Registrar

CHARGEMASTER PLC

Annual Report and Financial Statements

For the Year Ended 31 December 2013

Company number 06720009

CHARGEMASTER PLC

CONTENTS

CHARGEMASTER PLC

COMPANY INFORMATION

DIRECTORS	D K Martell M J Brooks (resigned 28 March 2014) Lord M W Beaverbrook (resigned 28 June 2013) C G Ross (resigned 28 June 2013) J Solomon I R Williams N R A Sharpe (resigned 3 May 2013) A Sproston (appointed 9 May 2013 and resigned 4 July 2013) C J Higgins (appointed 28 March 2014)
SECRETARY	C J Higgins (appointed 28 March 2014)
REGISTERED OFFICE	Mulberry House 750 Capability Green Luton Bedfordshire LU1 3LU
REGISTERED NUMBER	06720009 (England and Wales)
SOLICITORS	K&L Gates LLP One New Change London EC4M 9AF
AUDITOR	Haines Watts Sterling House 5 Buckingham Place Bellfield Road West High Wycombe HP13 5HQ

We are delighted to report that we had an excellent 2013 with strong growth in trading, new business partnerships and the establishment of our own production facility bringing with it new standards of quality and capability

Sales grew to £5 45 million for the year (2012 £3 59 million) This growth came from a range of new customers and new sectors of the market In addition, we improved our gross margin to 42% (2012 34%) and this excellent trend was largely brought about through reduction in production costs and improved buying of components coming from economies of scale

We achieved a new milestone of over 10,000 units sold in the year and these sales were made to a growing list of new customers as well as through existing partnerships including fitting out Nissan dealerships in France and BMW dealerships in the UK Our products are offered through the majority of electric car dealerships and sales have been boosted with the launch of the Renault Zoe and the new British built version of the Nissan Leaf We are encouraged by the fact that over the next two years there will be new plug in cars launched from many manufacturers including Tesla, Mercedes Benz, VW, Audi, Jaguar Land Rover, Mitsubishi, Kia and Ford

In September we won the contract to operate and expand the Milton Keynes network of 170 charging points and also were successful in the tender for the crosslink network of rapid charging points stretching from Cambridge in the east to Cheltenham in the west This network was successfully completed and available to the motoring public one month earlier than scheduled in February 2014 and is the first network of the new combined charging standard for electric cars which allows many EVs to be charged in less than 30 minutes This standard has been adopted by major car manufacturers such as BMW, Mercedes, VW/Audi, General Motors and Ford

In the first half of 2013 we established our own production facility in a 7,000 square foot factory unit adjacent to London Luton Airport This plant enables us to have much more control over product areas such as quality, cost control and flexibility of production to provide a better service to our customers The new facility is currently producing around 1,200 units per month and has the capability of more than doubling that volume in the future We have recently been awarded ISO9001 recognising the high level of quality processes established

During the year we received investment from BMW i Ventures BV and signed a broad co-operation agreement with BMW AG which provides benefits to both parties We also continued our investment in new designs and development and now have a broad portfolio of products that are leading the marketplace with excellent levels of quality, whilst being capable of being manufactured at a low cost and with a high degree of reliability We continued to invest in future technologies such as wireless charging, which we see will be an important part of the market in a three to five year timescale

The government announced in the first quarter of 2013 that there would be £32 million support in the form of subsidies for domestic and local authority procured charging equipment and we have been successful in working with partners to deploy charge points under this scheme In the fourth quarter of 2013 the UK government also announced that they are proposing to allocate £500 million to support the growth of Ultra Low Emission Vehicles (ULEVs) in the period 2015 to 2020 A call for evidence on how this money should be spent was issued in December 2013 and Chargemaster were one of the parties that submitted evidence to the government on this programme

As shareholders have been advised, the board took steps towards the possible acquisition of one of our competitors, Elektromotive Ltd in 2013 After examining this in more detail during the year it was decided that this acquisition would not be in the best interest of Chargemaster shareholders and the Company therefore withdrew from the transaction and proposed IPO associated with it In the first quarter of 2014 the Company did acquire, using its existing cash resources, Charging Solutions Ltd and this acquisition has further strengthened the commercial position of the Company

As mentioned the revenues of the Company grew rapidly during 2013 and the Company recorded a profit attributable to shareholders of £97,943 compared with a loss of £244,362 in 2012 This strong trading has continued in the first quarter of 2014 The Company has also been successful in winning new orders in 2014, including the roll out of charging infrastructure to around 100 BMW dealers and has been selected by Tesla to provide domestic charging equipment for the new Tesla Model S which is being launched in June 2014

The directors believe that the market will continue to grow with many new electric cars being launched by a range of car manufacturers in the future providing an environment where sophisticated charging equipment, as developed and produced by the Company, is required on a growing basis

The Company in March 2014 raised £2 7 million of new equity from Helium Rising Stars Investment Fund and from existing shareholders, and currently has cash resources of £3 6 million and no debt The Company is currently trading in a cash positive basis The directors continue to look at future expansion opportunities to supplement the existing high level of organic growth which is being achieved from its existing business activities

ON BEHALF OF THE BOARD·

D K Martell
Chief Executive

29 May 2014

The Directors present their report together with the audited financial statements of Chargemaster Plc for the year ended 31 December 2013

The registered office address of the Company is Mulberry House, 750 Capability Green, Luton, Bedfordshire LU1 3LU

PRINCIPAL ACTIVITIES

The principal activities of the Company are the design, manufacturing, sales, maintenance and operation of electric vehicle charging equipment A detailed review of the current activities of the business is contained within the Chairman's and Chief Executive's Statement and the Financial Review below

FUTURE DEVELOPMENTS

The future developments of the business are set out within the Chairman's and Chief Executive's Statement below

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during this or the preceding period

