

Nektan UK Limited
(formerly Mfuse Limited)

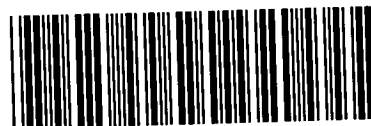
Report and Financial Statements

Year Ended

30 June 2013

Company Number: 04468412

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Nektan UK Limited

Report and financial statements for the year ended 30 June 2013

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Director

G Shaw

Registered office

7th Floor, Portland House, Bressenden Place, London, SW1E 5BH

Company number

04468412

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Nektan UK Limited

Report of the directors for the year ended 30 June 2013

The directors present their report together with the audited financial statements for the year ended 30 June 2013.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

The principal activity of the company during the year was the development and deployment of mobile enabling software to the bookmaking industry.

On 18 June 2013, the company was acquired by Nektan Holdings Limited, a company incorporated in Gibraltar. On 9 November 2013 the company changed its name from Mfuse Limited to Nektan UK Limited. Following the acquisition, the company's principal activity was development of mobile enabling software for Nektan Holdings Limited.

Directors

The directors of the company during the year were:

B Walmsley	(resigned 18 June 2013)
J R B Stoddart	(resigned 18 June 2013)
M Blandford	(resigned 18 June 2013)
G Read	(resigned 20 June 2014)
G Shaw	(appointed 18 June 2013)

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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nektan UK Limited

Report of the directors for the year ended 30 June 2013 (*continued*)

Auditors

All the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing the director's report the directors have taken advantage of the exemptions allowed for small companies as set out in the Companies Act 2006.

On behalf of the Board

G Shaw
Director

Date 02/07/2014

Nektan UK Limited

Independent auditor's report

TO THE MEMBER OF NEKTAN UK LIMITED

We have audited the financial statements of Nektan UK Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 company's affairs as at 30 June 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Further funds will be required to finance the company's future operations. Those funds are likely to come from financial support by the company's parent company or through other sources of external finance. The directors are confident of being able to raise additional funds to meet the company's obligations as they fall due, however there can be no guarantee that the company will be successful in raising the required finance. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Nektan UK Limited

Independent auditor's report (*continued*)

Opinion on other matters 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, 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



Kieran Storan (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 2 July 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Nektan UK Limited

Profit and loss account for the year ended 30 June 2013

	Note	2013 £	2012 £
Turnover	2	5,643,284	4,052,107
Administrative expenses		<u>(4,298,216)</u>	<u>(3,572,510)</u>
Operating profit	3	1,345,068	479,597
Other interest receivable and similar income		671	261
Interest payable and similar charges	5	<u>(4,985)</u>	<u>(2,637)</u>
Profit on ordinary activities before taxation		1,340,754	477,221
Taxation on profit on ordinary activities	6	<u>18,471</u>	-
Profit on ordinary activities after taxation	15	<u>1,359,225</u>	<u>477,221</u>

All amounts relate to continuing activities.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

Nektan UK Limited

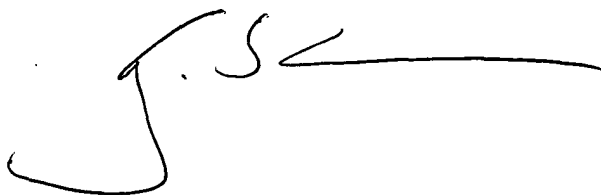
Balance sheet at 30 June 2013

Company number 04468412	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		239,604		236,641
Current assets					
Debtors	8	2,111,291		1,063,410	
Cash at bank and in hand		450,841		843,625	
		<u>2,562,132</u>		<u>1,907,035</u>	
Creditors: amounts falling due within one year	9	187,303		426,281	
		<u>187,303</u>		<u>426,281</u>	
Net current assets			2,374,829		1,480,754
Total assets less current liabilities			<u>2,614,433</u>		<u>1,717,395</u>
Creditors: amounts falling due after more than one year	10		-		5,790
Provisions for liabilities	11		10,751		-
			<u>10,751</u>		<u>-</u>
Net assets			<u>2,603,682</u>		<u>1,711,605</u>
Capital and reserves					
Called up share capital	12		11,300		14,791
Share premium	14		2,451,205		3,551,205
Capital redemption reserve	14		3,841		-
Profit and loss account	14		137,336		(1,854,391)
			<u>137,336</u>		<u>(1,854,391)</u>
Shareholders' funds	15		<u>2,603,682</u>		<u>1,711,605</u>

