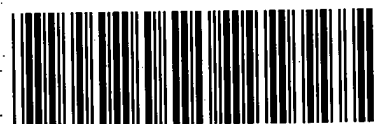


**SAFE COMPUTING HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
Company Registration Number 5541359

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**SAFE COMPUTING HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**SAFE COMPUTING HOLDINGS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2014**

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<b>The board of directors</b>	P E Presland A W Scott J G Griffiths J Brooks
<b>Company secretary</b>	M C James
<b>Registered office</b>	20 Freeschool Lane Leicester Leicestershire LE1 4FY
<b>Auditor</b>	Baker Tilly UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Enderby Leicester LE19 1SD
<b>Bankers</b>	HSBC 2-6 Gallowtree Gate Leicester LE1 1DA  National Westminster Bank plc 148-149 Victoria Centre Nottingham NG1 3QT

# SAFE COMPUTING HOLDINGS LIMITED

## STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

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### Principal activity

The principal activities of the Company during the year continued to be that of an investment company.

The principal activity of the group during the year continued to be that of the supply of software services, packages and computer systems.

### Fair review of business

The group has continued to perform well during the year and maintained a strong cash flow with group turnover increasing by 1.2%.

Underlying trading profitability has remained strong compared with previous periods, which is particularly pleasing given the continuing tough macro-economic environment during the period under review and the business has continued to invest in its infrastructure and future.

At 31 December 2014, the group had shareholders' funds of £6,821,410 including cash of £692,502.

The directors are therefore pleased with the performance during the year and are confident of the group's future as it evolves.

### Strategy

The group continues to grow through providing its products and services for recruitment solutions, HR/Payroll solutions, credit control and financial applications. Group solutions include in-house implementations, hosted solutions, software as a Service and fully managed outsourced solutions across the group's product lines.

The group has become increasingly aware of the requirements of its customers to meet with compliance regulations in both the temporary and permanent staffing sectors and is evaluating investment in this area as a future product and service offering.

### Research and development

The group continues to invest in the quality and design of our products. We believe continued investment in our research and development is fundamental to the continuing growth of the business.

### Environmental policy

Management have continued to develop the group's environmental policy during the year. It is our objective to persistently improve our performance in this area.

### Key financial performance indicators

	2014 £000	2013 £000	2012 £000
Turnover	16,122	15,919	14,019
Turnover growth	1.2%	13.6%	16.6%
Gross profit %	84.64%	85.12%	85.72%
Profit before tax	1,012	1,593	1,240

# SAFE COMPUTING HOLDINGS LIMITED

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

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### Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

#### *High proportion of fixed overheads and variable revenues*

A large proportion of the group's overheads are in salaries and wages. There is the risk that any significant changes in revenue may lead to the inability to cover such costs. Management closely monitors fixed overheads against budget on a monthly basis and cost saving exercises will be implemented when there is an anticipated significant decline in revenues.

#### *People*

The success of the group is largely dependent upon the recruitment, retention and skills of our employees. We continue to invest in training programmes for them and operate appropriate remuneration schemes to mitigate the risk of the absence of suitable staff resources.

### Financial risk management objectives and policies

The group's principal financial instruments comprise bank loans, loan stock and cash. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The group does not enter into derivative transactions.

The board reviews and agrees policies for managing each of the risks as are summarised below.

#### *Interest rate risk*

The group's exposure to market risk for changes in interest rates primarily relates to the group's short-term and long-term debt obligations. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

#### *Credit risk*

The group trades with only recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the group's exposure to bad debts.

#### *Liquidity risk*

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, a bank overdraft and finance lease agreements.

Signed by order of the directors



M C James  
**Group Secretary**

Approved by the directors on 30 September 2015

# **SAFE COMPUTING HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2014**

---

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

#### **Results and dividends**

The profit for the year after taxation and minority interest amounted to £492,971. Particulars of dividends are detailed in note 10, to the financial statements.

#### **Directors**

The directors who served the company during the year and up to the date of this report were:

P E Presland  
A W Scott  
J G Griffiths  
J Brooks

#### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors, individually, are aware:

- there is no relevant audit information of which the group'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 auditor is aware of that information.

**SAFE COMPUTING HOLDINGS LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

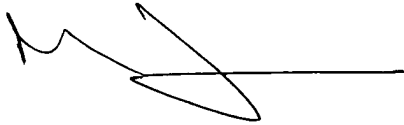
**YEAR ENDED 31 DECEMBER 2014**

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**Auditor**

Baker Tilly UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of any Annual General Meeting.

Signed by order of the directors

A handwritten signature in black ink, consisting of a stylized 'M' followed by a horizontal line and a large loop.

M C James  
**Company Secretary**

Approved by the directors on 30 September 2015

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFE COMPUTING HOLDINGS LIMITED**

**YEAR ENDED 31 DECEMBER 2014**

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We have audited the group and parent company financial statements (the "financial statements" on pages 8 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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](http://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 parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SAFE COMPUTING HOLDINGS LIMITED *(continued)***

**YEAR ENDED 31 DECEMBER 2014**

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

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

- adequate accounting records have not been kept, 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.

