

GR Software & Research Limited

Report and financial statements

31 December 2013

Rees Pollock
Chartered Accountants



COMPANY INFORMATION

Directors	R Harlow B Leadsom G Edwards
Company secretary	R Harlow
Registered number	04267560
Registered office	Whittington House 5th Floor, 19-30 Alfred Place Bloomsbury London WC1E 7EA
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	National Westminster PO Box 1357 169 Victoria Street London SW1E 5BT
Solicitors	Allen & Overy One Bishops Square London E1 6AD

DIRECTORS' REPORT

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company prior to 1 November 2012 was providing software development, research and I.T. support. The company transferred the majority of its assets and liabilities to companies within its group on 1 November 2012.

Results and dividends

The loss for the year, after taxation, amounted to £3,393,346 (2012 - profit £10,672,859).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

R Harlow
B Leadsom
G Edwards

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

DIRECTORS' REPORT

For the year ended 31 December 2013

Political and charitable contributions

During the year the company made the following contributions:

	2013	2012
	£	£
Political donations	-	619,250
Charitable donations	2,500,000	8,076

Political donations of £nil (2012 - £155,500) were made to The Conservative Party and £nil (2012 - £463,750) to Open Europe.

Disclosure of information to auditors

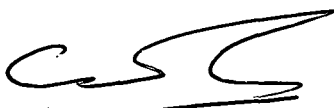
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

Auditors

The auditors, Rees Pollock, have expressed their willingness to continue in office.

This report was approved by the board on 2 September 2014 and signed on its behalf.



G Edwards
Director

STRATEGIC REPORT
For the year ended 31 December 2013

Introduction

The company commenced trading in 2002. Prior to 1 November 2012 the principle activity of the business was the provision of software development, research and IT support services in its capacity as a corporate member of Island Research LLP. On 1 November 2012 the company transferred its entire business to Trenchant Limited and Trenchant Employee Services Limited.

Business review

There was a low level of activity for the business during 2013 and the loss before tax for the year (excluding exceptional items) of £2,580,807 (2012: £2,809,427) was principally a result of a charitable donation.

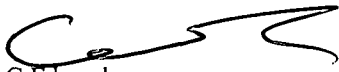
Principal risks and uncertainties

The directors anticipate a diminishing level of activity for the company going forward.

Financial key performance indicators

Due to the nature of the business the directors do not consider there to be any key performance indicators during the year.

This report was approved by the board on 2 September 2014 and signed on its behalf.


G Edwards
Director



REES POLLOCK

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GR SOFTWARE & RESEARCH LIMITED

We have audited the financial statements of GR Software & Research Limited for the year ended 31 December 2013, set out on pages 5 to 13. 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 shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' 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.

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 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

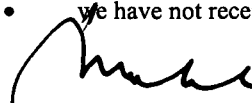
Opinion on other matter prescribed by the Companies Act 2006

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

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.


Jonathan Mouldale (Senior Statutory Auditor)
for and on behalf of
Rees Pollock, Statutory Auditor

2 September 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	1,2	-	24,325,684
Administrative expenses		(2,498,416)	(29,716,997)
Exceptional administrative expenses	5	-	16,826,205
Total administrative expenses		(2,498,416)	(12,890,792)
Other operating income	3	-	327,696
OPERATING (LOSS)/PROFIT	4	(2,498,416)	11,762,588
Income from other participating interests		-	2,250,000
Interest receivable and similar income		1,361	4,190
Interest payable and similar charges	7	(83,752)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,580,807)	14,016,778
Tax on (loss)/profit on ordinary activities	8	(812,539)	(3,343,919)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(3,393,346)	10,672,859

All amounts relate to continuing operations.


There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

BALANCE SHEET
As at 31 December 2013

	Note	£	2013 £	£	2012 £
CURRENT ASSETS					
Debtors	9	484,892		4,904,160	
Cash at bank and in hand		106,013		146,406	
		<u>590,905</u>		<u>5,050,566</u>	
CREDITORS: amounts falling due within one year	10	<u>(11,000)</u>		<u>(1,077,315)</u>	
NET CURRENT ASSETS			<u>579,905</u>		<u>3,973,251</u>
NET ASSETS			<u>579,905</u>		<u>3,973,251</u>
CAPITAL AND RESERVES					
Called up share capital	11		1		1
Profit and loss account	12		579,904		3,973,250
SHAREHOLDERS' FUNDS	13		<u>579,905</u>		<u>3,973,251</u>

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

 2 September 2014.
G Edwards
Director

The notes on pages 8 to 13 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	14	854,923	2,134,852
Returns on investments and servicing of finance	15	(82,391)	2,254,190
Taxation		(812,925)	(50,780)
Capital expenditure and financial investment	15	-	(4,110,007)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(40,393)</u>	<u>228,255</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
For the year ended 31 December 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	<u>(40,393)</u>	<u>228,255</u>
MOVEMENT IN NET DEBT IN THE YEAR	(40,393)	228,255
Net funds/(debt) at 1 January 2013	<u>146,406</u>	<u>(81,849)</u>
NET FUNDS AT 31 DECEMBER 2013	<u>106,013</u>	<u>146,406</u>

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of value added tax.

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.4 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.5 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.6 Related party disclosure

The company is exempt under the terms of FRS 8 from disclosing transactions or balances between wholly owned group companies.

