

Ecebs Limited

Directors' report and financial statements

3 March 2012

Registered number: 03974521



Directors' report and financial statements

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Directors' Report

The directors present their directors' report and the audited financial statements for the year ended 3 March 2012

Principal activity

The principal activity during the period is the supply of software and services particularly related to smartcard technology

Business review

The loss after taxation for the year of £343,000 (2011 £173,000) has been taken to reserves

Development and performance of the business

Turnover has increased to £4,025,000 (2011 £2,665,000) which represents 51% year on year growth. This is driven by the full year impact of contract wins from the prior year and growth in smartcard sales. However, gross margin has reduced to 75% (2011 85%) due to the higher mix of lower margin smartcard sales.

EBITDA of £547,000 (2011 £501,000) is 9% up year on year. The increase in gross margin has been partially offset by higher overhead costs. Investment in additional employees in this year and the full year impact of prior year recruitment has increased staff costs year on year.

Challenging economic conditions continue to affect the company and as such new contract wins have been slower to crystallise. However, the company considers it has a strong commercial offering and has continued to invest in its existing intellectual property in the year.

Future Prospects

The company continues to hold contracts that provide revenue for future years, this coupled with a strong pipeline of potential contracts and the further development of its leading Smartcard products provides for growth opportunities for the coming years.

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out above.

The company participates in the group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Trainline Investments Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

The directors do not propose the payment of a dividend (2011 £nil)

Directors' Report (Continued)

Directors

The directors who held office during the year were as follows

Murray Edwin Hennessy
Jonathan Michael Mitchell
Russell Eugene McCullagh

Political and charitable donations

The company made no political or charitable donations during the year (2011 £nil)

Employees

In considering applications for employment from disabled people in the UK, the company seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the jobs for which he or she has applied. Employees who become temporarily or permanently disabled are given individual consideration and where possible, equal opportunities for training, career development and promotions are given to disabled persons.

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees. The company also encourages employees, where relevant, to meet on a regular basis to discuss matters affecting them.

Environmental policy

The company recognises that its day-to-day operations and other responsibilities can impact upon the environment in many ways. We are committed to promoting good environmental performance, reducing pollution, actively recycling and minimising, so far as is reasonably practicable, adverse environmental impact.

To support the above policy, the company will work with employees, customers and suppliers to identify practicable ways of reducing its environmental impact.

Disclosure of information to auditors

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 auditors are unaware. 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.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Neil Murrin

Company Secretary

50 Farringdon Road
LONDON
EC1M 3HE
31 MAY 2012

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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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.

Independent auditor's report to the members of Ecebs Limited

We have audited the financial statements of Ecebs Limited for the year ended 3 March 2012 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 3 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

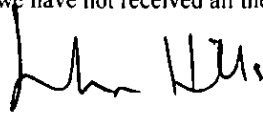
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



John Hills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

31 May, 2012

Profit and Loss Account
For the year ended 3 March 2012

		Year Ended 3 March 2012	Year Ended 5 March 2011
	Notes	£'000	£'000
Turnover	1 & 2	4,025	2,665
Cost of sales		(1,015)	(402)
Gross profit		<u>3,010</u>	<u>2,263</u>
Administrative expenses		(3,020)	(2,237)
Operating (loss) / profit		<u>(10)</u>	<u>26</u>
Interest receivable and similar income	6	36	19
Interest payable and similar charges	7	(483)	(406)
Loss on ordinary activities before taxation	3	<u>(457)</u>	<u>(361)</u>
Tax on loss on ordinary activities	8	114	188
Loss for the financial year	17	<u><u>(343)</u></u>	<u><u>(173)</u></u>

The above results are all in respect of continuing operations of the company

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the results as disclosed above and the results on a historical cost basis

The notes on pages 9 to 17 form part of these financial statements

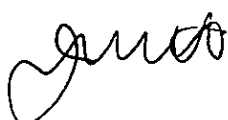
Balance Sheet

At 3 March 2012

	Notes	3 March 2012 £'000	5 March 2011 £'000
Fixed assets			
Intangible assets	9	2,077	2,188
Tangible assets	10	119	150
Investments	11	5	-
		<u>2,201</u>	<u>2,338</u>
Stock	12	15	-
Debtors amounts falling due within one year	13	1,543	1,278
		<u>1,558</u>	<u>1,278</u>
Creditors amounts falling due within one year	14	(7,084)	(6,598)
Net current liabilities		<u>(5,526)</u>	<u>(5,320)</u>
Total assets less current liabilities		<u>(3,325)</u>	<u>(2,982)</u>
Net liabilities		<u>(3,325)</u>	<u>(2,982)</u>
Capital and reserves			
Called up share capital	16	1,060	1,060
Profit and loss account	17	(4,385)	(4,042)
Equity shareholders' deficit		<u>(3,325)</u>	<u>(2,982)</u>

The notes on pages 9 to 17 form part of these financial statements

These financial statements were approved by the Board of Directors on 31 MAY 2012 and were signed on its behalf by



Jon Mitchell
Director

Notes

(Forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's financial statements

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £3,325,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Trainline Investments Holdings Limited, the company's ultimate parent undertaking. Trainline Investments Holdings Limited has provided the company with an undertaking that it will continue to make available such funds as are needed by the company to continue meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Trainline Investments Holdings Limited and its cash flows are included within the consolidated cash flow statement of that company.

