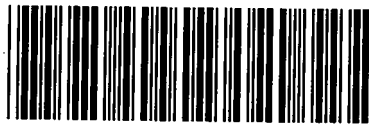


Company Number SC 154460

Quadstone Paramics Limited
Annual Report and Financial Statements
for the year ended
31 December 2013

THURSDAY



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COMPANIES HOUSE

Quadstone Paramics Limited
DIRECTORS AND REGISTERED OFFICE

DIRECTORS

G Willsher

M Monahan

M White (resigned 1 July 2013)

J O'Hara (resigned 5 April 2013)

G Roberts (resigned 31 October 2013)

COMPANY SECRETARY AND REGISTERED OFFICE

Queensferry Secretaries Limited

Caledonian Exchange

19A Canning Street

Edinburgh

EH3 8HE

Quadstone Paramics Limited
DIRECTORS' REPORT for the year ended 31 December 2013

The Directors present their Report and the audited financial statements of Quadstone Paramics Limited for the year ended 31 December 2013.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITY

The Company's principal activity, which remained unchanged throughout the year, was the provision of computer software products and ancillary consultancy and support services. The Company operated one division during the year: Quadstone Paramics (road traffic and transportation simulation software).

RESULTS AND DIVIDENDS

The results for the year are set out on Page 6, and the movements in reserves are shown in Note 10 to the financial statements. The Directors do not recommend the payment of a dividend (2012: £nil).

RESEARCH AND DEVELOPMENT

The Company continues to invest significantly in research and development and the Directors believe that investment in this area is a prerequisite for success in the medium to long term. During the period the Company invested £179,000 in research and development (2012: £194,000).

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, are shown on page 1.

DIRECTORS' AND OFFICERS' INSURANCE

The Directors have the benefit of an indemnity which is a qualifying third party provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors who held office at the date of approval of this report confirm the following:

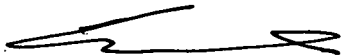
- a. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b. each of the Directors has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Gerard Willsher

Director

2nd October 2014

INDEPENDENT AUDITORS' REPORT

for the year ended 31 December 2013

OUR OPINION

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

WHAT WE HAVE AUDITED

The financial statements, which are prepared by Quadstone Paramics Limited, comprise:

- Balance sheet as at 31 December 2013;
- Profit and loss account 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).

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.

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

In addition, we read all the financial and non-financial information in the Annual report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITORS' REPORT
for the year ended 31 December 2013

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.

ENTITLEMENT TO EXEMPTIONS

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Director's and the strategic reports. We have no exceptions to report arising from this responsibility.

RESPONSIBILITY 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 pages 2 & 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.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
2nd October 2014

Quadstone Paramics Limited
PROFIT & LOSS ACCOUNT
for the year ended 31 December 2013

		Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
	Note		
TURNOVER	2	613	607
Cost of sales		<u>(36)</u>	<u>(33)</u>
GROSS PROFIT		577	574
Distribution costs		(198)	(259)
Administrative expenses		<u>(322)</u>	<u>(322)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	57	(7)
Tax on profit/(loss) on ordinary activities	5	<u>(11)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10/11	<u>46</u>	<u>(7)</u>

All amounts derive from continuing operations.

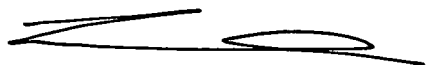
The Company has no recognised gains and losses other than the profit/(loss) stated above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents

Quadstone Paramics Limited
BALANCE SHEET
as at 31 December 2013

		31 December 2013	31 December 2012
	Note	£'000	£'000
CURRENT ASSETS			
Debtors	7	2,587	2,530
Creditors: amounts falling due within one year	8	(11)	-
NET ASSETS		<u>2,576</u>	<u>2,530</u>
CAPITAL AND RESERVES			
Called up share capital	9	2,821	2,821
Share premium account	10	30,583	30,583
Profit and loss account (deficit)	10	<u>(30,828)</u>	<u>(30,874)</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u>2,576</u>	<u>2,530</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors and were signed on its behalf by:



Gerard Willsher
Quadstone Paramics Limited
Company Registered Number SC 154460
2nd October 2014

Quadstone Paramics Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2013
1. ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Cash flow statement

During the year, the company was a wholly owned subsidiary company of a Group headed by Pitney Bowes Inc, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provision of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Pitney Bowes Inc, whose financial statements are publicly available.

Turnover

Turnover represents revenue recognised in the year net of value added tax.

Licence fees are recognised when there is a binding arrangement with a customer and there is entitlement to consideration based on performance. Royalties and maintenance are recognised in accordance with contract terms on an accruals basis.

Contracts for the supply of services at fixed rates are accounted for as and when the work is performed, irrespective of the contract duration. Revenue on fixed price contracts is taken while the contract is in progress, having regard to the proportion of the contract which has been completed at the balance sheet date. Provision is made for foreseeable losses.

