MXC Capital plc
(formerly 2ergo Group plc, formerly Broca plc)

Directors' report, consolidated and company financial statements
Registered number 5010663
31 August 2014

Company information

Directors	Peter Rigg (Non-executive Chairman) Marc Young (Chief Executive Officer) Paul Guilbert (Non-executive Director)
Secretary	Jill Collighan
Company number	5010663
Registered office	100 Fetter Lane London EC4A 1BN
Nominated Adviser and Broker	Zeus Capital Limited 23 Berkeley Square London W1J 6HE 82 King Street Manchester M2 4WQ
Bankers	NatWest Bank plc 6th Floor 1 Spinningfields Square Manchester M3 3AP
Solicitors	DAC Beachcroft 100 Fetter Lane London EC4A 1BN
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Registered number 5010663

Strategic report

Overview

2014 has been a year of significant change for MXC Capital plc ('MXC' or the 'Company' and, together with its subsidiaries, the 'Group'), laying the foundations for the MXC of today – a specialist merchant bank that invests and grows value in companies in the Technology, Media and Telecommunications ('TMT') sector.

In April 2014, the Group completed the disposal of its operating business, 2ergo Limited, to Eagle Eye Solutions Group plc ('Eagle Eye') for £4.5 million. The Board is pleased with the success of this sale; key staff and customers continue to be retained by Eagle Eye, demonstrating MXC's ability to deliver value and stability to both its investee companies and its partners. Following this disposal the Company changed its name to Broca plc, ahead of its subsequent name change to MXC Capital plc in August 2014.

In August 2014, the Group raised £8.5 million (before fees) through an equity placing and in October 2014 completed the acquisition of MXC Capital Advisory LLP, ('MXCCA') a specialist corporate finance firm with significant experience in the TMT sector.

The placing, the acquisition, and a consultancy agreement entered into with experienced technology investors Ian Smith and Tony Weaver have laid the foundations for MXC Capital plc, a specialist merchant banking group that invests in and advises companies in the TMT sector. MXC brings together a particularly powerful set of skills to the benefit of both the companies it invests in and for its own shareholders.

The MXC team has considerable experience in the sector, with a deep understanding of the technology involved. They are experienced hands on managers of businesses, with a track record of growing value. They have a wide network of contacts in the TMT sector that originates a significant flow of opportunity both for MXC and the companies it works with.

The Group has access to a significant pool of funding. A distinguishing feature of the MXC model is that it invests as a principal, sharing in the risk and the reward.

MXC focuses on delivering:

- A deep knowledge of the technology industry with proven management skills in the sector;
- Investment, allowing the team to identify and provide support to growth companies; and
- An experienced advisory capability to manage transactions and financings.

The strategy is already starting to be successfully implemented. Since the completion of the acquisition of MXCCA at the end of October, MXC has:

- Invested in and advised Castleton Technology plc on its acquisition of Documotive Limited, leading an oversubscribed £5.5m equity financing. Following its investment, MXC now holds 23% of Castleton;
- Invested in 365 Agile Limited, taking a 25% stake in an exciting mobile work solutions business; and
- Advised Accumuli plc, the independent specialist in IT security and risk management, on its £10m acquisition of Random Storm, leading the arrangement of a new debt facility to fund the acquisition.

With a strong pipeline of potential investments and several well progressed opportunities, the Board is confident that MXC is well positioned to take advantage of the significant potential afforded by the Group's combination of technology focused merchant banking, investment and advisory services.

Financial review

At 31 August 2014, the Group's former operating business, 2ergo Limited, had been sold, but the acquisition of MXC Capital Advisory LLP ('MXCCA') had not completed. The disclosures in respect of 'continuing operations' within these financial statements therefore represent the cost base of MXC Capital plc as a stand-alone entity, and do not include any of the revenue generating activities of MXCCA which will be included in future consolidated financial statements.

In respect of continuing operations, administrative expenses and the resultant loss for the year were £1.1 million (2013: £1.1 million). These expenses include ongoing costs of £0.6 million (2013: £0.6 million), primarily relating to salary costs and the Group's regulatory and listing expenses. The non-cash share options charge was £0.1 million in the year (2013: £0.5 million) and £0.4 million (2013: nil) was incurred in respect of legal and professional fees for the acquisition of MXCCA and the associated reverse takeover.

After a deferred tax credit of £15,000 (2013: £0.1 million) in respect of the share option charge, the Group's loss from continuing operations was £1.1 million (2013: £1.0 million).

During the year the Group sold 2ergo Limited, its trading subsidiary, to Eagle Eye for £4.5 million. £2.5 million was received in cash, with the balance satisfied by the allotment and issue to the Company of new ordinary shares in the capital of Eagle Eye, an AIM quoted company. The Group generated a profit on the disposal and trade of 2ergo Limited of £0.3 million (2013: loss of £3.6 million), this is shown in the Consolidated statement of profit or loss as 'profit from discontinued operations'.

Overall, the reported loss for the year was £0.8 million (2013: loss of £4.6 million) with a loss per share of 0.18 pence (2013: loss of 4.04 pence).

Net assets at 31 August 2014 were £12.4 million (2013: £4.8 million). These comprised predominantly cash of £11.1 million (2013: £1.5 million), the shares held in Eagle Eye of £1.8 million (2013: £nil) and creditors of £0.7 million (2013: £1.3 million). The increase in the cash balance was a result of the £8.4 million proceeds (net of fees) received from the equity placing in August 2014 and £2.5 million cash received from the sale of 2ergo Limited. The balance of the sale proceeds of £2 million is shown as a current asset investment on the balance sheet. In accordance with IFRS requirements this investment is stated at fair value at 31 August 2014, resulting in the recognition of a non-cash fair value reduction of £0.2 million.

The net assets and cash balance at 31 August 2014 leave the Group well positioned to begin to execute its strategic intentions.

Subsequent to the year end, on 29 October 2014, MXC completed the acquisition of MXCCA for £6 million, settled by the issue of shares in MXC. This acquisition is classified as a reverse takeover and will be accounted for as such in the interim results to 28 February 2015.

Also subsequent to the year end MXC invested £1.2 million in Castleton Technologies plc ('Castleton'), an AIM listed public sector focused IT managed services business. It also issued 104,089,816 ordinary shares of 1p to acquire MXC Holdings Limited's interest in Castleton. Following the investment and share issue MXC now holds 23.2% of the issued share capital of Castleton.

The Company has also recently completed its investment in 365 Agile Limited, a software enabled mobile working solutions business. MXC has acquired 25% of 365 Agile Limited, providing up to £1 million of funding through a combination of debt and equity.

These investments lay the foundation for the Group's stated strategy; providing investment and advisory services to high growth companies in the TMT sector. To further facilitate this MXC has announced its intention to re-domicile to Guernsey. In order to effect the re-domicile all existing shares in MXC Capital plc will be exchanged for shares in MXC Capital Limited, a company that has been incorporated in Guernsey to become the new holding company for the MXC Capital group of companies. In all other aspects the Group's current board, strategy and investment portfolio will remain unchanged as a result of the re-domicile and it will retain its AIM quotation. In addition, as part of the re-domicile process, the Company has applied to the court to permit a capital reduction which will create distributable reserves. The Board believes these changes, which are expected to complete in early 2015, will offer greater flexibility to achieve the Group's investment aims.

Risks and risk management

The Group is affected by a number of risks and uncertainties, not all of which are wholly within its control as they relate to the wider macroeconomic and legislative environment within which the Group operates. The key non-financial risks that the Group faces are listed below:

Reliance on key personnel and management

The success of the Group will be dependent on the services of key management and personnel. The directors believe that the Group's future success will depend largely on its ability to retain and attract highly skilled and qualified personnel. The Board is in the process of implementing an incentive scheme to mitigate this risk but there can be no guarantee that such individuals will be retained or identified and employed.

Prospective portfolio investments

The value of the Group is dependent, inter alia, upon the Group acquiring interests in other businesses. There can be no guarantee that suitable companies will be available for investment or acquisition, or that the Group will successfully identify and invest in such businesses. Once the Group has acquired an interest in a business it is likely that such asset will not be realisable immediately, particularly given the nature of the sectors of interest, the size of the targeted businesses and that targeted businesses may be private companies. In addition, smaller companies frequently lack the financial strength, diversity and resources to overcome or survive periods of economic slowdown. Furthermore, the share prices of such companies, if publicly traded, are often subject to significant fluctuations and any volatility in the value of one or more of such businesses could have a substantial impact upon the value of the Group and the Ordinary Shares. It is the intention of the Board that, over time, the Group will create a portfolio of businesses, thereby spreading its risk to some degree.

Failure to implement strategy

It may not be possible for the Group to implement its strategy if opportunities meeting the required investment criteria do not arise. Furthermore, the TMT market sub-sectors in which the current or potential future investee companies operate could be volatile due to technological innovation, regulatory change or some other industry driven event. The Group may suffer from adverse conditions in such sectors as well as a deterioration in the factors that are considered to give it a competitive advantage. The Group's strategy is, however, formulated by management with a strong track record of generating significant gains within the TMT sector and executed by an experienced team.

