

Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012

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COMPANIES HOUSE

Patsystems (UK) Limited

DIRECTORS AND OTHER INFORMATION

Directors	Helen Banton (appointed 16 February 2012, resigned 13 August 2013) David Webber (resigned 31 May 2012) Silvio Oliviero (appointed 30 July 2012) Martin Thorneycroft (resigned 20 February 2013) Keith Grehan (appointed 23 April 2013)
Secretary	Jenny Killip (resigned 6 December 2012) Linzi Sayers (appointed 6 December 2012, ceased 6 September 2013) Ashley Woods (appointed 6 September 2013)
Registered Office	Level 26, 30 St Mary Axe, London, EC3A 8EP
Company Number	3086310
Principal Bankers	Barclays Bank plc, 1 Churchill Place, London, E14 5HP
Registered Auditors	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland

Patsystems (UK) Limited
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Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report for Patsystems (UK) Limited and audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the Company is the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges

Results and dividends

The loss of the Company after taxation for the year ended 31 December 2012 was £1,272,789 compared to a loss of £3,606,051 for the year ended 31 December 2011. The loss before taxation for the year ended 31 December 2012 was £908,885 compared to a loss before taxation of £4,455,445 for the year ended 31 December 2011. The directors do not recommend the payment of a dividend for the year (2011 £Nil)

Review of business

During January 2012, the entire issued share capital of the ultimate holding Company, Patsystems Limited (formerly Patsystems Plc), was acquired by Pattington Limited, a subsidiary of ION Investment Group Limited, which develops and licences software for automated trading activities

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Patsystems Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Patsystems Group, which include those of the Company, are discussed in the Director's Report of the Patsystems Limited financial statements which do not form part of this report

Directors

The directors who held office during the year and since the year end up to the date of approval of the financial statements were

Helen Banton	(appointed 16 February 2012, resigned 13 August 2013)
David Webber	(resigned 31 May 2012)
Silvio Oliviero	(appointed 30 July 2012)
Martin Thorneycroft	(resigned 20 February 2013)
Keith Grehan	(appointed 23 April 2013)

There were no directors' interests requiring disclosure under the Companies Act 2006

Research and development

All expenditure, whether incurred through internal staff costs or through third party suppliers, relating to research and development is written off to the profit and loss account in the period incurred

Charitable and political donations

The Company made charitable contributions of £Nil during the year (2011 £4,850). No political donations were made in 2012 or 2011

Patsystems (UK) Limited
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws 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 those 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Disclosure of information to auditors

For each of the persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Patsystems (UK) Limited
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Events since balance sheet date

As disclosed in note 21, a new term loan facility was accorded by Credit Suisse to a fellow subsidiary undertaking during May 2013, resulting in a charge over the assets of the Company and over those of certain fellow subsidiary undertakings

Auditors

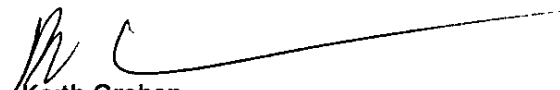
The auditors, Ernst & Young, Chartered Accountants have indicated their willingness to continue in office

The directors dispensed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary

Going concern

The financial statements have been prepared on a going concern concept because a fellow group undertaking has agreed not to call on amounts due from the Company until such time as it has adequate funds to settle its liabilities, for at least twelve months from the date of approval of the financial statements

On behalf of the Board


Keith Grehan

Director

Date 15 October 2013

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PATSYSTEMS (UK) LIMITED

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Continued



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PATSYSTEMS (UK) LIMITED (Continued)

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
- the financial statements are not in agreement with the accounting records, 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

A handwritten signature in black ink, appearing to read 'Pat O'Neill', written over the printed name and title.

