

**REGISTERED NUMBER: 04458947 (England and Wales)**

**BOXHILL TECHNOLOGIES PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**BOXHILL TECHNOLOGIES PLC**

**COMPANY INFORMATION**

<b>DIRECTORS</b>	Lord E T Razzall A J A Flitcroft P I Jackson
<b>SECRETARY</b>	A J A Flitcroft
<b>COMPANY NUMBER</b>	04458947
<b>REGISTERED OFFICE</b>	39 St James Street London SW1A 1JD
<b>NOMINATED ADVISERS AND BROKERS</b>	Allenby Capital Limited 3 St Helens Place London EC3A 6AB
<b>AUDITORS</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU
<b>SOLICITORS</b>	Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG  Freeth Cartwright LLP One Heddon Street Mayfair London W1B 4BD
<b>REGISTRARS</b>	SLC Registrars Limited 42-46 High Street Esher Surrey KT10 9QY
<b>PRINCIPAL BANKERS</b>	Lloyds TSB Bank plc 134 High Street Stourbridge West Midlands DY8 1DS  Barclays Bank PLC 1 World Business Centre, Newall Road Heathrow Airport Hounslow, TW6 2RE

## BOXHILL TECHNOLOGIES PLC

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## **BOXHILL TECHNOLOGIES PLC**

### **CHAIRMAN'S STATEMENT For the year ended 31 July 2014**

#### **Operating and Financial Review**

Through 2014 we have continued to deliver our long term plan of building out the ecommerce and online transactions business. Boxhill Technologies PLC is continuing on its transitional journey focused on building a stable platform for growth.

#### ***Financial Summary***

In my review of the half-year figures to 31 January 2014 the Company made losses of £128,000. I am pleased to report that the operating loss before discontinued operations and exceptional items for the full year has been held to £110,000 against £105,000 in the year ending 31 July 2013. As we continue to improve the structure and shape of our company there is often an impact of restructuring businesses which gives rise to unavoidable exceptional losses. In this case the resulting exceptional loss on discontinued operations is £496,000, including the write down of tangible and intangible assets. Therefore continuing operations in summary are:

Revenue £1,410,000  
Operating loss before interest £110,000  
Interest payable £77,000  
Loss from ordinary activities £187,000

Revenues from discontinued operations were £780,000 therefore total revenues including discontinued operations grew to £2,190,000 from £1,271,000 and on the same basis losses would have been £201,000. The Board felt that the structural changes were the appropriate way forward to reduce overlap of services, creating a focused payments technology business and removing unnecessary additional administrative costs.

The significant underlying growth in revenue and gross profit figures represent the continuing hard work from all members of staff with the biggest contributor being our payment software business which is our largest division supported by the Lottery business which is improving over time.

#### ***Operational Summary***

The Board saw further changes during the year - with Kevin Dale leaving in July 2014. The company intends to make further appointments to the Board in due course, with a particular view to adding experienced non-executives.

Prize Provision Services Ltd, which operates The Weather Lottery, has seen significant positive change over the past year with a strengthened team at the helm, new location in Manchester, upgraded website, improved online services and the roll out of a new brand. The Weather Lottery itself has given nearly £5 million in prizes and raised over £5.3 million for good causes, providing valuable income for the hundreds of societies it serves. In this regard we believe the services provided really do make a difference to the societies that employ our services. The team continues to work closely with the Liberal Democrat Party with the development of the Lib Dem Lottery, designed to generate funds at grassroots level for the 393 local seats. We hope to develop this approach with other national organisations that have a significant localised presence.

## **BOXHILL TECHNOLOGIES PLC**

### **CHAIRMAN'S STATEMENT For the year ended 31 July 2014**

The five-a-side business operated by Soccerdome Limited remains closed pending completion of the £25,000,000 leisure development by Nottingham City Council of the site, which is due for completion in June 2015. We are working with Nottingham Council on proposals for the development of the site in conjunction with this broader development of the surrounding Harvey Hadden Sports Complex. We believe that the site would make an attractive investment opportunity for either an existing five-a-side operator or an entrepreneur wishing to enter into the sport and leisure arena involving either a straight sale or joint venture.

