 2015

**CHESS DYNAMICS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**CHESS DYNAMICS LIMITED**  
**YEAR ENDED 30 APRIL 2014**

We have audited the financial statements of Chess Dynamics Limited for the year ended 30 April 2014. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 30 April 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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



# **CHESS DYNAMICS LIMITED**

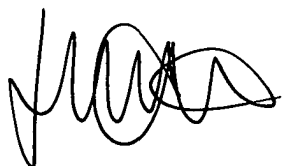
## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHESS DYNAMICS LIMITED *(continued)***

**YEAR ENDED 30 APRIL 2014**

### **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.



**Trevor John Hewitt FCCA (senior statutory auditor)  
For and on behalf of Clarity Accounting Limited  
Chartered Certified Accountants and  
Registered Auditor**

**Buckingham House  
Myrtle Lane  
Billingshurst  
West Sussex  
RH14 9SG**

20/1/2015

# **CHESS DYNAMICS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 APRIL 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	<b>2</b>	<b>5,706,375</b>	9,164,673
Cost of sales		<u>3,363,464</u>	<u>5,362,656</u>
<b>GROSS PROFIT</b>		<b>2,342,911</b>	3,802,017
Administrative expenses		<u>2,547,963</u>	<u>2,740,953</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(205,052)</b>	1,061,064
Interest receivable		12	120
Interest payable and similar charges	<b>6</b>	<b>(170,144)</b>	(176,023)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>(375,184)</b></u>	<u>885,161</u>
Tax on (loss)/profit on ordinary activities	<b>7</b>	<b>(238,145)</b>	83,255
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(137,039)</b></u>	<u>801,906</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 19 form part of these financial statements.

# CHESS DYNAMICS LIMITED

## BALANCE SHEET

30 APRIL 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	8	1,430,790	798,699
Tangible assets	9	619,056	460,103
		<u>2,049,846</u>	<u>1,258,802</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,257,492	2,383,804
Debtors	11	2,437,264	4,134,186
Cash at bank and in hand		27,744	97,862
		<u>4,722,500</u>	<u>6,615,852</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	3,500,525	4,554,819
<b>NET CURRENT ASSETS</b>		<u>1,221,975</u>	<u>2,061,033</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,271,821</u>	<u>3,319,835</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	1,059,423	1,000,000
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	15	91,840	62,238
		<u>2,120,558</u>	<u>2,257,597</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	100	100
Profit and loss account	19	2,120,458	2,257,497
<b>SHAREHOLDERS' FUNDS</b>	20	<u>2,120,558</u>	<u>2,257,597</u>

These accounts were approved by the directors and authorised for issue on 20 January 2015, and are signed on their behalf by:



A P WARD  
Director

Company Registration Number: 03891212

The notes on pages 10 to 19 form part of these financial statements.

**CHESS DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Turnover**

Turnover comprises the value of sales (excluding VAT, similar taxes and trade discounts) of goods and services provided in the normal course of business.

**Development costs**

The company capitalises the initial cost of developing new products and technologies to the extent that the new product or technology is:

- a) technically feasible and commercially viable;
- b) clearly defined and expenditure on the product is identifiable;
- c) not a customer funded development ; and
- d) expected to generate profits over a period of time in excess of the total projected development costs.

Expenditure which has been capitalised is amortised over it's useful economic life up to a maximum of five years from entry into commercial production.

Development expenditure which does not meet these criteria is charged against profits of the year in which it is incurred.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Development costs - 5 years straight line

**Fixed assets**

All fixed assets are initially recorded at cost.

# **CHESS DYNAMICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2014**

### **1. ACCOUNTING POLICIES** *(continued)*

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- over the life of the lease
Plant & Machinery	- 10% on cost
Fixtures & Fittings	- 10% on cost
Motor Vehicles	- 10% on cost
Equipment	- 25% on cost

#### **Stock**

Contracts are considered on an individual basis. Costs and attributable revenue are recognised based on the number of units delivered up to the balance sheet date as a percentage of the total units for the project.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

#### **Hire purchase agreements**

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

#### **Operating lease agreements**

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

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except specifically excluded by FRS 19

**CHESS DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**1. ACCOUNTING POLICIES** *(continued)*

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**2. TURNOVER**

During the year to 30 April 2014, 52% of the company's turnover was derived from markets outside the United Kingdom (2013 - 46%).