Pat O'Neill (Senior Statutory Auditor)
for and on behalf of Ernst & Young
Chartered Accountants, Statutory Auditor

Dublin

18 October 2013

Patsystems (UK) Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	£
Turnover	2	4,780,224	5,832,051
Cost of sales		(565,935)	(344,960)
Gross profit		4,214,289	5,487,091
Administrative expenses		(9,731,450)	(13,468,110)
Other income		4,607,033	3,450,490
Operating loss	5	(910,128)	(4,530,529)
Interest receivable and similar income	6	1,243	75,084
Loss on ordinary activities before taxation		(908,885)	(4,455,445)
Tax on loss on ordinary activities	7	(363,904)	849,394
Loss for the financial year	17	(1,272,789)	(3,606,051)

There were no recognised gains or losses in either year other than the loss attributable to shareholders of the company

Patsystems (UK) Limited

BALANCE SHEET

AT 31 DECEMBER 2012

		2012	2011
	Notes	£	£
Assets employed			
Fixed assets			
Intangible assets	8	57,534	116,040
Tangible assets	9	295,877	497,021
		<u>353,411</u>	<u>613,061</u>
Current assets			
Debtors	10	8,297,138	5,607,185
Deferred tax asset	11	5,030,610	5,385,673
Cash at bank		326,943	1,625,579
		<u>13,654,691</u>	<u>12,618,437</u>
Creditors amounts falling due within one year	12	<u>(4,208,491)</u>	<u>(1,779,263)</u>
Net current assets		<u>9,446,200</u>	<u>10,839,174</u>
Total assets less current liabilities		<u>9,799,611</u>	<u>11,452,235</u>
Creditors amounts falling due after more than one year	13	<u>(28,372,129)</u>	<u>(29,016,907)</u>
Provisions	14, 5(b)	<u>(987,743)</u>	<u>(722,800)</u>
Net liabilities		<u>(19,560,261)</u>	<u>(18,287,472)</u>
Financed by			
Capital and reserves			
Called up share capital	15	1,874	1,874
Share premium account	16	3,961,366	3,961,366
Profit and loss account	16	<u>(23,523,501)</u>	<u>(22,250,712)</u>
Total shareholders' deficit	17	<u>(19,560,261)</u>	<u>(18,287,472)</u>

The financial statements on pages 6 to 18 were approved by the board of directors on 15 October 2013 and were signed on its behalf by



Keith Grehan – Director

Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006, under the historical cost convention

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements

1.1. Going concern

The financial statements have been prepared on a going concern concept because a fellow group undertaking has agreed not to call on amounts due from the Company until such time as it has adequate funds to settle its liabilities, for at least twelve months from the date of approval of the financial statements

1.2. Turnover and revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value added tax

Revenue is recognised as follows

Non-refundable installation income, consultancy and software development projects revenue is taken to the profit and loss account in line with the performance of the work

Monthly end user or lot charges, monthly maintenance and income on any rentals – these are credited to the profit and loss account in the period in which the service is provided

Income from perpetual licences – this is recognised in the profit and loss account when the Company has fulfilled all of its obligations in accordance with the terms for acceptance set out in the customer contracts and the Company has reasonable assurance over the collectability of the debt

Revenue relating to development projects is recognised using the percentage of completion method, based primarily on contract costs incurred to date, compared to estimated overall contract costs

1.3. Cost of sales

Cost of sales represents cost of goods resold directly to customers

1.4 Software licences

The software licences purchased are being amortised over their estimated useful lives (three years)

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	- over period of lease
Computer equipment	- over 3 years on a straight-line basis
Fixtures and fittings	- over 4 years on a straight-line basis

1.6 Research and development

All research and development expenditure is written off as incurred

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

1 Accounting Policies (Continued)

1 7 Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

1 8 Taxation

Current corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted for the financial year

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses and against which the reversal of underlying timing differences can be deducted

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

1 9. Foreign currencies

The financial statements are expressed in Pounds Sterling (£), the functional currency of the company

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 of exchange ruling at the date of the transaction, except, where the transaction is settled at a contracted rate, the contracted rate is used. All differences are taken to the profit and loss account