The Board has concluded that The Gambling Division lacked the critical mass required to make significant returns and was wound down.

The payments business has continued to add customers and has grown from fourteen or so customers in July to approaching 50 as at 21<sup>st</sup> December 2014. The diversity of customers is important, too, and our customers operate in gaming, foreign exchange, general e-commerce and online secretarial services. Our goal is to continue to focus on developing relationships with other large scale providers, other payment gateways or service providers and of course selected merchants directly. We expect Casino Cash to make a positive contribution by rolling out to a number of locations in 2015 after a successful pilot at a London Casino.

#### ***Outlook***

Current contracted business through the payments division continues to grow healthily; with encouraging growth in contracts since July, with Foreign Exchange being a major focus in the short term. Estimated group revenues for the coming financial year are expected to at least double based on current agreed business.

This year has therefore seen continuing changes with the original lottery business now continuing to make improvements on an operational front after a period of decline before the present management were put in place. Winning new, as well as reinvigorating existing, customers continues to be the focus for the lottery team. The continued growth in ecommerce services perhaps best represents the future of the company, with existing and proposed products ranging from internet payment services provision to managing ewallet and physical and virtual prepaid services moving the company into profitability. FY2015 will see a greater focus on costs and in particular a reduction in the number of consultants used with an improving balance sheet, new products and services the group is still strongly placed to build upon these foundations and the Board continue to look for new profit sources to give much needed shareholder value, which if achieved as expected will no doubt be the most welcome change we will see in the coming twelve months

**Lord E T Razzall**  
Chairman

2 January 2015

## **BOXHILL TECHNOLOGIES PLC**

### **STRATEGIC REPORT For the year ended 31 July 2014**

The Directors present their Strategic Report on the Group for the year ended 31 July 2014.

#### **Business review and future developments**

Boxhill Technologies Plc principal activity is that of lottery administrators and payment processing products. A review of these activities, future developments and principal risks is provided in the Chairman's Statement and the Principal risks and uncertainties section.

#### **Financial key performance indicators ("KPI's")**

The key performance indicators reviewed by the Group Board are as follows:

- Turnover
- Operating profit
- Profit before taxation
- Rolling cash flow forecasts

These indicators are reviewed by the Group Board at least once a month. Explanations are sought and given for any material variances and the management are required to provide plans to recover any performance failures as they occur during the year.

#### **Principal risks and uncertainties facing the Group**

##### *Management and employees*

The nature of the Group and its business model creates reliance upon retaining and incentivising its senior management and certain key employees, whose expertise will be important to the fortunes of the Group going forward. The Directors have endeavoured to ensure that the principal members of its management team are suitably incentivised, but the retention of such staff cannot be guaranteed.

The Group may need to recruit additional senior management and other staff in order to further develop its business. There can be no guarantee that such individuals will be recruited in the Group's preferred timetable or at the cost levels anticipated by the Group. Competition for staff is strong and therefore the Group may find it difficult to retain key management and staff. The loss of key personnel and the inability to recruit further key personnel could have a material adverse effect on the future of the Group through the impairment of the day-to-day running of the businesses and the inability to maintain existing client relationships.

##### *Exposure of the Group to UK economic conditions*

Demand for the Group's services may be significantly affected by the general level of economic activity and economic conditions in the regions and sectors in which the Group operates. Therefore, a continuation of the economic downturn, especially in regions or sectors where the Group's operations are focused, could have a material adverse effect on the Group's business and financial results.

##### *Competition*

The Group is engaged in business activities where there a number of competitors. Many of these competitors are larger than the relevant businesses carried on by the Group and have access to greater funds than the Group, which will potentially enable them to gain market share at the expense of the Group.

## **BOXHILL TECHNOLOGIES PLC**

### **STRATEGIC REPORT For the year ended 31 July 2014**

#### *Acquisitions*

The Directors cannot discount circumstances where an acquisition would support the Company's business strategy. However, there is no guarantee that the Company will successfully be able to identify, attract and complete suitable acquisitions or that the acquired business will perform in line with expectations.