2. TURNOVER

The whole of the turnover is attributable to the company's principal continuing activity.

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2013 £	2012 £
Management charges receivable	-	318,040
Sundry income	-	9,656
	<u>-</u>	<u>327,696</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

4. OPERATING (LOSS)/PROFIT

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

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	-	2,665,514
Auditors' remuneration	-	16,500
Difference on foreign exchange	(1,585)	(35,820)
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2012 - £NIL).

Auditor's remuneration for 2013 was borne by Trenchant Limited.

5. EXCEPTIONAL ADMINISTRATIVE EXPENSES

As part of a restructuring of the group in the prior year, net assets of £3,889,223, including the £50,000 interest in Island Research LLP, were transferred from the company to Trenchant Limited and net liabilities of £20,715,428 were transferred from the company to Trenchant Employee Services Limited. The debtor and creditor related to this transaction were written off.

6. STAFF COSTS

Staff costs were as follows:

	2013	2012
	£	£
Wages and salaries	-	17,206,313
Social security costs	-	2,194,793
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	19,401,106

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

	2013	2012
	No.	No.
Administrative staff	-	113
	<u> </u>	<u> </u>

7. INTEREST PAYABLE

	2013	2012
	£	£
On late corporation tax	83,752	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

8. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	812,539	386
Deferred tax		
Origination and reversal of timing differences	-	3,343,533
Tax on (loss)/profit on ordinary activities	<u>812,539</u>	<u>3,343,919</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23% (2012 - 24%). The differences are explained below:

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	<u>(2,580,807)</u>	<u>14,016,778</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 24%)	(593,586)	3,364,027
Effects of:		
Expenses not deductible for tax purposes,	-	158,941
Depreciation for year in excess of capital allowances	-	306,058
Prior year adjustment	812,539	-
Write off of connected party balances	-	(4,038,289)
Group relief	593,586	(226,468)
Change in tax rate	-	6
Short term timing difference leading to an increase in taxation	-	436,111
Current tax charge for the year (see note above)	<u>812,539</u>	<u>386</u>

9. DEBTORS

	2013 £	2012 £
Amounts owed by related undertakings	199,061	2,530,846
Other debtors	285,831	1,597,749
Prepayments and accrued income	-	775,565
	<u>484,892</u>	<u>4,904,160</u>

Included within other debtors is £nil (2012 - £1,153,604) relating to rent deposits which are due in more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

10. CREDITORS:

Amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	191,136
Amounts owed to related undertakings	-	718,232
Corporation tax	-	386
Accruals and deferred income	11,000	167,561
	<u>11,000</u>	<u>1,077,315</u>

11. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. RESERVES

	Profit and loss account £
At 1 January 2013	3,973,250
Loss for the financial year	(3,393,346)
At 31 December 2013	<u>579,904</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds/(deficit)	3,973,251	(6,699,608)
(Loss)/profit for the financial year	(3,393,346)	10,672,859
Closing shareholders' funds	<u>579,905</u>	<u>3,973,251</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating (loss)/profit	(2,498,416)	11,762,588
Transfer of tangible fixed assets to a group company	-	4,879,721
Depreciation of tangible fixed assets	-	2,665,514
Decrease in debtors	4,419,268	876,134
Decrease in creditors	(1,065,929)	(18,049,105)
Net cash inflow from operating activities	854,923	2,134,852

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	1,361	4,190
Interest paid	(83,752)	-
Income from investments in participating interests	-	2,250,000
Net cash (outflow)/inflow from returns on investments and servicing of finance	(82,391)	2,254,190
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(4,110,007)

16. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash at bank and in hand	146,406	(40,393)	106,013
Net funds	146,406	(40,393)	106,013

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

17. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013 £	Other 2012 £
	2013 £	2012 £		
Expiry date:				
Within 1 year	-	-	-	45,000
Between 2 and 5 years	-	1,087,908	-	332,717
After more than 5 years	-	-	-	314,500

18. RELATED PARTY TRANSACTIONS

During the year, the company earned fees of £nil (2012 - £24,325,684) from and charged expenses of £197,830 (2012 - £521,087) to entities that are deemed related parties by virtue of common influence: Airain Limited; Bell Rock Capital Management LLP; DP Management Limited; and Island Research LLP.

During the year, the company was allocated profit for the year of £nil (2012 - £2,250,000) by entities that are deemed related parties by virtue of common influence: Island Research LLP.

At the balance sheet date, £4,377 (2012 - £39,144) was due from entities that are deemed related parties by virtue of common influence: Airain Limited; and Bell Rock Capital Management LLP. At the balance sheet date, £nil (2012 - £718,232) was due to entities that are deemed related parties by virtue of common influence: Bell Rock Capital Management LLP; and DP Management Limited. These amounts are included in amounts owed from/to related undertakings in notes 9 and 10.

As part of a restructuring of the group in the prior year, a £50,000 interest in Island Research LLP was transferred from the company to entities that are deemed related parties by virtue of common influence. The debtor related to this transaction was written off as an exceptional item in the prior year.

Additionally in the prior year the company transferred an amount due to Island Research of £479,499 to entities that are deemed related parties by virtue of common control.

19. ULTIMATE CONTROLLING PARTY

The immediate parent company is Pans (UK) Holdings Limited, a British Virgin Islands registered company. P de Putron is the ultimate controlling party.