**3. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging/(crediting):

	<b>2014</b>	2013
	<b>£</b>	£
Amortisation of intangible assets	<b>137,504</b>	101,547
Depreciation of owned fixed assets	<b>116,338</b>	98,712
Depreciation of assets held under hire purchase agreements	<b>7,511</b>	—
Profit on disposal of fixed assets	<b>(57)</b>	—
Operating lease costs:		
- Other	<b>173,225</b>	174,001
Net (profit)/loss on foreign currency translation	<b>(11,529)</b>	14,187
Auditor's remuneration - audit of the financial statements	<b>7,190</b>	6,750
Auditor's remuneration - other fees	<b>3,180</b>	4,160
	<hr/>	<hr/>
	<b>2014</b>	2013
	<b>£</b>	£
Auditor's remuneration - audit of the financial statements	<b>7,190</b>	6,750
	<hr/>	<hr/>
Auditor's remuneration - other fees:		
- Other services	<b>3,180</b>	4,160
	<hr/>	<hr/>

**CHES DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	<b>2014</b>	<b>2013</b>
	No	No
Directors	3	3
Sales and operations	12	15
Engineering and servicing	54	53
	<u>69</u>	<u>71</u>

The aggregate payroll costs of the above were:

	<b>2014</b>	<b>2013</b>
	£	£
Wages and salaries	2,376,676	2,330,211
Social security costs	260,836	242,949
Other pension costs	87,498	66,519
	<u>2,725,010</u>	<u>2,639,679</u>

**5. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2014</b>	<b>2013</b>
	£	£
Remuneration receivable	213,155	255,740
Value of company pension contributions to money purchase schemes	25,129	21,304
	<u>238,284</u>	<u>277,044</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2014</b>	<b>2013</b>
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	£	£
Interest payable on bank borrowing	19,637	26,023
Other similar charges payable	150,000	150,000
Interest on late payment of taxation	507	-
	<u>170,144</u>	<u>176,023</u>

**CHES DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2013 - 23.90%)	(190,475)	77,272
Over/under provision in prior year	(77,272)	(411)
Total current tax	(267,747)	76,861
Deferred tax:		
Origination and reversal of timing differences (note 15)		
Capital allowances	29,602	6,394
Tax on (loss)/profit on ordinary activities	(238,145)	83,255

**(b) Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2013 - 23.90%).

	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation	(375,184)	885,161
(Loss)/profit on ordinary activities by rate of tax	(75,037)	211,553
Expenses not deductible for tax purposes	4,922	2,740
Capital allowances for period in excess of depreciation	(32,431)	(7,641)
Unrelieved tax losses	9,136	-
Tax chargeable at different rates	(11,363)	1,863
Adjustments to tax charge in respect of previous periods	-	(411)
Amortisation	27,501	24,270
R & D claim	(190,475)	(155,513)
Total current tax (note 7(a))	(267,747)	76,861



**CHESS DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**8. INTANGIBLE FIXED ASSETS**

	Development costs £
<b>COST</b>	
At 1 May 2013	1,141,474
Additions	<u>769,595</u>
<b>At 30 April 2014</b>	<u><b>1,911,069</b></u>
<b>AMORTISATION</b>	
At 1 May 2013	342,775
Charge for the year	<u>137,504</u>
<b>At 30 April 2014</b>	<u><b>480,279</b></u>
<b>NET BOOK VALUE</b>	
<b>At 30 April 2014</b>	<u><b>1,430,790</b></u>
At 30 April 2013	<u>798,699</u>

**9. TANGIBLE FIXED ASSETS**

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
<b>COST</b>						
At 1 May 2013	286,066	392,430	17,015	25,299	160,488	881,298
Additions	4,720	246,334	–	8,205	28,486	287,745
Disposals	–	(5,932)	–	–	–	(5,932)
<b>At 30 Apr 2014</b>	<u><b>290,786</b></u>	<u><b>632,832</b></u>	<u><b>17,015</b></u>	<u><b>33,504</b></u>	<u><b>188,974</b></u>	<u><b>1,163,111</b></u>
<b>DEPRECIATION</b>						
At 1 May 2013	96,052	206,907	6,268	5,263	106,705	421,195
Charge for the year	38,151	51,867	1,668	3,145	29,018	123,849
On disposals	–	(989)	–	–	–	(989)
<b>At 30 Apr 2014</b>	<u><b>134,203</b></u>	<u><b>257,785</b></u>	<u><b>7,936</b></u>	<u><b>8,408</b></u>	<u><b>135,723</b></u>	<u><b>544,055</b></u>
<b>NET BOOK VALUE</b>						
<b>At 30 Apr 2014</b>	<u><b>156,583</b></u>	<u><b>375,047</b></u>	<u><b>9,079</b></u>	<u><b>25,096</b></u>	<u><b>53,251</b></u>	<u><b>619,056</b></u>
At 30 Apr 2013	<u>190,014</u>	<u>185,523</u>	<u>10,747</u>	<u>20,036</u>	<u>53,783</u>	<u>460,103</u>

**Hire purchase agreements**

Included within the net book value of £619,056 is £122,258 (2013 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £7,511 (2013 - £Nil).

