Promethean Limited

Directors' Report and Financial Statements

Registered number 01308938

31 December 2015

Contents

Strategic Report

Principal activities

The principal activities of the Company are the supply of education technology solutions including the design and supply of electronic equipment, specifically innovative interactive displays, interactive assessment technologies and a wide range of complementary audio visual equipment and educational software to both Group companies and third parties.

Business review

During 2015, the evolution in the interactive display market (IDS) from the interactive whiteboard (IWB) to the interactive flat panel (IFP) has continued to pick up speed. This has been particularly evident in higher penetration markets; the Company has experienced considerable growth in IFP demand in both the UK and the US, signifying the emergence of a replacement cycle. However, overall the reduction in demand for IWB in North America has meant that total IDS market volumes are lower. For North America in 2015 the market has reduced by approximately 22% during the 12 month period ending on 30 September 2015. There still remains demand for IWB, globally, in particular in the less mature markets given it has a lower initial unit cost and a capacity to deliver enhanced functionality and size. Promethean has continued to develop its interactive display offering during 2015.

The growth in use of disparate devices (such as Chromebooks, iPads, Microsoft Surface and other leading tablet devices) in the classroom creates an opportunity for a software solution that not only enables the teacher to prepare and deliver interactive lessons, but also to obtain instant feedback on student comprehension and to intervene during a lesson. Promethean has targeted its ClassFlow solution at this opportunity and the development of ClassFlow has been ongoing throughout 2015. As at 31 December 2015, there were ClassFlow registrants in over 150 countries (*31 December 2014: 45 countries*) and approximately 390,000 registered users.

On 2 November 2015, the Group headed by Promethean World Limited was acquired by Digital Train Limited, a subsidiary of NetDragon Websoft Inc., a Hong Kong listed company.

Company revenues for the year were £79.2m, down 8.0% versus 2014 (*2014: £86.1m*). The Company made an operating loss for the year of £30.0m *(2014: £14.4m loss)* of which £5.6m related to non-cash depreciation and amortisation and £11.7m to exceptional items. The exceptional costs in the year included the write down of the ClassFlow intangible development asset, following a change in go-to-market strategy, and costs incurred in respect of the acquisition by Digital Train Limited.

Position at the end of the year

The Company's net debt balance as at 31 December 2015 was £1.0m *(2014: net cash £2.7m)*.

Although 2015 was a challenging trading year for the Company, now that it is part of the NetDragon Websoft Inc. group it is in a stronger position to compete in the evolving education technology market. The focus on product development, throughout 2015, means the Company's interactive display product range is aligned to the expected demand in key markets in 2016. Promethean will also continue to invest in ClassFlow to grow the active user base and increase engagement with interactive lesson content and apps on the ClassFlow platform.

Going concern

Having made appropriate enquiries, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the Directors have considered future cash flows, borrowing facility availability and parental support as well as considering the Company's recent trading and working capital cycles.

Strategic Report *(continued)*

The Directors have prepared cash flow projections for the period to December 2017 which shows that with the support of fellow NetDragon Websoft Inc. group companies, the Company is capable of continuing to operate within its facilities including in the event that reasonably possible changes in trading occur and mitigating actions are taken by management.

On the basis of the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis of accounting continues to be adopted in preparing the financial statements.

Principal risks and uncertainties

Promethean is subject to a number of risks and uncertainties, not all of which are under the direct control of the business. The principal risks and uncertainties that the Board believes have the potential to affect Promethean's future prospects relate to the pace of change in the education technology market, the global economic environment and its impact on education budgets, aggressive low cost competition in particular markets and the rate of adoption and replacement of interactive learning technology. In developing new technology, Promethean also faces the risks of selecting and executing the correct strategies to successfully achieve its commercial objectives.

In addition, Promethean may be unable to access sufficient funds to meet its short-term working capital requirements and/or finance its planned investing activities. Promethean utilises credit from suppliers in managing its working capital. Certain of these suppliers extending credit may themselves use credit insurance to mitigate their risk. A change in the credit rating of Promethean could therefore impact the availability of credit from suppliers, resulting in increased working capital levels.