Early stage of development and limited operating history

Many of the businesses in which the Group invests may be companies at an early stage of commercial development. The commencement of such businesses' material revenues is difficult to predict and there is no guarantee that such businesses will generate any material revenues after investment by the Group or any revenues at all. The resources available to such businesses may not be sufficient to fund the businesses until they are profitable. Some of the businesses may be companies which have a limited sales and operating history upon which their performance and prospects can be evaluated and they may well face the risks frequently encountered by developing companies. These risks include the potential inability to retain key personnel, as well as uncertainty as to which areas to target for growth and expansion. In addition, there can be no assurance that the businesses' proposed operations will be profitable or produce a reasonable return, or any return, on investment.

Disposal of subsidiaries

As is common with such transactions, the Group faces the risk of potential claims being made pursuant to the warranties and indemnities given by MXC under the sale and purchase agreements that were entered into with the buyers of its subsidiary companies. Further details are given in note 20 to these financial statements. The warranties and indemnities are customary for transactions of this nature. Disclosure was made against warranties where appropriate and limitations on liability were incorporated to further protect the Group.

By order of the board

Marc Young
Chief Executive Officer
30 December 2014

Directors' report

The directors present their annual report, the audited consolidated financial statements and the audited Company financial statements for the year ended 31 August 2014.

Corporate Status

MXC Capital plc is a public limited company incorporated in England & Wales with company number 5010663. The Company has its registered office at 100 Fetter Lane, London, EC4A 1BN. The Company changed its name from 2ergo Group plc to Broca plc on 16 April 2014 and from Broca plc to MXC Capital plc on 12 August 2014.

Disposals

On 16 April 2014 the Group disposed of its trading subsidiary, 2ergo Limited to Eagle Eye Solutions Group plc. The total proceeds of the disposal were £4,500,000. £2,500,000 was received in cash and £2,000,000 in shares in Eagle Eye Solutions Group plc. Further details are given in note 20 to these financial statements.

Results and dividends

The trading results for the period and the Group's financial position at the end of the period are shown in the following financial statements. A description of the trading results and future developments is contained in the financial review on pages 5 to 6.

The directors do not recommend the payment of a dividend (2013: £nil).

Principal risks and uncertainties

The principal risks and uncertainties are detailed within the Strategic Report, on pages 4 to 7.

Details of the Group's financial risk management objectives and policies are set out in note 14 of the consolidated financial statements.

Going concern

The Group had cash balances of £11.1 million at 31 August 2014. Following the change in strategy of the Group, the Board is satisfied that these cash balances provide sufficient funds to allow MXC to start to pursue its forward commercial model and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Directors

Peter Rigg	(appointed 12 August 2014) (Non-executive Chairman)
Marc Young	(appointed 12 August 2014) (Chief Executive Officer)
Paul Guilbert	(appointed 12 August 2014) (Non-executive Director)
Ian Smith	(resigned 12 August 2014)
Jill Collighan	(resigned 12 August 2014)
Simon Duckworth	(resigned 12 August 2014)
Neale Graham	(resigned 30 May 2014)

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Directors' remuneration and share options

Remuneration in respect of the directors was as follows:

	31 August 2014 Aggregate emoluments and fees £'000	**31 August 2014 Short-term benefits £'000**	**31 August 2014 Pension costs £'000**	31 August 2013 Aggregate emoluments and fees £'000	31 August 2013 Short-term benefits £'000	31 August 2013 Pension costs £'000
Ian Smith	**115**	**–**	**–**	20	–	–
Neale Graham	**20**	**2**	**12**	98	4	21
Jill Collighan	**118**	**1**	**4**	118	1	4
Simon Duckworth	**32**	**–**	**–**	4	–	–
Peter Rigg	**2**	**–**	**–**	–	–	–
Paul Guilbert	**2**	**–**	**–**	–	–	–
Marc Young	**8**	**–**	**–**	–	–	–

The directors hold the following share options:

	Options over ordinary shares of 1p each	
	31 August 2014	31 August 2013
Peter Rigg	–	–
Marc Young	–	–
Paul Guilbert	–	–

Neale Graham, who resigned as a director on 30 May 2014, held 28,664,236 options over ordinary shares of 1p each at 31 August 2014 (2013: 28,664,236). Jill Collighan, who resigned as a director on 12 August 2014, held 10,000,000 options over ordinary shares of 1p each at 31 August 2014 (2013: 10,000,000). The Company is in the process of implementing an incentive scheme for its current employees and executive director.

The market price of the Company's shares at the end of the financial year was 1.85p and the range of the market price during the year was between 1.00p and 2.625p.

Corporate Governance

The directors recognise the importance of sound corporate governance. Compliance with the UK Corporate Governance Code is not compulsory for AIM listed companies, therefore the directors do not claim full compliance with the code, however the directors intend to apply all principles they consider appropriate to a public company of MXC's size quoted on AIM, taking into account the recommendations contained within the QCA Guidelines.

The board of MXC holds meetings as issues arise which require the attention of the Board. Quarterly board meetings take place where overall performance against the business plan, its strategy and targets are considered. The Board is also responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee and monitor the financial position, the business and affairs of the Group on behalf of the shareholders, to whom the directors are accountable. The primary duty of the Board is to act in the best interests of the Group at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management.

The Group has also established a remuneration committee (the "Remuneration Committee") and an audit committee (the "Audit Committee") with formally delegated duties and responsibilities. The revised written terms of reference of these committees were adopted on 19 September 2014.

The Remuneration Committee, which comprises Paul Guilbert as Chairman and Peter Rigg, meets not less than twice each year. The committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options (or similar arrangements) with due regard to the interests of the shareholders and the performance of the Group.

The Audit Committee, which comprises Paul Guilbert as Chairman and Peter Rigg, meets not less than twice a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Group.

Research and Development

Details of the Group's policy for the recognition of expenditure on research and development are set out in note 1 of the consolidated financial statements.

Related Party Transactions

Details of the Group's transactions and year end balances with related parties are set out in note 19 of the consolidated financial statements.

Off-Balance Sheet Arrangements

The Group does not have any financing arrangements not included in the consolidated statement of financial position.

Share Capital

On 12 August 2014, the Company issued 850,000,000 1p ordinary shares through a placing and subscription with new and existing shareholders at a price of 1p per ordinary share. Also on 12 August 2014, the Company issued 555,772 (2013: 555,772) ordinary shares pursuant to the final tranche of the contingent consideration due on the acquisition of the entire issued share capital of Activemedia Technologies Limited in 2009.

At 31 August 2014 the Company held 899,726 (2013: 899,726) ordinary shares as treasury shares. These shares represented 0.07% (2013: 0.2%) of the total issued share capital of the Company. The treasury shares were cancelled on 30 October 2014.

Details of other changes in the Company's share capital are set out in notes 15 and 21 of the consolidated financial statements.

Post Balance Sheet Events

Full details of post balance sheet events are included in note 21 to the financial statements.

Disclosure of Information to the Auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board

Jill Collighan
Company Secretary

100 Fetter Lane
London
EC4A 1BN

30 December 2014

Statement of directors' responsibilities

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 the Group and the parent Company for each financial year. As required by the AIM rules of the London Stock Exchange the directors have prepared financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the financial statements for the parent Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable laws). 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 Group and the parent Company and of their profit or loss for that period. In preparing each of the Group and the parent Company 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 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of MXC Capital plc (formerly 2ergo Group plc, formerly Broca plc)

We have audited the financial statements of MXC Capital plc (formerly 2ergo Group plc, formerly Broca plc) for the year ended 31 August 2014 which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 auditors

As explained more fully in the Statement of directors' responsibilities set out on page 12, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 August 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 consolidated 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

30 December 2014

Consolidated statement of profit or loss

For the year ended 31 August 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Administrative expenses – other		**621**	588
Share based payments charge	4	**62**	550
Strategic costs included within administrative expenses	3	**387**	–
Total administrative expenses		**(1,070)**	(1,138)
Operating loss	3	**(1,070)**	(1,138)
Finance income	5	**3**	2
Loss before taxation		**(1,067)**	(1,136)
Taxation	6	**15**	106
Loss for the financial year from continuing operations		**(1,052)**	(1,030)
Discontinued operations			
Profit/(loss) for the financial year from discontinued operations	20	**271**	(3,608)
Loss for the financial year attributable to owners of the parent company		**(781)**	(4,638)
Loss per share			
From continuing operations			
Basic and diluted	7	**(0.24)p**	(0.90)p
From continuing and discontinued operations			
Basic and diluted	7	**(0.18)p**	(4.04)p

Consolidated statement of other comprehensive income

For the year ended 31 August 2014

	Note	**2014** £'000	2013 £'000
Loss for the financial year		**(781)**	(4,638)
Other comprehensive (loss)/income			
Items that will be reclassified subsequently to profit or loss			
Available-for-sale financial assets, current year loss	11	**(171)**	–
Tax on items taken directly to other comprehensive income		**(57)**	80
Other comprehensive (loss)/income for the financial year, net of tax		**(228)**	80
Total comprehensive loss for the financial year attributable to owners of the parent company		**(1,009)**	(4,558)