**CHESS DYNAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2014**

**9. TANGIBLE FIXED ASSETS** *(continued)*

**Capital commitments**

	2014	2013
	£	£
Contracted but not provided for in the financial statements	-	77,947

**10. STOCKS**

	2014	2013
	£	£
Stock	1,855,769	1,868,114
Work in progress	401,723	515,690
	<u>2,257,492</u>	<u>2,383,804</u>

**11. DEBTORS**

	2014	2013
	£	£
Trade debtors	1,749,077	3,518,395
Amounts owed by group undertakings	150	3,600
Corporation tax repayable	215,708	-
VAT recoverable	14,540	-
Prepayments and accrued income	457,789	612,191
	<u>2,437,264</u>	<u>4,134,186</u>

**12. CREDITORS: Amounts falling due within one year**

	2014	2013
	£	£
Overdrafts	653,469	162,911
Trade creditors	722,296	1,450,552
Amounts owed to group undertakings	838,454	930,896
Taxation and social security	54,573	262,759
Hire purchase agreements	37,130	-
Other creditors	20,492	29,576
Accruals and deferred income	1,174,111	1,718,125
	<u>3,500,525</u>	<u>4,554,819</u>

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**12. CREDITORS: Amounts falling due within one year** *(continued)*

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

	2014	2013
	£	£
Overdrafts	653,469	162,911
Hire purchase creditor	37,130	–
	<u>690,599</u>	<u>162,911</u>

The overdrafts are secured by a fixed and floating charge over the assets of the company. The hire purchase creditor is secured over the assets which were purchased under these agreements.

**13. CREDITORS: Amounts falling due after more than one year**

	2014	2013
	£	£
Amounts owed to group undertakings	1,000,000	1,000,000
Hire purchase agreements	59,423	–
	<u>1,059,423</u>	<u>1,000,000</u>

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

	2014	2013
	£	£
Hire purchase creditor	<u>59,423</u>	<u>–</u>

The hire purchase creditor is secured over the assets which were purchased under these agreements.

**14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2014	2013
	£	£
Amounts payable within 1 year	37,131	–
Amounts payable between 2 to 5 years	59,422	–
	<u>96,553</u>	<u>–</u>
Hire purchase agreements are analysed as follows:		
Current obligations	37,130	–
Non-current obligations	59,423	–
	<u>96,553</u>	<u>–</u>

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**15. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	<b>2014</b>	2013
	£	£
Provision brought forward	<b>62,238</b>	55,844
Profit and loss account movement arising during the year	<b>29,602</b>	6,394
Provision carried forward	<b><u>91,840</u></b>	<u>62,238</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<b>2014</b>	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	<b>91,840</b>	62,238
	<b><u>91,840</u></b>	<u>62,238</u>

**16. COMMITMENTS UNDER OPERATING LEASES**

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>2014</b>		<b>2013</b>	
	<b>Land and buildings £</b>	<b>Other Items £</b>	<b>Land and buildings £</b>	<b>Other Items £</b>
Operating leases which expire:				
Within 1 year	-	<b>6,449</b>	-	496
Within 2 to 5 years	<b>149,872</b>	<b>20,864</b>	-	20,756
After more than 5 years	-	-	149,872	-
	<b><u>149,872</u></b>	<b><u>27,313</u></b>	<u>149,872</u>	<u>21,252</u>

**17. RELATED PARTY TRANSACTIONS**

Included in the accounts of Chess Technologies Limited are debentures of £307,020 owing to Proven VCT plc. and £460,530 owing to Proven Growth and Income VCT plc. These are secured by a fixed and floating charge over the assets of Chess Technologies Limited and Chess Dynamics Limited.

**18. SHARE CAPITAL**

**Authorised share capital:**

	<b>2014</b>	2013
	£	£
100 Ordinary shares of £1 each	<b><u>100</u></b>	<u>100</u>

**CHESS DYNAMICS LIMITED**  
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**18. SHARE CAPITAL** *(continued)*

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**19. PROFIT AND LOSS ACCOUNT**

	2014	2013
	£	£
Balance brought forward	2,257,497	1,455,591
(Loss)/profit for the financial year	<u>(137,039)</u>	<u>801,906</u>
Balance carried forward	<u>2,120,458</u>	<u>2,257,497</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014	2013
	£	£
(Loss)/Profit for the financial year	(137,039)	801,906
Opening shareholders' funds	<u>2,257,597</u>	<u>1,455,691</u>
Closing shareholders' funds	<u>2,120,558</u>	<u>2,257,597</u>

**21. ULTIMATE PARENT COMPANY**

The ultimate parent company is Chess Technologies Limited.