Gareth Jones, Senior Statutory Auditor  
For and on behalf of

*Baker Tilly UK Audit LLP*

Baker Tilly UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Rivermead House  
7 Lewis Court  
Grove Park  
Enderby  
Leicestershire  
LE19 1SD

*30/9/15*

**SAFE COMPUTING HOLDINGS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
<b>Turnover</b>	2		
Continuing operations		14,801,447	14,601,485
Discontinued operations		1,320,152	1,317,399
		<u>16,121,599</u>	<u>15,918,884</u>
Cost of sales		(2,475,941)	(2,676,285)
<b>Gross profit</b>		<u>13,645,658</u>	<u>13,242,599</u>
Administrative expenses		(12,758,274)	(11,672,570)
Trading profit		1,511,555	2,237,854
Goodwill amortisation	3	(330,171)	(353,247)
Exceptional item	3	(294,000)	(314,578)
<b>Operating profit</b>	3	887,384	1,570,029
Profit on disposal of discontinued operations		55,822	-
Profit on ordinary activities before interest and taxation		<u>943,206</u>	<u>1,570,029</u>
Interest receivable and similar income	6	94,844	44,904
Interest payable and similar charges	7	(26,225)	(21,911)
<b>Profit on ordinary activities before taxation</b>		<u>1,011,825</u>	<u>1,593,022</u>
Tax on profit on ordinary activities	8	(464,312)	(468,411)
<b>Profit for the year after taxation</b>		<u>547,513</u>	<u>1,124,611</u>
Profit attributable to minority interests	27	(37,742)	(59,150)
<b>Profit for the year attributable to the group</b>	25	<u><u>509,771</u></u>	<u><u>1,065,461</u></u>

**SAFE COMPUTING HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 31 DECEMBER 2014**

---

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the year	509,771	1,065,461
Actuarial (loss)/profit in respect of defined benefit pension scheme	(1,008,000)	440,000
Deferred tax in respect of defined benefit pension scheme	201,600	(190,110)
Total recognised gains and losses for the year	<u>(296,629)</u>	<u>1,315,351</u>

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# SAFE COMPUTING HOLDINGS LIMITED

Registration Number 5541359

## CONSOLIDATED BALANCE SHEET

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Intangible assets	11	4,201,375	4,540,328
Tangible assets	12	1,096,910	1,187,436
		<u>5,298,285</u>	<u>5,727,764</u>
<b>Current assets</b>			
Stocks	14	54,558	62,197
Debtors	15	8,126,813	5,781,523
Cash at bank		692,502	3,068,796
		<u>8,873,873</u>	<u>8,912,516</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(6,554,538)</u>	<u>(7,583,931)</u>
<b>Net current assets</b>		2,319,335	1,328,585
<b>Total assets less current liabilities</b>		<u>7,617,620</u>	<u>7,056,349</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(120,000)	(144,000)
Deferred taxation	19(a)	(38,210)	(35,201)
Other provisions	20	-	(79,554)
<b>Net assets excluding pension scheme (deficit)/asset</b>		<u>7,459,410</u>	<u>6,797,594</u>
Defined benefit pension scheme (deficit)/asset	18	(638,000)	246,000
<b>Net assets</b>		<u>6,821,410</u>	<u>7,043,594</u>
<b>Capital and reserves</b>			
Called up share capital	23(a)	1,059	1,054
Share based payment reserve	24	246,882	230,179
Share premium		49,995	-
Profit and loss account	25	6,463,862	6,760,491
<b>Shareholders' funds</b>	26	<u>6,761,798</u>	<u>6,991,724</u>
Minority interests	27	59,612	51,870
<b>Total capital employed</b>		<u>6,821,410</u>	<u>7,043,594</u>

The financial statements were approved by the directors and authorised for issue on 30 September 2015, and are signed on their behalf by:



A W Scott  
Director

# SAFE COMPUTING HOLDINGS LIMITED

Registration Number 5541359

## COMPANY BALANCE SHEET

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets			325,000		-
Investments	13		8,892,355		9,225,652
			<u>9,217,355</u>		<u>9,225,652</u>
<b>Current assets</b>					
Debtors	15	356,003		47,001	
Cash at bank		<u>66,290</u>		<u>-</u>	
		422,293		47,001	
<b>Creditors: amounts falling due within one year</b>	16	(253,801)		(642,497)	
		<u></u>		<u></u>	
<b>Net current assets/(liabilities)</b>			168,492		(595,496)
<b>Total assets less current liabilities</b>			<u>9,385,847</u>		<u>8,630,156</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(6,401,091)		(6,339,474)
<b>Net assets</b>			<u>2,984,756</u>		<u>2,290,682</u>
<b>Capital and reserves</b>					
Called up share capital	23(a)		1,059		1,054
Share based payment reserve	24		225,726		209,023
Share premium			49,995		-
Profit and loss account	25		2,707,976		2,080,605
<b>Shareholders' funds</b>	26		<u>2,984,756</u>		<u>2,290,682</u>

The financial statements were approved by the directors and authorised for issue on 30 September 2015, and are signed on their behalf by:



A W Scott  
Director

**SAFE COMPUTING HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2014**

		<b>2014</b>		<b>2013</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>28</b>		<b>(1,803,836)</b>		<b>2,940,060</b>
<b>Returns on investments and servicing of finance</b>					
Interest received		94,844		44,904	
Interest paid		(26,225)		(21,911)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			<b>68,619</b>		<b>22,993</b>
<b>Taxation paid</b>			<b>(311,417)</b>		<b>(747,143)</b>
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(258,220)		(233,253)	
Payments to acquire intangible fixed assets		(26,538)		(64,684)	
Disposal of tangible fixed assets		-		12,549	
<b>Net cash outflow from capital expenditure</b>			<b>(284,758)</b>		<b>(285,388)</b>
<b>Disposal</b>					
Net cash outflow on discontinued operations		(32,831)		-	
<b>Net cash outflow from acquisitions</b>			<b>(32,831)</b>		<b>-</b>
Equity dividend paid			-		(403,240)
<b>Net cash (outflow)/inflow before financing</b>			<b>(2,364,223)</b>		<b>1,527,282</b>
<b>Financing</b>					
Repayment of bank loan		(24,000)		(24,000)	
Issue of ordinary share capital		50,000			
<b>Net cash inflow/(outflow) from financing</b>			<b>26,000</b>		<b>(24,000)</b>
<b>(Decrease)/increase in cash</b>	<b>28</b>		<b>(2,338,223)</b>		<b>1,503,282</b>

**SAFE COMPUTING HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**1 Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards. The following principal accounting policies have been applied:

**Basis of consolidation**

The consolidated financial statements incorporate the results of Safe Computing Holdings Limited and all of its subsidiary undertakings, using the acquisition method of accounting.

As permitted by Section 408 of the Companies Act 2006, the company's profit and loss account has not been included in these financial statements. The profit of the company during the year under review is disclosed in note 9.

**Going concern**

The use of the going concern of accounting is appropriate because the Directors have secured sufficient working capital to meet the on-going obligations of the group for the next twelve months. The going concern of the group will be reviewed again in twelve months time based on performance against budgets and relevant criteria.

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets acquired. Each acquisition is considered separately in determining the useful economic life of the related goodwill. The carrying value of goodwill is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax. Revenue invoiced in advance of services provided is deferred and recognised in line with the service performed in future periods.

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

**Research and development**

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

**Intangible fixed assets and amortisation**

Intangible fixed assets are initially recorded at cost with the exception of goodwill arising on consolidation, as stated above. Cost is based on purchase price together with any incidental costs of acquisition.

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, evenly over the useful economic life of that asset as follows:

Goodwill	- 20 years
Software packages	- 2 years

**SAFE COMPUTING HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

---

**1 Accounting policies *(continued)***

**Tangible fixed assets**

Tangible fixed assets are initially recorded at cost. Cost is based on purchase price together with any incidental costs of acquisition.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, of all tangible fixed assets except freehold land, evenly over the useful economic life of that asset as follows:

Freehold buildings	- 2% per annum
Long leasehold property	- over the period of the lease
Fixtures & fittings	- 14% per annum
Motor vehicles	- 25% per annum
Computer equipment	- 25% or 33% per annum

**Impairments of fixed assets**

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation decrease. All other impairment losses are recognised in profit and loss.

**Investments**

Investments held as fixed assets are stated at cost less any provision for impairment.

**Stock**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less any further costs of realisation.

**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.

**Onerous lease contracts**

Where unavoidable costs of meeting an obligation under a contract exceed the economic benefit expected to be received under it, the estimated cost is provided for in full.

**Pension costs**

*Defined benefit scheme*

Defined benefit pension costs are accounted for in accordance with Financial Reporting Standard 17 ('Retirement Benefits') ("FRS 17"). The pension scheme is closed to new members.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method and is based on actuarial advice.



**SAFE COMPUTING HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

---

**1 Accounting policies (continued)**

*Defined benefit scheme (continued)*

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year.

The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities the published bid price.

The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

*Defined contribution schemes*

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

*Employer-financed retirement benefit scheme*

The company operates an employer-financed retirement benefit scheme, which provides benefits on a money purchase basis. The assets of the scheme are held separately from those of the company. The contributions payable are charged directly 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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date, with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**SAFE COMPUTING HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**1 Accounting policies *(continued)***

**Share based payments**

All share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share based payments, the fair value of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the share based payment reserve.

If vesting periods or other non-market 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. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Dividends**

In accordance with Financial Reporting Standard 21 ('Events after the Balance Sheet Date'), dividends declared prior to the balance sheet date are recognised as liabilities in the financial statements. If the company declares dividends after the balance sheet date, the company does not recognise those dividends as a liability in the financial statements.

**SAFE COMPUTING HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**2 Turnover**

The turnover and profit before tax are attributable to the principal activity of the group.

An analysis of turnover is given below:

	<b>2014</b> £	<b>2013</b> £
United Kingdom	15,021,262	15,175,139
Overseas	1,100,337	743,745
	<u>16,121,599</u>	<u>15,918,884</u>

**3 Operating profit**

Operating profit is stated after charging:

	<b>2014</b> £	<b>2013</b> £
Goodwill amortisation	330,171	353,247
Other amortisation	31,414	86,025
Depreciation of tangible fixed assets:	190,770	181,998
(Loss)/Profit (on disposal of tangible fixed assets)	-	4,681
Impairment in value of tangible asset	122,109	-
Auditor's remuneration	24,050	23,350
Operating lease rentals:		
- plant and machinery	98,100	171,044
- other	95,840	136,283
Exceptional item	294,000	314,578
	<u>2,042,384</u>	<u>1,970,526</u>

The audit fee for the company is £1,500 (2013: £1,500).