These financial statements have been prepared in accordance with the exemptions allowed in the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors and authorised for issue on 2 July 2014

G Shaw
Director



The notes on pages 7 to 14 form part of these financial statements.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013

1 Accounting policies

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

The following principal accounting policies have been applied:

Going concern

The company has net assets of £2,603,682 (2012 - £1,711,605) as at the balance sheet date. However, subsequent to the balance sheet date the majority of the company's customers have issued termination notices in respect of the supplier contracts with the company. On 18 June 2013 the company was acquired by Nektan Holdings Limited and has commenced development of software for Nektan Holdings Limited. There is a requirement of the Group to raise additional funds within the next twelve months in order for the company to meet its liabilities as they fall due. While the directors are confident that additional funds will be raised either directly by the company, or as financial support from the parent company, the financial statements continue to be prepared on a going concern basis.

Cash flow

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under section 382 of the Companies Act 2006.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised to the extent that its probable economic benefits will flow to the company and the turnover can be reliably measured. Turnover is recognised in the accounting periods in which the transactions occur.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	-	33% per annum reducing balance
Office equipment	-	20% per annum reducing balance
Fixtures and fittings	-	20% per annum reducing balance

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Research and development

Research and development costs are charged to the profit and loss account in the year of expenditure.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2013 £	2012 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	87,573	77,549
Hire of plant and machinery - operating leases	3,470	4,726
Hire of other assets - operating leases	163,076	101,388
Research and development - current year expenditure	322,508	423,729
Auditors' remuneration	11,880	11,000
Non-audit services	11,050	3,050

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

4 Directors' remuneration

	2013 £	2012 £
Emoluments and pension contributions	255,151	202,940
Compensation for loss of office	-	92,708
	<u> </u>	<u> </u>

There were 2 directors that received pension contributions (2012 - 2).

5 Interest payable and similar charges

	2013 £	2012 £
Loan interest	253	553
Finance lease and hire purchase interest	4,732	2,084
	<u> </u>	<u> </u>
	4,985	2,637
	<u> </u>	<u> </u>

6 Taxation on profit on ordinary activities

	2013 £	2012 £
<i>UK corporation tax</i>		
Current tax charge on profit for the year	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(18,471)	-
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	(18,471)	-
	<u> </u>	<u> </u>

The taxation charge assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 £	2012 £
Profit on ordinary activities before tax	1,340,754	477,221
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2012 - 20.75%)	268,151	95,444
Effect of:		
Expenses not deductible for tax purposes	23,788	2,812
Capital allowances in less than/(excess of) depreciation	4,670	(6,446)
Additional deduction for R&D expenditure	(64,502)	(89,224)
Utilisation of brought forward tax losses	(213,005)	(2,586)
Share scheme deduction	(19,102)	-
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

7 Tangible fixed assets

	Computer equipment £	Office equipment £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 July 2012	449,148	88,443	25,684	563,275
Additions	68,002	12,120	10,414	90,536
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	517,150	100,563	36,098	653,811
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2012	255,307	53,489	17,838	326,634
Provided for the year	77,093	8,257	2,223	87,573
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	332,400	61,746	20,061	414,207
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2013	184,750	38,817	16,037	239,604
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	193,841	34,954	7,846	236,641
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £10,961 (2012 - £21,599) in respect of assets held under finance leases and HP contracts. The related depreciation charge on these assets for the year was £10,638 (2012 - £10,638).

8 Debtors

	2013 £	2012 £
Trade debtors	586,261	857,685
Amount due from parent company	1,350,000	-
Other debtors	61,894	96,984
Prepayments and accrued income	83,914	108,741
Deferred tax asset	29,222	-
	<hr/>	<hr/>
	2,111,291	1,063,410
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year. The deferred tax asset relates to trading losses which the company expects to utilise against future taxable profits.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

9 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans (secured - note 10)	-	9,614
Trade creditors	19,393	96,264
Taxation and social security	68,557	74,026
Obligations under finance lease and hire purchase contracts	5,536	13,438
Accruals and deferred income	93,817	232,939
	<u>187,303</u>	<u>426,281</u>

10 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Bank loans (secured)	-	253
Obligations under finance lease and hire purchase contracts	-	5,537
	<u>-</u>	<u>5,790</u>

The bank loans in the prior year were secured by a fixed and floating charge over the assets of the company. All loans were fully repaid in the year.