Consolidated statement of financial position

As at 31 August 2014

	Note	**2014** **£'000**	2013 £'000
Non-current assets			
Intangible assets	8	**–**	3,592
Property, plant and equipment	9	**–**	283
Deferred tax asset	13	**161**	–
		161	3,875
Current assets			
Trade and other receivables	10	**40**	640
Other short-term financial assets	11	**1,829**	–
Current tax asset		**–**	282
Cash and cash equivalents		**11,103**	1,461
		12,972	2,383
Total assets		**13,133**	6,258
Current liabilities			
Trade and other payables	12	**(734)**	(1,282)
Non-current liabilities			
Deferred tax liability	13	**–**	(147)
Total liabilities		**(734)**	(1,429)
Net assets		**12,399**	4,829
Capital and reserves attributable to equity holders of the parent			
Share capital	15	**12,484**	3,979
Share premium	15	**12,574**	12,645
Investment in own shares	15	**(16)**	(1,225)
Merger relief reserve	15	**–**	496
Merger reserve		**–**	1,512
Other reserves	16	**(13)**	(304)
Share option reserve		**760**	1,287
Available-for-sale reserve	11	**(171)**	–
Retained losses		**(13,219)**	(13,561)
Total equity attributable to the owners of the parent		**12,399**	4,829

These financial statements were approved by the Board on 30 December 2014 and signed on its behalf by:

P Rigg
Director

M Young
Director

Consolidated statement of changes in equity

For the year ended 31 August 2014

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Merger relief reserve £'000	Merger reserve £'000	Other reserves £'000	Share option reserve £'000	Available for sale reserve £'000	Retained losses £'000	Total £'000
Balance at 1 September 2012	364	10,598	(1,225)	414	1,512	(304)	873	–	(9,139)	3,093
Loss for the financial year	–	–	–	–	–	–	–	–	(4,638)	(4,638)
Other comprehensive income										
Tax on items taken directly to equity	–	–	–	–	–	–	–	–	80	80
Total comprehensive loss for the financial year	–	–	–	–	–	–	–	–	(4,558)	(4,558)
Transactions with owners										
Issue of share capital	3,615	2,561	–	82	–	–	–	–	–	6,258
Issue costs	–	(514)	–	–	–	–	–	–	–	(514)
IFRS 2 share based payment charge	–	–	–	–	–	–	550	–	–	550
Fair value of vested options lapsed in the year	–	–	–	–	–	–	(136)	–	136	–
	3,615	2,047	–	82	–	–	414	–	136	6,294
Balance at 31 August 2013	3,979	12,645	(1,225)	496	1,512	(304)	1,287	–	(13,561)	4,829
Loss for the financial year	–	–	–	–	–	–	–	–	(781)	(781)
Other comprehensive income										
Tax on items taken directly to equity	–	–	–	–	–	–	–	–	(57)	(57)
Reclassification[1]	–	–	–	(579)	(1,512)	–	–	–	2,091	–
Available-for-sale financial assets – current year loss	–	–	–	–	–	–	–	(171)	–	(171)
Total comprehensive loss for the financial year	–	–	–	(579)	(1,512)	–	–	(171)	1,253	(1,009)
Transactions with owners										
Issue of share capital	8,505	–	–	83	–	–	–	–	–	8,588
Issue costs	–	(71)	–	–	–	–	–	–	–	(71)
Fair value adjustment to investment in own shares[2]	–	–	1,209	–	–	–	–	–	(1,209)	–
Fair value adjustment to other reserve[3]	–	–	–	–	–	291	–	–	(291)	–
IFRS 2 share based payment charge	–	–	–	–	–	–	62	–	–	62
Fair value of vested options lapsed in the year	–	–	–	–	–	–	(589)	–	589	–
	8,505	(71)	1,209	83	–	291	(527)	–	(911)	8,579
Balance at 31 August 2014	**12,484**	**12,574**	**(16)**	**–**	**–**	**(13)**	**760**	**(171)**	**(13,219)**	**12,399**

(1) The reclassifications are in respect of the Merger and Merger Relief reserve balances which were eliminated on the disposal of 2ergo Limited.

(2) The reclassification is in respect of the revision to the fair value of treasury shares, based on the market value of the shares at 31 August 2014.

(3) The reclassification is in respect of the revision to the fair value of EBT shares, based on the market value of the shares at 31 August 2014.

Consolidated statement of cash flows

For the year ended 31 August 2014

	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Loss before taxation		**(1,067)**	(1,136)
Adjustments for:			
Share based payment expense		**62**	550
Net finance income		**(3)**	(2)
(Increase)/decrease in trade and other receivables		**(45)**	449
Increase/(decrease) in trade and other payables		**324**	(1,116)
Net cash flows from operating activities – continuing operations		**(729)**	(1,255)
Cash flows from investing activities			
Interest received		**3**	2
Net cash flows from investing activities – continuing operations		**3**	2
Cash flows from financing activities			
Net proceeds from issue of equity		**8,429**	5,656
Net cash flows from financing activities		**8,429**	5,656
Net cash flows from operating activities – discontinued operations	20	**1,939**	(3,479)
Net increase in cash and cash equivalents in the year		**9,642**	924
Cash and cash equivalents at beginning of year		**1,461**	537
Cash and cash equivalents at end of year		**11,103**	1,461

1 Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (IFRS).

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Group are set out below. The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these consolidated financial statements. The presentational currency of the Group and functional currency of the Company is Sterling.

The principle accounting policies applied during the year are set out below. These accounting policies incorporate those adopted by the discontinued operations during the period prior to disposal.

Going concern

These financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its existing cash reserves. Following the change in strategy of the Group, the Board is satisfied that the cash balances of £11.1 million at 31 August 2014 provide sufficient funds to allow the Group to start to pursue its forward commercial model and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Adoption of new accounting standards

The Group has not adopted any new interpretations, revisions or amendments to IFRS issued by the International Accounting Standards Board during the year which have a significant effect on current, prior or future periods in respect of presentation, recognition or measurement. An overview of standards, amendments and interpretations to IFRSs issued but not yet effective is provided on pages 25 and 26.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 August each year. All subsidiaries have a reporting date of 31 August.

The results of subsidiaries acquired are consolidated from the date of acquisition. They cease to be consolidated from the date of disposal. Acquisitions of subsidiaries are accounted for under the acquisition method, other than for the original acquisition of 2ergo Limited by MXC Capital plc which has been accounted for using the principles of merger accounting as permitted by IFRS 1. This involves the recognition at fair value of the assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. These fair values are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

The results of subsidiaries disposed of in the year ended 31 August 2014 were consolidated up until the date on which control passed, the disposal date, and are included within profit or loss from discontinued operations as part of a single line item.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Under the provisions of IFRS 1, the Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS.

Accordingly, the classification of acquisitions prior to the date of transition remain unchanged from those used under UK GAAP. Assets and liabilities are recognised at the date of transition (if they would be recognised under IFRS), and are recognised at net book value.

In accordance with IFRS 3, the fair value of assets or liabilities acquired, where cash flows arise in future periods, is obtained by discounting to present value the amounts expected to be receivable or payable in the future using a weighted average cost of capital.

Segmental reporting

Operating segments are identified based on internal management reporting information that is regularly reviewed by the Chief Operating Decision Maker ('CODM') and is used to make strategic decisions.

Revenue

The Group derives its revenues from contracts which include individual or varying combinations of the Group's managed services and products. The timing of revenue recognition in each case depends upon a variety of factors, including the specific terms of each contract and the nature of the Group's deliverables and obligations.

Revenue represents the fair value of consideration receivable by the Group for services provided, net of value added tax. The Group's revenue streams up to the point of disposal of its operating subsidiary include monthly service fees, set up and activation fees, licence fees and transaction fees depending on the type and delivery of service.

Revenue for transaction fees is recognised at the point of service delivery and when collection of the resulting receivable is reasonably assured. Monthly service and licence fees are recognised over the period of the agreement. Set up and activation fees are generally recognised when the relevant service is available to the customer. When components of a single invoice are separately identifiable, such as set up and monthly service fees, revenue is measured separately for each component in accordance with the recognition policies above.

Intangible assets

Purchased intellectual property

Purchased intellectual property is capitalised at cost and amortised on a straight line basis based upon the directors' estimate of useful economic life (5 years).

Research and development

Expenditure on research is written off in the period in which it is incurred, except where such expenditure is recoverable from third parties. Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the product is technically feasible so that it will be available for use or sale;
- the Group intends to complete the product and use or sell it;
- the Group has the ability to use or sell the product;
- the product is commercially viable and will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete development of the product; and

- the expenditure attributable to the product during its development can be measured reliably.

Development costs comprise all directly attributable costs, including employee costs incurred on software development along, with an appropriate portion of relevant overheads. Development costs not meeting the criteria for capitalisation are written off as incurred. Development costs are capitalised at cost and amortised from completion and commercial sale of the product on a straight line basis based upon the directors' estimate of their useful economic lives (5 years).

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects expectations about the probability that future economic benefits from the asset will flow to the Group. These costs are amortised on a straight line basis based upon the directors' estimate of their useful economic lives as above.

Goodwill

Goodwill arising on business combinations prior to the adoption of IFRS 3 (revised 2008) represents the difference between the cost of a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. The cost of acquisition represents the fair value of assets given and equity instruments issued in return for the assets acquired, plus directly attributable costs. There have been no business combinations since the adoption of IFRS 3 (revised 2008).

