

SWORD TECHNOLOGY SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2013



BREBNERS

Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

SWORD TECHNOLOGY SOLUTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

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SWORD TECHNOLOGY SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J F Mottard
S A Allen

Registered office

1000 Great West Road
Brentford
Middlesex
United Kingdom
TW8 9DW

Auditor

Brebners
Chartered Accountants
& Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

Bankers

HSBC Bank Plc
127 High Street
Hounslow
Middlesex
TW3 1QP

SWORD TECHNOLOGY SOLUTIONS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2013

The directors present their report and the financial statements of the company for the year ended 31st December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to provide IT services, mainly to the Electronic Content Management niche sector.

DIRECTORS

The directors who served the company during the year were as follows:

J F Mottard
F M Fillot
S A Allen

S A Allen was appointed as a director on 1st March 2013.

F M Fillot resigned as a director on 28th February 2013.

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SWORD TECHNOLOGY SOLUTIONS LIMITED

DIRECTORS' REPORT *(continued)*

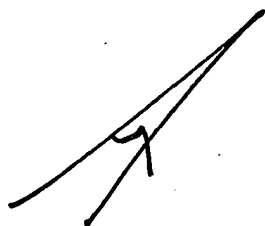
YEAR ENDED 31st DECEMBER 2013

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the directors

J F Mottard
Director

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by 'F' and 'Mottard'.

Approved by the directors on 26/08/14

SWORD TECHNOLOGY SOLUTIONS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SWORD TECHNOLOGY SOLUTIONS LIMITED
YEAR ENDED 31st DECEMBER 2013

We have audited the financial statements of Sword Technology Solutions Limited for the year ended 31st December 2013 on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

SWORD TECHNOLOGY SOLUTIONS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SWORD TECHNOLOGY SOLUTIONS LIMITED (continued)
YEAR ENDED 31st DECEMBER 2013

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 31st December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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 or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Brebners

PHILIP HEATH (Senior Statutory
Auditor)
For and on behalf of
BREBNERS
Chartered Accountants
& Statutory Auditor

130 Shaftesbury Avenue
London
W1D 5AR

28th August 2014

SWORD TECHNOLOGY SOLUTIONS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER	2	4,293,799	4,796,279
Cost of sales		3,835,363	4,345,170
GROSS PROFIT		458,436	451,109
Administrative expenses		539,688	653,649
OPERATING LOSS	3	(81,252)	(202,540)
Income from shares in group undertakings	6	192,156	460,175
Interest receivable	7	341,580	933,989
Interest payable and similar charges	8	(241,553)	(111,570)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		210,931	1,080,054
Tax on profit on ordinary activities	9	49,023	228,557
PROFIT FOR THE FINANCIAL YEAR		161,908	851,497

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

SWORD TECHNOLOGY SOLUTIONS LIMITED

BALANCE SHEET

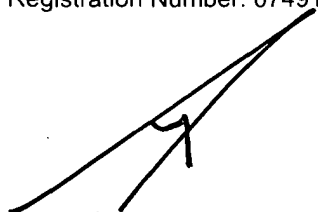
31st DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	11	2,049,605	2,229,604
Tangible assets	12	126,586	166,417
Investments	13	40,309	40,309
		<u>2,216,500</u>	<u>2,436,330</u>
CURRENT ASSETS			
Debtors due within one year	14	1,384,991	1,207,716
Debtors due after one year	14	21,768,903	12,914,984
Cash at bank		583,356	11,312,088
		<u>23,737,250</u>	<u>25,434,788</u>
CREDITORS: Amounts falling due within one year	15	<u>1,399,404</u>	<u>16,965,307</u>
NET CURRENT ASSETS		<u>22,337,846</u>	<u>8,469,481</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,554,346</u>	<u>10,905,811</u>
CREDITORS: Amounts falling due after more than one year	16	<u>14,373,394</u>	<u>3,886,767</u>
		<u>10,180,952</u>	<u>7,019,044</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	10,000,100	100
Profit and loss account	20	180,852	7,018,944
SHAREHOLDER'S FUNDS	21	<u>10,180,952</u>	<u>7,019,044</u>

These accounts were approved by the directors and authorised for issue on 26/08/14, and are signed on their behalf by:

J F Mottard
Director

Company Registration Number: 07491501



The notes on pages 8 to 17 form part of these financial statements.

