

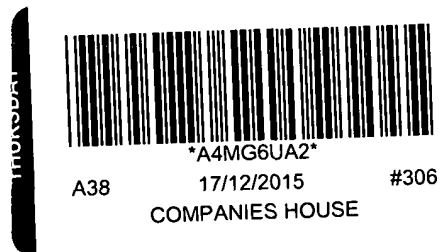
Company Number SC 154460

Quadstone Paramics Limited

Directors' Report and Financial Statements

for the year ended

31 December 2014



Quadstone Paramics Limited

**Directors' Report and Financial Statements
for the year ended 31 December 2014**

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Quadstone Paramics Limited

DIRECTORS AND REGISTERED OFFICE

DIRECTORS

G Willsher

M Monahan

COMPANY SECRETARY AND REGISTERED OFFICE

Queensferry Secretaries Limited

Caledonian Exchange

19A Canning Street

Edinburgh

EH3 8HE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their Report and the audited financial statements of Quadstone Paramics Limited for the year ended 31 December 2014.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has taken advantage of Section 414B of the Companies Act 2006 not to include a strategic review in these financial statements.

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 relating to road traffic and transportation simulation software. On 1 May 2015 the trade and assets of the Company were transferred to another group company and it is the intention of management to liquidate the company during the financial year ended 31 December 2015. Accordingly the going concern basis of accounting is no longer appropriate as at 31 December 2014. No adjustments were necessary as a result of the decision to liquidate the Company.

RESULTS AND DIVIDENDS

The results for the year are set out on Page 5, and the movements in reserves are shown in Note 10 to the financial statements. The Directors do not recommend the payment of a dividend (2013: £nil).

RESEARCH AND DEVELOPMENT

The Company continued to invest significantly in research and development. During the period the Company invested £157,000 in research and development (2013: £179,000).

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 trade and assets of the Company have been transferred to another group company on 1 May 2015 and it is the intention of management to liquidate the Company during the financial year ended 31 December 2015. Accordingly the going concern basis of accounting is no longer appropriate as at 31 December 2014. The Directors have reviewed the financial statements and no adjustments were necessary as a result of the decision to liquidate the entity. The principal accounting policies, which have been applied consistently throughout the year are set out in note 1 to the 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.

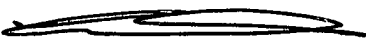
DISCLOSURE OF INFORMATION TO AUDITORS

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.

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



Gerard Willsher

Director

10 December 2015

Independent auditors' report to the members of Quadstone Paramics Limited

For the year ended 31 December 2014

Report on the financial statements

Our opinion

In our opinion, Quadstone Paramics Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. The company ceased trading during the year and the trade and assets were transferred to another group company on 1 May 2015. The Directors intend to liquidate the company before 31 December 2015. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2014;
- the 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 the preparation of the financial statements 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.

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.

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.

Independent auditors' report to the members of Quadstone Paramics Limited

For the year ended 31 December 2014 (continued)

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 from preparing a strategic report. 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 2, 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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 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.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
15 December 2015

Quadstone Paramics Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

		Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
	Note		
TURNOVER	2	439	613
Cost of sales		<u>(5)</u>	<u>(36)</u>
GROSS PROFIT		434	577
Distribution costs		(26)	(198)
Administrative expenses		<u>(227)</u>	<u>(322)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	181	57
Tax on profit on ordinary activities	5	<u>11</u>	<u>(11)</u>
PROFIT FOR THE FINANCIAL YEAR	10/11	<u>192</u>	<u>46</u>

All operations are discontinued.

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

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

Quadstone Paramics Limited

BALANCE SHEET

As at 31 December 2014

		31 December 2014	31 December 2013
	Note	£'000	£'000
FIXED ASSETS			
Investments	6	-	-
CURRENT ASSETS			
Debtors	7	2,768	2,587
Creditors: amounts falling due within one year	8	-	(11)
NET ASSETS		<u>2,768</u>	<u>2,576</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>(30,636)</u>	<u>(30,828)</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u>2,768</u>	<u>2,576</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

10 December 2015

Quadstone Paramics Limited

Company Registered Number SC 154460

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on a basis other than 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. On 1 May 2015 the trade and assets of the Company were transferred to another group company and it is the intention of management to liquidate the company during the financial year ended 31 December 2015. Accordingly the going concern basis of accounting is no longer appropriate as at 31 December 2014. No adjustments were necessary as a result of the decision to liquidate the Company.

The principal accounting policies, which have been applied consistently throughout the year, are set out below. The comparative financial information continues to be prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 31 December 2014 on a basis other than going concern.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

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 2014 £'000	Year ended 31 December 2013 £'000
Europe	74	105
USA	163	242
Rest of World	202	266
	<u>439</u>	<u>613</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Auditors' remuneration- Services provided by the company's auditors:		
Fees payable for the audits	-	5
Research and development	<u>157</u>	<u>179</u>

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Staff costs		
Wages and salaries	138	300
Social security costs	13	31
Other pension costs	<u>7</u>	<u>10</u>
	<u>158</u>	<u>341</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. (2013: £nil)

As at 31 December 2014 the amount outstanding in respect of pension contributions was £nil. (2013: £1,103)

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

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Operational and product development	3	5
Sales & marketing	<u>-</u>	<u>1</u>
	<u>3</u>	<u>6</u>
The total number of employees at the year end was:	<u>3</u>	<u>6</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Current tax	(11)	11
Total tax (credit)/charge on ordinary activities	(11)	11

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 before tax is as follows:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Profit on ordinary activities before tax	181	57
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	39	13
Effects of:		
Deferred tax asset not recognised	(7)	(8)
Rate difference	(1)	(1)
Group relief not paid at standard rate of tax	(39)	-
Other differences	8	7
Prior year adjustments	(11)	-
Current tax for the year	(11)	11

The tax charge in future periods will be principally affected by the company's ability to generate taxable profits. As at 31 December 2014 there were estimated tax losses in the UK of £1,141,949 (2013: £1,177,941). 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 2013 Budget Statement. The main rate of corporation tax was reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes were substantively enacted, for financial reporting purposes, on 2 July 2013 and are therefore taken into account in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

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 2014 £'000	31 December 2013 £'000
Amounts owed by group undertakings	2,768	2,587
	<u>2,768</u>	<u>2,587</u>

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

8. CREDITORS

	31 December 2014 £'000	31 December 2013 £'000
Corporation tax payable	-	11
	<u>-</u>	<u>11</u>

9. CALLED-UP SHARE CAPITAL

Allotted, issued and fully paid

		Nominal value	31 December 2014 £'000	31 December 2013 £'000
Number	Class			
28,210,003 (2013: 28,210,003)	Ordinary	10p	2,821	2,821
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 2014	30,583	(30,828)
Profit for the financial year	-	192
As at 31 December 2014	<u>30,583</u>	<u>(30,636)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2014

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2014 £'000	31 December 2013 £'000
Opening shareholders' funds	2,576	2,530
Profit for the year	<u>192</u>	<u>46</u>
Closing shareholders' funds	<u>2,768</u>	<u>2,576</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 2014. The consolidated financial statements of Pitney Bowes Inc. are publicly available and can be obtained from 1 Elmcroft Road, Stamford, CT 06926-0700 US.