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any provision for impairment. Depreciation is provided to write down the cost to the residual value over the assets' estimated useful economic lives on a straight line basis with the following lives:

Computer equipment	2 to 3 years
Office furniture and fittings	3 to 5 years

The residual values and economic lives of assets are reviewed by the directors on at least an annual basis and are amended as appropriate.

Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Those intangible assets not yet available for use and goodwill are tested for impairment at least annually by reviewing management approved forecasts for those cash generating units. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, and value in use based on an internal discounted cash flow valuation. Any impairment loss is charged pro rata to the assets in the cash-generating unit.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases. Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Taxation

Current tax is the tax currently payable based upon the taxable loss for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or of any other asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Tax losses which are available to be carried forward and other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income.

Current and deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the contract. They are assigned to the categories described below by management on initial recognition, depending on the purpose for which they were acquired. The designations of financial assets are re-evaluated at every reporting date at which a choice of classification or accounting treatment is available, and are as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. These are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest rate method, less provision for estimated irrecoverable amounts. Receivables are assessed for impairment based on a number of factors including their credit-worthiness, previous payment history and future prospects. Any change in their value through impairment or reversal of impairment is recognised in the consolidated statement of profit or loss. The carrying value less impairment provision of loans and receivables is assumed to approximate to their fair value. The Group’s trade receivables and cash and cash equivalents fall into this category.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Available for sale (AFS) financial assets

The Group's AFS financial assets are non-derivative financial assets comprising listed securities measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available for sale reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income. AFS equity investments impairment reversals are not recognised in profit and loss and any subsequent increase in fair value is recognised in other comprehensive income.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the contract. The Group's financial liabilities include trade payables and contingent consideration on acquisitions which are measured initially at fair value and subsequently at amortised cost using the effective interest rate method, based on management's expectations of performance. In respect of acquisitions completed prior to the issuance of IFRS3 revised, changes to the value of contingent consideration result in a revision to the value of goodwill recognised.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised only when the contract that gives rise to it is settled, sold, cancelled or expires.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the settlement and retranslation of monetary items are included in the operating result for the year.

The assets and liabilities of overseas operations are translated at the rates of exchange ruling at the reporting date. Exchange differences arising on translation of the opening net assets of overseas operations are recognised in other comprehensive income.

Employee benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charged in the income statement are the contributions payable to the scheme in respect of the accounting period.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. The fair value of these payments is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Estimates for non-market based vesting conditions are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made where a change occurs to the expectation of a market based vesting condition. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

In the case of options granted without a market based vesting condition, fair value is measured by the Black-Scholes pricing method. Where options are granted with a market based vesting condition, fair value is measured by the binomial pricing method. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated statement of profit or loss with a corresponding credit to the share option reserve.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium. Where vested share options have lapsed, the value previously credited to the share option reserve in relation to those options is transferred to Retained Losses. Where share options are modified the fair value of those options is reassessed and the revised value is expensed over the vesting period of the modified option.

Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the consolidated financial statements. Any assets held by the EBT cease to be recognised in the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated statement of profit or loss.

Equity

Equity comprises the following:

- Share capital, representing the nominal value of shares of the Company;
- Share premium, representing the excess over the nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- Investment in own shares, representing the cost of purchasing issued shares in the Company into treasury;
- Merger relief reserve, representing the excess of the fair value of net assets acquired and goodwill arising on acquisition over the nominal value of shares issued;
- Merger reserve, representing the excess of the Company's cost of investment over the nominal value of 2ergo Limited's shares acquired using the principles of merger accounting;
- Other reserve, representing the cost of the Company's shares held by the EBT that are shown as a deduction against equity;
- Share option reserve, representing the cost of equity-settled share-based payments until such share options are exercised or lapse; and
- Available for sale reserve, representing unrealised gains/losses arising from fair value adjustments to the carrying value of assets designated as available for sale until such assets are disposed of.

Recently issued accounting pronouncements

At the date of issue of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective. The directors anticipate that the adoption of these Standards and Interpretations, which is expected to occur on their effective dates, will not have a material impact on the Group's financial statements.

Effective for financial period commencing on or after 1 September 2014:

- IAS 27 (Revised) – Separate financial statements
- IAS 28 (Revised) – Investments in associates and joint ventures
- IAS 32 – Offsetting financial assets and financial liabilities
- IAS 36 – Impairment of assets
- IAS 39 – Financial instruments
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRIC 21 – Levies

During the current period, the following relevant Standards and Interpretations became effective and have been adopted:

- IFRS 13 Fair Value Measurements (effective 1 January 2013)
- IAS 19 Employee Benefits (revised June 2011) (effective 1 January 2013)
- IAS 12 Deferred tax – Recovery of Underlying Asset (Amendment) (effective 1 January 2013)
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)

There have been no significant impacts on the results arising from the adoption of these standards.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements and their underlying assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenue and expenses during the periods presented. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraphs detail the critical accounting estimates and judgements the Group believes to have the most significant impact on the annual results under IFRS.

Acquisition of MXC Capital Advisory LLP

The date of acquisition is considered to be a critical judgement in preparing the financial statements for the year ended 31 August 2014. Due consideration has been given to the timing of the passing of effective control. The key trigger for this is (i) FCA approval to the change of control of MXC Capital Advisory LLP; and (ii) the FCA's subsequent approval for the new controllers, MXC Capital plc and Marc Young, to act in such capacity. Neither of these approvals had been received at 31 August 2014, and on that basis the reverse takeover has been accounted for as a post balance sheet event in these financial statements.

Discontinued operations

The following estimates relate to the results of the discontinued operations and impact these financial statements up to the date of disposal. Since that date, other than as disclosed above, there are no critical estimates or judgements that would have a material impact on the amounts reported in the financial statements.

Intangible assets

Intangible assets include intellectual property which is capitalised at cost and amortised on a straight line basis based upon the directors' estimate of its useful economic life. In addition, the carrying value of intellectual property is assessed when indications of impairment exist. The level of success of propositions and products based on this intellectual property may be different from the directors' estimates, which could impact the useful economic life of the intellectual property and operating results positively or negatively. The Group holds intellectual property with a net book value of £nil (2013: £3,081,000).

Impairment of goodwill

The Group determines whether goodwill arising on acquisitions is impaired on at least an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires the directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The actual cash flows may be different from the directors' estimates, which could impact the carrying value of the goodwill and therefore operating results negatively. The value of goodwill at 31 August 2014 is £nil (2013: £511,000).

Provision for doubtful trade receivables

The Group evaluates the collectability of trade receivables and records provisions based on experience. These provisions are based on, amongst other things, comparison of the relative age of accounts and consideration of actual write-off history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively. The value of the provision for doubtful receivables at 31 August 2014 is £nil (2013: £46,000).

2 Segmental analysis

Operating segments are identified based on internal management reporting information that is regularly reviewed by the CODM and are used to make strategic decisions. The operating segments are defined by distinctly separate product offerings or markets. The CODM assess the performance of the operating segments based on a measure of adjusted EBITDA.

Prior to the disposal of 2ergo Limited, the Group was organised into one principal operating division for management purposes based in the UK focussed on the monetisation of the Group's technology. Therefore the Group had only one operating segment and segmental information is not required to be disclosed.

As the income generating segment had been discontinued as a result of the disposal of 2ergo Limited, the figures in the consolidated statement of profit or loss are in respect of the central costs centre which is UK based and which was the only remaining segment at the year end.

The Group had one customer, revenues from whom represented more than 10% of the Group's revenue. Revenues from that customer in the year to 31 August 2014 were £nil (2013: £0.7 million) and gross profit recognised was £nil (2013: £22,000).

All revenues are from external customers. Discontinued revenues can be attributed to the following countries, based on the customers' location, as follows:

	2014 £'000	2013 £'000
United Kingdom	**1,516**	3,308
United States of America	**–**	213
	1,516	3,521

All non-current assets are held within the United Kingdom.

3 Operating loss

Operating loss is stated after charging to administrative costs:

	Continuing operations		Discontinued operations		Total	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Depreciation of owned tangible assets	**–**	–	**187**	405	**187**	405
Amortisation of intangible assets	**–**	–	**560**	836	**560**	836
Employee costs[1] (see note 4)	**487**	957	**754**	2,536	**1,241**	3,493
Operating lease rentals	**2**	–	**78**	342	**80**	342
Auditor's remuneration						
Audit of parent and consolidated accounts	**21**	12	**–**	–	**21**	12
Non-audit services						
Audit of the Company's subsidiaries	**–**	–	**–**	19	**–**	19
Other non-audit services[2]	**25**	5	**9**	15	**34**	20
Research and development[3]	**–**	–	**224**	1,127	**224**	1,127
Strategic costs[4]	**387**	–	**–**	–	**387**	–

(1) Continuing employee costs includes £62,000 (2013: £550,000) in respect of IFRS2 share scheme costs.

(2) Continuing other non-audit services includes tax services of £13,000 (2013: £5,000).

(3) Research and development costs include elements of amortisation, impairment and employee costs also included separately above.