Performance during the year including key performance indicators

The Directors monitor performance through the production of a detailed annual budget that covers all Group companies and the comparison of actual performance against the budget on a monthly basis.

Additionally, the Directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include financial metrics of gross margins, operating profits, earnings before interest, tax, depreciation and amortisation (EBITDA), and cash flows both from operating and non-operating activities.

Non-financial metrics monitored include ClassFlow registrants and independent market data including market share, technology adoption rates and competitor analysis.

By order of the board

Louise Ward
Director

Promethean House
Lower Philips Road
Blackburn, BB1 5TH

29 April 2016

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the year ended 31 December 2015.

Dividends

The Company is not in a position to pay a dividend *(2014: £nil)*.

Financial risk management

Information about the Company's objectives and policies for measuring and managing risks from its use of financial instruments is given below.

Credit risk

Promethean is exposed to credit default risk through the credit it extends to its resellers and distributors. All trade receivable exposures are overseen by the Global Credit Manager. Credit limits are set as deemed appropriate for the customer. Sales to distributors and resellers are made based on recommended credit limits and, where suitable cover is available, credit insurance is used.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at 31 December 2015, the Group headed by Promethean World Ltd has in place a £25m asset-based lending facility that can be drawn on the day of request; this facility will expire on 30 September 2017. The interest rate is 200 to 250 basis points over 30-day LIBOR. This facility was drawn to the value of £3.0m as at 31 December 2015 *(2014: £nil)*. This facility, along with additional support from fellow NetDragon Websoft Inc. group undertakings, provide the required funding for the Group and the Company.

In addition, the Company manages all of its external bank relationships centrally in accordance with defined treasury policies. The policies include the minimum acceptable credit rating of relationship banks and financial transaction authority limits. Any material change to the Company's principal banking facility requires Board approval. The Company seeks to mitigate the risk of bank failure by ensuring that it maintains relationships with a number of investment grade banks.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than Sterling, primarily US Dollars and Euros. The Company reviews its net currency exposures for a rolling twelve-month period, taking into account trade receivables and payables denominated in a foreign currency. The Company uses forward exchange contracts as an economic hedge against currency risk, where cash flow can be judged with reasonable certainty. Foreign exchange swaps and options may be used to hedge foreign currency receipts in the event that the timing of the receipt is less certain.

Interest rate risk

As at 31 December 2015, the Company had net debt of £1.0m *(2014: net cash of £2.7m)*.

Directors' Report *(continued)*

Other market price risk

The Company does not enter into commodity contracts other than to meet the Company's expected usage and sale requirements.

Employee involvement

The Company places increasing emphasis on employee involvement in business activities. Information is provided by the corporate intranet. Senior managers are briefed on the state of the business on a regular basis.

Employment of disabled people

The Company's policy is to support the employment of disabled people, their training, career development and promotion and the retention of employees who become disabled. The operation of this policy is reviewed regularly.

Political contributions

The Company did not make any political contributions during the current or prior year.

Directors

The Directors who held office during the year were as follows:

Ian Baxter	*(resigned: 03 November 2015)*
James Marshall	*(resigned: 17 November 2015)*
Wendy Baker	*(resigned: 17 November 2015)*
Simon Leung	*(appointed: 17 November 2015)*
Louise Ward	*(appointed: 17 November 2015)*
John Pilkington	*(appointed: 17 November 2015)*
Ian Curtis	*(appointed: 17 November 2015)*

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Louise Ward
Director

Promethean House
Lower Philips Road
Blackburn, BB1 5TH

29 April 2016

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the members of Promethean Limited

We have audited the financial statements of Promethean Limited for the year ended 31 December 2015 set out on pages 8 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditor's Report to the members of Promethean Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stuart Burdass

Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

29 April 2016

Profit and Loss account

for the year ended 31 December 2015	*Note*	**2015**	2014
		£000	£000
Turnover	*1-2*	**79,206**	86,088
Cost of sales		**(70,766)**	(68,657)
Gross profit		**8,440**	17,431
Exceptional items	*6*	**(11,743)**	(664)
Impairment of investments		**-**	(370)
Share-based payments		**(296)**	(14)
Other operating expenses		**(26,435)**	(30,735)
Operating expenses		**(38,474)**	(31,783)
Operating loss		**(30,034)**	(14,352)
Interest receivable	*7*	**1,524**	1,445
Interest payable and similar charges	*8*	**(944)**	(312)
Loss on ordinary activities before taxation	*3-8*	**(29,454)**	(13,219)
Tax credit/(charge) on loss on ordinary activities	*9*	**370**	(200)
Loss for the financial year		**(29,084)**	(13,419)

The loss for the year is all attributable to equity shareholders and is entirely from continuing operations.