Research and development

Research and development expenditure is written off as it is incurred.

Quadstone Paramics Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2013
1. ACCOUNTING POLICIES (Continued)

Foreign currency transactions

Transactions in foreign currencies are translated into Sterling at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Sterling at the year end rate of exchange. All exchange differences are taken to the profit and loss account.

Pensions

The Company operates a personal pension scheme on a defined contribution basis. Contributions payable for the year are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

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

Deferred tax is measured at the average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Investments

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

2. TURNOVER

Turnover includes revenue recognised from licence, maintenance, support, integration and development.

Throughout the year, turnover was derived from a single class of business, being the provision and maintenance of information technology products and solutions.

Turnover by geographical destination was as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Europe	105	124
USA	242	234
Rest of World	266	249
	<u>613</u>	<u>607</u>

Quadstone Paramics Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating profit/(loss) is stated after charging:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Auditors' remuneration– Services provided by the company's auditors:		
Fees payable for the audits	5	5
Research and development	<u>179</u>	<u>194</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Staff costs	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	300	305
Social security costs	31	35
Other pension costs	<u>10</u>	<u>9</u>
	<u>341</u>	<u>349</u>

The directors during the year were primarily employed by other Pitney Bowes entities and their remuneration has been borne by these other Pitney Bowes entities. (2012: £nil)

As at 31 December 2013 the amount outstanding in respect of pension contributions was £1,103 (2012: £1,615)

The average monthly number of employees during the year was as follows:

	Year ended 31 December 2013 Number	Year ended 31 December 2012 Number
Operational and product development	5	5
Sales & marketing	<u>1</u>	<u>1</u>
	<u>6</u>	<u>6</u>
The total number of employees at the year end was:	<u>6</u>	<u>6</u>

The average number of employees at the year end excludes directors.

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge on the profit/(loss) on ordinary activities for the year was as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Current tax	<u>11</u>	<u>-</u>
Total tax charge on profit/(loss) on ordinary activities	<u>11</u>	<u>-</u>

The difference between the total current tax credit shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit/(loss) before tax is as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Profit/(loss) on ordinary activities before tax	<u>57</u>	<u>(7)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	13	(1)
Effects of:		
Deferred tax asset not recognised	(8)	1
Rate difference	(1)	-
UK tax permanent differences	<u>7</u>	<u>-</u>
Current tax for the year	<u>11</u>	<u>-</u>

The tax charge in future periods will be principally affected by the company's ability to generate taxable profits. As at 31 December 2013 there were estimated tax losses in the UK of £1,177,941 (2012: £1,224,717). No deferred tax assets have been recognised in the current or preceding financial years.

A number of changes to the UK corporation tax system were announced in the March 2012 and the March 2013 Budget Statements. The main rate of corporation tax was reduced from 24% to 23% from 1 April 2013 and was substantively enacted on 3 July 2012. Further reductions to 21% from 1 April 2014 and 20% from 1 April 2015 were also substantively enacted on 2 July 2013 and are therefore taken into account in these financial statements.

6. INVESTMENTS

Quadstone Paramics Limited owns 100% of the share capital of Quadstone Trustee Company Limited, a company incorporated in Scotland. Quadstone Trustee Company Limited is the trustee company for the Employee Share Ownership Trust. The directors consider the value of the investment of £1 to be supported by the underlying assets.

7. DEBTORS

	31 December 2013 £'000	31 December 2012 £'000
Amounts owed by group undertakings	<u>2,587</u>	<u>2,530</u>
	<u>2,587</u>	<u>2,530</u>

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

8. CREDITORS

	31 December 2013 £'000	31 December 2012 £'000
Corporation tax payable	<u>11</u>	<u>-</u>
	<u>11</u>	<u>-</u>

9. CALLED-UP SHARE CAPITAL

Allotted, issued and fully paid

			31 December 2013 £'000	31 December 2012 £'000
Number	Class	Nominal value		
28,210,003 (2012: 28,210,003)	Ordinary	10p	<u>2,821</u>	<u>2,821</u>
Called up share capital			<u>2,821</u>	<u>2,821</u>

10. RESERVES

	Share Premium Account £'000	Profit and Loss Account £'000
At 1 January 2013	30,583	(30,874)
Profit for the financial year	<u>-</u>	<u>46</u>
As at 31 December 2013	<u>30,583</u>	<u>(30,828)</u>

Quadstone Paramics Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2013

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2013 £'000	31 December 2012 £'000
Opening shareholders' funds	2,530	2,537
Profit/(loss) for the year	<u>46</u>	<u>(7)</u>
Closing shareholders' funds	<u>2,576</u>	<u>2,530</u>

12. ULTIMATE PARENT COMPANY

The Immediate parent undertaking is Portrait Software Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Pitney Bowes Inc., a company incorporated in the USA. Pitney Bowes Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Pitney Bowes Inc are publicly available and can be obtained from 1 Elmcroft Road, Stamford, CT 06926-0700 US.