(4) Strategic costs relate to the acquisition of MXC Capital Advisory LLP and the associated reverse takeover, see note 21 for details.

4 Particulars of staff

The average number of persons employed by the Group, including executive directors, during the year was:

	2014 No	2013 No
Technical	**9**	26
Sales and administration	**10**	41
	19	67

The aggregate payroll costs of these persons were:

	2014 £'000	2013 £'000
Wages and salaries	**1,157**	3,147
Social security costs	**132**	347
Pension costs – defined contribution plan	**40**	98
Less: amounts capitalised	**(150)**	(649)
Total payroll costs	**1,179**	2,943
Share scheme costs[1]	**62**	550
Total employment costs	**1,241**	3,493

(1) The IFRS 2 share scheme costs primarily relate to the share options issued in the July 2013 fundraising and are a non-cash item.

Key management remuneration

Remuneration of the key management team, including executive directors, during the year was as follows:

	2014 £'000	2013 £'000
Aggregate emoluments including short-term employee benefits	**485**	692
Share scheme costs	**94**	334
Pension costs – defined contribution plan	**21**	54
	600	1,080

Directors' remuneration

Remuneration of directors during the year was as follows:

	2014 £'000	2013 £'000
Aggregate emoluments including short-term employee benefits	**183**	344
Pension costs – defined contribution plan	**16**	43
Fees	**117**	20
	316	407

The remuneration of the highest paid director during the year was:

	2014 £'000	2013 £'000
Aggregate emoluments including short-term employee benefits	**119**	119
Pension costs – defined contribution plan	**4**	4
	123	123

The remuneration of individual directors is disclosed in the Directors' report on page 9. Retirement benefits are accruing to no (2013: 2) directors in respect of defined contribution schemes.

5 Finance income

	2014 £'000	2013 £'000
Interest income on short-term bank deposits	**3**	2
	3	2

6 Taxation

	Continuing operations		**Discontinued operations**		**Total**	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Current tax						
UK Corporation tax at 22.17% (2013: 23.59%)	**–**	–	**–**	(272)	**–**	(272)
Adjustments in respect of prior years	**–**	–	**–**	8	**–**	8
	–	–	**–**	(264)	**–**	(264)
Deferred tax						
In respect of current year	**(15)**	(78)	**(61)**	–	**(76)**	(78)
In respect of prior years	**–**	(28)	**–**	(62)	**–**	(90)
	(15)	(106)	**(61)**	(62)	**(76)**	(168)
Tax on loss on ordinary activities	**(15)**	(106)	**(61)**	(326)	**(76)**	(432)

Tax reconciliation

	2014 £'000	2013 £'000
Loss before tax	**(857)**	(5,070)
Tax using UK corporation tax rate of 22.17% (2013: 23.59%)	**(190)**	(1,196)
Non-deductible expenses	**100**	2
Research and development tax credits	**(61)**	(335)
Share based payment temporary differences	**(32)**	31
Adjustment to deferred tax in respect of prior years	**–**	16
Effect of change in tax rates	**17**	81
Utilisation of research and development tax credits	**–**	282
Movement in deferred tax not provided	**90**	687
Tax on loss on ordinary activities	**(76)**	(432)

During the year, the Corporation Tax rate reduced from 23% to 21%, resulting in an effective rate for the year of 22.17%.

In addition to the income tax credit for the year noted above, the Group has recognised an income tax credit of £61,000 (2013: £326,000) in relation to discontinued activities (note 20).

7 Loss per share

The calculation of basic and diluted loss per share from continuing and discontinued operations is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive.

Basic and diluted loss per share from continuing operations is calculated as follows:

	Loss per share pence	**Loss £'000**	**2014 Weighted average number of ordinary shares**	Loss per share pence	Loss £'000	2013 Weighted average number of ordinary shares
Basic and diluted loss per share	**(0.24)**	**(1,052)**	**438,230,759**	(0.90)	(1,030)	114,870,138

Basic and diluted loss per share from discontinued operations is calculated as follows:

	Profit per share pence	**Profit £'000**	**2014 Weighted average number of ordinary shares**	Loss per share pence	Loss £'000	2013 Weighted average number of ordinary shares
Basic and diluted profit/(loss) per share	**0.06**	**271**	**438,230,759**	(3.14)	(3,608)	114,870,138

Basic and diluted loss per share from continuing and discontinued operations is calculated as follows:

	Loss per share pence	**Loss £'000**	**2014 Weighted average number of ordinary shares**	Loss per share pence	Loss £'000	2013 Weighted average number of ordinary shares
Basic and diluted loss per share	**(0.18)**	**(781)**	**438,230,759**	(4.04)	(4,638)	114,870,138

8 Intangible assets

	Goodwill £'000	Intellectual property £'000	Total £'000
Cost			
At 1 September 2012	8,318	18,332	26,650
Additions – internally developed	–	649	649
Additions – purchased	–	299	299
Adjustment to contingent consideration	(404)	–	(404)
At 31 August 2013	7,914	19,280	27,194
Additions – internally developed	–	188	188
Disposal of subsidiaries	(7,914)	(19,468)	(27,382)
At 31 August 2014	**–**	**–**	**–**
Amortisation and impairment			
At 1 September 2012	7,403	15,363	22,766
Charge for the year	–	836	836
At 31 August 2013	7,403	16,199	23,602
Charge for the year	–	560	560
Disposal of subsidiaries	(7,403)	(16,759)	(24,162)
At 31 August 2014	**–**	**–**	**–**
Net book value			
At 31 August 2014	**–**	**–**	**–**
At 31 August 2013	511	3,081	3,592
At 1 September 2012	915	2,969	3,884

The Group's goodwill related to its previous acquisition of ticketing and couponing technology, and its intellectual property related to software utilised within its trading subsidiaries. On 16 April 2014 the Group completed the disposal of its trading subsidiaries and consequently its goodwill and intellectual property. Further details of the disposal are given in note 20.

9 Property, plant and equipment

	Computer equipment £'000	Office furniture and fittings £'000	Total £'000
Cost			
At 1 September 2012	1,738	725	2,463
Additions	120	4	124
At 31 August 2013	1,858	729	2,587
Additions	–	3	3
Disposal of subsidiaries	(1,858)	(732)	(2,590)
At 31 August 2014	**–**	**–**	**–**
Depreciation			
At 1 September 2012	1,315	584	1,899
Charge for the year	310	95	405
At 31 August 2013	1,625	679	2,304
Charge for the year	56	131	187
Disposal of subsidiaries	(1,681)	(810)	(2,491)
At 31 August 2014	**–**	**–**	**–**
Net book value			
At 31 August 2014	**–**	**–**	**–**
At 31 August 2013	233	50	283
At 1 September 2012	423	141	564

10 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**–**	424
Less: Provision for impairment of trade receivables	**–**	(46)
	–	378
Prepayments and accrued income	**14**	262
Other receivables	**26**	–
	40	640

The ageing of trade receivables that were not impaired at 31 August 2014 was:

	2014 £'000	2013 £'000
Not past due	**–**	234
Up to 3 months past due	**–**	124
More than 3 months past due	**–**	20
	–	378

Accrued income is not past due (2013: not past due).

The Group trades only with recognised, credit-worthy third parties. Receivable balances are monitored on an ongoing basis with the aim of minimising the Group's exposure to bad debts and in some cases the Group holds cash as security for some customers' debts. The Group has reviewed, in detail, all items within trade receivables to ensure that, beyond those for which an impairment provision has been made, no impairment exists. As at 31 August 2014, trade receivables of £nil were impaired and provided for (2013: £46,000 – all more than 3 months old). Movements on the provision for impairment of trade receivables are as follows:

	2014	2013
	£'000	£'000
At 1 September	**46**	257
Provision for receivables impairment	**–**	37
Receivables written off during the year	**–**	(248)
Released on disposal of subsidiaries	**(46)**	–
At 31 August	**–**	46

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2014	2013
	£'000	£'000
Sterling	**40**	620
US Dollars	**–**	20
	40	640

11 Other short-term financial assets

	2014	2013
	£'000	£'000
Equity securities – available-for-sale		
Acquired during the year at cost	**2,000**	–
Fair value adjustment	**(171)**	–
Available-for-sale assets at fair value	**1,829**	–

The Group holds 1,219,412 equity securities in Eagle Eye Solutions Group plc as a result of the disposal of 2ergo Limited (see note 20). These equity securities are publicly traded in the UK on the AIM Market of the London Stock Exchange ("AIM").

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The available-for-sale equity securities are the Group's only financial asset or liability measured at fair value and are categorised as Level 1 fair values.

12 Trade and other payables

	2014 £'000	2013 £'000
Current		
Trade payables	**248**	752
Other payables	**11**	189
Deferred consideration	**–**	88
Accruals and deferred income	**475**	253
	734	1,282

13 Deferred tax (asset)/liability

The elements of deferred taxation are as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances and intellectual property	**–**	350
Share option charge	**(161)**	(203)
	(161)	147

Movement in deferred tax (asset)/liability:

	Accelerated capital allowances and intellectual property £'000	Research and development tax credit £'000	Share option charge £'000	Total £'000
At 1 September 2012	412	–	(17)	395
Credited to income statement	(62)	–	(106)	(168)
Credited to equity	–	–	(80)	(80)
At 31 August 2013	350	–	(203)	147
Credited to income statement	–	(61)	(15)	(76)
Charged to equity	–	–	57	57
Released on disposal of subsidiaries	(350)	61	–	(289)
At 31 August 2014	**–**	**–**	**(161)**	**(161)**

No deferred tax asset is recognised for unused tax losses across the Group of £5.6 million (2013: £12.3 million) due to the remoteness of their utilisation.