Other Comprehensive Income

There is no other comprehensive income in the current or prior year, therefore total comprehensive income is equal to the loss for the financial year above.

The notes on pages 11-31 form part of these financial statements.

Balance Sheet
at 31 December 2015

	Note	2015		2014	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*10*		11,471		18,141
Tangible assets (including £280,000 *(2014:nil)* held for sale)	*11*		3,542		4,515
Investments	*12*		19,580		19,580
			34,593		42,236
Current assets					
Stocks	*13*	6,007		6,273	
Debtors	*14*	47,245		51,749	
Cash at bank and in hand		2,034		2,694	
		55,286		60,716	
Creditors: amounts falling due within one year	*15*	(85,979)		(69,678)	
Net current liabilities			(30,693)		(8,962)
Total assets less current liabilities			3,900		33,274
Provisions for liabilities and charges	*16*		(2,972)		(3,205)
Deferred tax liabilities	*9*		-		(266)
Net assets			928		29,803
Capital and reserves					
Called up share capital	*17*		1,011		1,011
Share premium account			36		36
Profit and loss account			(119)		28,756
Shareholders' funds			928		29,803

These financial statements were approved by the Board of Directors on 29 April 2016 and were signed on its behalf by:

LW

Louise Ward
Director

The notes on pages 11-31 form part of these financial statements

Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2014	1,011	36	42,244	43,291
Total comprehensive income for the year				
Loss for the year	-	-	(13,419)	(13,419)
Transactions with owners, recorded directly in equity				
Share-based payments	-	-	(69)	(69)
Balance at 31 December 2014	1,011	36	28,756	29,803

	Share Capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2015	1,011	36	28,756	29,803
Total comprehensive income for the year				
Loss for the year	-	-	(29,084)	(29,084)
Transactions with owners, recorded directly in equity				
Share-based payments	-	-	209	209
Balance at 31 December 2015	**1,011**	**36**	**(119)**	**928**

The notes on pages 11-31 are an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Promethean Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 25.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1st January 2014.

The Company's ultimate parent undertaking is NetDragon Websoft Inc., a company incorporated in the Cayman Islands and listed on the Main Board of the Hong Kong Stock Exchange. At 31 December 2015, the Directors consider NetDragon Websoft Inc. to be the ultimate controlling party.

The Group headed by NetDragon Websoft Inc. is the largest Group in which the results of the Company are consolidated and these consolidated financial statements are available for public use.

The smallest Group in which they are consolidated is that headed by Promethean World Ltd. These accounts are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets.
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Notes *(continued)*

1 Accounting policies *(continued)*

As the consolidated financial statements of Promethean World Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures;

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2014 for the purpose of the transition to FRS 101.

Basis of preparation

Measurement convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except that the following assets and liabilities are stated at their fair value: derivative financial instruments. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 2.

As at 31 December 2015, the Balance Sheet shows net assets of £0.9m and net debt of £1.0m *(2014: net cash of £2.7m).*

The Promethean World Limited Group was acquired by Digital Train Limited (a subsidiary of NetDragon Websoft Inc.) on 2 November 2015. Subsequently, the Directors of NetDragon Websoft Inc. have provided Promethean management with a signed letter of support, for at least the 12 month period from the date these financial statements were approved.

The Group headed by Promethean World Limited has a secured loan facility agreement for up to £25m with Wells Fargo Capital Finance. This asset-based lending facility runs to 30 September 2017. This facility was drawn to the value of £3.0m as at 31 December 2015 *(2014: £nil).* The Company also has a loan with a fellow subsidiary of NetDragon Websoft Inc. for USD 15m which is repayable in November 2016. Post year end on 8 March 2016, a further loan of USD 20m was also granted and is repayable in March 2017. Repayment of these intragroup loans in November 2016 and March 2017 will not be enforced if the company does not have sufficient resources available.