(b) Revenue recognition

Turnover comprises the value of sales of software licences, support services, software development and integration services, consulting and other services and hardware. Turnover excludes Value Added Tax and trade discounts.

Revenue from software licence fees and provision of support services is recognised over the period to which the contracted service relates. Revenue from the provision of software development and integration services, consulting and other services, is recognised when the services have been performed. Hardware sales are recognised on delivery of the product.

(c) Cost of sales

Cost of sales include amounts payable in relation to hardware (including smartcards) and the provision of software related services.

(d) Administrative expenses

Administrative expenses comprise of overhead expenses, depreciation of capitalised software and hardware, together with marketing and promotional costs.

(e) Cash

Cash at bank and on hand comprises cash balances and time deposits.

Notes (Continued)

1 Principal accounting policies (continued)

(f) Fixed assets and depreciation

All fixed assets are capitalised at cost. Depreciation is provided to write off the cost less estimated residual value on a straight line basis over the estimated useful economic lives of the assets. Directly attributable costs incurred in the design, build and testing of software are capitalised and depreciated over the useful life of the software application. The lives used for the major categories of assets are

Fixtures & fittings	3 - 5 years
Equipment	3 - 7 years

Capitalised amounts include where appropriate an apportionment of internally generated costs

(g) Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

(h) Intangible fixed assets

Intellectual property related to research and development activity is capitalised at cost when recoverability can be assessed with reasonable certainty and is amortised on a straight-line basis over its useful economic life of 5 to 20 years

(i) Research and development

Research and development expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with expected useful lives of the projects. All other development costs are written off in the year of expenditure

(j) Stock

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads

(k) Investments

Fixed asset investments are stated at cost less provision for impairment where appropriate

Notes (Continued)

1 Principal accounting policies (continued)

(l) Pension costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

(m) Leases

Leases are accounted for as "operating leases" whereby the rental charges are charged to the profit and loss account on a straight line basis, and provision is made over the minimum term of the lease for any charges payable on termination.

2 Segmental information

The principal activity of the company, namely sales of software licences, support and development, is undertaken wholly within the UK. The loss on ordinary activities is wholly attributable to the company's sole activity.

3 Loss on ordinary activities before taxation

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	48	49
Amortisation of intangible fixed assets	509	426
Impairment of assets	-	40
Auditors' remuneration		
Audit of these financial statements	5	6
Operating lease rentals		
- hire of plant and machinery	10	8
- other	74	75

4 Remuneration of directors

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Aggregate emoluments of directors	97	94
Company contributions to defined contribution pension schemes	5	5
	<u>102</u>	<u>99</u>
Number of directors		
Retirement benefits accruing under a defined contribution pension scheme	<u>1</u>	<u>1</u>

The aggregate emoluments of the highest paid director were £97,390 (2011: £93,640), company pension contributions of £4,870 (2011: £4,682) were made on his behalf.

Notes (Continued)

5 Staff numbers and costs

The average number of persons employed by the company (including executive directors) during the year, analysed by category, was as follows

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Selling and operations	31	29
Administration	7	5
	<u>38</u>	<u>34</u>

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Wages and salaries	1,280	991
Social security costs	173	147
Pension costs	64	52
	<u>1,517</u>	<u>1,190</u>

6 Interest receivable and similar income

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Receivable from other group companies	<u>36</u>	<u>19</u>

7 Interest payable and similar charges

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Payable to other group companies	<u>483</u>	<u>406</u>

8 Taxation

(a) Tax on loss on ordinary activities

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
The taxation credit comprises		
UK Corporation Tax		
UK Group relief receivable	(114)	(188)
Total current tax credit for the year	<u>(114)</u>	<u>(188)</u>
Tax on loss on ordinary activities	<u>(114)</u>	<u>(188)</u>

Notes (Continued)

8 Taxation (continued)

(b) Factors affecting the tax credit for the current year

The current tax credit for the year is lower than (2011: higher than) the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

	Year Ended 3 March 2012 £'000	Year Ended 5 March 2011 £'000
Current tax reconciliation		
Loss on ordinary activities before tax	<u>(457)</u>	<u>(361)</u>
Current tax at 26.16% (2011: 28%)	(119)	(101)
<i>Effects of</i>		
Expenses not deductible for tax purposes	7	18
Capital allowances in arrears of depreciation	1	-
Timing differences	(3)	7
Adjustments in respect of prior years	<u>-</u>	<u>(112)</u>
Total current tax credit	<u><u>(114)</u></u>	<u><u>(188)</u></u>

9 Intangible assets

	Intellectual Property £'000
Cost	
At 5 March 2011	3,172
Additions	398
At 3 March 2012	<u><u>3,570</u></u>
Amortisation	
At 5 March 2011	(984)
Charge for the year	(509)
At 3 March 2012	<u><u>(1,493)</u></u>
Net book value	
At 3 March 2012	<u><u>2,077</u></u>
At 5 March 2011	<u><u>2,188</u></u>

Intangible fixed assets relate to the capitalisation of patents and internal staff development costs incurred in the development and protection of intellectual property.