The exceptional item relates to staff salaries of £6,000 (2013: £Nil), bad debts of £288,000 (2013: £Nil) and £Nil (2013: £314,578) with respect to the writing off of goodwill.

**4 Particulars of employees**

The average number of staff, including directors, employed by the group during the financial year amounted to:

	<b>2014</b> No.	<b>2013</b> No.
Number of staff	224	201

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**4 Particulars of employees (continued)**

The aggregate payroll costs of the above were:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	8,151,928	7,867,122
Social security costs	979,441	910,270
Pension costs	308,204	214,485
Share based payments (note 26)	16,703	24,241
	<u>9,456,276</u>	<u>9,016,118</u>

Included in pension costs are £96,600 (2013: £43,000) in respect of defined benefit pension scheme costs, £195,743 (2013: £146,248) in respect of defined contribution scheme costs. Payments of £31,000 (2013: £345,000 ) were made to the defined benefit scheme during the year.

**5 Directors' remuneration**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration receivable (excluding pension contributions)	461,256	401,824
Contributions to money purchase pension schemes	-	7,560
	<u>461,256</u>	<u>409,384</u>

The group was charged £27,004 (2013: £27,536) in fees and reimbursed expenses by Mainvalley Limited for the services of P E Presland. These amounts are disclosed in directors' remuneration above.

The number of directors who accrued benefits under group pension schemes are as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Defined contribution scheme	-	2
Employer-financed retirement benefit scheme	-	1
	<u>-</u>	<u>3</u>

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**5 Directors' remuneration *(continued)***

**Remuneration of the highest paid director:**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Remuneration receivable (excluding pension contributions)	<u>298,715</u>	<u>275,596</u>
Employer-financed retirement benefit scheme		
No director accrued benefits under the defined benefit scheme.		

**6 Interest receivable and similar income**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Bank	1,844	1,904
Net finance income on defined benefit pension scheme	93,000	43,000
	<u>94,844</u>	<u>44,904</u>

**7 Interest payable and similar charges**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Bank	7,550	4,000
Loan stock	17,361	17,911
Other interest	1,314	-
	<u>26,225</u>	<u>21,911</u>

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**8 Taxation on ordinary activities**

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

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
UK corporation tax	434,814	453,954
(Over)/under provision in respect of the prior year	(47,511)	7
Total current tax charge (note 8 (b))	<u>387,303</u>	<u>453,961</u>
Deferred tax:		
Origination and reversal of timing differences	3,009	14,450
FRS 17 adjustment	74,000	-
Tax on the profit on ordinary activities	<u>464,312</u>	<u>468,411</u>

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

The tax assessed on the profit on ordinary activities for the year is different to the expected corporation tax charge. The differences are explained below:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Profit on ordinary activities before taxation	1,011,825	1,593,022
Profit on ordinary activities multiplied by the expected rate of corporation tax of 22% (2013: 23%)	252,928	366,395
Effects of:		
Expenses not deductible for tax purposes	117,148	11,399
Difference between capital allowances and depreciation	(5,880)	(15,296)
FRS 17 adjustment	(26,953)	(33,580)
(Over)/under provision in respect of the prior year	(47,511)	7
Goodwill amortisation	70,972	153,607
Difference in tax rates	(5,244)	2,302
Utilisation of losses brought forward	-	(12,071)
Short term timing differences	31,843	(18,802)
Total current tax (note 8 (a))	<u>387,303</u>	<u>453,961</u>

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**9 Profit for the year after taxation**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Parent undertaking profit on ordinary activities after taxation	627,371	19,187

**10 Dividends**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Equity dividends	-	403,240
	-	403,240

**11 Intangible fixed assets**

**Group**

	<b>Goodwill</b> <b>£</b>	<b>Software Packages</b> <b>£</b>	<b>Total</b> <b>£</b>
<b>Cost</b>			
At 1 January 2014	6,697,375	181,098	6,878,473
Additions	-	26,538	26,538
Transferred out of the group	-	(4,953)	(4,953)
At 31 December 2014	6,697,375	202,683	6,900,058
<b>Amortisation</b>			
At 1 January 2014	2,201,446	136,699	2,338,145
Transferred out of the group	-	(1,047)	(1,047)
Charge for the year	330,171	31,414	361,585
At 31 December 2014	2,531,617	167,066	2,698,683
<b>Net book value</b>			
At 31 December 2014	4,165,758	35,617	4,201,375
At 31 December 2013	4,495,929	44,399	4,540,328

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**12 Tangible fixed assets**