14 Financial instruments and financial risk management

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's principal financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets.

The most significant financial risks to which the Group is exposed are described below.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Trade and other receivables
- Available-for-sale financial assets
- Cash and cash equivalents
- Trade and other payables

	2014 £'000	2013 £'000
Financial assets		
Trade and other receivables	**26**	378
Available-for-sale financial assets	**1,829**	–
Cash and cash equivalents	**11,103**	1,461
	12,958	1,839
Financial liabilities		
Trade and other payables	**734**	1,194

Financial risk management

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to equity price risks, which results from its investment in listed equity securities (see Note 11). For these listed equity securities, an average volatility of 9% has been observed during 2014 (2013: investee company was not listed). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, other comprehensive income and equity would have changed by £164,000 (2013: n/a). The listed securities are classified as available-for-sale so there would be no effect on profit or loss unless any decline in fair value below cost is determined to be an impairment (for example if the decline is significant or prolonged).

In accordance with the Group's policies, no specific hedging activities are undertaken in relation to the listed equity securities investments. The investments are continuously monitored and voting rights arising from these equity instruments are exercised in the Group's favour.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk principally in respect of cash deposits with financial institutions. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 August, as summarised in the 'Principal financial instruments' table above.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 August reporting dates under review are of good credit quality.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its financial obligations as they fall due. The Group manages its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due. The directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to cash flow projections prepared by management.

Capital management

The Group's capital structure is comprised entirely of shareholders' equity. The objective of the Group when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, The capital structure is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditure on commitments from existing cash and cash equivalent balances, primarily received from operating cash flows and the issuances of shareholders equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

15 Share capital

The authorised share capital of the Company is unrestricted (2013: 500,000,000 ordinary shares of 1p each). The share capital allotted, called up and fully paid at 31 August 2014 was 1,248,446,902 (2013: 397,891,130) ordinary shares of 1p each, of which 899,726 (2013: 899,726) were held in treasury.

	Number of shares	Share capital £'000	Share premium £'000	Merger relief reserve £'000
At 1 September 2012	36,381,818	364	10,598	414
Issue of share capital	361,509,312	3,615	2,561	82
Issue costs	–	–	(514)	–
At 31 August 2013	397,891,130	3,979	12,645	496
Issue of share capital	850,555,772	8,505	–	83
Issue costs	–	–	(71)	–
Release from merger relief reserve on disposal of subsidiary	–	–	–	(579)
At 31 August 2014	**1,248,446,902**	**12,484**	**12,574**	**–**

2013 movement

On 1 October 2012, the Company issued 28,453,540 1p ordinary shares through a placing and subscription with new and existing shareholders at a price of 10p per ordinary share. The purpose of the placing and subscription was to provide additional working capital and the capital resources necessary to invest in the roll-out of the Group's contactless mobile technology solutions.

On 28 March 2013, the Company issued 555,772 1p ordinary shares pursuant to a tranche of the contingent consideration due on the acquisition of the entire issued share capital of Activemedia Technologies Limited in 2009.

On 4 July 2013, the Company issued 332,500,000 1p ordinary shares through a placing and subscription with new and existing shareholders at a price of 1p per ordinary share. The purpose of the placing and subscription was to provide additional working capital and the capital resources necessary to invest in the roll-out of the Group's contactless mobile technology solutions.

2014 movement

On 13 August 2014, the Company issued 850,000,000 1p ordinary shares through a placing and subscription with new and existing shareholders at a price of 1p per ordinary share. The purpose of the placing and subscription was to provide funding to allow the Group to make acquisitions and/or investments within the TMT sector in line with its investment strategy.

On 13 August 2014, the Company issued 555,772 1p ordinary shares pursuant to the final tranche of the contingent consideration due on the acquisition of the entire issued share capital of Activemedia Technologies Limited in 2009.

On 12 August 2014 the Company revoked the restriction on its authorised share capital and therefore now has no limit on the number of authorised ordinary shares.

Investment in own shares

The Company holds the following shares in treasury:

	Number	**Total consideration £'000**
At 1 September 2012 and 31 August 2013	899,726	1,225
Fair value adjustment	–	(1,209)
At 31 August 2014	**899,726**	**(16)**

16 Other reserves

	Other reserve £'000
At 1 September 2012 and 31 August 2013	(304)
Fair value adjustment	291
At 31 August 2014	**(13)**

The other reserve represents the cost of the Company's shares held by the Employee Benefit Trust that are shown as a deduction against equity.

17 Share option scheme

The Company has a share option scheme for certain employees and former employees of the Group. Options are generally exercisable either at nominal value or at a price equal to the closing quoted market price of the Company's shares on the day immediately prior to the date of grant. Options are forfeited if the employee leaves the Group before the options vest, unless the Remuneration Committee determines otherwise. The performance criteria relating to the options are the continuing employment of the holder and the achievement of certain earnings based performance criteria, unless the Remuneration Committee determines otherwise.

	2014 Number of share options	**2014 Weighted average exercise price £**	2013 Number of share options	2013 Weighted average exercise price £
Outstanding at the beginning of the year	**67,848,142**	**0.02**	2,618,678	0.75
Granted during the year	**–**	**–**	66,644,176	0.01
Forfeited in the year	**–**	**–**	(889,737)	0.92
Lapsed in the year	**(1,187,300)**	**0.66**	(524,975)	0.68
Outstanding at the end of the year	**66,660,842**	**0.01**	67,848,142	0.02
Exercisable at the end of the year	**66,660,842**	**0.01**	782,301	0.88

In the year ended 31 August 2013, options were granted on 24 July 2013. The aggregate of the estimated fair values of the options granted on this date was £665,882 and the share price on that date was £0.01875. These options were granted in connection with the placing of shares on 4 July 2013. Each of Neale Graham and Barry Sharples were granted 10,000,000 of these options at nil cost ("Nil Cost Option"). The Nil Cost Option vested immediately on the date of grant, exercisable from 12 months from that date. In the event that each holder ceases to be an employee of the Company (as is now the case), the Nil Cost Option shall not lapse but shall continue to subsist and be capable of being exercised in accordance with the scheme rules.

Each of Neale Graham, Barry Sharples and Jill Collighan were granted 10,000,000 options on 24 July 2013, in connection with the placing of shares on 4 July 2013, at an exercise price of £0.01 ("Performance Option"). The Performance Option vested immediately on the date of grant but was not exercisable until certain performance conditions have been achieved, including the sale of the Group's trading subsidiary. Following the sale of the Group's trading subsidiary, this option is now exercisable. In the case of Neale Graham and Barry Sharples, the Performance Option will lapse if not exercised on or before 31 May 2016.

In connection with the placing of shares on 4 July 2013, Neale Graham was granted 8,412,088 options and Barry Sharples was granted 8,232,088 options on 24 July 2013, each at an exercise price of £0.01 ("Additional Option"). The Additional Option vested immediately on the date of grant, exercisable once each holder ceases to be an employee of the Company, as is now the case.

Options outstanding under the Company's share option schemes at 31 August 2014 were as follows:

Name of scheme	2014 No of options	2013 No of options	Calendar year of grant	Exercise period	Exercise price per share
2003 Executive share option scheme	**–**	428,500	2003	2006-2013	£0.22
2004 EBT scheme	**–**	53,612	2003	2007-2014	£0.48
2005 Incentive share option scheme	**–**	116,618	2005	2007-2015	£1.72
2006 Incentive share option scheme	**–**	183,571	2006	2008-2016	£2.03
2010 Incentive share option schemes	**–**	125,000	2012	2015-2022	£0.67
2011 Management incentive schemes	**16,666**	96,665	2011	2014-2021	£0.01
	–	200,000	2012	2015-2022	£0.01
2013 Enterprise Management Incentive scheme	**20,000,000**	20,000,000	2013	2013-2016	£0.01
	26,644,176	26,644,176	2013	2013-2023	£0.01
	20,000,000	20,000,000	2013	2013-2023	–

The weighted average remaining contractual life of these options is 6.9 years (2013: 9.8 years).

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. Fair value is determined by reference to the Black-Scholes option pricing model, other than for those options granted with a market-based vesting condition, in which case fair value is determined by reference to the Binomial option pricing model.

The inputs into the option pricing models are as follows:

	2014	2013
Weighted average exercise price	**£0.01**	£0.01
Expected volatility	**0.00%-86.81%**	0.00%-86.81%
Expected life	**0.0-7.1 years**	0.0-7.1 years
Risk free interest rate	**0.00%-2.69%**	0.00%-2.69%
Expected dividends	**Nil**	Nil

The volatility of the Company's share price on each date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4, 5, 6 and 7 years back from the date of grant, where applicable.

