

Nektan UK Limited

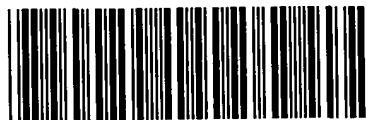
Report and Financial Statements

Year Ended

30 June 2015

Company Number: 04468412

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Nektan UK Limited

Report and financial statements for the year ended 30 June 2015

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Directors

D Gosen
D Sparks

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 2015

The directors present their report together with the audited financial statements for the year ended 30 June 2015.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year. The directors do not recommend the payment of a dividend (2014: nil).

Principal activities

The principal activity of the company during the year was the development and deployment of mobile enabling software to the parent company. The company also has primary responsibility for the Group's commercial, business development and account management functions.

During the year, the parent company, Nektan Holdings Limited, re-registered as Nektan plc and subsequently completed an initial public offering to become listed on the Alternative Investment Market.

Directors

The directors of the company during the year were:

D Gosen (appointed 12 January 2015)
D Sparks (appointed 15 September 2014)
G Shaw (resigned 22 January 2015)

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 2015 (*continued*)

Auditors

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 directors' 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

D. N. Sparks

D Sparks
Director

Date 16 DECEMBER 2015

TO THE MEMBER OF NEKTAN UK LIMITED

We have audited the financial statements of Nektan UK Limited for the year ended 30 June 2015 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 the 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 2015 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 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.

Nektan UK Limited

Independent auditor's report (*continued*)

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 directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



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

Date 16 December 2015

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 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Turnover | 3 | 3,760 | 3,588 |
| Administrative expenses | | (4,297) | (3,099) |
| Other income | | 338 | 140 |
| Operating (loss)/profit | 4 | (199) | 629 |
| Interest payable and similar charges | 8 | (1) | (1) |
| (Loss)/Profit on ordinary activities before taxation | | (200) | 628 |
| Taxation on (loss)/profit on ordinary activities | 9 | (24) | (104) |
| (Loss)/Profit on ordinary activities after taxation | | (224) | 524 |

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 15 form part of these financial statements.

Nektan UK Limited

Balance sheet at 30 June 2015

| <i>Company number: 04468412</i> | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 10 | 59 | 211 |
| | | 59 | 211 |
| Current assets | | | |
| Debtors | 11 | 3,100 | 3,061 |
| Cash at bank and in hand | | 57 | 76 |
| | | 3,157 | 3,137 |
| Creditors: amounts falling due within one year | 12 | 311 | 204 |
| Net current assets | | 2,846 | 2,933 |
| Total assets less current liabilities | | 2,905 | 3,144 |
| Provision for liabilities | 13 | - | 15 |
| Net assets | | 2,905 | 3,129 |
| Capital and reserves | | | |
| Called up share capital | 14 | 12 | 12 |
| Share premium | | 2,451 | 2,451 |
| Capital redemption reserve | | 4 | 4 |
| Profit and loss account | | 438 | 662 |
| Shareholders' funds | 16 | 2,905 | 3,129 |

The financial statements were approved by the Board and authorised for issue on 16 December 2015

D. N. Sparks

D Sparks
Director

The notes on pages 7 to 15 form part of these financial statements.

Nektan UK Limited

Notes forming part of the financial statements for the year ended 30 June 2015

1 Basis of preparation

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

2 Accounting policies

The principal accounting policies adopted are set out below.

Cash flow

The company is exempt from preparing a cashflow statement under FRS1 (revised 1996) "cash flow statements" as more than 90% of the voting rights are controlled by the ultimate parent company and consolidated financial statements in which these results are included are publicly available

Turnover

Turnover represents sales to external and internal 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.

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.

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

2 Accounting policies (continued)

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.

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.

Foreign currencies

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

Other income

Other income consists of research and development taxation credits. The income is recognised when receipt is virtually certain.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises within Gibraltar (99%) and the United Kingdom (1%).

4 Operating profit/(loss)

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

| | 2015 £'000 | 2014 £'000 |
|---|-------------------|-------------------|
| Depreciation of tangible assets | 174 | 78 |
| Rent payable under operating leases | 207 | 239 |
| Hire of other assets – operating leases | - | 4 |
| Research and development | 1,880 | 808 |
| Auditor's remuneration | 17 | 14 |
| Other income | (338) | (140) |
| | <u> </u> | <u> </u> |

5 Staff costs

| | 2015 Number | 2014 Number |
|--|----------------|----------------|
| The average number of employees (including directors) employed was: | | |
| Management | 2 | 2 |
| Administration and technical staff | 40 | 33 |
| | <u>42</u> | <u>35</u> |

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Staff costs (including Directors) during the year were as follows: | | |
| Wages and salaries | 2,208 | 1,778 |
| Social security costs | 267 | 204 |
| Benefits in kind | 51 | 11 |
| Pensions | 29 | 13 |
| | <u>2,555</u> | <u>2,006</u> |

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

7 Directors' remuneration

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| Emoluments and pension contributions | 194 | 129 |

There was one director that received pension contributions (2014: two).