1 10 Related party transactions

Financial Reporting Standard (FRS) 8, "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between group companies

1 11 Pension costs

The Company operates a defined contribution scheme which is open to all Company employees and was set up in 2001. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable in respect of the financial year

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

1 Accounting Policies (Continued)

1.12 Cash flow statement

The Company is a wholly owned subsidiary of Patsystems Holdings Limited and is included in the consolidated financial statements of Patsystems Limited (formerly Patsystems Plc), which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

1.13 Intangible fixed assets and amortisation

Intangible fixed assets purchased are capitalised at cost and amortised through the profit and loss account over the estimated useful life of the assets at a rate determined in accordance with the nature of the asset purchased. The carrying value of intangible assets is reviewed for impairment at the end of each period if events or changes in circumstances indicate that the carrying value may not be recoverable. Indicators, such as persistent operating losses, negative cash flows, significant fall in an asset's market value and physical damage to, or obsolescence of, an asset are monitored and provision is made for any impairment.

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:

License	-	33% straight line
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2 Turnover

A split of turnover earned on a geographic basis would be considered seriously prejudicial to the company and hence has not been disclosed in accordance with Schedule 1 Part 3 Section 68(5) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

3 Staff Costs

Staff costs (including directors' emoluments) during the year amounted to

	2012 £	2011 £
Wages and salaries	5,715,349	6,298,244
Social security costs	687,279	785,447
Pension costs	519,306	600,864
	<u>6,921,934</u>	<u>7,684,555</u>

The average monthly number of employees (including directors) during the year was

	2012 No	2011 No
Sales and Account Management	6	5
Customer Operations, Testing and Technical	38	41
Development	31	40
Finance, Administration and Board	11	12
	<u>86</u>	<u>98</u>

4. Directors' emoluments

	2012 £	2011 £
Aggregate emoluments	497,670	856,628
Pension contributions	<u>35,425</u>	<u>81,391</u>

Retirement benefits accrued to three (2011 four) former directors under defined contribution schemes

Highest paid director

Total emoluments for the highest paid Director for the year ended 31 December 2012 are £237,613 (2011 £326,599) and pension contributions for the year are £16,142 (2011 £45,303)

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

5. Operating loss

	2012 £	2011 £
Operating loss is stated after charging/(crediting)		
Amortisation of intangible assets	64,161	65,871
Depreciation of tangible assets	201,926	182,750
Operating lease rentals – plant and machinery	18,655	29,378
– land and buildings	100,379	264,903
Research and development costs	123,914	510,205
Auditor's remuneration – see below a)	31,400	35,000
Remuneration of predecessor auditors for non-audit work – see below a)	-	32,530
Foreign exchange loss	28,413	8,457
Other income – royalties	(4,607,033)	(3,450,440)
Customer provision – see below b)	242,943	1,293,000
Exceptional items – internal restructuring costs, see below c)	200,000	416,614

a) Fees payable in 2012 relate to amounts payable to Ernst & Young, Chartered Accountants (2011 amounts payable to Ernst & Young, Chartered Accountants and previous auditors PricewaterhouseCoopers LLP) The fees paid to predecessor auditors for non-audit work in 2011 were primarily for tax compliance advice and human resource services

b) During 2011, costs expected to complete a development project for a customer were expected to exceed initial expectations. As a result of this revision in costs a loss was expected to be made on the project. At 31 December 2011, a provision for loss on contract was recorded for £1,293,000 and accrued income recognised in previous years of £626,200 was offset against this leaving a provision at 31 December 2011 of £666,800

Revenue recognised on the project was measured on a percentage of completion basis, comparing the costs incurred at 31 December 2011 to the total expected project costs. Total costs incurred to that date amounted to £1,552,000 and the profit recognised on the project pre 2011 amounted to £6,000. During 2011 and 2012, no revenue has been recognised on the project despite additional work undertaken. During 2013, the customer raised a claim for which a cumulative provision of £909,743 has been raised.