The Group recognised a charge of £62,000 (2013: £550,000) related to equity-settled share-based payment transactions in the year. £520,000 of the 2013 charge related to the Nil Cost Option and the Additional Option where the entire charge related to these options was recognised at the date of grant due to the vesting and exercise conditions attached to these options.

18 Operating lease commitments

At 31 August 2014, the Group had aggregate minimum lease payments under non-cancellable operating leases as follows:

	2014 £'000	2013 £000
Due within 1 year	**–**	128
Due from one to five years	**50**	–
	50	128

The Group's operating lease agreements relate to property, and previously related to property and server sites/equipment. The lease is for an initial term of between 1 and 2 years, with the lease agreement then becoming cancellable with 6 months' notice.

19 Related party transactions

During the year ended 31 August 2014, the Group purchased corporate finance consultancy services to the value of £25,429 (2013: £3,042) from MXC Capital Advisory LLP, a firm in which Ian Smith, the former executive chairman of the Company, was a founding partner and shareholder, and a firm which was acquired by MXC Capital plc in October 2014. In addition, the Group purchased corporate finance consultancy services from MXC Capital Advisory LLP pursuant to the disposal of 2ergo Limited in April 2014 to the value of £157,500. In 2013, pursuant to the placing in July 2013 the Group purchased corporate finance consultancy services from MXC Capital Advisory LLP to the value of £100,000. All transactions with MXC Capital Advisory LLP were at arm's length on normal commercial terms. At the year end the Group owed MXC Capital Advisory LLP £5,000 (2013: £76,151) including VAT in respect of these services.

During the year ended 31 August 2014, fees of £115,000 (2013: £20,000) were charged by Mathian LLP for the services of Ian Smith as Executive Chairman of the Company. At the year end, amounts owed in respect of these services were £162,000 (2013: £20,000) including VAT in accordance with the contractual payment terms.

MXC Holdings Limited (formerly MXC Capital Limited) is a company in which Ian Smith and Marc Young are shareholders and of which Ian Smith is a director. Pursuant to the placing in August 2014, the Company entered in to a consultancy, referral and licence agreement with MXC Holdings Limited. This agreement sets out the terms, inter alia, under which MXC Holdings Limited will provide corporate advisory services and other services as may be agreed between the parties from time to time. Under this agreement, £200,000 per annum is payable by the Company to MXC Holdings Limited. At 31 August 2014 £10,410 was due pursuant to this agreement. In addition, the parties entered into a shared services agreement under which MXC Holdings Limited will provide the Company with general office and secretarial support services, together with shared occupation of premises. Under this agreement, £50,000 per annum is payable by the Company to MXC Holdings Limited. At 31 August 2014 £2,603 was due pursuant to this agreement.

MXC Holdings Limited subscribed for 300,000,000 ordinary shares at a price of 1p per share in the August 2014 placing (2013 placing: 40,000,000 ordinary shares at a price of 1p per share). In addition, directors of MXC Holdings Limited subscribed for 23,000,000 ordinary shares at a price of 1p per share.

None of the key management personnel of the Group owe any amounts to any company within the Group (2013: £nil), nor are any amounts due from any company in the Group to any of the key management personnel (2013: £nil).

20 Discontinued operations

On 16 April 2014, the Group disposed of 2ergo Limited which entailed the sale of the mobile coupon and loyalty business carried on by the Group. In accordance with IFRS 5 the results of this unit are classified as discontinued operations in these financial statements.

The results of the discontinued operations up until the point of disposal, which have been disclosed separately in the consolidated statement of profit or loss, as required by IFRS 5, are as follows:

	2014 £'000	2013 £'000
Revenue	**1,516**	3,521
Administrative expenses	**(2,674)**	(7,455)
Loss before tax	**(1,158)**	(3,934)
Taxation on loss before tax	**61**	326
Profit on disposal of discontinued operations	**1,368**	–
Net profit/(loss) attributable to discontinued operations	**271**	(3,608)

Cash flows from discontinued operations:

	2014 £'000	2013 £'000
Net cash flows from operating activities	**(128)**	(2,407)
Net cash flows from investing activities	**(191)**	(1,072)
Sale of business, net of cash disposed	**2,258**	–
Net cash flows	**1,939**	(3,479)

The net assets and liabilities at disposal and the profit on disposal were as follows:

	2014 £'000
Total proceeds	**4,500**
Goodwill	(511)
Intangible assets	(2,709)
Property, plant and equipment	(99)
Trade and other receivables	(645)
Trade and other payables	784
Deferred tax liability	290
Net assets disposed of	**(2,890)**
Transaction and other costs of disposal	(242)
Profit on disposal	**1,368**

The total proceeds of the disposal of 2ergo Limited were £4,500,000. £2,500,000 was received in cash and £2,000,000 in shares in Eagle Eye Solutions Group plc. As detailed in note 11, the fair value of these shares at 31 August 2014 was £1,829,000.

As is common in such circumstances, the Group does face the risk of potential claims being made pursuant to the warranties and indemnities that the Group gave under the sale and purchase agreements that were entered into with the buyers of 2ergo Limited. The warranties and indemnities are customary for transactions of this nature. Disclosure was made against warranties where appropriate and limitations on liability were incorporated to further protect the Group.

Proceeds from disposal of 2ergo Americas

Pursuant to the disposal of Telitas US Inc and its subsidiary 2ergo Americas Inc on 24 February 2012, as is common in such transactions, Georgia Holding, a subsidiary of the Company, agreed to indemnify the acquirer, SoundBite Communications Inc ("SoundBite"), against certain claims that might arise relating to the period prior to SoundBite's acquisition of Telitas US Inc. The indemnification notice period terminated on 24 February 2014 but notice of a claim under the said indemnity was received by Georgia Holding prior to that date. Any successful claim made under this indemnity could have a material adverse effect on the Group's financial condition. $750,000 of the consideration for the disposal of Telitas US Inc was placed into an escrow account to be used to settle any indemnification claims arising, including in respect of any legal costs incurred by SoundBite in defending such claims. $300,000 has been released to SoundBite in satisfaction of a claim by SoundBite for legal costs relating to the action described below. The amount held in escrow is not included in the Group's cash balances.

The US customer communications industry is characterised by frequent claims and litigation, including claims regarding patent and other intellectual property rights. On 5 April 2012, a class action suit was filed against sixteen defendants across the US mobile telecommunications market, including the major network carriers, alleging violation of the US Sherman Act. SoundBite, as the ultimate parent undertaking of 2ergo Americas, was named as a defendant in this case and therefore has sought indemnification from Georgia Holding. The directors view the claim as an example of the US approach to litigation and indeed 2ergo Americas has never contracted or done any business with the plaintiffs. Accordingly, while any such litigation proceedings are inherently uncertain, based upon the information currently available to them, the directors believe that the action against SoundBite is unlikely to succeed and the claim is to be defended vigorously. However, if the claim is successful, the effect on the Group's financial position could be material and it is not currently possible to estimate the costs that may be incurred in relation to it. Whether or not the claim is successful, there can be no guarantee that the amount held in escrow will be adequate to cover the liability under the indemnity. That indemnity is, however, contractually capped at US$3,800,000.

21 Subsequent events

Acquisition of MXC Capital Advisory LLP

On 29 October 2014, the Company completed the acquisition of MXC Capital Advisory LLP ("MXCCA") and the associated reverse takeover which was announced on 28 July 2014. In consideration for its acquisition of MXCCA, a corporate finance advisory business, the Company issued 600,000,000 ordinary shares of 1p each. The acquisition was completed to provide the Group with sufficient in-house experience to take full advantage of a strengthened balance sheet, and to allow the Group to generate capital gains by increasing the value of future investments whilst generating income and profits from the advisory business.

In MXCCA's audited financial statements for the 14 month period from formation to 31 March 2014 it generated revenues and gross profits of £1,110,000 and profit before members' remuneration and profit share of £925,000. For the six months to 30 September 2014 the comparable figures in the unaudited accounts were £345,000 and £294,000 respectively.

The initial accounting for the business combination has not yet been finalised and as such disclosures in relation the fair value of assets and liabilities acquired have not been presented within these financial statements.

Investments

On 5 November 2014 the Company issued 104,089,816 ordinary shares of 1p to acquire MXC Holdings Limited's interest in Castleton Technologies plc ('Castleton'), an AIM listed public sector focused IT managed services business. On 18 November 2014, the Company invested £1.2 million in Castleton. Following the investment and share issue, the Company holds 23.2% of the issued share capital of Castleton.

On 18 November 2014, the Company completed its investment in 365 Agile Limited, a software enabled mobile working solutions business. The Company has acquired 25% of 365 Agile Limited, providing up to £1 million of funding through a combination of debt and equity.

Equity transactions

On 30 October 2014, the Company cancelled the 899,726 ordinary shares of 1p each held in treasury by the Company. Following the cancellation, the Company holds no shares in treasury. There is no impact on the retained losses or net asset position of the group arising from this transaction.

On 6 November 2014 the Group issued 3,000,000 ordinary shares of 1p each in satisfaction of outstanding consultancy fees. There is no significant impact on the retained losses or net asset position of the group arising from this transaction.