#### *Funding and working capital*

The Group has given the usual undertakings, covenants and security for its funding facility. Maintaining a sufficient level of working capital is essential to enable the Group to meet its foreseeable obligations and achieve its strategy. Failure to manage working capital could impact upon the ability of the Group to grow.

#### *Management of growth*

The ability of the Group to implement its strategy in an expanding market requires effective planning and management control systems. The Directors anticipate that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Group's growth plans may place a significant strain on its management, operational, financial and personnel resources. The Group's future growth and prospects will, therefore, depend on its ability to manage the growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on its business, financial condition and results of operations.

#### *Market developments*

Any failure to expand the Group's service offering in response to customer demand and/or industry developments may have an adverse effect on the Group's financial performance and prospects.

#### *Reliance on Partners*

Much of the Group's business is dependent on partners (charities, clubs, etc). Changes in key relationships within those partners, change of strategic direction by partner organisations, changes in the viability of partner-owned technology, economic and other business circumstances could all have an adverse effect on the financial performance of the Group.

#### *Legal and regulatory matters*

The Group is subject to a considerable degree of regulation and legislation. Changes in or extensions of laws and regulations affecting the industry in which the Group operates (or those in which its customers operate) and the rules of industry organisations could restrict or complicate the Group's business activities, with the potential to increase compliance / legal costs significantly.

**P I Jackson**  
**Director**  
2 January 2015

## **BOXHILL TECHNOLOGIES PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2014**

The Directors present their Report and the annual Financial Statements for the year ended 31 July 2014.

#### **Principal activities**

The principal activity of the Company is that of a holding company.

The principal activity of the Group in the period was that of lottery administrators and payment processing products. The floodlit football astro turf pitches, are still closed due to the major redevelopment of the site but the Group still holds the lease on the land at the site. In addition during the year the Group ceased to operate part of its payment processing activity and disposed of its remaining online gaming subsidiary.

#### **Legal matters**

As required by section 656 of the Companies Act 2006, the Directors are required to point out that the net assets of the Company are less than 50% of the aggregate of share capital and the share premium account. The Board will discuss at the AGM the ways that it seeks to rectify this position in the near future.

#### **Financial risk management**

The Group's financial risk management policies are disclosed in the accounting policies and note 21 within the financial statements.

#### **Dividends**

The Directors do not recommend a dividend for the year (2013: £nil).

#### **Directors**

The following Directors held office during the financial year ended 31 July 2014:

Lord E T Razzall  
A J A Flitcroft  
P I Jackson

The following director stepped down during the financial year ended 31 July 2014:

K N Dale                      resigned 14 July 2014

**BOXHILL TECHNOLOGIES PLC**

**DIRECTORS' REPORT**  
**For the year ended 31 July 2014**

**Directors' interests in shares and warrants**

The Directors who held office at 31 July 2014 had the following interests in the shares of the Company, including family interests:

	<b>Ordinary shares of 0.1p each</b>	
	<i>At 31 July 2014</i>	<i>At 31 July 2013 (or date of appointment, if later)</i>
Lord E T Razzall	80,965,986	34,965,986
A J A Flitcroft	25,674,408	13,605,442
P I Jackson	-	-

The following share options have been issued to the Directors of the Company, none were exercised in the year to 31 July 2014 and all were still held at the year end:

	<i>Number</i>	<i>Exercise price</i>	<i>Exercise period</i>
Lord E T Razzall	3,200,000	0.75p – 1.25p	8 June 2010 – 2 June 2017

Further details of these options are given in notes 25 and 28 to the Financial Statements.

**Directors' Remuneration**

In accordance with AIM Rule 19, the remuneration of the Directors, who served during the year is detailed below:

	<i>Salary, fees &amp; Benefits in kind</i>	<i>Bonus</i>	<i>Pension contributions</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Lord E T Razzall	24	-	-	24
A J A Flitcroft	30	-	-	30
P I Jackson	30	-	-	30

## BOXHILL TECHNOLOGIES PLC

### DIRECTORS' REPORT For the year ended 31 July 2014

#### Substantial shareholdings

The Company has been notified of the following substantial holdings (3% or more) of ordinary 0.1p shares as at 19 December 2014.

