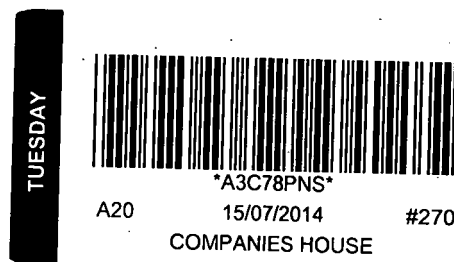


Financial Statements

The UK Intelligent Systems Research Institute Limited

For the year ended 31 March 2014



Registered number: 06265227

Company Information

Directors	G P Goddard J T Hill P Tranter D Hallam (appointed 4 July 2013)
Company secretary	Mrs L Gibson
Registered number	06265227
Registered office	Pera Business Park Nottingham Road Melton Mowbray Leicestershire LE13 0PB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

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Directors' report

For the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

Principal activities

The principal activities of the company during the year were that of scientific research and development and contract product development.

Directors

The directors who served during the year were:

G P Goddard
J T Hill
P Tranter
D Hallam (appointed 4 July 2013)

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report

For the year ended 31 March 2014

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D Hallam', written in a cursive style.

D Hallam
Director

Date: 7 July 2014



Independent auditor's report to the members of The UK Intelligent Systems Research Institute Limited

We have audited the financial statements of The UK Intelligent Systems Research Institute Limited for the year ended 31 March 2014, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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, 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 (APB'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/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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.

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 auditor's report to the members of The UK Intelligent Systems Research Institute Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

A handwritten signature in black ink, appearing to read "Christopher Frostwick", with a stylized flourish at the end.

CHRISTOPHER FROSTWICK (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
East Midlands

7 July 2014

Profit and loss account

For the year ended 31 March 2014

		Year ended 31 March 2014 £	10 months ended 31 March 2013 £
	Note		
Turnover	2	3,722,286	2,664,063
Cost of sales		(2,270,196)	(1,603,905)
Gross profit		1,452,090	1,060,158
Administrative expenses	3	(1,156,022)	(859,820)
Operating profit	4	296,068	200,338
Interest receivable and similar income		-	8
Profit on ordinary activities before taxation		296,068	200,346
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	10	296,068	200,346

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

Balance sheet

As at 31 March 2014

	Note	£	2014 £	£	2013 £
Current assets					
Debtors	7	2,788,620		4,255,561	
Cash at bank		2,147,643		29,513	
		<u>4,936,263</u>		<u>4,285,074</u>	
Creditors: amounts falling due within one year	8	<u>(3,063,714)</u>		<u>(2,708,593)</u>	
Net current assets			<u>1,872,549</u>		<u>1,576,481</u>
Net assets			<u>1,872,549</u>		<u>1,576,481</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		<u>1,872,548</u>		<u>1,576,480</u>
Shareholders' funds	11		<u>1,872,549</u>		<u>1,576,481</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 July 2014.



D Hallam
Director

The notes on pages 7 to 10 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Turnover

This represents the net value of work performed during the year less provisions for estimated losses and write-offs on incomplete contracts.

1.4 Amounts recoverable on contracts (work in progress)

Amounts recoverable on contracts comprise the cost to the company of work performed on contract work together with an appropriate proportion of overheads and attributable surplus less expected losses.

Longer term contracts performed by the company are considered to be of an ongoing nature with economic benefits being passed to the client during the course of the project. Any profit element is therefore apportioned over the period of the contract, rather than taken at the completion stage. Full provision is made for any losses in the accounting period they are first recognised.

Amounts recoverable on contracts are included within debtors and comprise any excess of cumulative work done for a contract over cumulative payments received for that contract, and after any provision for losses. Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

2. Turnover

The income and surplus before tax are attributable to the principal activities of the company. An analysis of income is given below:

An analysis of turnover by class of business is as follows:

	Year ended 31 March 2014 £	10 months ended 31 March 2013 £
Contract work	<u>3,722,286</u>	<u>2,664,063</u>

Notes to the financial statements

For the year ended 31 March 2014

3. Other operating charges

	Year ended 31 March 2014	10 months ended 31 March 2013
	£	£
Administrative charges	<u>1,156,022</u>	<u>859,820</u>

4. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2014	10 months ended 31 March 2013
	£	£
Auditor's remuneration	<u>4,000</u>	<u>4,000</u>

During the year, no director received any emoluments (2013 - £NIL).

5. Staff Costs

The aggregate payroll costs of the above were:

	Year ended 31 March 2014	10 months ended 31 March 2013
	£	£
Wages and salaries	1,684,710	1,227,636
Social security costs	230,604	172,599
	<u>1,915,314</u>	<u>1,400,235</u>

Employee costs are recharged from other Group companies.

Notes to the financial statements

For the year ended 31 March 2014

6. Taxation

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	Year ended 31 March 2014 £	10 months ended 31 March 2013 £
Profit on ordinary activities before tax	296,068	200,346
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	68,096	48,083
Effects of:		
Allowances on research and development expenditure	(86,270)	(61,097)
Unrelieved tax losses carried forward	-	13,014
Group relief	18,174	-
Current tax charge for the year/period (see note above)	-	-

7. Debtors

	2014 £	2013 £
Trade debtors	559,755	-
Amounts owed by group undertakings	1,852,317	3,338,437
Amounts recoverable on contracts	376,548	917,124
	2,788,620	4,255,561

8. Creditors:

Amounts falling due within one year

	2014 £	2013 £
Amounts received in advance on contracts	938,657	2,084,255
Amounts owed to group undertakings	625,678	-
Social security and other taxes	326,373	140,947
Other creditors	1,173,006	483,391
	3,063,714	2,708,593

Other creditors relate to amounts owed to EC partners.

Notes to the financial statements

For the year ended 31 March 2014

9. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

10. Reserves

	£
At 1 April 2013	1,576,480
Profit for the financial year	<u>296,068</u>
At 31 March 2014	<u>1,872,548</u>

11. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	1,576,481	1,376,135
Profit for the financial year/period	<u>296,068</u>	<u>200,346</u>
Closing shareholders' funds	<u>1,872,549</u>	<u>1,576,481</u>

12. Related party transactions

The company has taken advantage of the exemption of FRS 8 from disclosing transactions with group entities on the grounds that it is a wholly owned subsidiary.

13. Ultimate parent company

The company's parent and ultimate parent company is Pera Technology Limited, a company registered in England and Wales.