On 24 December the Group issued 5,347,000 ordinary shares of 1p each in satisfaction of a consultancy agreement. A further 5,347,000 ordinary shares of 1p each will be issued on 5 January 2015. These fees relate to costs incurred post year end and will be reflected in the results for year ended 31 August 2015.

At 24 December 2014 and at the date of this report the Company's issued share capital was 1,959,983,992 ordinary shares of 1p each.

Re-domicile

To further facilitate its investment strategy, on 17 November 2014 the Group announced its intention to re-domicile to Guernsey. In order to effect the re-domicile, all existing shares in MXC Capital plc will be exchanged for shares in MXC Capital Limited, a company that has been incorporated in Guernsey to become the new holding company for the MXC Capital group of companies. In all other aspects, the Group's current board, strategy and investment portfolio will remain unchanged as a result of the re-domicile and it will retain its AIM quotation. In addition, as part of the re-domicile process the Company has applied to the court to permit a capital reduction which will create distributable reserves. The Board believes these changes, which are expected to complete in early 2015, will offer greater flexibility to achieve the Group's investment aims.

Company balance sheet

As at 31 August 2014

Company registration number: 5010663

	Note	**2014 £'000**	2013 £'000
Fixed assets			
Goodwill	4	**–**	734
Investments in subsidiaries	5	**–**	1,552
Deferred tax asset	6	**138**	–
		138	2,286
Current assets			
Other investments	7	**1,829**	–
Debtors	8	**40**	6,857
Cash at bank and in hand		**11,103**	1,423
		12,972	8,280
Current liabilities			
Creditors: amounts falling due within one year	9	**(734)**	(274)
Net current assets		**12,238**	8,006
Net assets		**12,376**	10,292
Capital and reserves			
Share capital	10	**12,484**	3,979
Share premium	10	**12,574**	12,645
Investment in own shares	11	**(16)**	(1,225)
Merger relief reserve	11	**–**	496
Share option reserve	11	**760**	1,287
Revaluation reserve	11	**(171)**	–
Profit and loss account	11	**(13,255)**	(6,890)
Shareholders' funds	11	**12,376**	10,292

These financial statements were approved by the Board on 30 December 2014 and signed on its behalf by

P Rigg
Director

M Young
Director

Notes to the company financial statements

1 Accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (UK GAAP).

The financial statements have been prepared on a going concern basis under the historical cost convention except that they have been modified to include the revaluation of certain current assets. The measurement bases and principal accounting policies of the Company are set out below.

The accounting policies have been applied throughout all periods presented in these financial statements. These accounting policies comply with each UK GAAP accounting standard that is mandatory for accounting periods ending on 31 August 2014.

Taxation

Current tax is the tax currently payable based upon the taxable loss for the period. Current tax liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Goodwill

Goodwill represents the difference between the cost of a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. Goodwill is amortised on a straight line basis over the directors' estimate of its useful economic life (10 years).

Fixed asset investments

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

Other investments

Other investments are non-derivative financial assets comprising listed securities. These assets are accounted for in accordance with SI 2008/10 with the effect that temporary unrecognised gains or losses arising from revaluation of the asset at each reporting period are transferred directly to the company's revaluation reserve. Dividend income and impairment losses are recognised within the profit and loss account. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in revaluation reserve is reclassified from the revaluation reserve to the profit and loss account.

Deferred consideration

Deferred consideration on investments is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, based on management's expectations of performance.

Share-based payments

The Company issues equity-settled share-based payments to certain employees of subsidiary undertakings of the Company. The fair value of these payments is determined at the date of grant and is recognised on a straight line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest. Estimates for non-market based vesting conditions are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made where a change occurs to the expectation of a market based vesting condition. No adjustment is made to any amounts recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

In the case of options granted without market based vesting conditions, fair value is measured by the Black-Scholes pricing method. Where options are granted with a market based vesting condition, fair value is measured by the Binomial pricing method. All equity-settled share-based payments are ultimately recognised as an investment in the subsidiary undertaking with a corresponding credit to the share option reserve.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium.

2 Company result for the financial year

MXC Capital plc has not presented its own profit and loss account as permitted by section 408 (4) of the Companies Act 2006. The loss for the financial year dealt with in the accounts of the Company is £6,324,000 (2013: £3,176,000).

3 Particulars of staff

The Company had no employees, other than the directors, during the year (2013: no staff). Details of directors' remuneration are contained in note 4 to the consolidated financial statements.

4 Goodwill

	£'000
Cost	
At 1 September 2013	816
Disposals	(816)
At 31 August 2014	–
Amortisation	
At 1 September 2013	82
Disposals	(82)
At 31 August 2014	–
Net book value	
At 31 August 2014	–
At 1 September 2013	734

During the year the Company disposed of its investment in 100% of the ordinary shares of 2ergo Limited, as a result of this transaction the remaining purchased goodwill was also disposed of.

5 Investments

Investments in subsidiaries

	£'000
Cost	
At 1 September 2013	9,287
Disposals	(9,287)
At 31 August 2014	–
Impairment	
At 1 September 2013	7,735
Disposals	(7,735)
At 31 August 2014	–
Net book value	
At 31 August 2014	–
At 31 August 2013	1,552

Investment	Principal activity	Country of incorporation	Class and percentage of shares held and voting rights
TikTap Limited	Non-trading	England & Wales	Ordinary 100%
Marblesquare Limited	Non-trading	England & Wales	"A" and "B" Ordinary 100%
Activemedia Technologies Limited	Non-trading	England & Wales	Ordinary 100%
Broca Limited	Dormant	England & Wales	Ordinary 100%
podifi Limited	Dormant	England & Wales	Ordinary 100%
Broca Communications Limited*	Dormant	England & Wales	Ordinary 100%
Sure on Sight Limited*	Dormant	England & Wales	Ordinary 100%
2ergo Inc*	Dormant	United States	Ordinary 100%
Georgia Holding Company Inc*	Dormant	United States	Ordinary 100%
M-Invent Inc*	Dormant	United States	Ordinary 100%
Proteus Movil SA*	Dormant	Argentina	Ordinary 100%

* held indirectly

During the year the Company disposed of its investment in 100% of the ordinary shares of 2ergo Limited. Further details are given in note 13.

6 Deferred tax asset

The elements of deferred taxation are as follows:

	2014 £'000	2013 £'000
Share option charge	**(138)**	–

Movement in deferred tax:

	Share option charge £'000
At 31 August 2013	–
Credited to profit and loss account	(138)
At 31 August 2014	(138)

No deferred tax asset is recognised for unused tax losses across the Company of £1.2 million (2013: £0.6 million).

7 Other investments

	2014 £'000	2013 £'000
Equity securities		
Acquired during the year at cost	**2,000**	–
Revaluation during the year	**(171)**	–
	1,829	–

The Group holds 1,219,412 equity securities in Eagle Eye Solutions Group plc as a result of the disposal of 2ergo Limited (see note 13). These equity securities are publically traded in the UK on the Alternative Investment Market of the London Stock Exchange ("AIM").

8 Debtors

	2014 £'000	2013 £'000
Amounts owed from group undertakings	**–**	6,849
Prepayments and accrued income	**14**	8
Other debtors	**26**	–
	40	6,857

9 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	**248**	142
Deferred and contingent consideration	**–**	88
Accruals and deferred income	**475**	44
Other creditors	**11**	–
	734	274

10 Share capital and premium

Full details of the company's share capital and share premium accounts are included in note 15 to the consolidated financial statements, page 37.

11 Movement in reserves and total shareholders' funds

	Share capital £'000	Share premium £'000	Investment in own shares £'000	Merger relief reserve £'000	Share option reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 September 2013	3,979	12,645	(1,225)	496	1,287	–	(6,890)	10,292
Issue of share capital	8,505	(71)	–	83	–	–	–	8,517
Revaluation of investment in own shares	–	–	1,209	–	–	–	(1,209)	–
Reclassification from merger relief reserve on disposal of subsidiary	–	–	–	(579)	–	–	579	–
FRS20 Share based payment charge	–	–	–	–	62	–	–	62
Fair value of vested options lapsed in the year	–	–	–	–	(589)	–	589	–
Revaluations in the year						(171)	–	(171)
Loss for the financial year	–	–	–	–	–	–	(6,324)	(6,324)
Balance at 31 August 2014	**12,484**	**12,574**	**(16)**	**–**	**760**	**(171)**	**(13,255)**	**12,376**

12 Related party transactions

During the year ended 31 August 2014, the Group and Company entered into a number of transactions with related parties. Details of these transactions are included in note 19 to the consolidated financial statements.

The directors have taken advantage of the exemption in FRS 8 and have not disclosed transactions with other wholly owned group undertakings. There were no other related party transactions.

13 Disposal of subsidiary

On 16 April 2014 the Company disposed of its investment in 2ergo Limited to Eagle Eye Solutions Group plc for consideration of £4,500,000, generating a loss on disposal of £5,396,000.

The total proceeds of the disposal of 2ergo Limited were £4,500,000. £2,500,000 was received in cash and £2,000,000 in shares in Eagle Eye Solutions Group plc. As detailed in note 7, the open market value of these shares at 31 August 2014 was £1,829,000.