	<i>Percentage Holding</i>	<i>No. of shares</i>
SmartePay Limited	20.09%	292,405,798
J Rose	16.26%	236,656,580
Viltek Limited	8.24%	120,000,000
Lord T Razzall	5.56%	80,965,986
J Malone	3.31%	48,236,391

No other person has notified an interest in the ordinary shares of the Company as required to be disclosed to the Company.

#### Capital Structure

Details of the issued share capital are shown in note 23. There are no special restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restriction on the transfer of securities or on voting rights. No one has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles of Association, the company has authority to issue the amount of shares shown in note 23.

#### Donations

Charitable and political donations made by the Group during the year amounted to £nil (2013: £nil).

#### Creditor payment policy and practice

It is the Group's policy to establish terms of payments with suppliers when agreeing each transaction or series of transactions, to ensure that suppliers are aware of these terms of payment and to abide by them. At 31 July 2014, the Group had an average of 91 days (2013: 113 days) of purchases outstanding in trade creditors.

## **BOXHILL TECHNOLOGIES PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2014**

#### **Going concern**

UK Company Law requires Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group are going concerns. Throughout the financial statements there are various disclosures relating to Group funding and operational risks. The Directors' report summarises the key themes.

The Group does have some exposure to current economic conditions which have the potential to impact annual revenues. The Directors are confident that the Group has sufficient resources and support to ensure that the profit and cash generation derived from future trading are sufficient to meet the Group's future requirements. As a result of these reviews, the Directors are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

#### **Environment policies**

The Group is always seeking ways to improve its consumption of resources and ways to protect the environment.

#### **Employee policies**

The Group places considerable value on the involvement of the employees and keeps them informed on matters affecting them as employees and on relevant matters affecting the performance of the Group.

The Group's employment policies include a commitment to equal opportunities regardless of sex, age, race, sexual orientation or ethnic origin.

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, bearing in mind the respective aptitudes of the applicants concerned. In the event of staff becoming disabled every effort would be made to ensure their continued employment within the Group and to provide specialised training where appropriate.

#### **Information to shareholders**

The Group has its own website ([www.boxhillplc.com](http://www.boxhillplc.com)) for the purposes of improving information flow to shareholders as well as potential investors.

## **BOXHILL TECHNOLOGIES PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2014**

#### **Corporate governance**

The Group intends to continue with measures previously put in place to ensure that it complies with the Corporate Governance Code in so far as is practicable and appropriate for a public company of its size and nature.

The Group has put into place an Audit Committee and a Remuneration Committee under the control of A J A Flitcroft, Finance Director. It has primary responsibility for monitoring the quality of internal control and ensuring the financial performance of the Group is properly measured and reported on and for reviewing reports from the Group's auditors relating to its accounting and internal controls. In all cases due regard is given to the interests of the shareholders. It also determines the terms and conditions of service of the executive Directors, including their remuneration and grant of options.

The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Group's applicable employees. In line with the AIM rules for Companies, the Group has adopted an AIM rules compliance policy setting out the procedures to be followed in order that the Company will fully comply with the AIM Rules for Companies.

#### **Relations with shareholders**

The Chairman is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the Board.

#### **Internal control**

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and so can be dealt with appropriately.

## **BOXHILL TECHNOLOGIES PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2014**

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange the Directors are required to prepare the Group Financial Statements in accordance with IFRS's as adopted by the EU and applicable laws and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements are required by law and IFRS's as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the EU;
- for the Parent Company financial statements, 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 a going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Directors Report and other information contained in the annual report is prepared in accordance with company law in the United Kingdom.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**P I Jackson**  
**Director**  
2 January 2015

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **BOXHILL TECHNOLOGIES PLC For the year ended 31 July 2014**

We have audited the financial statements of Boxhill Technologies plc for the year ended 31 July 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position and Parent Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 to 497A 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 Auditors' 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 Group and the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement (set out on page 12), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standard 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 group's and the parent 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 Chairman's Statement, Strategic Report and Directors' Report 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 financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 31 July 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **BOXHILL TECHNOLOGIES PLC For the year ended 31 July 2014**

#### **Separate opinion in relation to IFRS's as issued by the IASB**

As explained in note 2 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRS's as adopted by the European Union, has also applied IFRS's as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRS's as issued by the IASB.