The remuneration of the highest paid director is set out below:

| | 2015 £'000 | 2014 £'000 |
|---------------------------------------|---------------|---------------|
| The aggregate remuneration comprised: | | |
| Director's remuneration | 80 | 73 |
| Pension Costs | 8 | 44 |
| | 88 | 117 |

8 Interest payable and similar charges

| | 2015 £'000 | 2014 £'000 |
|------------------|---------------|---------------|
| Interest payable | 1 | 1 |

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

9 Taxation on (loss) / profit on ordinary activities

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| <i>UK corporation tax</i> | | |
| Current tax charge on for the year | 39 | 71 |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | (15) | 33 |
| Taxation on (loss) / profit on ordinary activities | 24 | 104 |

The taxation charge assessed for the period is higher (2014: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| (Loss) / profit on ordinary activities before tax | (200) | 628 |
| (Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 20.6% (2014: 22.5%) | (41) | 141 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3 | 1 |
| Capital allowances in excess of depreciation | 24 | - |
| Additional deduction for R&D expenditure | - | (31) |
| Utilisation of losses | - | 9 |
| Share scheme deduction | - | (49) |
| Income not subject to tax | (70) | - |
| Surrender of R&D expenditure | 84 | - |
| Prior year adjustment | 39 | - |
| Tax charge for the year | 39 | 71 |

Included within other income in the year is £338,318 (2014: £140,272) relating to research and development taxation credits.

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

10 Tangible fixed assets

| | Computer equipment £'000 | Office equipment £'000 | Fixtures, fittings and equipment £'000 | Total £'000 |
|---------------------------------|--------------------------------|------------------------------|---|----------------|
| Cost | | | | |
| At 1 July 2014 | 567 | 100 | 36 | 703 |
| Additions | 18 | 4 | - | 22 |
| At 30 June 2015 | 585 | 104 | 36 | 725 |
| Accumulated depreciation | | | | |
| At 1 July 2014 | 399 | 70 | 23 | 492 |
| Charge for the year | 147 | 21 | 6 | 174 |
| At 30 June 2015 | 546 | 91 | 29 | 666 |
| Net book value | | | | |
| At 30 June 2014 | 168 | 30 | 13 | 211 |
| At 30 June 2015 | 39 | 13 | 7 | 59 |

11 Debtors

| | 2015 £'000 | 2014 £'000 |
|---------------------------------|---------------|---------------|
| Amounts due from parent company | 2,628 | 2,878 |
| Other debtors | 378 | 106 |
| VAT recoverable | 38 | 11 |
| Prepayments and accrued income | 56 | 66 |
| | <u>3,100</u> | <u>3,061</u> |

All amounts shown under debtors fall due for payment within one year.

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

12 Creditors: amounts falling due within one year

| | 2015 £'000 | 2014 £'000 |
|------------------------------|---------------|---------------|
| Trade creditors | 159 | 17 |
| Other creditors | 9 | 5 |
| Taxation and social security | 87 | 71 |
| Accruals and deferred income | 56 | 111 |
| | <u>311</u> | <u>204</u> |

13 Provisions for liabilities

| | £'000 |
|---------------------------------|-------------|
| At 1 July 2014 | 15 |
| Credited to the profit and loss | <u>(15)</u> |
| At 30 June 2015 | <u>-</u> |

The deferred tax liability relates to accelerated capital allowances.

14 Share capital

| | Ordinary Shares | B Ordinary Shares | C Ordinary Shares | D Ordinary Shares | Total Shares |
|--|--------------------|-------------------------|-------------------------|-------------------------|-----------------|
| Allotted, issued and fully paid | | | | | |
| At 1 July 2014 and 30 June 2015 (number) | 46,104 | 31,591 | 15,867 | 27,409 | 120,971 |
| At 1 July 2014 and 30 June 2015 (£'000) | 4 | 3 | 2 | 3 | 12 |

The share capital comprises Ordinary shares, B Ordinary shares, C Ordinary shares and D Ordinary shares, all with a par value of 0.10 each. The rights of all classes of shares allow the holder to one vote for each share held at annual general meetings. On a return of assets on liquidation, a reduction of capital or otherwise, the surplus assets after meeting liabilities shall be applied to the shareholders. On liquidation only, the issue price (as defined in the Articles) will be paid to the shareholders. In any other case, the nominal value of the shares will be paid to the shareholders. The balance of any assets remaining shall belong and be distributed among the shareholders *pari passu*.

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 percent of the net profit of the relevant financial year.

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

15 Share based payments

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. A further 9,672 options were granted under this scheme in the year ended 30 June 2013 and 7,974 options exercised in the year ended 30 June 2014. At 30 June 2014 all remaining options under the scheme had lapsed or been forfeited.

The company also operated an equity-settled share based remuneration scheme for employees. At 30 June 2014 all remaining options had lapsed or been forfeited.

No further options were issued under either scheme for the year ended 30 June 2015.

16 Reserves

| | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Profit and loss account £'000 | Total £'000 |
|-------------------|---------------------------|---------------------------|---|-------------------------------------|----------------|
| At 30 June 2014 | 12 | 2,451 | 4 | 662 | 3,129 |
| Loss for the year | - | - | - | (224) | (224) |
| At 30 June 2015 | 12 | 2,451 | 4 | 438 | 2,905 |

17 Reconciliation of movements in shareholders' funds

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| (Loss) / profit for the year | (224) | 524 |
| Issue of share capital | - | 1 |
| Net additions to shareholders' funds | (224) | 525 |
| Opening shareholders' funds | 3,129 | 2,604 |
| Closing shareholders' funds | 2,905 | 3,129 |

Nektan UK Limited

Notes forming part of the financial statements (Continued) for the year ended 30 June 2015

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| Expiring less than 1 year | 160 | 125 |
| Expiring between 1 and 2 years | 1 | 3 |
| Expiring between 2 and 5 years | - | 1 |

19 Related party transactions

The company is a wholly owned subsidiary of Nektan plc (formerly 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 plc or other wholly owned subsidiaries within the group.

20 Ultimate controlling party

Nektan plc is the immediate and ultimate parent company. In the opinion of the directors there is no ultimate controlling party.