Notes (Continued)

10 Tangible assets

	Fixtures & fittings £'000	Equipment £'000	Total £'000
<i>Cost</i>			
At 5 March 2011	104	329	433
Additions	3	14	17
At 3 March 2012	107	343	450
<i>Depreciation and impairment.</i>			
At 5 March 2011	(48)	(235)	(283)
Charge for the year	(14)	(34)	(48)
At 3 March 2012	(62)	(269)	(331)
<i>Net book value</i>			
At 3 March 2012	45	74	119
At 5 March 2011	56	94	150

11 Investments

	3 March 2012 £'000	5 March 2011 £'000
Investment in subsidiary undertakings	5	40
Impairment	-	(40)
	5	-

The company holds directly share capital in the following companies

<i>Subsidiary undertakings</i>	Country of incorporation	Principal activity	Percentage of ordinary issued shares held
Accrington Technologies Limited	Great Britain	Software and services related to Smartcard ticketing	50%
Nevis Technologies Limited	Great Britain	Software and services related to Smartcard ticketing	50%

12 Stock

	3 March 2012 £'000	5 March 2011 £'000
<i>Cost</i>		
Finished goods and goods for sale	15	-

Notes (Continued)

13 Debtors: amounts falling due within one year

	3 March 2012	5 March 2011
	£'000	£'000
Trade debtors	598	817
Group tax relief receivable	114	76
Prepayments and accrued income	68	95
Amounts due from group undertakings	609	267
Other debtors	154	23
	<u>1,543</u>	<u>1,278</u>

14 Creditors: amounts falling due within one year

	3 March 2012	5 March 2011
	£'000	£'000
Trade creditors	132	46
Amounts owed to group undertakings	6,391	5,771
Other creditors including tax and social security	14	73
Accruals and deferred income	547	708
	<u>7,084</u>	<u>6,598</u>

15 Deferred taxation

The major components of deferred taxation asset are as follows

	Cumulative un-provided 3 March 2012 £'000	Cumulative un-provided 5 March 2011 £'000
Depreciation in excess of capital allowances	11	11
Timing differences	(3)	-
UK tax losses	225	242
Total	<u>233</u>	<u>253</u>

No deferred tax asset has been recognised in relation to the above timing differences, as at the end of the financial year the directors considered there is not sufficient certainty in the timing and level of future profits after taking into account group relief, against which such tax losses would be recognised

Factors that may affect future tax charges

The company has brought forward tax losses which may reduce the tax charge in future years

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 3 March 2012 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £9,000.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (Continued)

16 Share capital

	3 March 2012 £'000	5 March 2011 £'000
Authorised:		
1,060,000 Ordinary shares of £1 each	<u>1,060</u>	<u>1,060</u>
Allotted, called up and fully paid:		
1,060,000 Ordinary shares of £1 each	<u>1,060</u>	<u>1,060</u>

17 Share capital and reserves

	Share capital £'000	Profit and loss £'000	Total £'000
At the beginning of the year	1,060	(4,042)	(2,982)
Retained loss for the year	-	(343)	(343)
At the end of the year	<u>1,060</u>	<u>(4,385)</u>	<u>(3,325)</u>

18 Operating lease commitments

The future minimum annual lease payments under non-cancellable operating leases are as follows

	3 March 2012 Plant & Equipment £'000	Property £'000	5 March 2011 Plant & Equipment £'000	Property £'000
Expiring:				
Within one year	-	-	-	-
Between one and five years	11	78	10	22
Greater than five years	-	-	-	56
	<u>11</u>	<u>78</u>	<u>10</u>	<u>78</u>

19 Pension schemes

The amount charged in the profit and loss account represents the contributions payable by the company to the scheme in respect of the accounting year. At the year end unpaid pension contributions amounted to £nil (2011: £nil).

20 Ultimate controlling party

At 3 March 2012, the ultimate controlling party of the company is Exponent Private Equity LLP on behalf of the funds under its management. The only group in which the results of the company are consolidated is Trainline Investments Holdings Limited, a company registered in England and Wales. Copies of the group financial statements of Trainline Investments Holdings Limited can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

The immediate parent undertaking as at 3 March 2012 is Advanced Smartcard Technologies Limited. Copies of the financial statements of this company may be obtained from Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

Notes (Continued)

21 Related party transactions

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose related party transactions with Trainline Investments Holdings Limited and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary of Trainline Investments Holdings Limited