#### **Emphasis of matter – Estimation uncertainty**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 4 on page 27 to the financial statements, in relation to the uncertainty regarding amounts receivable and payable in connection with a potential Vat liability and corresponding indemnity and potential counter legal claims. The ultimate outcome cannot be determined and no provision has been made for any potential loss should the indemnity and potential counter claims fail, either in full or in part.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements. Our responsibilities do not extend to any other information.

#### **Matters on which we are required to report by exception**

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

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

**Paul Dawson (Senior Statutory Auditor)  
for and on behalf of Hart Shaw LLP  
Chartered Accountants and Business Advisers**

Europa Link  
Sheffield Business Park  
Sheffield  
South Yorkshire  
S9 1XU  
Date: 5 January 2015

**BOXHILL TECHNOLOGIES PLC**  
**CONSOLIDATED INCOME STATEMENT**  
For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000
<b>Continuing Operations</b>			
<b>Revenue</b>		<b>1,410</b>	<b>843</b>
Cost of sales	6	(473)	(502)
<b>Gross profit</b>		<b>937</b>	<b>341</b>
Administrative expenses	6	(1,047)	(446)
<b>Operating (loss) before exceptional items</b>		<b>(110)</b>	<b>(105)</b>
Impairment of intangible assets		-	(54)
Impairment of tangible assets		-	(73)
(Loss) before interest		(110)	(232)
Finance income	10	-	-
Finance costs	10	(77)	(22)
<b>(Loss) before taxation</b>		<b>(187)</b>	<b>(254)</b>
Income tax expense	11	-	-
<b>(Loss) for year from continuing operations</b>		<b>(187)</b>	<b>(254)</b>
<b>Discontinued operations</b>			
<b>(Loss) for the year from discontinued operations</b>	8	<b>(496)</b>	<b>(184)</b>
<b>(Loss) for the year</b>		<b>(683)</b>	<b>(438)</b>
<b>PROFIT/(LOSS) PER SHARE</b>			
Basic profit / (loss) per ordinary share	12	(0.13)	(0.09)
Diluted profit / (loss) per ordinary share	12	(0.13)	(0.09)

All of the loss for the period is attributable to equity holders of the parent company.  
The Group has no recognised gains or losses for the year other than the loss for the current year.

The Notes on pages 20 to 47 form part of these financial statements.

**BOXHILL TECHNOLOGIES PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	15	383	378
Goodwill	13	618	505
Other intangible assets	14	28	34
<b>Total non current assets</b>		<b>1,029</b>	<b>917</b>
<b>Current assets</b>			
Inventories	17	2	2
Trade and other receivables	18	1,651	120
Cash and cash equivalents	18	258	256
<b>Total current assets</b>		<b>1,911</b>	<b>378</b>
<b>Total assets</b>		<b>2,940</b>	<b>1295</b>
<b>Current liabilities</b>			
Trade and other payables	21	1,959	711
Bank and other borrowings	19	489	287
Current tax payable			-
<b>Total current liabilities</b>		<b>2,448</b>	<b>998</b>
<b>Non-current liabilities</b>			
Trade and other payables			
Bank and other borrowings	19	-	14
Deferred tax provision	23	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>14</b>
<b>Total liabilities</b>		<b>2,448</b>	<b>1012</b>
<b>Net assets</b>		<b>492</b>	<b>283</b>
<b>EQUITY</b>			
Share capital	24	1,427	795
Share premium account	25	1,723	1463
Retained earnings	25	(2,658)	(1975)
<b>Equity attributable to equity holders of the parent</b>		<b>492</b>	<b>283</b>

The financial statements were approved by the Board of Directors and authorised for issue on 2 January 2015. They were signed on its behalf by:

**P I Jackson**  
**Director**

The Notes on pages 20 to 47 form part of these financial statements.