**Group**

	<b>Freehold land and buildings £</b>	<b>Long Leasehold property £</b>	<b>Fixtures &amp; fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 January 2014	550,000	138,547	639,322	46,623	708,608	2,083,100
Transferred out of the group	-	-	-	(19,741)	(52,513)	(72,254)
Additions	-	-	146,384	-	111,835	258,219
Impairment	(122,109)	-	-	-	-	(122,109)
<b>At 31 December 2014</b>	<b>427,891</b>	<b>138,547</b>	<b>785,706</b>	<b>26,882</b>	<b>767,930</b>	<b>2,146,956</b>
<b>Depreciation</b>						
At 1 January 2014	54,576	24,603	291,055	34,899	490,531	895,664
Transferred from the group	-	-	-	(13,745)	(22,643)	(36,388)
Charge for the year	11,972	1,029	80,070	2,931	94,768	190,770
<b>At 31 December 2014</b>	<b>66,548</b>	<b>25,632</b>	<b>371,125</b>	<b>24,085</b>	<b>562,656</b>	<b>1,050,046</b>
<b>Net book value</b>						
At 31 December 2014	361,343	112,915	414,581	2,797	205,274	1,096,910
<b>At 31 December 2013</b>	<b>495,424</b>	<b>113,944</b>	<b>348,267</b>	<b>11,724</b>	<b>218,077</b>	<b>1,187,436</b>



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**12 Tangible fixed assets (continued)**

**Company**

	<b>Freehold land and buildings £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2014	-	-
Transferred from subsidiary undertaking	575,766	575,766
Impairment	<u>(122,109)</u>	<u>(122,109)</u>
At 31 December 2014	<u>453,657</u>	<u>453,657</u>
<b>Depreciation</b>		
At 1 January 2014	-	-
Transferred from subsidiary undertaking	<u>128,657</u>	<u>128,657</u>
At 31 December 2014	<u>128,657</u>	<u>128,657</u>
<b>Net book value</b>		
At 31 December 2014	<u>325,000</u>	<u>325,000</u>
At 31 December 2013	<u>-</u>	<u>-</u>

**13 Fixed asset investments**

**Company**

	<b>Subsidiary Undertakings £</b>
<b>Cost &amp; net book value</b>	
At 1 January 2014	9,225,652
Recognition of share based payments charge in subsidiary undertakings	16,703
Disposal	<u>(350,000)</u>
At 31 December 2014	<u>8,892,355</u>

Included within the carrying value of £8,892,355 (2013: £9,225,652) is £189,715 (2013: £173,012) relating to a non interest bearing capital contribution to certain subsidiary undertakings in connection with share based payments.

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**13 Fixed asset investments (continued)**

Subsidiary undertakings comprise:

<b>Name</b>	<b>Proportion of shares and voting rights held</b>	<b>Nature of business</b>
Safe Computing Limited	100%	Supply of software services, packages and computer systems
Topaz Computer Systems Limited	100%	Dormant
AHL Management Limited	100%	Supply of payroll software services
Intersoftware Recruitment Solutions Limited	70%	Supply of software services, packages and computer systems
Safe Outsourcing Limited	100%	Dormant
Safe Computing (Manufacturing Systems) Limited **	100%	Dormant
Safe Emcom Services Limited (Formerly Safe Computing (Software Services) Limited) **	100%	The production, sale and maintenance of computer software.
Topaz Support and Maintenance Limited *	100%	Dormant
Saber Analytics Limited	100%	Dormant
<b>Disposed during the year:</b>		
Xuper Limited	100%	Supply of software services, packages and computer systems

All of the above are incorporated in England and Wales.

\* Held directly by Topaz Computer Systems Limited.

\*\* Held directly by Safe Computing Limited.

**14 Stock**

	<b>Group</b>
	<b>2014      2013</b>
Finished goods	<u>54,558</u> <u>62,197</u>

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**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	3,597,677	4,549,765	-	-
Amounts owed by group undertakings	3,073,008	-	-	35,000
Other debtors	1,154,464	806,991	356,003	12,001
Prepayments and accrued income	301,664	424,767	-	-
	<u>8,126,813</u>	<u>5,781,523</u>	<u>356,003</u>	<u>47,001</u>

The debtors above include the following amounts falling due after more than one year:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other debtors	<u>413,999</u>	<u>370,534</u>	<u>199,999</u>	<u>-</u>
	<u>413,999</u>	<u>370,534</u>	<u>199,999</u>	<u>-</u>

**16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Loan stock	180,000	180,000	180,000	180,000
Bank loan (note 17)	24,000	24,000	24,000	24,000
Bank overdraft	-	5,240	-	5,240
Trade creditors	372,149	243,564	-	-
Corporation tax	277,194	201,308	-	-
Other taxation and social security	801,223	991,380	-	-
Other creditors	284,886	433,257	-	433,257
Accruals and deferred income	4,615,086	5,505,182	49,801	-
	<u>6,554,538</u>	<u>7,583,931</u>	<u>253,801</u>	<u>642,497</u>

The bank loan comprises a commercial mortgage secured over certain freehold land and buildings and the long leasehold property, and a cross guarantee between certain group undertakings. This loan is subject to interest at 1% above LIBOR and is repayable in equal quarterly instalments ending in December 2020.

The loan stock is secured by a trust deed between the company, Safe Computing Limited and the loan stockholders as trustees. Interest at a rate of 10% per annum is payable quarterly and the stock is repayable upon demand.

