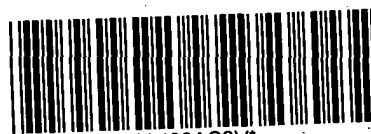


MOBILE MONEY NETWORK LIMITED

Annual report for the year ended 30 June 2014

Registration number: 07153130

THURSDAY



A403AC3V

A10

29/01/2015

#210

COMPANIES HOUSE

The Directors present their strategic report for Mobile Money Network Limited (the "Company") for the year ended 30 June 2014.

Review of the business

Details of the results are set out in the statement of comprehensive income on page 7.

During the prior period the Company was acquired by Monitise plc, and subsequently hived down within the Monitise Group ('the Group') to Monitise International Limited. From the acquisition date, the Company continues to service existing revenue contracts, while its employees have been transferred to other Monitise Group companies. New revenue contracts are expected to be serviced by other Group companies going forward.

The loss for the financial year is £4,753,000 (2013: £6,599,000).

The financial position of the Company at 30 June 2014 is set out on page 8.

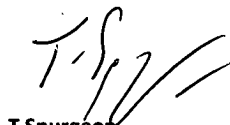
Key performance indicators

The Directors of Monitise plc manage the Monitise Group's operations on an integrated basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business of the Company. The key performance indicators for the Monitise Group, which includes the Company, are discussed in the Directors' Report of the Monitise plc 2014 Annual Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Monitise Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Monitise Group, which include those of the Company, are discussed in Risk Management in the Monitise plc 2014 Annual Report.

On behalf of the Board



T Spurgeon
Director

18 December 2014

The Directors present their report and the audited financial statements of Mobile Money Network Limited (the "Company") for the year ended 30 June 2014.

The Company's registered number is 07153130. The registered office is 95 Gresham Street, London EC2V 7NA.

The Company has adopted Financial Reporting Standards 101, 'Reduced Disclosure Framework' ("FRS 101") in preparing these financial statements. Further information regarding the transition from International Financial Reporting Standards (as adopted by the EU) is presented in note 2 of the financial statements.

Principal activity

The principal activity of the Company is the provision of a mobile commerce solution for a UK customer to facilitate purchases via mobile devices by consumers from affiliated UK businesses. This facility is delivered through the "Simply Tap" mobile application and associated white-labelled mobile applications.

Financial Risk Management

The Company's activities expose it to a variety of financial risks arising from its use of financial instruments: credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk arises principally from the Company's trade receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instruments.

Trade receivables

The nature of the Company's operations means that all of its current key customers form part of established businesses in the banking and payments sector, and Mobile Network Operators sector. The credit risks are minimised due to the nature of these customers and the concentration of sales to date within established economies.

The Monitise Group continually reviews its credit risk policy, taking particular account of future exposure to developing markets and associated changes in customers' credit risk profiles.

The carrying amount in the balance sheet, net of any applicable provisions for loss, represents the amount exposed to credit risk and hence there is no difference between the carrying amount and the maximum credit risk exposure.

Cash and cash equivalents and short-term investments

The Board formulates the Monitise Group's treasury policy and its objectives which are designed to manage the Monitise Group's risk and secure cost-effective funding for the Monitise Group's operations, including the Company. These objectives include the requirement to minimise risk on investment funds but maintain flexibility.

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company ensures enough funding is available from other Monitise Group companies to meet its financial obligations as they fall due.

(c) Market risk

Market risk arises from the Monitise Group's use of interest-bearing and foreign currency financial instruments. There is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), or foreign exchange rates (currency risk).

Interest rate risk

Where applicable, the Company invests its surplus cash in a spread of fixed rate term bank deposits to minimise risk and maximise flexibility. In doing so, it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant.

Strategy and future developments

The Company will continue to service existing contracts. New customers will be serviced by other Group companies going forward.

Dividends

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors

The Directors who served during the year and up to date of signing the financial statements were as follows:

B Petzer	(appointed 24 January 2014)
T Spurgeon	
R Waller	

Going concern

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of its ultimate parent Company, Monitise plc. Monitise plc has confirmed its financial support to the Company to enable it to continue trading and to meet its day to day commitments for at least twelve months from the date of signing the financial statements.