Having made appropriate enquiries and on the basis of the existing banking facilities in place as at 31 December 2015, management's forecasts and parental support, the Directors are satisfied that there is sufficient funding for the Company to operate for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the financial statements. In making their assessment, the Directors have considered future cash flows and borrowing facility availability as well as considering the Company's normal trading, working capital cycles and support from parent companies. The Company's forecast, taking account of reasonably possible changes in trading, show that the Company should be able to operate within the level of its available funding.

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible fixed assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if there is a clearly defined project which is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful life of each project unless such lives are indefinite. The estimated useful lives for development projects are between 1 and 3 years.

Investments

Investments in subsidiary undertakings are stated at cost less impairment losses.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Freehold buildings	-	25 years
Plant and equipment	-	3-10 years

No depreciation is provided on freehold land.

Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

The Company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, a first in first out basis is used. For work in progress and finished goods manufactured by the Company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranties

A provision for warranties is recognised when underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on associated assets.

Turnover

Turnover represents the amounts (excluding value added tax and other sales taxes) derived from the provision of goods and services to Group companies and third party customers during the period.

Goods sold

The Company sells the majority of its products to a global network of distributors and reseller partners. They are Promethean's customers for turnover recognition purposes. In the vast majority of cases the end users of the product are the customers of our distributors/resellers.

Turnover from the sale of goods is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of turnover can be measured reliably.

Risks and rewards of ownership are transferred in accordance with Incoterms 2010. Typically goods are despatched ex works.

Customers do not have a contractual right of return of goods, aside from standard clauses regarding defective products.

Notes *(continued)*

1 Accounting policies *(continued)*

Sale of software

The Promethean global software licence provided with the sale of hardware includes only a short-term warranty that guarantees the software will function in accordance with the published specification for 90 days from purchase. The Company has no contractual obligation to provide ongoing support or updates to this software. As a result, the Company recognises turnover when the significant risks and rewards of ownership of the associated hardware have been transferred to the customer. Software that the Company provides that is not essential to the functionality of the hardware is sold and accounted for separately. For this software sold stand-alone:

- Subscription turnover is recognised on a straight-line basis over the term of the subscription contract. Turnover not recognised in the profit and loss account under this policy is classified as deferred income in the balance sheet.
- Software licences: the Company recognises the turnover attributable to software licences when all the following conditions have been satisfied:
  - the Company has transferred to the buyer the significant risks and rewards of ownership of the licence, typically when the licence key is sent;
  - the amount of turnover can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Company; and
  - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where software is sold with contractual maintenance, the consideration is allocated between the different elements on a relative fair value basis. Turnover in respect of contractual maintenance/upgrades is recognised on a straight-line basis over the period of the contract as services are provided equally over the course of the contract.

Maintenance contract sales

Turnover from maintenance contracts, extended warranties and enhanced service sales are recognised on a straight-line basis over the period of the contract as services are provided equally over the course of the contract.

Payments received in advance of services are recorded in the balance sheet as deferred income and are recognised in the profit and loss account proportionately over the period that the services are provided.

Training sales

Turnover from sales of training is recognised once the training has been provided.

Royalty sales

The Company receives turnover from sales of interactive lesson content developed in conjunction with and sold via a third party. Turnover is recognised on receipt of confirmation of sales from the third party.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as a personnel expense over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company's parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Exceptional items

Exceptional costs and income are those that in management's view need to be disclosed by virtue of their size and/or non-recurring nature. Such items are included in the profit and loss account under a caption to which they relate and are separately disclosed in the notes to the accounts.

2 Turnover

	2015	2014
	£000	£000
Sale of goods	**77,998**	84,973
Services	**1,208**	1,115
	79,206	86,088

Services include maintenance and training.