c) Exceptional items are largely made up of redundancy costs incurred during 2011 and 2012

Operating expenses are all of an administrative nature

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

6. Interest receivable and similar income

	2012 £	2011 £
Bank interest	1,243	56,332
Interest receivable on the fair value of long term debtors	-	18,752
	<u>1,243</u>	<u>75,084</u>

7 Taxation

	2012 £	2011 £
Corporation tax		
Current tax	8,841	9,972
Deferred tax charge / (credit) (note 11)	355,063	(859,366)
Taxation charge / (credit)	<u>363,904</u>	<u>(849,394)</u>

The tax for the year is different from that which would result from applying the standard rate of Corporation Tax in the UK (24.5%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(908,885)	(4,455,445)
Loss on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 24.5% (2011: 26.5%)	(222,677)	(1,180,693)
Effects of		
Expenses not deductible for tax purposes	129,641	54,785
Relief for parent company share options exercised	-	(2,440)
Losses surrendered by group companies	95,188	-
Withholding tax	8,841	9,972
Relief claimed on withholding tax	(2,152)	(2,643)
Tax losses (utilised) / brought forward	-	1,130,991
Current tax charge	<u>8,841</u>	<u>9,972</u>

The company is tax resident in the UK, therefore UK tax rates have been applied for tax calculations. Changes to the corporation tax system were announced in the Budget of 21 March 2012 and subsequently enacted in Finance Act 2012. A reduction in the UK tax rate from 26% to 24% is effective from 1 April 2012. A further reduction from 24% to 23% is effective from 1 April 2013.

In addition, the Government introduced legislation in Finance Act 2013 to reduce the UK tax rate further from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015.

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

8. Intangible fixed assets

	Software / licences
Cost	£
At 1 January 2012	312,229
Additions	6,365
Disposals	(1,595)
At 31 December 2012	<u>316,999</u>
Amortisation	
At 1 January 2012	196,189
Charge for year	64,161
Eliminated on disposal	(885)
At 31 December 2012	<u>259,465</u>
Net book value	
At 31 December 2012	<u>57,534</u>
At 31 December 2011	<u>116,040</u>

9 Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2012	105,614	907,999	120,471	1,134,084
Additions	-	13,820	-	13,820
Disposals	-	(44,906)	-	(44,906)
At 31 December 2012	<u>105,614</u>	<u>876,913</u>	<u>120,471</u>	<u>1,102,998</u>
Depreciation				
At 1 January 2012	48,845	484,944	103,274	637,063
Charge for the year	21,275	170,884	9,767	201,926
Eliminated on disposal	-	(31,868)	-	(31,868)
At 31 December 2012	<u>70,120</u>	<u>623,960</u>	<u>113,041</u>	<u>807,121</u>
Net book value				
At 31 December 2012	<u>35,494</u>	<u>252,953</u>	<u>7,430</u>	<u>295,877</u>
At 31 December 2011	<u>56,769</u>	<u>423,055</u>	<u>17,197</u>	<u>497,021</u>

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

10 Debtors

	2012	2011
	£	£
Trade debtors	1,145,002	619,431
Amounts owed by group undertakings	6,317,980	3,404,106
Other debtors	242,908	240,197
Prepayments and accrued income	591,248	1,343,451
	8,297,138	5,607,185

11 Deferred tax asset

	Trading losses	Capital allowances	Other timing differences and share options	Total
	£	£	£	£
At 1 January 2012	4,473,580	880,138	31,955	5,385,673
Current year losses utilised	-	-	-	-
Impact of change in corporation tax rate	(367,529)	(73,582)	(4,895)	(446,006)
Other credits arising in the year	-	52,750	38,193	90,943
Deferred tax (charge)/credit for the year	(367,529)	(20,832)	33,298	(355,063)
At 31 December 2012	4,106,051	859,306	65,253	5,030,610

As outlined in Note 7, the Finance Act 2012 reduced the UK corporation tax rate to 23% from 1 April 2013 and to 21% from 1 April 2014. The aggregate impact of the proposed reductions from 23% to 21% would reduce the deferred tax assets by approximately £437,444.