FINANCIAL INSTRUMENTS

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and foreign exchange risk The Company has a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of cash and controlling foreign currency transactions The Company has implemented policies that require appropriate credit checks before a sale is made The Company hedges its exposure to foreign currency fluctuations by using bank accounts denominated in foreign currencies

Further detail is provided in notes 4 and 20

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of risks in the conduct of normal operations Whilst it is not possible to either completely record or quantify every material risk that the Company faces, below is a summary of those risks that the Directors believe are the most significant to the Company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results

Market growth of electric cars

The Company is aware of a large number of manufacturers that have stated that they are proposing to bring electric vehicles to market If there is a delay or lack of market acceptance of these plans this will influence the future rate of growth of the Company

UK Government and EU subsidiaries for EVSE Equipment

The Company is aware that the UK government has stated that it will provide £32m to support the growth of EVSE infrastructure over the next two years In addition the European Commission stated in January 2013 that it is its intention to mandate significant investment in EVSE equipment amounting to up to €8b until 2020 In the event that either of these initiatives are cancelled or fail to materialise this could have a significant adverse material impact on the Company

Treasury function

The Company monitors cash flow as part of its day to day control procedures The board considers cash flow projections and liquidity risk at its meetings and ensures that appropriate steps are taken to ensure liquidity

Credit risk

The Company's credit risk is primarily attributable to its trade debtors Credit risk is managed by running credit checks on customers and by monitoring payments against contractual agreements

Competition

The Company monitors its competitive position carefully In the event that major international electronic companies enter the market at predatory pricing it could have a detrimental impact on the Company's growth

Research and Development risk

The directors recognise that there is inevitably a risk in Research and Development projects and in particular understanding the needs of the market in the future The track record of the Company in anticipating market needs and focusing its Research and Development expenditure in areas where it maximises its return has been good but there is no certainty that this will always be the case Management does however spend considerable time in understanding and quantifying risks in this area and minimising the Company's exposure

RESULTS AND DIVIDENDS

The Company's profit for the year after tax amounted to £97,943 (2012 Loss £244,362) The Directors do not recommend the payment of a dividend (2012 £nil)

SUPPLIER PAYMENT POLICY

The Company agrees terms and conditions for its business transactions with suppliers Payment is made in accordance with those terms, subject to the terms and conditions being met by the suppliers

The Company had 92 days purchases outstanding at 31 December 2013 based on an average daily amount invoiced by suppliers during the year ended 31 December 2013

INDEMNITY COVER

The Company does not purchase Directors' and Officers' insurance cover to protect the Directors from third party claims

POST BALANCE SHEET EVENTS

On 5 March 2014 the Company purchased 100% of the shares in Charging Solutions Ltd The Directors believe that the acquisition of Charging Solutions Ltd and its employees will bring expertise and experience of different areas of the Electric Vehicle Charging market to the Company

During March and April 2014 the Company raised c £2 7m of new equity from Helium Rising Star Fund Ltd and from existing shareholders

DIRECTORS

The Directors who have held office during the year to the date of this report are as follows

- D K Martell
- M Brooks (resigned 28 March 2014)
- M W Beaverbrook (resigned 28 June 2013)
- C G Ross (resigned 28 June 2013)
- J Solomon
- I R Williams
- N R A Sharpe (resigned 3 May 2013)
- A Sproston (appointed 9 May 2013 and resigned 4 July 2013)
- C J Higgins (appointed 28 March 2014)

DIRECTORS INTERESTS

The Directors who held office at 31 December 2013 had the following interests in the shares of the Company

Director	No. of shares	No of options	Total	Options expiration date
D K Martell	7,988,825	-	7,988,825	n/a
M Brooks	-	141,725	141,725	19 Mar 17
J Solomon	-	245,275	245,275	2 Jan 16
I R Williams	927,104	-	927,104	n/a

M Brooks resigned on 28 March 2014 At this date his options lapsed

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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

AUDITOR

Pursuant to Section 485 of the Companies Act 2006, Haines Watts were appointed as auditor of the Company Haines Watts has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD.

D K Martell
Chief Executive

29 May 2014

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the company's financial statements in accordance with International Financial Reporting Standards as adopted by the EU 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 their profit or loss for that period In preparing the company's financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- 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 its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial statements included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARGEMASTER PLC

We have audited the financial statements of Chargemaster Plc for the year ended 31 December 2013 which comprise the statement of comprehensive income, the statement of financial position, the statement of cashflows, the statement of changes in equity and related notes The financial reporting framework that has been applied in preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Boards 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 Councils website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

In our opinion the financial statements

- give and 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 IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirement of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Gary Heywood (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants
Statutory Auditor
Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
HP13 5HQ

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CHARGEMASTER PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Revenue	6,8	**5,454,728**	**3,599,557**
Cost of sales		(3,116,798)	(2,363,200)
Gross profit	6	**2,337,930**	**1,236,357**
Other income	7	57,250	219,643
Administrative expenses			
Exceptional legal costs	7	(248,091)	(59,521)
Share based payment charge	24	(13,896)	(49,162)
Other		(2,223,140)	(1,718,270)
Total administrative expenses		(2,485,127)	(1,826,953)
Loss from operations	7	**(89,947)**	**(370,953)**
Finance income	11	-	2,251
Finance costs	12	(4,300)	(3,410)
Loss before tax		**(94,247)**	**(372,112)**
Tax credit	13	192,190	127,750
Profit/(Loss) for the year and Total Comprehensive Income	22	**97,943**	**(244,362)**

The notes on pages 16 to 45 form an integral part of these financial statements

CHARGEMASTER PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 — *Company number 06720009*