Turnover is split by geographical market as follows:

	2015	2014
	£000	£000
International	**45,862**	47,115
North America	**33,344**	38,973
	79,206	86,088

Notes *(continued)*

3 Notes to the profit and loss account

	2015 £000	2014 £000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets - owned	**1,490**	1,250
Amortisation of intangible assets	**4,063**	5,419
Provision for impairment of intangible assets	**8,897**	-
Provision for impairment of fixed asset investments	**-**	370
Operating leases:		
Plant & machinery	**77**	95
Land & buildings	**231**	273
Research and development expensed as incurred	**3,157**	3,106
Foreign exchange losses	**1,725**	1,367
Auditors' remuneration:		
Audit of these financial statements	**55**	55

Amounts paid to the Company's auditors in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis into consolidated financial statements to the Company's ultimate parent, Promethean World Ltd.

4 Remuneration of Directors

	2015 £000	2014 £000
Remuneration in respect of qualifying services	**508**	562
Pension contributions	**44**	35
Compensation for loss of office	**267**	-
	819	597

The emoluments of the highest paid Director were:

	2015 £000	2014 £000
Emoluments	**240**	366
Pension contributions	**13**	13
	253	379

Company pension contributions were made on behalf of six *(2014: three)* Directors into defined contribution schemes. The number of directors who exercised share options was three *(2014:one).*

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Research and development	**54**	55
Selling and distribution	**127**	136
Administration	**67**	65
	248	256

As at 31 December 2015, there were 233 persons employed by the Company *(2014: 255 persons)*.

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	**12,027**	13,301
Social security costs	**1,390**	1,412
Other pension costs (see note 20)	**671**	675
Share-based payments	**296**	14
	14,384	15,402

6 Exceptional items

	2015	2014
	£000	£000
Exceptional costs		
Impairment of intangible assets	**8,897**	-
Reorganisation costs	**2,944**	1,155
	11,841	1,155
Exceptional income		
Reversal of onerous lease provisions	**(98)**	(491)
Total exceptional items	**11,743**	664

Exceptional costs

The exceptional charge for the year was £11,841,000 *(2014: £1,155,000)*, including an £8,897,000 writedown of the ClassFlow intangible development asset, derecognising the asset due to the revised strategy of go-to-market for ClassFlow to secure a wide user base.

Acquisition related costs were primarily professional fees in respect of Digital Train Limited's acquisition of the Group headed by Promethean World Plc. Remaining reorganisation costs in 2015 were payments to a former Director and other costs associated with a change in strategic direction following Digital Train Limited's acquisition of the Group.

Notes *(continued)*

6 Exceptional items *(continued)*

Onerous lease provisions

In 2015, the Company was able to reverse onerous lease provisions of £98,000 (2014:£491,000) following the finalisation of liabilities in one of its premises. The classification of the reversal as exceptional is consistent with the creation of the original provision.

7 Interest receivable

	2015 £000	2014 £000
Receivable from Group undertakings	1,521	1,431
Bank interest	3	14
	1,524	1,445

8 Interest payable and similar charges

	2015 £000	2014 £000
Interest and commitment fee expense on secured loan	644	254
Interest on NetDragon Group loans	60	-
Other interest payable	135	-
Net change in fair value of financial assets at fair value through profit or loss	105	58
	944	312

9 Taxation

Amounts recognised in profit or loss

	2015 £000	2014 £000
Current tax expense		
Foreign tax – current tax on income for the period	7	3
	7	3
Deferred tax expense		
Origination and reversal of temporary differences	(474)	(544)
Adjustments for prior periods	97	741
	(377)	197
Tax (credit)/charge on loss on ordinary activities	(370)	200

Notes *(continued)*

9 Taxation *(continued)*

Amounts recognised directly in equity

	2015 £000	2014 £000
Share-based payments	**111**	69

Reconciliation of effective tax rate

The total tax credit (*2014: charge*) for the period is lower (*2014: higher*) than the standard rate of corporation tax in the UK of 20.25% (*2014: 21.50%*). The differences are explained below:

	2015 £000	2014 £000
Loss for the period	**(29,084)**	(13,419)
Total tax (credit)/charge for the period	**(370)**	200
Loss excluding taxation	**(29,454)**	(13,219)
Tax using the UK corporation tax rate of 20.25% *(2014: 21.50%)*	**(5,964)**	(2,842)
Reduction in tax rate	**6**	(20)
Non-deductible expenses	**489**	243
Tax incentives	**(12)**	(109)
Group relief	**(44)**	(48)
Current year losses for which no deferred tax asset has been recognised	**3,936**	3,133
Change in unrecognised temporary differences	**1,122**	(91)
Under/(over) provided in prior years	**97**	(66)
Total tax (credit)/charge for the period	**(370)**	200

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Taxation *(continued)*

Movement in recognised deferred tax balances

	Balance at 1 January 2014 £000	Recognised in profit or loss £000	Recognised directly in equity £000	Balance at 31 December 2014 £000
Property, plant and equipment	-	2,338	-	2,338
Intangible assets	-	(2,649)	-	(2,649)
Other items	-	114	(69)	45
	-	(197)	(69)	(266)

Movement in recognised deferred tax balances

	Balance at 1 January 2015 £000	**Recognised in profit or loss £000**	**Recognised directly in equity £000**	**Balance at 31 December 2015 £000**
Property, plant and equipment	2,338	(2,338)	-	-
Intangible assets	(2,649)	2,649	-	-
Other items	45	66	(111)	-
	(266)	377	(111)	-

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Property, plant and equipment	-	2,338	-	-	-	2,338
Intangible assets	-	-	-	(2,649)	-	(2,649)
Other items	-	45	-	-	-	45
Tax assets/(liabilities)	-	2,383	-	(2,649)	-	(266)
Set off of tax	-	(2,383)	-	2,383	-	-
Net tax assets	-	-	-	(266)	-	(266)

A deferred tax asset of £13.2m *(2014: £9.2m)* has not been recognised in respect of current and prior year trading losses. Following a review of forecasts, management have concluded that the Company is not expected to utilise a significant amount of the tax losses in the short term.

Notes *(continued)*

10 Intangible fixed assets

	Development costs £000
Cost	
At beginning of year	50,196
Internally generated additions	6,290
At end of year	**56,486**
Amortisation and impairment	
At beginning of year	32,055
Amortisation for the year	4,063
Impairment charge	8,897
At end of year	**45,015**
Net book value	
At 31 December 2015	**11,471**
At 31 December 2014	18,141

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

An impairment loss of £8.9m has been recognised in the loss for the year to write down the ClassFlow intangible asset to zero following a change in the go-to-market strategy. Going forward, further ClassFlow expenditure will be expensed as incurred.

The amortisation charge of £4.1m is recognised within other operating expenses and the impairment charge of £8.9m is recognised within exceptional items.

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Total £000
Cost			
At beginning of year	2,044	14,813	16,857
Additions	4	516	520
Disposals	-	(18)	(18)
At end of year	**2,048**	**15,311**	**17,359**
Depreciation			
At beginning of year	703	11,639	12,342
Charge for the year	125	1,365	1,490
On disposals	-	(15)	(15)
At end of year	**828**	**12,989**	**13,817**
Net book value			
At 31 December 2015	**1,220**	**2,322**	**3,542**
At 31 December 2014	1,341	3,174	4,515

Security

Assets with a value of £3.5m (*2014: £4.5m*) form part of the security against the loan facility as described in note 15.

Assets held for sale

Included within tangible fixed assets are assets held for sale of £280,000 (*2014: £nil*). This amount relates to a property which was marketed for sale at the year end and subsequently sold in January 2016.

Notes *(continued)*

12 Fixed asset investments

	Shares in Group undertakings £000	Loans to Group undertakings £000	Total £000
Cost			
At beginning and end of year	**48**	**23,483**	**23,531**
Provisions			
At beginning and end of year	**-**	**3,951**	**3,951**
Net book value			
At 31 December 2015	**48**	**19,532**	**19,580**
At 31 December 2014	48	19,532	19,580

The investment in Group undertakings relates to the following subsidiary undertaking:

	Country of incorporation	Class of shares held	Ownership 2015	Ownership 2014
Promethean GmbH	Germany	Ordinary €1 Shares	100%	100%

13 Stocks

	2015 £000	2014 £000
Finished goods and goods for resale	**6,007**	6,273

Inventories recognised as an expense during the year and included in cost of sales amounted to £60,126,000 (*2014: £58,582,000*).