Political and Charitable Donations

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

Research and Development Expenditure

The Company undertook research and development activities relating to the products and services it provides. Disclosures regarding the expenditure of development costs in the year have been made in accounting policy 2.7 to the financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 judgments and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements.

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.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Indemnities

During the year, the Company has maintained liability insurance in respect of its Directors and Officers. Further, subject to the provisions of the Companies Act 2006, the Company's Articles of Association provide that the Directors are entitled to be indemnified against certain liabilities incurred in the execution or discharge of his or her duties.

Re-appointment of Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue and a resolution that they be reappointed was passed at the Annual General Meeting.

By order of the Board



T Spurgeon
Director

18 December 2014

Report on the financial statements

Our opinion

In our opinion Mobile Money Network Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Mobile Money Network Limited's financial statements comprise:

- the Statement of Financial Position as at 30 June 2014;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

(continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2014

STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 30 June 2014

7

	Note	2014 £'000	2013 £'000
Revenue	4	50	166
Cost of sales		(18)	(10)
Gross profit		32	156
Administrative expenses		(4,773)	(6,526)
Operating loss		(4,741)	(6,370)
Finance income	6	-	2
Finance costs	6	(12)	(231)
Loss on ordinary activities before income tax	5	(4,753)	(6,599)
Income tax expense on ordinary activities	9	-	-
Loss for the year and total comprehensive income	17	(4,753)	(6,599)

All amounts derive from continuing operations.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

8

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	10	56	1,843
Property, plant and equipment	11	12	49
		68	1,892
Current Assets			
Trade and other receivables	12	272	1,980
Cash and cash equivalents	13	57	63
		329	2,043
Creditors: amounts falling due within one year			
Trade and other payables	14	(5,081)	(4,119)
Provisions	15	(313)	(87)
		(5,394)	(4,206)
Net current liabilities		(5,065)	(2,163)
Net liabilities		(4,997)	(271)
Equity			
Ordinary shares	16	113	113
Share premium	16	15,835	15,835
Share-based payment reserve	17	42	15
Accumulated losses	17	(20,987)	(16,234)
Total shareholder's deficit		(4,997)	(271)

The financial statements on pages 7 to 20 were approved by the Board of Directors on 18 December 2014 and signed on its behalf by:


T Spurgeon
Director

Mobile Money Network Limited
Registered number: 07153130

18 December 2014

The notes on pages 10 to 20 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 for the year ended 30 June 2014

	Ordinary shares £'000	Share Premium £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total £'000
As at 1 July 2012	113	-	-	(9,635)	(9,522)
Loss for the year and total comprehensive income	-	-	-	(6,599)	(6,599)
Issue of share capital	-	15,835	-	-	15,835
Share-based payments charge	-	-	15	-	15
As at 30 June 2013	113	15,835	15	(16,234)	(271)
As at 1 July 2013	113	15,835	15	(16,234)	(271)
Loss for the year and total comprehensive income	-	-	-	(4,753)	(4,753)
Share-based payments charge	-	-	27	-	27
As at 30 June 2014	113	15,835	42	(20,987)	(4,997)

All equity is attributable to the owners of the Company.

1 General information

Mobile Money Network Limited is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is 95 Gresham Street, London EC2V 7NA.

The principal activity of the Company is the provision a mobile commerce solution for a UK customer, to facilitate purchases via mobile devices by consumers from affiliated UK Businesses.

Items within the financial statements are rounded to the nearest thousand pounds.

2 Summary of significant accounting policies

The Company has adopted Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101) in the preparation of these financial statements. There has been no impact to the comparative information resulting from the transition from International Financial Reporting Standards (as adopted by the EU) to FRS 101. Therefore a reconciliation has not been presented for equity and profit and loss between FRS 101 and IFRS (EU).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101.

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position,
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)**

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2.2 Going concern

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of its ultimate parent company, Monitise plc. Monitise plc has confirmed its financial support to the Company to enable it to continue trading and to meet its day to day commitments for at least twelve months from the date of signing the financial statements.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern on the basis that the Company's ultimate parent has indicated that it will continue to provide this support for the foreseeable future. In the opinion of the Directors, the going concern basis is appropriate for the preparation of these financial statements.