	Notes	At 31 December 2013 £	At 31 December 2012 £
Assets			
Non-current assets			
Intangible assets	14	2,206,597	1,868,630
Property, plant and equipment	15	1,516,184	1,288,578
		3,722,781	**3,157,208**
Current assets			
Inventories	16	1,227,726	1,104,752
Trade and other receivables	17	1,694,929	1,657,195
R&D tax recoverable	13	-	127,750
Cash and cash equivalents	18	1,275,804	945,325
		4,198,459	**3,835,022**
Total assets		**7,921,240**	**6,992,230**
Liabilities			
Current liabilities			
Trade and other payables	19	1,583,814	1,437,171
Total liabilities		**1,583,814**	**1,437,171**
Net assets		**6,337,426**	**5,555,059**
Equity attributable to shareholders			
Share capital	21	678,134	653,819
Share premium account	23	6,041,290	5,395,077
Share-based payment reserve	23,24	109,401	130,083
Retained earnings	22	(491,399)	(623,920)
Total Equity		**6,337,426**	**5,555,059**

The financial statements were approved by the board of directors and authorised for issue on 29 May 2014 They were signed on its behalf by

D K Martell
Chief Executive

The notes on pages 16 to 45 form an integral part of these financial statements

CHARGEMASTER PLC
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2013

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2012	**623,494**	**4,392,839**	**137,818**	**(436,455)**	**4,717,696**
Total Comprehensive Income for the year	-	-	-	(244,362)	(244,362)
Share based payment charge	-	-	49,162	-	49,162
Share options forfeited			(56,897)	56,897	
Costs of financing		(39,050)			(39,050)
Issue of equity share capital	30,325	1,041,288	-	-	1,071,613
Balance at 31 December 2012	**653,819**	**5,395,077**	**130,083**	**(623,920)**	**5,555,059**
Total Comprehensive Income for the year	-	-	-	97,943	97,943
Share based payment charge	-	-	13,896	-	13,896
Share options forfeited	-	-	(34,578)	34,578	-
Cost of financing	-	(10,260)	-	-	(10,260)
Issue of equity share capital	24,315	656,473	-	-	680,788
Balance at 31 December 2013	**678,134**	**6,041,290**	**109,401**	**(491,399)**	**6,337,426**

The notes on pages 16 to 45 form an integral part of these financial statements

CHARGEMASTER PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

		Year ended 31 December 2013 £	Year ended 31 December 2012 £
Cash flow from operating activities			
Loss for the year before taxation		**(94,247)**	**(372,112)**
Adjustments for			
Amortisation of development costs	14	241,499	163,959
Depreciation of property, plant and equipment	15	222,856	153,314
(Profit)/ loss on disposal of investments		0	6,500
Share based payment expense	24	13,896	49,162
Finance income		-	(2,251)
Finance costs		4,300	3,410
Operating cash flow before movement in working capital		**388,304**	**1,982**
(Increase) in inventories		(122,975)	(456,261)
(Increase) / decrease in trade and other receivables		(37,734)	405,693
Increase in trade and other payables		146,643	174,722
Cash generated from operations		**374,238**	**126,136**
Tax received during year		319,940	-
Finance costs		(4,300)	(3,410)
Net cash generated from operations		**689,878**	**122,726**
Cash flow from investing activities			
Finance income received	11	-	2,251
Purchase of intangible fixed assets	14	(579,466)	(971,342)
Purchases of property, plant and equipment	15	(450,462)	(946,448)
Net cash used in investing activities		**(1,029,928)**	**(1,915,539)**
Cash flow from financing activities			
Proceeds on issue of shares	21,23	670,529	1,032,563
Net cash generated from financing activities		**670,529**	**1,032,563**
Net increase in cash and cash equivalents		**330,479**	**(760,250)**
Cash and cash equivalents at beginning of year	18	945,325	1,705,575
Cash and cash equivalents at end of year	**18**	**1,275,804**	**945,325**

The notes on pages 16 to 45 are an integral part of these financial statements

1. General information

Chargemaster Plc ("the Company") was incorporated in UK on 8 October 2008 The Company's principal activity is design, manufacture and sales of charging equipment for electric vehicles

2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgements in the process of applying accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5

There are no new IFRS or IFRIC Interpretations that are effective for the first time this year that have had a material impact on the Company

Adoption of new and revised standards

The following new standards, amendments to standards and interpretations have been issued, but are not effective (and in some cases had not yet been adopted by the EU) for the financial year beginning 1 January 2013 and have not been early adopted

Standard		Effective Date	Adoption Date
IFRS 9	Financial Instruments	01/01/2018	01/01/2018
IFRS 10	Consolidated Financial Statements	01/01/2014	01/01/2014
IFRS 11	Joint Arrangements	01/01/2014	01/01/2014
IFRS 12	Disclosures of Interests in Other Entities	01/01/2014	01/01/2014
IAS 27 (revised 2011)	Separate Financial Statements	01/01/2014	01/01/2014
IAS 28 (revised 2011)	Associates and Joint Ventures	01/01/2014	01/01/2014
IAS 32	Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	01/01/2014	01/01/2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36	01/01/2014	01/01/2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	01/01/2014	01/01/2014
IFRIC 21	Levies	01/01/2014	01/01/2014
IAS 19	Defined Benefit Plans Employee Contributions	01/07/2014	01/01/2015
IFRS 14	Regulatory Deferral Accounts	01/01/2016	01/01/2016
Improvements to IFRS 2010-2012		01/07/2014	01/01/2015
Improvements to IFRS 2011-2013		01/07/2014	01/01/2015
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations		01/01/2016	01/01/2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation		01/01/2016	01/01/2016

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods

3. Summary of significant accounting policies

The principal accounting policies adopted are set out below

3 1 Going concern

In assessing its going concern status, the directors have taken account of the Company's financial position, anticipated future trading performance, its bank its capital expenditure commitments and plans, together with other risks facing the Company