The inventory provision at 31 December 2015 was £2,131,000 (*2014: £1,160,000*). Inventory provisions of £1,000,000 (*2014: £115,000*) were created in the year and £29,000 were utilised.

14 Debtors

	2015 £000	2014 £000
Trade debtors	**4,440**	7,943
Amounts owed by Group undertakings	**40,775**	40,784
Other debtors	**233**	956
Derivative financial assets	**-**	105
Prepayments and accrued income	**870**	849
Current tax asset	**927**	1,112
	47,245	51,749

Notes *(continued)*

15 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Secured loans	**3,001**	-
Trade creditors	**12,661**	9,660
Amount due to intermediate Parent Company	**10,191**	-
Amounts owed to Group undertakings	**54,955**	54,026
Other taxation and social security	**44**	15
Accruals and deferred income	**5,127**	5,977
	85,979	69,678

Secured loans

The Group headed by Promethean World Ltd has a secured loan facility agreement for up to £25m with Wells Fargo Capital Finance. This asset-based lending facility runs to 30 September 2017 and was drawn to the value of £3.0m as at 31 December 2015 *(2014: nil)*.

Amount due to intermediate Parent Company

The amount due to intermediate parent company is unsecured, has an interest rate of 5% per annum and is repayable 12 months from the draw down date, in November 2016.

16 Provisions for liabilities and charges

	Warranty £000	Onerous leases £000	Reorganisation £000	Total £000
At beginning of year	2,805	400	-	**3,205**
Charge for the year	985	(98)	703	**1,590**
Utilised in the year	(1,102)	(102)	(619)	**(1,823)**
At end of year	**2,688**	**200**	**84**	**2,972**

Warranty

The warranty provision is calculated by estimating the possible failure rates of the Company's hardware, with the exception of projectors which are covered by a third party warranty. The length of warranty period varies dependent on both the product and country it is sold to: this period can vary between one and five years.

The timing and frequency of product failures are inherently uncertain and for this reason the warranty provision has been disclosed as current.

Onerous leases

The onerous lease provision arises from the exit of certain of the Company's premises in previous years. In 2015, the Company was able to reverse onerous lease provisions of approximately £0.1m following the finalisation of liabilities in respect of one of its premises.

Approximate outflows from the remaining onerous leases are £0.2m in 2017.

Notes *(continued)*

17 Capital and reserves

Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
1,010,924 Ordinary shares of £1 each	**1,011**	1,011

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	**121**	361
Between one and five years	**49**	137
	170	498

The Company leases office premises and a number of vehicles under operating leases.

During the year, £308,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2014: £368,000)*.

19 Commitments

At 31 December 2015, the Company had capital commitments of £62,000 (*2014: £82,000*). These commitments are expected to be settled in the following financial year.

20 Pension scheme

The Company contributes to a number of defined contribution pension schemes providing benefits based on contributions made. The assets of the schemes are held separately from those of the Company in independently administered funds.

The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £671,000 (*2014: £675,000*). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Related party transactions

Transactions with entities that are part of the Group headed by Promethean World Ltd are not disclosed, as permitted by FRS 101.8(k). There were no other disclosable related party transactions in the year.

Notes *(continued)*

22 Ultimate parent company and parent company of larger group

The ultimate parent company is NetDragon Websoft Inc., a company incorporated in the Cayman Islands and listed on the Main Board of the Hong Kong Stock Exchange. At 31 December 2015, the Directors consider NetDragon Websoft Inc. to be the ultimate controlling party.

The Group headed by NetDragon Websoft Inc. is the largest Group in which the results of the Company are consolidated and these consolidated financial statements are available for public use.

The smallest Group in which they are consolidated is that headed by Promethean World Ltd. These accounts are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

23 Subsequent events

On 8 March 2016, Best Assistant Education Online Limited (a subsidiary of NetDragon Websoft Inc.) granted an additional loan facility of USD 20m to the Company. The loan is unsecured, has an interest rate of 5% per annum and is repayable 12 months from the draw down date.