2.3 Changes in accounting policy and disclosures

New and amended standards adopted by the Company.

The Company has adopted Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101) in the preparation of these financial statements. The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 July 2014 and have a material impact on the company:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for the company to classify items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard also introduces new disclosure requirements, though FRS 101 allows for exemptions from the disclosure requirements that are listed in note 2.1.

2.4 Consolidation

The Company is a wholly-owned subsidiary of Monitise International Limited and is included in the consolidated financial statements of Monitise plc which are publicly available.

These financial statements are separate financial statements.

2.5 Foreign currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

2 Summary of significant accounting policies (continued)**2.6 Property, plant and equipment**

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

Depreciation on assets is calculated using the straight-line method to allocate their costs, over the lower of their estimated useful lives or term of lease, from the date at which normal revenue-generating activities begin, as follows:

	<u>Estimated useful economic life</u>
Office equipment	3 - 5 years
Computer equipment	3 - 5 years

2.7 Intangible assets

Expenditure incurred in the development of software and hardware products, and their related intellectual property rights, is capitalised as an intangible asset only when technical feasibility has been demonstrated; adequate technical, financial and other resources exist to complete the development, which the Company intends to complete and use; future economic benefits expected to arise are deemed probable; and the costs can be reliably measured. Research costs and development costs not meeting these criteria are expensed in the statement of comprehensive income as incurred. Capitalised development costs are amortised as a charge to the statement of comprehensive income on a straight line basis over their useful economic lives, estimated on average at three years. Capitalised development costs for assets which are not yet in use are tested for impairment annually.

Amortisation on the assets is calculated using the straight-line method over their estimated useful lives as follows:

	<u>Estimated useful economic life</u>
Capitalised development	1 - 4 years
Computer software licenses	3 - 4 years
No intangible assets are considered to have an infinite useful economic life.	

2.8 Recoverable amount of non-current assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2 Summary of significant accounting policies (continued)**2.10 Financial liabilities and assets****Financial liabilities**

Loans and other borrowings represent loans from the joint venture shareholders. All borrowing costs are recognised in the income statement in the year in which they are incurred. Borrowings are initially recognised at fair value, net of transaction costs and subsequently stated at amortised cost. Trade payables are recognised initially at fair value and subsequently held at amortised cost measured using the effective interest method.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables' and cash and cash equivalents in the balance sheet.

2.11 Share Capital

Ordinary shares are classified as equity at nominal value.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided within the Company's ordinary activities, net of discounts and sales taxes.

Revenue is recognised separately for each component if it is considered to represent a separable good or service and a fair value can be reliably established. The Company may derive fair value for its services based on a reliable cost estimate plus an appropriate market-based margin. Where a product licence is included within a bundled arrangement, the residual value of the contract is ascribed to the product licence after a fair value has been allocated to all other components.

Amounts which meet the Company's revenue recognition policy which have not yet been invoiced are accounted for as accrued income whereas amounts invoiced which have not met the Company's revenue recognition criteria are deferred and are accounted for as deferred income until such time as the revenue can be recognised. Management makes an assessment of the certainty of any accrued revenue amounts in determining how much revenue to recognise.

2.13 Employee benefits**Pension obligations**

Contributions to defined contribution schemes are charged to the income statement as they become payable in accordance with the rules of the schemes.

2 Summary of significant accounting policies (continued)**2.14 Share-based payments**

The ultimate parent undertaking, Monitise plc, operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, service period and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Statement of comprehensive income, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised, and the overall charge for those options is transferred from the share-based payment reserve to accumulated losses.

The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investments in subsidiary undertakings, with a corresponding credit to equity.

2.15 Current and deferred income tax

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

- Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, and the carry-forward of unused tax losses and credits. Deferred tax is determined using the tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.
- A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Current and deferred tax is recognised in the income statement except where it relates to an item recognised directly in reserves, in which case it is recognised directly in equity. Deferred tax assets and liabilities are offset where there is a legal right to do so in the relevant jurisdictions.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

All non-current assets, including intangible assets, are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the assets.