SWORD TECHNOLOGY SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st DECEMBER 2013**

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Basis of preparation

The company has considerable financial resources, the continued support from its parent undertaking, sufficient cash at bank and has long-term contracts with a number of customers across different industries. The director believes that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquires, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

Consolidation

The company was, at the end of the year, a subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a subsidiary and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover represents the fair value of consideration received and receivable in respect of sales of software, professional services and support services provided to third parties in the normal course of business, net of discounts and Value Added Tax.

The company generates revenues from the sales of its own software products directly to end users, sales of consultancy services and customer support services.

Revenues from the sale of the company's own perpetual software licenses to the end-users are recognised where there is persuasive evidence of the agreement with a customer, delivery of the software has taken place, revenue collection is probable, the fee is fixed and determinable, all contingencies relating to the sale have been resolved and there are no outstanding performance obligations. Periodic software licenses are recognised over the period to which they relate.

Revenues from support contracts and other periodically contracted services or products are recognised on a pro-rata basis over the term of the contract. Revenues from hosting activities are recognised over the period of usage. Amounts invoiced but not recognised are accounted for within deferred income.

Revenues from consultancy services are normally recognised as services are performed, on a time and materials basis. Occasionally consultancy projects are sold on a fixed price basis. In these cases, the profitability of the project is measured on a monthly basis and any loss is recognised immediately in the profit and loss account. If the project to date is profitable then revenue is recognised to the extent that the contract is performed and the right to consideration has been earned.

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 5% straight line
Intellectual Property	- 20% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Land and Buildings	- 2% straight line on buildings
Fixtures & Fittings	- 15% straight line
Motor Vehicles	- 25% straight line
Computer Equipment	- 30% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2013 £	2012 £
United Kingdom	4,184,733	4,576,684
Europe	109,066	215,707
Middle East	-	3,888
	<u>4,293,799</u>	<u>4,796,279</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2013 £	2012 £
Amortisation of intangible assets	179,999	219,355
Depreciation of owned fixed assets	59,655	74,214
Profit on disposal of fixed assets	(3,000)	-
Operating lease costs:		
- Other	17,336	368,238
Net loss/(profit) on foreign currency translation	10,435	(481,369)
Auditor's remuneration - audit of the financial statements	8,500	8,500
Auditor's remuneration - other fees	<u>14,553</u>	<u>16,000</u>

	2013 £	2012 £
Auditor's remuneration - audit of the financial statements	<u>8,500</u>	<u>8,500</u>

Auditor's remuneration - other fees:

	2013	2012
- Taxation services	2,000	2,000
- Accounting and other review assignments	<u>12,553</u>	<u>14,000</u>
	<u>14,553</u>	<u>16,000</u>

SWORD TECHNOLOGY SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2013

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2013	2012
	No	No
Number of administrative staff	13	26
Number of management staff	3	3
	<u>16</u>	<u>29</u>

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	952,181	1,576,734
Social security costs	102,724	213,596
Other pension costs	26,150	41,292
	<u>1,081,055</u>	<u>1,831,622</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2013	2012
	£	£
Remuneration receivable	-	111,582
Value of company pension contributions to money purchase schemes	-	4,932
	<u>-</u>	<u>116,514</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2013	2012
	No	No
Money purchase schemes	<u>-</u>	<u>1</u>

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2013	2012
	£	£
Income from group undertakings	<u>192,156</u>	<u>460,175</u>

7. INTEREST RECEIVABLE

	2013	2012
	£	£
Bank interest receivable	19,414	-
Interest from group undertakings	322,166	933,989
	<u>341,580</u>	<u>933,989</u>

SWORD TECHNOLOGY SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2013

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Interest on other loans	<u>241,553</u>	<u>111,570</u>

9. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2013 £	2012 £
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012 - 24.50%)	43,298	223,314
Under provision in prior year	<u>5,725</u>	<u>5,243</u>
Total current tax	<u>49,023</u>	<u>228,557</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>210,931</u>	<u>1,080,054</u>
Profit on ordinary activities by rate of tax	49,041	264,613
Expenses disallowed for tax purposes	(6,820)	(37,803)
Excess capital allowances over depreciation	1,077	(3,496)
Under provision in prior year	<u>5,725</u>	<u>5,243</u>
Total current tax (note 9(a))	<u>49,023</u>	<u>228,557</u>

10. DIVIDENDS**Equity dividends**

	2013 £	2012 £
Paid		
Equity dividends on Ordinary shares	<u>7,000,000</u>	<u>30,000,000</u>

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

11. INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual Property £	Total £
COST			
At 1st January 2013 and 31st December 2013	<u>2,565,991</u>	<u>102,324</u>	<u>2,668,315</u>
AMORTISATION			
At 1st January 2013	<u>344,258</u>	<u>94,453</u>	<u>438,711</u>
Charge for the year	<u>172,128</u>	<u>7,871</u>	<u>179,999</u>
At 31st December 2013	<u>516,386</u>	<u>102,324</u>	<u>618,710</u>
NET BOOK VALUE			
At 31st December 2013	<u>2,049,605</u>	<u>–</u>	<u>2,049,605</u>
At 31st December 2012	<u>2,221,733</u>	<u>7,871</u>	<u>2,229,604</u>

True and Fair override on acquisition of subsidiary undertakings:

In previous years following the acquisition of subsidiary undertakings, the trade and net assets of these subsidiary undertakings were transferred to the company at their net book values as determined by the director. The cost of the company's investment in those subsidiaries reflected the underlying fair value of their net assets and goodwill at the time of acquisition. As a result of these transfers, the value of the company's investments in those subsidiary undertakings fell below the amount at which it was stated in the company's accounting records. The Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the director considers that as there had been no overall loss to the group, it would fail to show a true and fair view to charge the impairment in value to the company's profit and loss account and it should instead be reallocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's balance sheet the effective cost to the company of those net assets and goodwill. The effect on the company's balance sheet of this departure is to recognise goodwill of £2,049,605 (2012: £2,221,733), net of accumulated amortisation of £516,386 (2012: £344,258).

Given that the business concerned operates in a generally stable market, the directors have concluded that the estimated economic life of the resulting intangible asset was 20 years at the date the transfer took place and is in line with FRS 10 - 'Goodwill and Intangible Assets'.

The director considers that the value of the inherent goodwill of the business is not less than the amount included in the company's balance sheet.

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

12. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 January 2013	117,100	38,394	24,850	139,618	319,962
Additions	—	—	—	31,214	31,214
Disposals	—	—	(24,850)	—	(24,850)
At 31 December 2013	117,100	38,394	—	170,832	326,326
DEPRECIATION					
At 1 January 2013	41,092	26,443	11,907	74,103	153,545
Charge for the year	20,546	6,531	1,553	31,025	59,655
On disposals	—	—	(13,460)	—	(13,460)
At 31 December 2013	61,638	32,974	—	105,128	199,740
NET BOOK VALUE					
At 31 December 2013	55,462	5,420	—	65,704	126,586
At 31 December 2012	76,008	11,951	12,943	65,515	166,417

13. INVESTMENTS

	Investment in group undertakings £
COST	
At 1st January 2013 and 31st December 2013	40,309
NET BOOK VALUE	
At 31st December 2013 and 31st December 2012	40,309

The company holds or has beneficial interest in 20% or more of the share capital of the following principal companies:

	Country of registration or incorporation	Class of share	Proportion held	Business
Sword India Pvt Limited	India	Ordinary	100%	Computer Software Development
Sword General Partner Limited	England and Wales	Ordinary	100%	Dormant Company

The company is not required to disclose the aggregate capital and reserves, and the profit and loss account under the Companies Act 2006 for the principal subsidiary undertakings as it is exempt by virtue of Section 400 of the Companies Act 2006 from preparing group accounts as it is part of a larger group preparing consolidated accounts. The information in the financial statements are for the company only.