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

12 Creditors amounts falling due within one year

	2012	2011
	£	£
Trade creditors	431,616	448,910
Amounts due to group undertakings	2,190,907	-
Other taxes and social security costs	312,940	231,776
Accruals and deferred income	1,273,028	1,098,577
	4,208,491	1,779,263

13 Creditors amounts falling due after more than one year

	2012	2011
	£	£
Amounts due to group undertakings	28,372,129	29,016,907

Amounts due to group undertakings are unsecured and interest free

14. Provisions

	At 1 January 2012	Movement in year	At 31 December 2012
	£	£	£
<i>Later than one year and not later than five years</i>			
Dilapidations provision	56,000	22,000	78,000
Customer provision	666,800	242,943	909,743
	722,800	264,943	987,743

The dilapidations provision is in respect of work to be carried out at the end of the lease on property at Riverside House. This lease, which was due to expire in 2014, terminated during 2013.

See note 5(b) for description of customer provision.

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

15. Share capital

	2012	2011
	£	£
Authorised		
10,000,000 Ordinary shares of 1p each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
187,432 (2011 187,432) Ordinary shares of 1p each	<u>1,874</u>	<u>1,874</u>

16 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2012	3,961,366	(22,250,712)
Loss for the year	-	(1,272,789)
Balance at 31 December 2012	<u>3,961,366</u>	<u>(23,523,501)</u>

17 Reconciliation of movements in shareholders' deficit

	2012	2011
	£	£
Loss for the financial year	(1,272,789)	(3,606,051)
Opening shareholders' deficit	<u>(18,287,472)</u>	<u>(14,681,421)</u>
Closing shareholders' deficit	<u>(19,560,261)</u>	<u>(18,287,472)</u>

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

18 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases which will expire between 2-5 years. As per note 14, the land and buildings lease terminated during 2013.

Annual lease rentals are as follows

	2012	2011
	£	£
Land and buildings	31,205	374,465
Equipment	18,655	29,302
Total	49,860	403,767

19 Related party transactions

Revenue includes £328,000 (2011: £388,000) in respect of Banca Caboto Spa (London Branch), a member of a Group of companies which include CAI (Suisse), a shareholder of the Company in 2012 and 2011. At 31 December 2012 the amount owing to Group companies by Banca Caboto Spa (London Branch) was £23,485 (2011: £Nil).

The company has availed of the exemption provided in Financial Reporting Standards no 8, "Related Party Disclosures" for wholly owned subsidiary undertakings from the requirements to give details of transactions with entities that are part of the group or investee's of the group, qualifying as related parties.

20 Ultimate parent undertaking

The immediate parent undertaking of the company is Patsystems Holdings Limited. During January 2012, the entire share capital of Patsystems Limited (formerly Patsystems Plc), the ultimate parent undertaking and controlling party at the prior year balance sheet date, was acquired by Pattington Limited, a subsidiary of ION Investment Group Limited.

The parent undertaking of the smallest and largest group undertakings for which consolidated financial statements are prepared and of which the company is a member is Patsystems Limited (formerly Patsystems Plc) and ION Investment Group Limited respectively, companies incorporated in England and Wales and the Republic of Ireland respectively. Copies of these consolidated financial statements are available from Level 26, 30 St Mary Axe, London EC3A 8EP and Parnell Square, Dublin 1, Ireland respectively.

The company's ultimate parent undertaking is ITT S à r l, a company incorporated in Luxembourg. At the year end, Mr A Pignataro owned indirectly 97.26% (2011: 96.42%) of ITT S à r l.

21. Events since the balance sheet date

As part of the restructuring in May 2013, a new term loan facility was accorded by Credit Suisse to a fellow subsidiary undertaking, resulting in a charge over the assets of the Company and over those of certain fellow subsidiary undertakings.