The directors consider that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of this document and that it is appropriate to adopt the going concern basis in preparing these financial statements

3 2 Foreign currencies

(a) *Functional and presentational currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') which is UK sterling (£) The financial statements are presented in UK sterling (£), which is the Company's presentational currency

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions 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 profit or loss

3 3 Revenue recognition

Revenue is measure at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Sales of goods

The Company recognises its revenue on the sale of charging equipment when all of the following conditions are satisfied

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The amount of revenue can be measured reliably,
- The equipment has been despatched from Chargemaster premises,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

3 Summary of significant accounting policies (continued)

3 3 Revenue recognition (continued)

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract The stage of completion of the contract is determined as follows

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the reporting date
- Service fees under contracts are recognised by reference to the proportion of the total cost of providing the service, or over the term of the contract as appropriate, and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred

Grant income

The Company recognises grant income at the time the grant becomes non-conditional and payable by the grant provider

Government grants received that compensate the Company for the cost of an asset or expenses incurred are recognised in the balance sheet initially as trade receivables when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it Such grants are recognised as other income in the year they are received

Under grant agreements amounts may become repayable in full or in part should certain circumstances specified within the grant agreements occur The Company has not recognised any such loss contingency having assessed as remote the likelihood of these events arising

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned

3 4 ***Internally generated intangible assets – research and development expenditure***

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criterion being as follows

- Technical feasibility of the completed intangible asset,
- The intention to complete the intangible asset and use it or sell it,
- The probability of future economic benefits,
- Adequate resources are available to complete the product,
- The reliable measurement of costs, and
- The ability to use or sell the intangible asset

Development costs not satisfying the above criteria and all research costs are expensed as incurred

Expenses for development include associated third party development costs, wages and salaries, material costs, and other directly attributable overheads

3. Summary of significant accounting policies (continued)

Amortisation is charged so as to write off the cost of the intangible asset over the estimated useful life, on the following basis

Development costs	10% straight line

Amortisation charges are included within administrative expenses

3 5 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis

Property – the Polar Network	10% Straight Line
Motor vehicles company	20% reducing balance
Plant & equipment	20% reducing balance
Office equipment	20% reducing balance
Motor vehicles (demonstration)	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

3 6 **Impairment of property, plant and equipment and internally generated intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit as set out in note 6) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease When conditions giving rise to an impairment subsequently reverse, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised in previous years A reversal of an impairment loss is recognised immediately in profit or loss

3. Summary of significant accounting policies (continued)

3 7 Inventories

Inventories are comprised of raw material components and completed finished goods waiting to be shipped Raw material components are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Finished goods, which are manufactured by external contractors using the Company's raw material inventories are valued at the lower of the cost of bringing the stocks to their present location and condition and net realisable value, after making due allowance for obsolete and slow moving items The cost of inventory is calculated using the weighted average cost formula

3 8 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired

3 8 1 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the assets are impaired Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in profit or loss On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the profit or loss (operating profit)

3 8 2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

3 8 3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

3. Summary of significant accounting policies (continued)

*3 8 4 **Trade and other payables***

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method, this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability

3 9 **Current and deferred tax**

The tax expense/credit represents the sum of the tax currently payable, deferred tax and research and development tax receivable

Current tax is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

3 10 **Operating leases**

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed

3. Summary of significant accounting policies (continued)

3 11 **Share Based Payments**

The Company issues equity settled share based payments to certain employees (including Directors)

Equity settled share based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based upon the Company's estimate of equity instruments that will eventually vest, along with a corresponding increase in equity At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve

The fair value of share options is determined using a Black Scholes model, taking into consideration management's best estimate of the expected life of the option and the estimated number of shares that will eventually vest

3 12 **Pension costs**

The Company operates a defined contribution pension scheme for all employees The assets of the scheme are held separately from those of the Company Payments into the scheme are charged as an expense as they fall due

3 13 **Warranties**

Provision for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation

4. Financial Risk Management (see also note 20)

4 1 Financial risk factors

The Company's activities expose it to a variety of financial risks market risk, credit risk and liquidity risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

Risk Management is carried out by management under policies approved by the Board of Directors Management identifies and evaluates financial risks in close co-operation with the Company's operating segments The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, non-derivative financial instruments and investment of excess liquidity

4 1 1 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as commodity prices, interest rates and foreign exchange rates

4 1 2 ***Credit risk***

Credit risk is the financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligation Credit risk arises from the Company's cash and cash equivalents and receivables balances

4 1 3 ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due This risk relates to the Company's prudent liquidity risk management implies maintaining sufficient cash Management monitors rolling forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow

4 2 Capital risk management

The Company's capital structure is comprised entirely of shareholders' equity

The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term The capital structure of the Company is managed and adjusted to reflect changes in economic conditions

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders equity There are no externally imposed capital requirements

Financing decisions are made by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans

5 Critical accounting estimates and judgements

Details of the Company's significant accounting judgements and critical accounting estimates are set out in these financial statements and include

Share-based payments (note 24)

Management is required to make assumptions and judgements in respect of the inputs used to calculate the fair values of share-based payment arrangements, particularly in relation to vesting and volatility Details of these can be found in note 24

Revenue and warranties

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods Following the detailed quantification of the Company's liability in respect of rectification and the agreed limitation on the customer's ability to require further work or require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that the recognition of the revenue in each year is appropriate

Each sales contract in relation to charging posts includes a *warranty provision*, which usually lasts a period of one to three years in which the Company is obligated to repair certain faults 'free of charge' over the warranty period A *provision* for such potential costs has been included in the financial statements (within accruals) where it relates to replacement parts but has not been included where it relates to labour costs on the grounds that the Company already recognises an on-going cost in relation to personnel in full time employment by the Company, solely for the purpose of conducting any maintenance and repairs which might be required

