

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**ABBREVIATED ACCOUNTS**  
**31 DECEMBER 2012**



**JOSEPH MILLER & CO**  
**Chartered Accountants**  
**Newcastle upon Tyne**

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2012**

| <b>CONTENTS</b>                             | <b>PAGES</b>  |
|---------------------------------------------|---------------|
| Independent auditor's report to the Company | <b>1</b>      |
| Abbreviated balance sheet                   | <b>2</b>      |
| Notes to the abbreviated accounts           | <b>3 to 6</b> |

**INDEPENDENT AUDITOR'S REPORT TO  
FOSTER FINDLAY ASSOCIATES LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Foster Findlay Associates Limited for the year ended 31 December 2012 prepared under Section 396 of the Companies Act 2006

This report is made solely to the Company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

The Directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

David Gold BA FCA (Senior Statutory Auditor)  
For and on behalf of  
JOSEPH MILLER & CO  
Statutory Auditor  
Newcastle upon Tyne



# FOSTER FINDLAY ASSOCIATES LIMITED

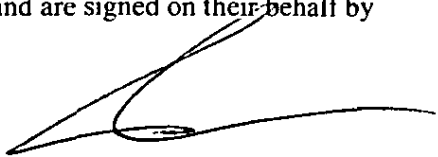
## ABBREVIATED BALANCE SHEET

31 DECEMBER 2012

|                                                                | Note     | £                | 2012<br>£        | £                | 2011<br>£        |
|----------------------------------------------------------------|----------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>                                            | <b>2</b> |                  |                  |                  |                  |
| Intangible assets                                              |          |                  | 3,528,403        |                  | 3,309,660        |
| Tangible assets                                                |          |                  | 256,737          |                  | 298,102          |
| Investments                                                    |          |                  | 17,296           |                  | 629              |
|                                                                |          |                  | <u>3,802,436</u> |                  | <u>3,608,391</u> |
| <b>Current assets</b>                                          |          |                  |                  |                  |                  |
| Debtors                                                        |          | 2,523,198        |                  | 867,312          |                  |
| Cash at bank and in hand                                       |          | 1,168,577        |                  | 647,844          |                  |
|                                                                |          | <u>3,691,775</u> |                  | <u>1,515,156</u> |                  |
| <b>Creditors: Amounts falling due within one year</b>          | <b>3</b> | (219,165)        |                  | (229,243)        |                  |
| <b>Net current assets</b>                                      |          |                  | <u>3,472,610</u> |                  | <u>1,285,913</u> |
| <b>Total assets less current liabilities</b>                   |          |                  | <u>7,275,046</u> |                  | <u>4,894,304</u> |
| <b>Creditors: Amounts falling due after more than one year</b> | <b>4</b> |                  | (15,376)         |                  | (37,924)         |
| <b>Accruals and deferred income</b>                            |          |                  | (957,502)        |                  | (713,097)        |
|                                                                |          |                  | <u>6,302,168</u> |                  | <u>4,143,283</u> |
| <b>Capital and reserves</b>                                    |          |                  |                  |                  |                  |
| Called-up equity share capital                                 | <b>5</b> |                  | 465,401          |                  | 278,394          |
| Share premium account                                          |          |                  | 6,820,302        |                  | 4,301,161        |
| EBT reserve                                                    |          |                  | (72,860)         |                  | -                |
| Profit and loss account                                        |          |                  | (910,675)        |                  | (436,272)        |
| <b>Shareholders' funds</b>                                     |          |                  | <u>6,302,168</u> |                  | <u>4,143,283</u> |

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

The abbreviated accounts were approved by the Directors and authorised for issue on 4 April 2013, and are signed on their behalf by

  
J HENDERSON

Director

Company Registration Number 02182421

The notes on pages 3 to 6 form part of these abbreviated accounts

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2012**

**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention

**Consolidation**

In the opinion of the Directors, the Company and its subsidiary undertakings comprise a small Group. The Company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

**Cash flow statement**

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small

**Turnover**

The Company generates revenues from licensing the rights to use its software products, seismic image processing services, training and customer support

Revenues from software licence agreements are recognised when there is an agreement with a customer and delivery of the software has taken place. If significant post-delivery obligations exist, such as new versions and upgrades, then revenues are deferred until the obligations are met on a pro-rata basis over the period of the contract

Revenues from maintenance services are recognised over the term of the maintenance period

Revenues from seismic image processing services are recognised as services are performed. Turnover represents the value of work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion

**Intangible assets**

Intangible assets relate to development costs. Research and development expenditure is written off in the profit and loss account in the year in which it is incurred except prototype software costs on defined commercial projects which are included within intangible assets

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

|                   |                          |
|-------------------|--------------------------|
| Development costs | - 10 years straight line |
|-------------------|--------------------------|

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

|                     |                                              |
|---------------------|----------------------------------------------|
| Computer Equipment  | - 33 1/3 cost and 25% reducing balance basis |
| Fixtures & Fittings | - 15% reducing balance basis                 |

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2012**

**1. Accounting policies** *(continued)*

**Finance lease agreements**

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Pension costs**

Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period to which they relate.