24 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- valuation of intangible assets;
- deferred taxation;
- inventory provision;
- trade receivable impairment; and
- warranty provision.

The accounting policy descriptions set out the areas where judgement needs exercising, the most significant of which are outlined below:

- *Research and development* – The Company invests significant amounts on developing a range of products for a market that is technologically advanced. Judgement is required to ensure that the projects are technically feasible and, when complete, will be commercially viable
- *Taxation* – The Company has significant tax losses built up over previous years and judgement is required over whether to recognise a deferred tax asset in respect of any of these losses. Management reviews forecasts that require judgement over the commercial viability of new products including the absolute timing and the rate of adoption of this new technology. Judgement is also required over the quantum and timing of available tax reliefs

Notes *(continued)*

25 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

25 Explanation of transition to FRS 101 *(continued)*

Explanation of transition to FRS 101 from UK GAAP

Reconciliation of equity

	Note	1 January 2014 UK GAAP	Effect of transition to FRS 101	FRS 101 £000	**31 December 2014** **UK GAAP** **£000**	**Effect of transition to FRS 101** **£000**	**FRS 101** **£000**
Fixed assets							
Intangible assets	*10*	14,219	-	14,219	**18,141**	-	**18,141**
Tangible assets	*11*	2,779	-	2,779	**4,515**	-	**4,515**
Investments	*12*	19,950	-	19,950	**19,580**	-	**19,580**
		36,948	-	36,948	**42,236**	-	**42,236**
Current assets							
Stocks	*13*	4,810	-	4,810	**6,273**	-	**6,273**
Debtors	*14*	55,934	163	56,097	**51,644**	**105**	**51,749**
Cash at bank and in hand		12,987	-	12,987	**2,694**	-	**2,694**
		73,731	163	73,894	**60,611**	**105**	**60,716**
Creditors: amounts falling due within one year	*15*	(63,198)	-	(63,198)	**(69,678)**	-	**(69,678)**
Net current assets/(liabilities)		10,533	163	10,696	**(9,067)**	**105**	**(8,962)**
Total assets less current liabilities		47,481	163	47,644	**33,169**	**105**	**33,274**
Provisions for liabilities and charges	*16*	(4,353)	-	(4,353)	**(3,205)**	-	**(3,205)**
Deferred tax liabilities	*9*	-	-	-	**(266)**	-	**(266)**
Net assets		43,128	163	43,291	**29,698**	**105**	**29,803**
Capital and reserves							
Called up share capital	*17*	1,011	-	1,011	**1,011**	-	**1,011**
Share premium account		36	-	36	**36**	-	**36**
Profit and loss account		42,081	163	42,244	**28,651**	**105**	**28,756**
Shareholders' funds		43,128	163	43,291	**29,698**	**105**	**29,803**

Notes to the reconciliation of equity

a) *Financial assets designated at fair value through profit and loss of £163,000 at 31 December 2013 and £105,000 at 31 December 2014 have been recognised in accordance with FRS 101*

Notes *(continued)*

25 Explanation of transition to FRS 101 *(continued)*

Reconciliation of loss for the year ended 31 December 2014

	Note	31 December 2014 UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Turnover	*1-2*	86,088	-	86,088
Cost of sales		(68,657)	-	(68,657)
Gross profit		17,431	-	17,431
Exceptional items	*6*	(664)	-	(664)
Impairment of investments		(370)	-	(370)
Share-based payments		(14)	-	(14)
Other operating expenses		(30,735)	-	(30,735)
Operating expenses		(31,783)	-	(31,783)
Operating loss		(14,352)	-	(14,352)
Interest receivable	*7*	1,445	-	1,445
Interest payable and similar charges	*8*	(254)	(58)	(312)
Loss on ordinary activities before taxation	*3-8*	(13,161)	(58)	(13,219)
Tax credit/(charge) on loss on ordinary activities	*9*	(200)	-	(200)
Loss for the financial year		(13,361)	(58)	(13,419)

Notes to the reconciliation of loss

a) *The net change in the fair value of financial assets at fair value through profit or loss (£58,000) has been recognised in accordance with FRS 101*