4 Revenue

All revenue relates to the Company's principal activity of facilitating purchases via mobile devices by consumers from affiliated UK businesses and is generated in the UK.

5 Operating loss

The operating loss is stated after charging:

	Note	2014 £'000	2013 £'000
Depreciation of property, plant and equipment	11	36	41
Amortisation of intangible assets	10	1,787	1,222
Research and development expensed as incurred		-	1,073

The audit fee has been borne by other Monitise Group companies (2013: £20,000). Non-audit fees payable to the Company's auditors amounted to £8,000 (2013: £3,000).

6 Finance costs and finance income

Finance costs are analysed as follows:	2014 £'000	2013 £'000
Interest payable on overdrafts and bank loans	12	-
Interest payable on loans from related parties and foreign exchange	-	231
	12	231

Finance income is analysed as follows:	2014 £'000	2013 £'000
Interest on cash and cash equivalents	-	2
	-	2

7 Employee costs

	Note	2014 £'000	2013 £'000
Wages and salaries		1,400	1,898
Social security costs		175	215
Share-based payments	18	27	15
Other pension costs	19	29	45
		1,631	2,173

Monthly average number of employees (including directors)	Number	Number
Management and administration	3	5
Sales and technical	6	18
	9	23

8 Directors' remuneration

Emoluments for the directors of the Company are paid by another group undertaking. No amount has been recharged to the company during the year (2013: £nil) on the basis that the amount attributable to the Company is negligible.

9 Tax expense included in profit or loss

	2014 £'000	2013 £'000
UK Corporation tax	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	-	-

Reconciliation of effective tax rate:

The tax assessed is higher (2013 - higher) than that resulting from applying the standard rate of UK corporation tax of 22.50% (2013 - 23.75%). The differences are explained below:

	2014 £'000	2013 £'000
Loss on ordinary activities before income tax	(4,753)	(6,599)
Tax at 22.50% (2013: 23.75%) thereon	(1,069)	(1,567)
Effects of:		
Other unrecognised deferred tax assets	8	-
Expenses not deductible for tax purposes	6	26
Tax losses for which a deferred tax asset has not been recognised	-	1,541
Tax effect of group relief	1,055	-
Total current tax charge for the year	-	-

The Company has tax losses which arose in the UK of approximately £16,132,000 (2013: £16,132,000) that are available for offset against future taxable profits of the Company. A deferred tax asset has not been recognised in respect of these losses where it is the view of the Directors that future taxable profits are not deemed probable to be available in the short term to offset against these losses.

With effect from 1 April 2014, the UK main corporation tax rate changed from 23% to 21%. The main corporation tax rate will further reduce from 21% to 20% effective from 1 April 2015. These rate changes were substantively enacted on 2 July 2014.

10 Intangible assets

	Capitalised development £'000	Software £'000	Total £'000
Cost			
As at 1 July 2013	3,393	394	3,787
Disposals	-	(3)	(3)
As at 30 June 2014	3,393	391	3,784
Accumulated amortisation			
As at 1 July 2013	1,737	207	1,944
Charge	1,656	131	1,787
Disposals	-	(3)	(3)
As at 30 June 2014	3,393	335	3,728
Net book value:			
As at 30 June 2013	1,656	187	1,843
Movement during the year	(1,656)	(131)	(1,787)
As at 30 June 2014	-	56	56

Amortisation of intangible assets is included within administrative expenses in the income statement

11 Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost:			
As at 1 July 2012	41	77	118
Additions	2	-	2
As at 30 June 2013	43	77	120
Accumulated depreciation:			
As at 1 July 2012	13	17	30
Charge	15	26	41
As at 30 June 2013	28	43	71
Net book value:			
As at 30 June 2013	15	34	49
As at 30 June 2012	28	60	88
Cost			
As at 1 July 2013	43	77	120
Disposals	(22)	-	(22)
As at 30 June 2013	21	77	98
Accumulated depreciation:			
As at 1 July 2013	28	43	71
Charge	10	26	36
Disposals	(21)	-	(21)
As at 30 June 2014	17	69	86
Net book value:			
As at 30 June 2014	4	8	12
As at 30 June 2013	15	34	49

12 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	72	72
Less: provisions for impairment	(72)	(72)
Trade receivables - net	-	-
Amounts owed by group undertakings	133	-
Other receivables	139	1,960
Prepayments and accrued income	-	20
	272	1,980

Trade receivables are considered impaired if they are not considered recoverable. As at 30 June 2014, all trade receivables which were past due have been impaired (2013: all).