**Share-based payment**

The Company issues equity-settled share-based payments to certain employees (including a Director). Equity-settled share-based payments are measured at fair value at the date of grant.

Fair value is measured using the Black-Scholes pricing model. 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.

**Investments in own shares**

In accordance with UITF 38, investments in own shares are accounted for as a deduction from equity and included in the Employee Benefit Trust (EBT) reserve in the accounts.

**Financial instruments**

Financial liabilities are classified and accounted for, according to the substance of the contractual arrangements, 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.

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2012**

**2. Fixed assets**

|                            | <b>Intangible<br/>Assets<br/>£</b> | <b>Tangible<br/>Assets<br/>£</b> | <b>Investments<br/>£</b> | <b>Total<br/>£</b> |
|----------------------------|------------------------------------|----------------------------------|--------------------------|--------------------|
| <b>Cost</b>                |                                    |                                  |                          |                    |
| At 1 January 2012          | 5,927,675                          | 906,626                          | 629                      | 6,834,930          |
| Additions                  | 905,207                            | 77,149                           | 16,667                   | 999,023            |
| Disposals                  | —                                  | (12,464)                         | —                        | (12,464)           |
| <b>At 31 December 2012</b> | <b>6,832,882</b>                   | <b>971,311</b>                   | <b>17,296</b>            | <b>7,821,489</b>   |
| <b>Depreciation</b>        |                                    |                                  |                          |                    |
| At 1 January 2012          | 2,618,015                          | 608,524                          | —                        | 3,226,539          |
| Charge for year            | 686,464                            | 118,513                          | —                        | 804,977            |
| On disposals               | —                                  | (12,463)                         | —                        | (12,463)           |
| <b>At 31 December 2012</b> | <b>3,304,479</b>                   | <b>714,574</b>                   | <b>—</b>                 | <b>4,019,053</b>   |
| <b>Net book value</b>      |                                    |                                  |                          |                    |
| <b>At 31 December 2012</b> | <b>3,528,403</b>                   | <b>256,737</b>                   | <b>17,296</b>            | <b>3,802,436</b>   |
| At 31 December 2011        | 3,309,660                          | 298,102                          | 629                      | 3,608,391          |

**3. Creditors: Amounts falling due within one year**

The following liabilities disclosed under creditors falling due within one year are secured over the assets to which they relate

|                          | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--------------------------|-------------------|-------------------|
| Finance lease agreements | <u>43,743</u>     | <u>54,432</u>     |

**4. Creditors: Amounts falling due after more than one year**

The following liabilities disclosed under creditors falling due after more than one year are secured over the assets to which they relate

|                          | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--------------------------|-------------------|-------------------|
| Finance lease agreements | <u>15,376</u>     | <u>37,924</u>     |

**FOSTER FINDLAY ASSOCIATES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2012**

**5. Share capital**

**Allotted, called up and fully paid:**

|                                | <b>2012</b>    |                | <b>2011</b>    |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | <b>No</b>      | <b>£</b>       | <b>No</b>      | <b>£</b>       |
| Ordinary shares of £0.01 each  | 277,658        | 2,777          | 277,658        | 2,777          |
| "B" Ordinary shares of £1 each | 462,624        | 462,624        | 275,617        | 275,617        |
|                                | <u>740,282</u> | <u>465,401</u> | <u>553,275</u> | <u>278,394</u> |

The respective share rights are as defined and described in the Articles of Association adopted by shareholder resolution on 24 September 2010

On 29 February 2012 the Company completed a share subscription by Energy Ventures III LP, Redback AS and other existing shareholders. On that date, the Company allotted and issued 101,902 "B" Ordinary Shares of £1 each for a consideration of £1,499,997, together with warrants to subscribe for 16,097 "B" shares. The subscription included commitment to a second tranche of 84,918 "B" Ordinary Shares of £1 each for a consideration of £1,249,993. On 2 November 2012 the Company allotted and issued the second tranche together with a further 187 "B" Ordinary Shares of £1 each for a consideration of £2,753.