Recoverability of internally-generated intangible assets

During the year, management considered the recoverability of its internally-generated intangible asset in relation to development costs, which is included in its balance sheet at £2,206,597 (2012 £1,868,630) Various projects included within this asset continue to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project

Management has considered the impact of potential future increased competitor activity and is confident that the carrying value of the asset will be recovered in full The situation will be closely monitored and adjustments made in future periods if future market activity indicates that such adjustments are appropriate

Estimation of useful life

All development costs are internally generated and are amortised over their estimated useful lives, which is on average, considered to be ten years

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset The lives are based on anticipation of future events which may impact their life, such as changes in technology

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable

6 Segmental information

Products and services from which reportable segments derive their revenues

Information reported to the Company's Chief Executive for the purposes of resource allocation and assessment of the Company's segmental performance is primarily focussed on the origination of the revenue stream The Company's principal reportable segments under IFRS 8 are therefore as follows

- Sale of Home Charging Units to Government funded programmes (HC – Govt)
- Sale of Home Charging Units to Commercial Third Parties (HC – Comm)
- Sale of Charging Posts to Government funded programmes (Post – Govt)
- Sale of Charging Posts to Commercial Third Parties (Post – Comm)
- Upgrades, consultancy and sundry income (Upgrades)
- Management fees, on-going maintenance and subscriptions (Mgt fees)

6. Segmental information (continued)

Segment revenues and results
The following is an analysis of the revenue and results by reportable segment in 2013

	HC-Govt £	HC - Comm	Post – Govt £	Post – Comm £	Upgrades £	Mgt fees £	Total £
2013							
Revenue							
External sales	1,777,530	1,623,091	151,010	1,087,193	618,359	197,545	5,454,728
	1,777,530	1,623,091	151,010	1,087,193	618,359	197,545	5,454,728
Result							
Segment result	774,133	670,011	135,778	487,073	196,498	74,437	2,337,930
Other income – Government grants							57,250
Depreciation expense							(222,856)
Amortisation expense							(241,499)
Other							(2,006,876)
Administration costs							
Share based payment charge							(13,896)
Finance income							-
Finance costs							(4,300)
Loss before taxation							(94,247)
Taxation							192,190
							97,943
Gain for the year after taxation							

6. Segmental information (continued)

The following is an analysis of the revenue and results by reportable segment in 2012

2012	HC-Govt £	HC - Comm £	Post – Govt £	Post – Comm £	Upgrades £	Mgt fees £	Total £
Revenue							
External sales	-	529,783	778,796	1,578,557	535,469	176,952	3,599,557
		529,783	778,796	1,578,557	535,469	176,952	3,599,557
Result							
Segment result	-	8,417	340,562	743,280	99,309	(44,789)	1,236,357
Other Income Govt Grants							219,643
Depreciation expense							(153,314)
Amortisation expense							(163,959)
Other							(1,460,518)
Administration costs							
Share based payment charge							(49,162)
Finance income							2,251
Finance costs							(3,410)
Loss before taxation							(372,112)
Taxation							127,750
Loss for the year after taxation							(244,362)

6 Segmental information (continued)

Segment net assets

Assets are not separately analysed or reported to the Company's Chief Executive and are not used to assist in decisions surrounding resource allocation and assessment of segment performance As such, an analysis of segment net assets has not been included in these financial statements The Company operates all of its segments wholly from its offices in the UK

Geographical information

The Company's revenue from external customer by geographical location is detailed below

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
UK	4,759,967	2,852,300
France	370,022	248,034
Holland	222,012	280,867
Germany	61,889	156,262
Other	21,483	10,299
Switzerland	19,355	51,795
	5,454,728	**3,599,557**

Revenue from major products and services

The Company's revenues from its major products and services represent the primary segmental analysis

Information about major customers

During the year ended 31 December 2013 the Company had two customers in which revenue generated was greater than 10% of total revenue These customers respectively generated £1,615,713 or 29% of revenue in respect of HC-Govt and £1,168,327 or 21% of revenue primarily in respect of HC-Comm

During the year ended 31 December 2012 the Company had two customers in which revenues generated were greater than 10% of total revenue These customers respectively generated £383,344 or 11% of revenue in respect of Post-Govt and £347,840 or 10% of revenue primarily in respect of Post-Comm

7. Operating loss for the year

Operating loss for the year has been arrived at after charging/ (crediting)

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Staff costs (note 10)	1,012,847	1,000,124
Other income - Government grants (net)	(57,250)	(219,643)
Depreciation on owned fixed assets (note 15)	222,856	153,314
Amortisation (note 14)	241,499	163,959
Exceptional legal costs	248,091	59,521
Costs of inventories recognised as an expense	-	456,261
Loss on disposal of property, plant and equipment	-	6,500
Professional fees (excluding auditor's remuneration)	107,963	85,558
Auditor's remuneration (see note 9)	9,000	13,844
Foreign exchange losses/(gains)	1,817	(5,809)
Operating lease costs	134,481	157,614

Exceptional legal costs relate to costs incurred in aborted corporate finance activities

8 Revenue

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Sale of goods	4,929,191	3,426,529
Provision of services	525,537	173,028
	5,454,728	**3,599,557**

9 Auditors remuneration

During the year the Company obtained the following services from the Company's auditors as detailed below

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Auditors remuneration		
Fees payable to Company's auditors for audit of the annual accounts	7,500	13,500
Fees payable to Company's auditors for other services		
- Tax compliance services	1,500	-
- Accounting services	-	344
	9,000	**13,844**

10. Staff costs

	Year ended 31 December 2013 No	Year ended 31 December 2012 No.
The average number of employees (including executive directors) employed was		
Management	3	4
Sales and Administration	9	10
Technical/ engineering	29	13
	41	**27**