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**17 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	120,000	144,000	120,000	144,000
Amounts owed to group undertakings	-	-	6,281,091	6,195,474
	<u>120,000</u>	<u>144,000</u>	<u>6,401,091</u>	<u>6,339,474</u>

Amounts owed to group undertakings have no fixed repayment date and are interest free. The amounts due will be requested when the company is in a financial position to repay the debt, or if later, 12 months following the balance sheet date.

The bank loan is repayable as follows:

	<b>Group and company</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Within one year	24,000	24,000
Between one and two years	24,000	24,000
Between two and five years	72,000	72,000
After more than five years	24,000	48,000
	<u>144,000</u>	<u>168,000</u>

**18 Pensions**

The group operates both defined contribution and defined benefit pension schemes.

The profit and loss charge for defined contribution payments is £195,743 (2013: £146,248).

Safe Computing Limited, a subsidiary undertaking, operates a final salary defined benefit scheme which is funded by payment of contributions to a separately administered trust fund, The Safe Computing Pension Fund. The scheme is set up under trust.

Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

The scheme is closed to new members and as the age of the active membership increases, the current service costs will increase under the actuarial method currently used, although this may be offset to some extent by a reducing salary roll as members leave active service. From 1 April 2006, the benefit scale has been changed from final salary to a career average basis.

**FRS 17**

In accordance with FRS 17, the actuaries have undertaken a valuation of the assets and liabilities of the scheme at 31 December 2014. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method. The "present value of scheme liabilities" has been arrived at by projecting the results of the last full valuation as at 31 March 2010 forward to 31 December 2014.

The contributions to the scheme for the year were £31,000 (2013: £345,000). Future contributions will be made on the basis of actuarial advice.

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**18 Pensions (continued)**

The following assumptions were made in reaching the valuation:

	<b>2014</b>	<b>2013</b>
Rate of increase in salaries	3.0%	3.3%
Rate of increase in pensions in payment	3.0%	3.3%
Discount rate	3.6%	4.6%
Expected return on assets plan	5.57%	5.93%

The post-retirement mortality assumptions have used the same mortality tables as in the actuarial valuation as at 31 March 2013 ie. S1NA year of birth tables with allowance for future improvement in mortality in line with CMI 2012 projections with long-term rate of improvement of 1.5% pa.

Under the mortality tables adopted, the assured future life expectancy, quoted in years, at age 65 is as follows:

	<b>2014</b>	<b>2013</b>
Male currently aged 45	25.1	25.0
Female currently aged 45	27.7	27.6
Male currently aged 65	22.9	22.8
Female currently aged 65	25.4	25.3

The major categories of plan assets as a percentage of total plan assets are as follows:

	<b>2014</b>	<b>2013</b>
	%	%
Equities	70	67
Bonds	21	17
Property	9	9
Other assets	-	7

The expected return on assets is a weighted average of the assumed long term returns for the various asset classes. The long term expected rate of return on the scheme's assets net of expenses is 6.0% (2013: 6.03%). The actual return on the scheme's assets was £278,000 (2013: £841,000).

A reconciliation of the scheme assets is detailed below:

	<b>2014</b>	<b>2013</b>
	£	£
Fair value of assets at beginning of year	5,991,000	4,889,000
Expected return on assets	346,000	296,000
Company contributions	31,000	345,000
Benefits paid	(479,000)	(84,000)
Actuarial gain on assets	(68,000)	545,000
Fair value of assets at end of year	5,821,000	5,991,000

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**18 Pensions (continued)**

A reconciliation of the present value of scheme liabilities is detailed below:

	<b>2014</b> £	<b>2013</b> £
Defined benefit liabilities at beginning of year	5,745,000	5,674,000
Interest cost	253,000	253,000
Benefits paid	(479,000)	(84,000)
Actuarial gain on defined benefit obligations	940,000	(98,000)
Defined benefit liabilities at end of year	<u>6,459,000</u>	<u>5,745,000</u>

**Analysis of the amount recognised in the profit and loss areas follows:**

	<b>2014</b> £	<b>2013</b> £
Expected return on pension scheme assets	(346,000)	(296,000)
Interest on pension scheme liabilities	253,000	253,000
Net finance income	<u>(93,000)</u>	<u>(43,000)</u>
Actual Return on plan assets	<u>278,000</u>	<u>841,000</u>

**Analysis of the amount recognised in the statement of total recognised gains and losses ("STRGL")**

	<b>2014</b> £	<b>2013</b> £	<b>2012</b> £
Actual return less expected return on pension scheme assets	(68,000)	545,000	290,000
Experience gains and losses arising on the scheme liabilities	(940,000)	98,000	(84,000)
Changes in assumptions underlying the present value of the scheme liabilities	-	(203,000)	(713,000)
Actuarial gain/(loss) recognised in the STRGL	<u>(1,008,000)</u>	<u>440,000</u>	<u>(507,000)</u>

**The amounts recognised in the balance sheet are as follows:**

	<b>2014</b> £	<b>2013</b> £
Present value of funded obligations	6,459,000	5,745,000
Fair value of plan assets	<u>(5,821,000)</u>	<u>(5,991,000)</u>
	<u>638,000</u>	<u>(246,000)</u>

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**18 Pensions (continued)**

Amounts for the current and previous four periods are as follows:

**Defined benefit pension plans**

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligations	(6,459,000)	(5,745,000)	(5,674,000)	(5,202,000)	(4,672,000)
Plan assets	5,821,000	5,991,000	4,889,000	4,685,000	4,816,000
Surplus/(deficit)	(638,000)	246,000	(785,000)	(517,000)	144,000
Experience adjustments on plan liabilities	(940,000)	437,000	(84,000)	(27,000)	108,000
Experience adjustments on plan assets	(68,000)	545,000	290,000	(544,000)	346,000

**19 Deferred taxation**

**(a) Deferred taxation**

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

	Group 2014 £	2013 £
Balance brought forward	35,201	20,751
Movement in the year	3,009	14,450
Balance carried forward	38,210	35,201

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

	Group 2014 £	2013 £
Accelerated capital allowances	39,310	35,201
Tax losses available	(1,100)	-
	38,210	35,201

**(b) Deferred tax included within pension scheme (liability)/asset**

	Group 2014 £	2013 £
Balance brought forward	-	(190,110)
Charges to the profit and loss account	74,000	-
Charged to the Statement of total recognised gains and losses	(201,600)	190,110
Balance carried forward	(127,600)	-

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**20. Other provisions**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Provision for onerous property lease</b>		
Balance brought forward	79,554	154,283
Movement in the year	(79,554)	(74,729)
Balance carried forward	<u>-</u>	<u>79,554</u>

**21 Commitments under operating leases**

At 31 December, the group had annual commitments under non-cancellable operating leases as set out below:

**Group**

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within 1 year	19,960	11,960	20,625	19,121
Within 2 to 5 years	-	8,000	36,416	70,937
After more than 5 years	40,000	40,000	-	-
	<u>59,960</u>	<u>59,960</u>	<u>57,041</u>	<u>90,058</u>

**Company**

The company had no operating lease commitments

**22 Related party transactions**

**Group**

The group, and company, is exempt from the requirements of Financial Reporting Standard 8 (Related Party Disclosures) to disclose transactions with other group undertakings which are wholly-owned within the group.

During the year, the group paid rent of £8,000 (2013: £8,000) to the Safe Computing Pension Fund, in which A W Scott is a trustee, and also paid certain expenses on behalf of the Safe Computing Pension Fund. At 31 December, the company was owed £74,952 (2013: £63,043) from the Safe Computing Pension Fund.



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**23 Share capital**

**Group and company**

**(a) Share capital**

**Allotted, called up and fully paid:**

	<b>2014</b>		<b>2013</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary shares of £0.10 each	10,131	1,013	10,081	1,008
Ordinary A shares of £0.10 each	463	46	463	46
	<u>10,594</u>	<u>1,059</u>	<u>10,544</u>	<u>1,054</u>

The rights attaching to each class of share are detailed in the company's Articles of Association filed at Companies House.

During the year the group and company issued 50 Ordinary shares of £0.10 each and a consideration of £1,000 per share was paid.

**(b) Share options**

Safe Computing Holdings Limited has granted options to certain employees, and certain employees of its subsidiary undertakings which remain exercisable, to subscribe for the Ordinary Shares of £0.10 each in Safe Computing Holdings Limited. The scheme which falls within the scope of FRS 20 (post 7 November 2002 transition date), is an HMRC approved scheme, and is equity settled, whereby all options are settled by the delivery of shares. There are no vesting conditions, other than the individual remaining in employment with the group:

**Group**

<b>Grant date</b>	<b>Subscription price per share</b>	<b>Period within which options are exercisable</b>	<b>No. of shares for which rights are exercisable</b>
7 July 2006	£189	7 July 2015 to 7 July 2016	874
1 September 2006	£400	1 September 2009 to 1 September 2016	100
22 October 2008	£1,000	22 October 2014 to 22 October 2018	100
22 October 2008	£1,000	22 October 2017 to 22 October 2018	50

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**23 Share capital (continued)**

**(b) Share options (continued)**

The number and weighted average exercise prices of share options are as follows:

	<b>2014</b>		<b>2013</b>	
	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>
Outstanding at the beginning of the year	£316	1,124	£316	1,124
Exercised during the year	£316	(699)	-	-
Lapsed during the year	£316	(425)	-	-
Outstanding at the end of the year	-	-	£316	1,124

Due to the sale of all the shares of the company to SCH 2014 limited during the year, all the share options were exercised or lapsed at this date.

These options are equity settled share based payments and are measured at the fair value at the date of grant. The fair value of the options at the grant date is based upon the approved share value at the date the options were granted. The fair value determined at the grant date of share based payments is expensed on a straight-line basis over the vesting period of the options.

The total expenses recognised for the year arising from share based payments are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Share based payments	16,703	24,241
	<u>16,703</u>	<u>24,241</u>

**Company**

<b>Grant date</b>	<b>Subscription price per share</b>	<b>Period within which options are exercisable</b>	<b>No. of shares for which rights are exercisable</b>
1 September 2006	£400	1 September 2009 to 1 September 2016	100

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**23 Share capital (continued)**

The number and weighted average exercise prices of share options are as follows:

	<b>2014</b>		<b>2013</b>	
	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>
Outstanding at the beginning of the year	£400	100	£400	100
Exercised during the year	£400	(50)	-	-
Lapsed during the year	£400	(50)	-	-
Outstanding at the end of the year	-	-	£400	100

Due to the sale of the shares of the company to SCH 2014 Limited during the year, all the shares options were either exercised or lapsed at this date.