Amounts due by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2014

13 Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and in hand	57	63

14 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade payables	38	348
Amounts owed to group undertakings	4,743	1,382
Social security and other taxes	111	2,002
Other creditors	4	15
Accruals and deferred income	185	372
	5,081	4,119

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Provisions

	Provisions for litigation £'000
As at 1 July 2013	87
Additions to the income statement	226
As at 30 June 2014	313
Due within one year	313
Due after one year	-

The provision relates to a dispute with a former employee of the Company. These costs are likely to be incurred within the next 12 months and, due to the nature of these claims, uncertainties exist around the timing and amounts to be incurred.

16 Share capital

	Ordinary shares Number	Ordinary shares £'000	Ordinary A shares Number	Ordinary A shares £'000	Share premium account £'000
Issued, called up and fully paid					
As at 1 July 2012	1,062,500	106	65,625	7	-
Issue of new shares	3	-	-	-	15,835
Conversion to Ordinary shares	65,625	7	(65,625)	(7)	-
As at 30 June 2013	1,128,128	113	-	-	15,835
Issue of new shares	-	-	-	-	-
As at 30 June 2014	1,128,128	113	-	-	15,835

Ordinary shares have a nominal value £0.10 and carry one vote per share and the right to dividends.

Ordinary A shares had a nominal value of £0.10 and carried no voting rights and no rights to dividends. During the year ended 30 June 2013, these shares were converted to Ordinary shares.

17 Other reserves

	Share-based payment reserve £'000	Accumulated losses £'000	Total £'000
As at 1 July 2013	15	(16,234)	(16,219)
Loss for the year and total comprehensive income	-	(4,753)	(4,753)
Share-based payments charge	27	-	27
As at 30 June 2014	42	(20,987)	(20,945)

18 Share based payments

As part of the Monitise Group, the Company participates in a number of equity settled share based payments plans administered by Monitise plc in which options are issued over shares in Monitise plc. A summary of the main terms of the arrangements is given below, with particular reference made to the terms of those grants for which the share based payment expense has been recognised.

Savesave Scheme

The Monitise Savesave Scheme (SAYE) enables UK staff to acquire shares in the Company through monthly savings of up to £250 over a three year period, at the end of which they also receive a tax free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of Monitise plc's shares.

For the option to vest, staff must remain as employees of the Monitise Group over a three year period.

Performance Share Plan

A Performance Share Plan (PSP) is in place for senior management. Up to 25 March 2010, options over shares were awarded conditional on the achievement of performance conditions with vesting after three or five years subject to the senior management remaining employed by the Monitise Group. On 25 March 2010, shareholders approved a change in the plan rules, allowing for share options to be issued under this plan with no performance conditions, such that for the option to vest, staff must remain as employees of the Monitise Group over a three year period.

For the five year plan, one fifth of the options vest, subject to the achievement of performance conditions, on the first anniversary of the grant date and again by a further fifth at each subsequent annual anniversary date. Upon vesting, options may be exercised at any time until the tenth anniversary of the date of grant.

As at 30 June 2014 no options were exercisable (2013: none). Options outstanding at 30 June 2014 have a range of exercise prices of 1p to 45.6p (2013: 1p).

The total share based payment charge was £27,000 (2013: £15,000).

19 Pension arrangements

The Company participates in a defined contribution scheme. The pension cost for the year ended 30 June 2014 was £29,000 (2013: £45,000).

20 Ultimate parent company and controlling party

The immediate parent company undertaking is Monitise International Limited, which is itself a wholly owned subsidiary of Monitise plc.

The ultimate parent company and controlling party, and the smallest and largest group for which group financial statements are prepared is Monitise plc, a company incorporated in England and Wales, the financial statements of which can be obtained from the Registered Office, 95 Gresham Street, London, EC2V 7NA.

21 Events after the reporting year

There were no post balance sheet events that had a material impact on the financial statements.