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
The aggregate remuneration comprised (including Directors)		
Wages and salaries	863,673	867,816
Pension and staff welfare contributions	18,548	20,069
Social security costs	130,626	112,239
Sub-total	*1,012,847*	*1,000,124*
Share-based payment charge	13,896	49,162
	1,026,743	**1,049,286**

10 Staff costs (continued)

Included within staff costs are amounts capitalised as development costs in accordance with IAS 38 For the year ended 31 December 2013, these amounted to £120,000 (31 December 2012 £187,200)

The remuneration of the executive directors, who are the key management personnel of the Company, is set out below

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Wages and salaries	356,256	382,667
Pension contributions	-	3,212
Social security costs	31,942	39,462
Sub-total	*388,198*	*425,341*
Share-based payment charge	7,013	26,094
	395,211	**451,435**

The highest paid director during the year earned a salary of £120,000 with pension contributions amounting to £nil (2012 £87,500, with pension contributions amounting to £nil)

The Company has no defined benefit pension schemes

11 Finance income

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Interest on bank deposits	**-**	**2,251**

12. Finance costs

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Interest paid and similar charges	**4,300**	**3,410**

13. Tax credit

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Current tax		
UK corporation tax on loss for the year	-	-
Research and Development credit	192,190	127,750
Tax reclaimed	**192,190**	**127,750**

13. Tax credit (continued)

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Factors affecting the tax charge for the year		
The tax assessed for the year is lower than the UK corporate tax rate of 23% (2012 24%), as explained below		
Loss before tax expense	**(94,247)**	**(372,112)**
Tax at the UK corporate tax rate of 23% (2012 24%)	**(21,677)**	**(89,307)**
Expenses not deductible for tax purposes	62,633	66,312
Accelerated capital allowances	(26,371)	(29,084)
Enhanced R&D relief	-	(248,060)
Current year losses surrendered as R&D tax credit	-	300,139
Movement on unutilised tax losses	(14,585)	-
Adjustment in respect of prior period	192,190	127,750
Tax Credit for the year	**192,190**	**127,750**

A deferred tax asset of £180,664 (December 2012 £193,347) relating to unutilised tax losses of £903,321 (December 2012 £966,734) has not been recognised in the financial statements due to the unpredictability of future profits

14. Intangible assets

	Development costs £
Cost	
At 1 January 2012	**1,153,915**
Additions	971,342
At 31 December 2012	**2,125,257**
Additions	579,466
At 31 December 2013	**2,704,723**
Accumulated amortisation:	
At 1 January 2012	**92,668**
Charge for the year	163,959
At 31 December 2012	**256,627**
Charge for the year	241,499
At 31 December 2013	**498,126**
Carrying amount:	
At 31 December 2012	1,868,630
At 31 December 2013	**2,206,597**

All development costs are internally generated and are amortised over their estimated useful lives, which is on average, considered to be ten years

15 Property, plant and equipment

	Motor vehicles – Company	Plant & equipment	POLAR Estate	Office equipment	Motor vehicles (demo)	Total
Cost	£	£	£	£	£	£
At 1 January 2012	98,574	54,208	289,590	89,406	48,322	580,100
Additions	-	45,646	801,925	4,842	94,035	946,448
Disposals	(8,000)	-	-	-	-	(8,000)
At 31 December 2012	90,574	99,854	1,091,515	94,248	142,357	1,518,548
Additions	205,555	10,538	207,553	25,114	1,702	450,462
Disposals	-	-	-	-	-	-
At 31 December 2013	296,129	110,392	1,299,068	119,362	144,059	1,969,010
Accumulated depreciation						
At 1 January 2012	14,804	11,492	36,199	7,981	7,680	78,156
Charge for the year	15,453	17,672	91,400	17,254	11,535	153,314
Disposals	(1,500)	-	-	-	-	(1,500)
At 31 December 2012	28,757	29,164	127,599	25,235	19,215	229,970
Charge for the year	32,919	16,245	129,902	18,821	24,969	222,856
Disposals	-	-	-	-	-	-
At 31 December 2013	61,676	45,409	257,501	44,056	44,184	452,826
Carrying amount						
At 31 December 2012	61,817	70,690	963,916	69,013	123,142	1,288,578
At 31 December 2013	234,453	64,983	1,041,567	75,306	99,875	1,516,184

All property plant and equipment are depreciated over their estimated useful lives which are considered to range from five to ten years depending on the categorisation of the asset

In 2012 £64,000 of Polar Network additions was recognised at fair value having been given back to the Company by Scottish and Southern Electricity Plc, who originally purchased the posts

16. Inventories

	At 31 December 2013 £	At 31December 2012 £
Raw materials and components	867,525	663,901
Finished goods	360,201	440,851
	1,227,726	**1,104,752**

17. Trade and other receivables

	At 31 December 2013 £	At 31 December 2012 £
Trade receivables	1,322,075	1,357,144
Other debtors	3,705	6,118
VAT receivable	-	114,022
Prepayments	369,149	179,911
	1,694,929	**1,657,195**

Details of when trade and other receivables fall due are shown in the following table

	At 31 December 2013 £	At 31 December 2012 £
Less than one month	562,965	1,108,074
Between one and two months	389,457	87,151
Between two and three months	59,980	156,163
More than three months	313,378	11,874
	1,325,780	**1,363,262**

Standard credit terms are typically in the region of 30 to 45 days (depending on the contract) Debtor days at 31 December 2013 stood at 88 days (31 December 2012 146 days)

In determining the recoverability of trade receivables the Company considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date As set out in Note 20, credit risk is mitigated by the fact that

1 management monitor the debtor ledger closely on a frequent basis,

2 the Company invoices the majority of its services in advance, and

3 a significant proportion of the Company's clients are either large, publicly listed companies or owned by such entities