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

14. DEBTORS

	2013	2012
	£	£
Trade debtors	571,927	443,073
Amounts owed by group undertakings	21,768,903	12,914,984
Other debtors	—	15,226
Prepayments and accrued income	813,064	749,417
	<u>23,153,894</u>	<u>14,122,700</u>

The debtors above include the following amounts falling due after more than one year:

	2013	2012
	£	£
Amounts owed by group undertakings	<u>21,768,903</u>	<u>12,914,984</u>

15. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Bank loans	—	15,000,000
Trade creditors	119,776	20,016
Amounts owed to group undertakings	137,827	434,613
Taxation and social security	206,813	434,930
Other creditors	3,320	3,706
Accruals and deferred income	931,668	1,072,042
	<u>1,399,404</u>	<u>16,965,307</u>

16. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Amounts owed to group undertakings	<u>14,373,394</u>	<u>3,886,767</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire:		
After more than 5 years	<u>158,000</u>	<u>158,000</u>

SWORD TECHNOLOGY SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2013

18. RELATED PARTY TRANSACTIONS**Control**

Control of the company vested within the ultimate parent undertaking as disclosed in note 22.

Related party transactions

Included within creditors are aggregated amounts owed to group undertakings of £14,511,221 (2012: £4,321,380). During the year the aggregate value of transactions with these group undertakings were sales of £Nil (2012: £Nil), recharge of expenses and purchases of £1,884,675 (2012: £2,120,289), interest was charged on these balances of £58,164 (2012: £110,542) and an intercompany dividend of £192,156 (2012: £460,175) was received.

Included within debtors are aggregated amounts due from group undertakings of £21,768,903 (2012: £12,914,984). During the year the aggregate value of transactions with these group undertakings were sales of £109,066 (2012: £220,567), recharge of expenses and purchases of £28,832 (2012: £54,191), and interest was receivable on these advances of £226,021 (2012: £912,058).

Sales to other group companies totalled £5,500 (2012: £Nil).

Interest payable to other group companies totalled £229,759 (2012: £Nil) and interest receivable totalled £142,515 (2012: £Nil).

19. SHARE CAPITAL**Allotted, called up and fully paid:**

	2013		2012	
	No	£	No	£
Ordinary shares (2012 - 100) of £1 each	<u>10,000,100</u>	<u>10,000,100</u>	<u>100</u>	<u>100</u>

During the year the company issued 10,000,000 Ordinary shares at par by capitalisation of intercompany loans.

20. PROFIT AND LOSS ACCOUNT

	2013	2012
	£	£
Balance brought forward	7,018,944	36,167,447
Profit for the financial year	161,908	851,497
Equity dividends	<u>(7,000,000)</u>	<u>(30,000,000)</u>
Balance carried forward	<u>180,852</u>	<u>7,018,944</u>

SWORD TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2013

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £	2012 £
Profit for the financial year	161,908	851,497
New ordinary share capital subscribed	10,000,000	–
Equity dividends	(7,000,000)	(30,000,000)
Net addition/(reduction) to shareholder's funds	3,161,908	(29,148,503)
Opening shareholder's funds	7,019,044	36,167,547
Closing shareholder's funds	<u>10,180,952</u>	<u>7,019,044</u>

22. ULTIMATE PARENT COMPANY

The parent of the smallest and largest group for which group accounts are prepared, of which the company is a member, is Sword Group SE.

The immediate parent company is Sword Soft Limited, a company incorporated in England and Wales.

The ultimate parent undertaking of Sword Soft Limited is Sword Group SE, a company incorporated in Luxembourg. Copies of the accounts of Sword Group SE can be obtained from 105 Route d'Arlon, L-8009 Strassen, Luxembourg. The directors consider Sword Group SE to be the ultimate controlling party of the company.