These options are equity settled share options and are measured at the fair value at the date of grant. The fair value of the options at the grant date is based upon the approved share value at the date the options were granted. The fair value determined at the grant date of share based payments is expensed on a straight-line basis over the vesting period of the options.

**24 Share based payment reserve**

	<b>Group</b>		<b>Company</b>	
	<b>2014 £</b>	<b>2013 £</b>	<b>2014 £</b>	<b>2013 £</b>
Balance brought forward	230,179	205,938	209,023	184,782
Recognition of share based payments	16,703	24,241	16,703	24,241
Balance carried forward	<u>246,882</u>	<u>230,179</u>	<u>225,726</u>	<u>209,023</u>

**25 Profit and loss account**

<b>Group</b>	<b>Profit and loss account £</b>
At 1 January 2014	6,760,491
Profit for the year	509,771
Net actuarial gain on defined benefit pension scheme	(806,400)
At 31 December 2014	<u>6,463,862</u>

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**25 Profit and loss account (continued)**

**Company**

	<b>Profit and loss account £</b>
At 1 January 2014	2,080,605
Profit for the year	627,371
At 31 December 2014	<u>2,707,976</u>

**26 Reconciliation of movements in shareholders' funds**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Profit for the year	509,771	1,065,461	627,371	19,187
Equity dividends	-	(403,240)	-	(403,240)
Recognition of share based payments	16,703	24,241	16,703	24,241
Proceeds from issue of shares	50,000	-	50,000	-
Net actuarial (deficit)/gain on defined benefit pension scheme	(806,400)	495,890	-	-
Net (deletion)/addition to shareholders' funds	<u>(229,926)</u>	<u>1,182,352</u>	<u>694,074</u>	<u>(359,812)</u>
Opening shareholders' funds	6,991,724	5,809,372	2,290,682	2,650,494
Closing shareholders' funds	<u>6,761,798</u>	<u>6,991,724</u>	<u>2,984,756</u>	<u>2,290,682</u>

**27 Minority interests**

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Balance brought forward	51,870	7,631
Share of profit after taxation	37,742	59,150
Equity dividends	(30,000)	(14,911)
Balance carried forward	<u>59,612</u>	<u>51,870</u>

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**28 Notes to the cashflow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	887,384	1,570,029
Depreciation	190,770	181,998
Impairment of tangible assets	122,109	-
Loss on disposal of tangible fixed assets	-	4,681
Amortisation of intangible fixed assets	361,585	753,850
Decrease in stocks	1,192	7,309
Increase in debtors	(2,328,620)	(753,860)
(Decrease)/Increase in creditors	(979,005)	1,571,542
FRS 17 adjustment	3,600	345,001
Decrease in provisions	(79,554)	(74,729)
Recognition of share based payments	16,703	24,241
Net cash (outflow)/inflow from operating activities	<u>(1,803,836)</u>	<u>2,940,060</u>

**Analysis of changes in net funds**

	<b>1 January 2014 £</b>	<b>Cash flows £</b>	<b>Discontinued Operations £</b>	<b>31 December 2014 £</b>
Cash at bank	3,068,796	(2,343,463)	(32,831)	692,502
Bank overdraft	(5,240)	5,240	-	-
	<u>3,063,556</u>	<u>(2,338,223)</u>	<u>(32,831)</u>	<u>692,502</u>
Bank loan	(168,000)	24,000	-	(144,000)
Loan stock	(180,000)	-	-	(180,000)
Net funds	<u>2,715,556</u>	<u>(2,314,223)</u>	<u>(32,831)</u>	<u>(368,502)</u>

**SAFE COMPUTING HOLDINGS LIMITED**  
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**28 Notes to the cashflow statement (continued)**

**Reconciliation of net cash flow to movement in net funds**

	<b>2014</b> £	<b>2013</b> £
Increase/(decrease) in cash	(2,338,223)	1,503,282
Cash flow relating to financing	24,000	24,000
Cash flow out on discontinued operations	(32,831)	-
Change in net funds arising from cash flows	<u>(2,347,054)</u>	<u>1,527,282</u>
Net funds brought forward	2,715,556	1,188,274
Net funds carried forward	<u><u>368,502</u></u>	<u><u>2,715,556</u></u>

During the year, the group sold their shares in Xuper Limited

	£
Tangible assets	3,906
Intangible assets	35,867
Stock	6,447
Debtors	333,320
Creditors	<u>(118,193)</u>
	261,347
Cash at bank	32,831
Profit on sale	<u>55,822</u>
Proceeds on sale	<u><u>350,000</u></u>

The proceeds are to be repayable by a loan from the purchasers over 3 years ending 31 December 2017.

**29 Ultimate controlling party**

The immediate and ultimate parent undertaking is SCH 2014 Limited (registered in England and Wales) following the acquisition of the whole share capital of the company during the year.

No consolidated accounts were prepared for the year ended 31 December 2014 for SCH 2014 Limited so as a result these are the accounts that results of the company and subsidiary undertakings are consolidated.

The ultimate controlling party is A W Scott by virtue of his interests in the issued equity share capital of the company.