17. Trade and other receivables (continued)

At 31 December 2013 the Company had a significant amount of debt due of £291,337 from a large, publicly listed company (£43,753 of which has not been received in full since that date) There were no other significant concentrations of credit risk at the reporting date

At 31 December 2013, the amount of overdue debts for which no allowance had been made totalled £373,358 (2012 £168,037) This amount has been received in full in the period since that date bar £121,975 (2012 £6,846)

The Directors believe that the carrying value of trade and other receivables is considered to represent its fair value The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above The Company does not hold any collateral as security

18. Cash and cash equivalents

	At 31 December 2013 £	At 31 December 2012 £
Cash in hand	-	46
Cash in bank accounts	1,275,804	945,279
	1,275,804	**945,325**

All of the Company's cash and cash equivalents at 31 December 2013 are at floating interest rates and are held with Barclays Bank Plc, an institution with a Aa3 credit rating (long term, as assessed by Moody's)

Included in the cash and cash equivalents of the Company at 31 December 2013 was the equivalent of approximately £210,333 (2012 £43,077) denominated in Euros The remaining balance was denominated in pounds sterling (£)

The Directors consider that the carrying value of cash and cash equivalents approximates their fair value

19. Trade and other payables

	At 31 December 2013 £	At 31 December 2012 £
Trade payables	1,109,126	881,419
Other tax and social security	73,660	26,882
Other payables	15,000	37,500
Deferred income	140,239	166,995
Accruals	210,172	324,375
Directors loan account	35,617	-
	1,583,814	**1,437,171**

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs They are non-interest bearing and are normally settled on 45 to 60 day terms Creditor days as at 31 December 2013 were 92 days (31 December 2012 139 day)

Details of when trade and other payables excluding statutory liabilities and deferred income fall due are shown in the following table

	At 31 December 2013 £	At 31 December 2012 £
Less than one month	792,949	875,218
Between one and two months	250,490	63,642
Between two and three months	-	27,991
More than three months	326,476	276,443
	1,369,915	**1,243,294**

19. Trade and other payables (continued)

Accruals include warranty obligations of £60,000 (2012 £22,860) The Directors consider that the carrying value of trade and other payables approximates their fair value All trade and other payables are denominated in Sterling

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year

20. Financial instruments

The Company is exposed to the risks that arise from its use of financial instruments This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them Further quantitative information in respect of these risks is presented throughout these financial statements

Capital risk management

The Company's capital structure is comprised entirely of shareholders' equity

The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term The capital structure of the Company is managed and adjusted to reflect changes in economic conditions

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders equity There are no externally imposed capital requirements

Financing decisions are made by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

Financial assets

At the reporting dates, the Company held the following financial assets, all of which were classified as loans and receivables

	At 31 December 2013 £	At 31 December 2012 £
Cash and cash equivalents	1,275,804	945,325
Trade and other receivables	1,325,780	1,363,262
	2,601,584	**2,308,587**

20. Financial instruments (continued)

Financial liabilities

At the reporting dates, the Company held the following financial liabilities, all of which were classified as other financial liabilities

	At 31 December 2013 £	At 31 December 2012 £
Trade payables	1,109,126	881,419
Other financial liabilities	260,789	361,875
	1,369,915	**1,243,294**

The Company's directors monitor and manage the financial risks relating to the operation of the Company These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates

Foreign currency risk management

Historically, the Company's exposure to foreign currency risk has been limited, all of its invoicing and the majority of its payments are in sterling The balance held in foreign currencies at the reporting date was negligible and it has made no payments in foreign currencies other than Euro Management have not presented any sensitivity analysis in this area as any reasonably possible change in foreign exchange rates is deemed unlikely to have a material impact on the profit of the company

Interest rate risk management

The Company has minimal exposure to interest rate risk It is exposed to interest rate risk on some of its financial assets being its cash at bank balances The interest rate receivable on these balances was at an average rate of 1% during the year to December 2013 (31 December 2012 1%) The directors currently believe that interest rate risk is at an acceptable level
Due to its minimum exposure to interest rate risk, the Company has not prepared any sensitivity analysis

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company Credit risk arises principally from the Company's cash balances and trade and other receivables The concentration of the Company's credit risk is considered by counterparty, geography and currency

The Company gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk The Company has a significant concentration of cash held on deposit with one large bank in the UK, an institution with an Aa3 credit rating (long term, as assessed by Moody's) The amounts of cash held on deposit with that bank at each reporting date can be seen in the financial assets table above

20. Financial instruments (continued)

The nature of the Company's business and the current stage of its development are such that individual customers can comprise a significant proportion of the Company's trade and other receivables at any point in time Many of the Company's customers are either publicly funded organisation, large, publicly listed companies or organisations owned by such entities

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained
An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows, although in practice such impairments have been immaterial over the review period Management considers the above measures to be sufficient to control the credit risk exposure

No collateral is held by the Company as security in relation to its financial assets

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due Ultimate responsibility for liquidity risk management rests with the Board of Directors The Board manages liquidity risk by regularly reviewing the Company's cash requirements by reference to short term cashflow forecasts and medium term working capital projections prepared by Management

At 31 December 2013 the Company had £1 276 million (31 December 2012 £0 95 million) of cash reserves

Maturity of financial assets and liabilities

All of the Company's non-derivative financial liabilities and its financial assets in the year to 31 December 2013 are either payable or receivable within one year

21. Share capital

	Ordinary £1.00 shares No.	Ordinary Shares £
Issued and fully paid		
At 31 December 2011	**623,494**	**623,494**
Issued in March 2012 (i)	30,325	30,325
At 31 December 2012	**653,819**	**653,819**
Issued in June 2013 (ii)	3,977	3,977
Issued in July 2013 (iii)	13,936	13,936
Issued in July 2013 (iv)	6,167	6,167
Issued in July 2013 (v)	235	235
At 31 December 2013	**678,134**	**678,134**
1 for 25 share split July 2013 (vi)	**16,275,212**	**-**
At 31 December 2013	**16,953,346**	**678,134**

