
MULTOS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

MULTOS LIMITED

COMPANY INFORMATION

DIRECTORS

H Berg
L S Smith

COMPANY NUMBER

06556367

REGISTERED OFFICE

St. Andrews House
Kelvin Close
The Links, Birchwood
Warrington
Cheshire
WA3 7PB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditor
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

MULTOS LIMITED

CONTENTS

| | Page |
|--|--------|
| Directors' Report | 1 - 2 |
| Independent Auditor's Report | 3 - 4 |
| Profit and Loss Account | 5 |
| Balance Sheet | 6 |
| Notes to the Financial Statements | 7 - 13 |

MULTOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of Multos Limited ("the company") for the year ended 31 December 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company's principal activity during the year was that of a holding company and owner of patents and other tangible and intangible assets for the benefit of subsidiary undertakings, predominantly StepNexus Limited.

The financial statements have been prepared on a going concern basis. The directors note that the company's subsidiaries, who benefit from the company's holding of patents and other tangible and intangible assets, have generated profits in excess of the company's loss and the company's shareholders' deficit during the year. The business of the subsidiaries are also forecast to be profitable for the foreseeable future. The directors therefore consider it appropriate to adopt the going concern assumption in the preparation of these accounts.

Additionally, on 31 March 2014, as part of an internal reorganisation, the company acquired the business and substantially all of the assets and liabilities of one of its subsidiaries, StepNexus Limited, at a book value of £4,079,000. As noted above, due to the current and forecast profitability of the acquired business, the directors continue to consider it appropriate to adopt the going concern basis for the company in preparing these financial statements.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £379,094 (2012 - loss of £376,631).

The directors are unable to make and do not recommend the payment of a dividend (2012 - £Nil).

MULTOS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

DIRECTORS

The directors who served during the year and until the date of this report were:

H Berg
L S Smith

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

INDEPENDENT AUDITOR

The auditor, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



L S Smith
Director

Date: September 26th 2014

MULTOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTOS LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Multos Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

MULTOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTOS LIMITED

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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;

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Helen Orton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date:

26/9/14

MULTOS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Note | 2013 £ | 2012 £ |
|--|------|--------------------|--------------------|
| Administrative expenses | | <u>(359,765)</u> | <u>(355,115)</u> |
| OPERATING LOSS | 2 | (359,765) | (355,115) |
| Interest receivable and similar income | 4 | - | 113 |
| Interest payable and similar charges | 5 | <u>(19,329)</u> | <u>(21,629)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (379,094) | (376,631) |
| Tax on loss on ordinary activities | 6 | - | - |
| LOSS FOR THE FINANCIAL YEAR | 14 | £ (379,094) | £ (376,631) |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account.

The notes on pages 7 to 13 form part of these financial statements.

MULTOS LIMITED
REGISTERED NUMBER: 06556367

BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|--|------|---------------|--------------------|---------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible fixed assets | 7 | | 911,113 | | 1,170,841 |
| Tangible fixed assets | 8 | | 39,498 | | 114,862 |
| Investments | 9 | | 149,017 | | 149,017 |
| | | | <u>1,099,628</u> | | <u>1,434,720</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 10 | 384 | | 2,448 | |
| Cash at bank and at hand | | 46,951 | | 45,805 | |
| | | <u>47,335</u> | | <u>48,253</u> | |
| CREDITORS: amounts falling due within one year | 11 | (27,724) | | (8,435) | |
| NET CURRENT ASSETS | | | <u>19,611</u> | | <u>39,818</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>1,119,239</u> | | <u>1,474,538</u> |
| CREDITORS: amounts falling due after more than one year | 12 | | (1,619,483) | | (1,595,688) |
| NET LIABILITIES | | | <u>£ (500,244)</u> | | <u>£ (121,150)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | 1,700,100 | | 1,700,100 |
| Profit and loss account | 14 | | (2,200,344) | | (1,821,250) |
| TOTAL SHAREHOLDERS' (DEFICIT) | 15 | | <u>£ (500,244)</u> | | <u>£ (121,150)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



L S Smith
Director

Date: *September 26th 2014*

The notes on pages 7 to 13 form part of these financial statements.

MULTOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and in accordance with applicable accounting standards in the United Kingdom. The accounting policies have been consistently applied in both the current and comparative financial years.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 GOING CONCERN

The financial statements have been prepared on a going concern basis. The directors note that the company's subsidiaries, who benefit from the company's holding of patents and other tangible and intangible assets, have generated profits in excess of the company's loss and the company's shareholders' deficit during the year. The business of the subsidiaries are also forecast to be profitable for the foreseeable future. The directors therefore consider it appropriate to adopt the going concern assumption in the preparation of these accounts.

Additionally, on 31 March 2014, as part of an internal reorganisation, the company acquired the business and substantially all of the assets and liabilities of one of its subsidiaries, StepNexus Limited, at a book value of £4,079,000. As noted above, due to the current and forecast profitability of the acquired business, the directors continue to consider it appropriate to adopt the going concern basis for the company in preparing these financial statements.

1.3 CASH FLOW

The company has taken advantage of the exemptions available to wholly owned UK subsidiaries under FRS 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets are stated at historic purchase cost less accumulated amortisation.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its useful economic life.

Acquired trademarks, patents and brand names are capitalised as intangible fixed assets.

Amortisation is provided at the following rates:

| | | |
|-------------|---|---------------------|
| Patents | - | 11.1% straight line |
| Brand names | - | 11.1% straight line |
| Goodwill | - | 13.5% straight line |

MULTOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|----------|-----------------------|
| Software | - 16.6% straight line |
|----------|-----------------------|

1.6 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment, if any.

1.7 FOREIGN CURRENCIES

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling on the date of the transaction. All differences on exchange are taken to the Profit and Loss Account.

1.8 TAXATION INCLUDING DEFERRED TAXATION

Corporation tax payable is provided for on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet dates where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. OPERATING LOSS

The operating loss is stated after charging/(crediting):

| | 2013 £ | 2012 £ |
|--|-------------------|-------------------|
| Amortisation - intangible fixed assets | 259,728 | 259,728 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 75,364 | 75,364 |
| Auditor's remuneration | 3,000 | 3,000 |
| Difference on foreign exchange | (13) | - |
| | <u> </u> | <u> </u> |

MULTOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. STAFF COSTS

The company has no employees. During the year no directors received any emoluments in respect of their services to the company (2012 - £Nil) as their remuneration is deemed to be wholly attributable to other group companies.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Interest receivable from group undertakings | £ - | £ 113 |
| | <u> </u> | <u> </u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2013 £ | 2012 £ |
|--|-------------------|-------------------|
| Interest payable to group undertakings | £ 19,329 | £ 21,629 |
| | <u> </u> | <u> </u> |

6. TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2013 £ | 2012 £ |
|--|-------------------|-------------------|
| UK corporation tax charge on loss for the year | £ - | £ - |
| | <u> </u> | <u> </u> |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Loss on ordinary activities before tax | £ (379,094) | £ (376,631) |
| | <u> </u> | <u> </u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%) | (88,126) | (92,264) |

EFFECTS OF:

| | | |
|---|-------------------|-------------------|
| Expenses not deductible for tax purposes | 4,649 | 1,704 |
| Difference between capital allowances for the year and depreciation | 10,078 | 8,573 |
| Group relief surrendered for nil consideration | 73,399 | 81,987 |
| | <u> </u> | <u> </u> |

CURRENT TAX CHARGE FOR THE YEAR (see note above)

| | |
|-------------------|-------------------|
| £ - | £ - |
| <u> </u> | <u> </u> |

MULTOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has estimated tax losses carried forward of approximately £124,000 (2012 - £124,000) which give rise to a potential, but unrecognised, deferred tax asset of £25,000 (2012 - £29,000) that may be recoverable against future taxable profits. A deferred tax asset has not been recognised because the directors do not believe that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

The company also has an unrecognised deferred tax asset for accelerated capital allowance timing differences of £21,000 (2012 - £14,000).

The Finance Act 2013 was enacted and included a reduction in the UK main income tax rate from 23% to 21% from 1 April 2014 and a further reduction from 21% to 20% from 1 April 2015. As a result, the relevant deferred tax balance sheet amounts have been remeasured to 20% as this is the period when they are forecast to be utilised.