Maturity of debt	Finance leases 2013 £	Finance leases 2012 £	Loans and overdrafts 2013 £	Loans and overdrafts 2012 £
In one year or less, or on demand	<u>5,536</u>	<u>13,438</u>	<u>-</u>	<u>9,614</u>
In more than one year but not more than two years	<u>-</u>	<u>5,537</u>	<u>-</u>	<u>253</u>

11 Provisions for liabilities

	Deferred taxation £
At 1 July 2012	-
Charged to profit and loss account	10,751
	<u>10,751</u>
At 30 June 2013	<u>10,751</u>

The deferred tax liability relates to accelerated capital allowances.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

12 Share capital

	Allotted, called up and fully paid			
	2013 Number	2012 Number	2013 £	2012 £
Ordinary shares of £0.10 each	38,130	73,039	3,813	7,304
B Ordinary shares of £0.10 each	31,591	31,591	3,159	3,159
C Ordinary shares of £0.10 each	15,867	15,867	1,587	1,587
D Ordinary shares of £0.10 each	27,409	27,409	2,741	2,741
	112,997	147,906	11,300	14,791

On 6 June 2013, the company purchased 38,414 Ordinary shares of £0.10 each for a total cash consideration of £467,498. The purchase of own shares was made out of distributable reserves at the time. Following the share buy-back, the shares were cancelled and the company has recognised a capital redemption reserve equal to the nominal value of the Ordinary shares acquired, being £3,841.

On 18 June 2013, 3,505 options over the Ordinary shares of £0.10 were exercised following the acquisition by Nektan Limited. Accordingly, the issued share capital of the company increased by £350.

The rights of all classes of shares allow the holder to one vote for each share held at annual general meetings. In addition, in respect of each financial year of the company, and where profits are available for distribution, the shareholders shall be entitled to receive a participating dividend, *pari passu* as if the Ordinary shares, the B Ordinary shares, the C Ordinary shares, and the D Ordinary shares constituted one class of shares, based on 50% of the net profit of the relevant financial year. Further details are provided in the company's articles of association.

13 Share-based payments

The company operates an equity-settled share based remuneration scheme for employees. In prior years, 1,154 options were granted under the existing share option scheme with an exercise price of £0.10. These options vested over a 3 year period.

In addition, a Senior Management Long Term Incentive Scheme was set up in prior years, and a total of 7,990 options were granted to those in the scheme. These options are exercisable based on a target acquisition price as stipulated in the agreements.

On 3 July 2012 9,672 share options were granted. On 6 June 2013 1,060 options were exercised and then on 18 June 2013 a further 2,445 options were exercised following the acquisition by Nektan Holdings Limited. As at the balance sheet date, there were 12,568 share options outstanding (2012 - 11,904). Post year-end 7,974 options were exercised and the remaining 4,594 were forfeited. As per prior years the share option charge arising as not been recorded on the basis that it is immaterial.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

14 Reserves

	Share premium £	Capital redemption reserve £	Profit and loss account £
At 1 July 2012	3,551,205	-	(1,854,391)
Profit for the year	-	-	1,359,225
Capital reduction	(1,100,000)	-	1,100,000
Share buy back	-	3,841	(467,498)
	<hr/>	<hr/>	<hr/>
At 30 June 2013	2,451,205	3,841	137,336
	<hr/>	<hr/>	<hr/>

On 31 May 2013 the company, by special resolution, approved a capital reduction in respect of its share premium account for a total sum of £1,100,000. Accordingly this amount has been transferred from the share premium account to the profit and loss account and treated as distributable reserves.

As described in note 12, the company completed a share buy back out of distributable reserves during the year.

15 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the year	1,359,225	477,221
Share buy back	(467,498)	-
Issue of share capital	350	-
	<hr/>	<hr/>
Net additions to shareholders' funds	892,077	477,221
Opening shareholders' funds	1,711,605	1,234,384
	<hr/>	<hr/>
Closing shareholders' funds	2,603,682	1,711,605
	<hr/>	<hr/>

16 Commitments under operating leases

As at 30 June 2013, the company had annual commitments under non-cancellable operating leases as set out below:

	2013 Land and buildings £	2012 Land and buildings £
Operating leases which expire:		
Within one year	-	58,750
In two to five years	157,020	-
	<hr/>	<hr/>

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

17 Related party transactions

The company is a wholly owned subsidiary of Nektan Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions with Nektan Holdings Limited or other wholly owned subsidiaries within the group.

18 Ultimate controlling party

Following the acquisition of the company by Nektan Holdings Limited in June 2013, Nektan Holdings Limited became the immediate and ultimate parent company. In the opinion of the director there is no ultimate controlling party.