The Company has one class of ordinary shares which carry no right to fixed income

(i) In March 2012 the Company issued 30,325 ordinary £1 shares at a premium of £34 28 per share

(ii) In June 2013 the Company issued 3,977 ordinary £1 shares at a premium of £36 50 per share

(iii) In July 2013 the Company issued 13,936 ordinary £1 shares at a premium of £36 50 per share

(iv) In July 2013 Ian Williams exercised 6,167 options into £1 ordinary shares at a value of £1 per share

(v) In July 2013 Ian Williams exercised 235 options into £1 ordinary shares at a value of £12 30 a share

(vi) In July 2013 the Company effected a 1 for 25 share split

22. Retained earnings

	At 31 December 2013 £	At 31 December 2012 £
Brought forward	**(623,920)**	**(436,455)**
Profit\(Loss) after tax for the year	97,943	(244,362)
Share options forfeited (a)	34,578	56,897
Carried forward	**(491,399)**	**(623,920)**

During the year two directors holding share options left the Company and as such 22,763 (2012 32,733) share options were forfeited The amount recognised in the share-based payment reserve in relation to these forfeited shares amounted to £34,578 (2012 £56,897) and this has been transferred directly to retained earnings

23. Other reserves

	Share-based payment reserve £	Share premium reserve £
At 31 December 2011	**137,818**	**4,392,839**
Share based payment expense (note 24)	49,162	-
Cost of issue	-	(39,050)
Issue of equity share capital net of costs (note 21, (i))	-	1,041,288
Share options forfeited (a)	(56,897)	-
At 31 December 2012	**130,083**	**5,395,077**
Share based payment expense (note 24)	13,896	-
Cost of issue	-	(10,260)
Issue of equity share capital net of costs (note 21, (ii-v))	-	**656,473**
Share options forfeited (b)	**(34,578)**	-
At 31 December 2013	**109,401**	**6,041,290**

The movements in the share premium account (denoted in note 21 through paragraphs (i) to (v)) arose as the difference between the issue price and the par value of the ordinary share capital issued, less costs of issue

The share based payment reserve relates to employee share options issued over the period, the assumptions behind the calculation of which are set out in note 24

a) During 2012 an employee left the Company and as such 32,733 share options were forfeited The previous charge to the statement of comprehensive income in relation to this amounted to £56,897 and as such has been transferred back into the profit and loss account

b) During 2013 two directors left the Company and as such 22,763 share options were forfeited The previous charge to the statement of comprehensive income in relation to this amounted to £34,578 and as such has been transferred back into the profit and loss account

24. Share-based payments

Chargemaster Plc Company Unapproved Share Option Plan

The Company has a share option plan under which it grants options and shares to certain directors and employees of the Company Options are exercisable at a price equal to the average market price of the company's shares on the date of the grant The vesting period for shares is usually 1 year The options are settled in equity once exercised If the options remain unexercised for a period after 4 to 7 years from the date of grant, the options expire Options are forfeited if the employee leaves the Company before the options vest

The charge in relation to this share option plan is show below

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Shared-based payment charge	13,896	49,162

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the period are as follows

	Year ended 31 December 2013		Year ended 31 December 2012	
	No.	WAEP £	No.	WAEP £
Outstanding at the beginning of the year	56,951	14 15	82,908	12 62
Granted during the year	-	-	6,776	35 26
Exercised during the year	(6,402)	(1 41)	-	-
Forfeited during the year	(22,763)	(9 24)	(32,733)	(14 66)
1 for 25 share split July 2013	666,864	-	-	-
Outstanding at the end of the year	**694,650**	**0 84**	**56,951**	**14.15**
Exercisable at the end of the year	**694,650**	**0.84**	**50,175**	**12.62**

The fair values were calculated using the Black Scholes pricing model The inputs into the model were as follows

	At 31 December 2013	At 31 December 2012
Expected life of options -years	4-6	4-6
Weighted average exercise price - £	1 41	35 28
Weighted average share price at grant date - £	1 41	35 28
Expected volatility - %	15 00	15 00
Risk free rate - %	2 37	2 37

24 Share-based payments (continued)

Expected volatility was determined by considering the expected share price movements and other comparable listed companies in the sector The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

25 Pensions

The pension charge represents contributions payable by the Company and amounted to £5,995, (2012 £6,991)

26. Ultimate controlling party

In the opinion of the directors there is no single controlling party

27. Related party transactions

The company transacted with the following related parties

Year ended 31 December 2013

During the year ended 31 December 2013 the company received consulting and development services from Floxx Media Ltd amounting to £22,237 (2012 £47,760) in which the son of director David Martell owns a material holding The balance outstanding at 31 December 2013 amounted to £6,072 (31 December 2012 £nil)

During the year ended 31 December 2013 the Company was owed £2,800 (2012 £4,618) by Chargemaster France in which David Martell owns a material holding Chargemaster Plc did not trade with Chargemaster France during the year

28 Operating leases

The total future value of minimum lease payments due is as follows

	At 31 December 2013 £	At 31 December 2012 £
Amounts payable within one year	176,785	96,140
Amounts payable within two to five years	292,112	436,255
	468,897	**532,395**

The Company commenced a ten year lease with BBIF Luton LLP at its premises at Mulberry House, 750 Capability Green, Luton Bedfordshire LU1 3LU on 30 August 2011 Operating lease obligations have been calculated up to the five year break clause

The Company commenced a ten year lease with a three year break with Legal and General Property Partners at its premises at Unit K Airport Executive Park, President Way, Luton, LU2 9NY on 29 April 2014 Operating lease obligations have been calculated up to the three year break clause