7. INTANGIBLE FIXED ASSETS

| | Patents £ | Brand names £ | Goodwill £ | Total £ |
|--|--------------|---------------------|---------------|-------------|
| COST | | | | |
| At 1 January 2013 and 31 December 2013 | 1,822,983 | 127,208 | 321,341 | 2,271,532 |
| ACCUMULATED AMORTISATION | | | | |
| At 1 January 2013 | 910,469 | 63,540 | 126,682 | 1,100,691 |
| Charge for the year | 202,351 | 14,120 | 43,257 | 259,728 |
| At 31 December 2013 | 1,112,820 | 77,660 | 169,939 | 1,360,419 |
| NET BOOK VALUE | | | | |
| At 31 December 2013 | £ 710,163 | £ 49,548 | £ 151,402 | £ 911,113 |
| At 31 December 2012 | £ 912,514 | £ 63,668 | £ 194,659 | £ 1,170,841 |

MULTOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. TANGIBLE FIXED ASSETS

| | Software £ |
|--|---------------|
| COST | |
| At 1 January 2013 and 31 December 2013 | 454,000 |
| ACCUMULATED DEPRECIATION | |
| At 1 January 2013 | 339,138 |
| Charge for the year | 75,364 |
| At 31 December 2013 | 414,502 |
| NET BOOK VALUE | |
| At 31 December 2013 | £ 39,498 |
| At 31 December 2012 | £ 114,862 |

9. FIXED ASSET INVESTMENTS

| | Shares in group undertaking s £ |
|--|---|
| COST | |
| At 1 January 2013 and 31 December 2013 | £ 149,017 |

SUBSIDIARY UNDERTAKINGS

The following companies, which are registered in England and Wales, were wholly owned subsidiary undertakings of the company at the year end:

| Name | Principal activity |
|-------------------|--|
| StepNexus Limited | Software design, development and provision |
| Maosco Limited | Maintenance of MAOSCO Consortium |

10. DEBTORS

| | 2013 £ | 2012 £ |
|--------------------------------|-----------|-----------|
| Other debtors | - | 2,448 |
| Prepayments and accrued income | 384 | - |
| | £ 384 | £ 2,448 |

MULTOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2013 £ | 2012 £ |
|------------------------------------|-----------------|----------------|
| Amounts owed to group undertakings | 1,669 | 2,535 |
| Accruals and deferred income | 26,055 | 5,900 |
| | <u>£ 27,724</u> | <u>£ 8,435</u> |

**12. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2013 £ | 2012 £ |
|------------------------------------|-------------|-------------|
| Amounts owed to group undertakings | £ 1,619,483 | £ 1,595,688 |

Amounts owed to group undertakings after more than one year are unsecured, bear interest at LIBOR + 0.75% and are repayable between 1 and 2 years.

13. SHARE CAPITAL

| | 2013 £ | 2012 £ |
|---|-------------|-------------|
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 1,700,100 (2012 - 1,700,100) Ordinary shares of £1 each | £ 1,700,100 | £ 1,700,100 |

14. RESERVES

| | Profit and loss account £ |
|-----------------------------|---------------------------------|
| At 1 January 2013 | (1,821,250) |
| Loss for the financial year | (379,094) |
| At 31 December 2013 | <u>£ (2,200,344)</u> |

MULTOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

| | 2013 £ | 2012 £ |
|---------------------------------------|--------------------|--------------------|
| Opening shareholders' (deficit)/funds | (121,150) | 255,481 |
| Loss for the financial year | (379,094) | (376,631) |
| Closing shareholders' deficit | <u>£ (500,244)</u> | <u>£ (121,150)</u> |

16. RELATED PARTY TRANSACTIONS

The company, being a wholly owned subsidiary of the ultimate parent undertaking, is exempt from the requirement to disclose details of transactions or balances between the company and the ultimate parent undertaking or its other wholly owned subsidiaries in accordance with FRS 8 "Related Party Transactions".

17. POST BALANCE SHEET EVENTS

On 31 March 2014, as part of an internal reorganisation, the company acquired the business and substantially all of the assets and liabilities of one of its subsidiaries, StepNexus Limited, at a book value of £4,079,000.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

As at the balance sheet date, the ultimate parent undertaking was Gemalto NV, a company registered in The Netherlands which owns 100% of the issued share capital of the company. Gemalto NV is the smallest and largest group to consolidate these results. The immediate parent undertaking at the balance sheet date was Gemalto UK Limited. Copies of the consolidated financial statements of Gemalto NV can be obtained from Barbara Strozziiaan 382, 1083 HN, Amsterdam, The Netherlands.