**BOXHILL TECHNOLOGIES PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 July 2014**

	Called up share capital	Share premium account	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000
<b>Balance 31 July 2012</b>	<b>442</b>	<b>1,321</b>	<b>(1,537)</b>	<b>226</b>
Shares issued in year less costs	353	142	-	495
(Loss) for the year	-	-	(438)	(438)
<b>Balance 31 July 2013</b>	<b>795</b>	<b>1,463</b>	<b>(1,975)</b>	<b>283</b>
Shares issued in year less costs	632	260		892
(Loss) for the year			(683)	(683)
<b>Balance 31 July 2014</b>	<b>1,427</b>	<b>1,723</b>	<b>(2,658)</b>	<b>492</b>

The Notes on pages 20 to 47 form part of these financial statements.

**BOXHILL TECHNOLOGIES PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 July 2014

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
<b>Cash Flow from operating activities</b>		
<b>(Loss) for the year</b>	<b>(683)</b>	<b>(438)</b>
Adjustment for:		
Finance costs recognised in profit or loss	77	22
Depreciation and amortisation of non-current assets	29	35
Loss / (profit) from discontinued activities	496	184
Impairment of non-current assets	-	127
Expense recognised in respect of shares issued in exchange for consulting services	89	109
	<b>691</b>	<b>477</b>
<b>Operating Cash Flow</b>	<b>8</b>	<b>39</b>
Movement in working capital:		
(Increase) / decrease in receivables	(1,327)	65
Increase / (decrease) in payables	1,165	(171)
	<b>(162)</b>	<b>(106)</b>
<b>Cash used in operations</b>	<b>(154)</b>	<b>(67)</b>
Interest paid	<b>(77)</b>	<b>(22)</b>
<b>Net cash used by continuing operating activities</b>	<b>(231)</b>	<b>(89)</b>
<b>Net cash (used by) / generated from discontinued operating activities</b>	<b>(102)</b>	<b>20</b>
<b>Net cash used in operating activities</b>	<b>(333)</b>	<b>(69)</b>
<b>Cash flows from investing activities:</b>		-
Payment for intangible assets	(6)	(1)
Net cash inflow (outflow) on acquisition of subsidiary	<b>28</b> 13	8
Purchases of property, plant and equipment	(34)	7
<b>Net cash (used in) / generated from continuing investing activities</b>	<b>(27)</b>	<b>7</b>



## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 1. General Information

Boxhill Technologies Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 39 St James Street, London, SW1X 1JD. The nature of the Group's operations and its principal activities are described in the Directors' Report.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

#### 2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 August 2013.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 2	Amendment	Definition of vesting condition
IFRS 3	Amendment	Accounting for contingent consideration and joint ventures
IFRS 5	Amendment	Improvement review
IFRS 7	Amendment	Improvement review
IFRS 8	Amendment	Improvement review and aggregation and reconciliation of assets
IFRS 9		Financial Instruments
IFRS 10	Amendment	Consolidation exception and sale or contribution of assets between investor and joint venture
IFRS 11	Amendment	Accounting for acquisitions of interests in joint ventures
IFRS 12	Amendment	Investment entities and consolidation exceptions
IFRS 13	Amendment	Improvement review and portfolio exception
IFRS 14		Regulatory deferral accounts
IFRS 15		Revenue from contracts with customers
IAS 1	Amendment	Resulting from the disclosure initiative
IAS16 and IAS 38	Amendment	Acceptable methods of depreciation and amortisation and proportionate restatement of accumulated depreciation on revaluation.
IAS 19	Amendment	Employee benefit contributions and improvement review
IAS 24	Amendment	Improvement review
IAS 27	Amendment	Investment entities and equity method
IAS 28	Amendment	Consolidation exception and sale or contribution of assets between investor and joint venture
IAS 36	Amendment	Recoverable amount disclosure for non financial assets
IAS 39	Amendment	Novation of derivatives and continuation of hedge accounting
IAS 40	Amendment	interrelationship with IFRS 3
IAS 41	Amendment	Agriculture – bearer plants

These Standards and Interpretations are not expected to have any significant impact on the Group's Financial Statements in their periods of initial application.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 3. Significant accounting policies

##### ***Basis of Accounting***

The Financial Statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).

The financial information has been prepared on a going concern basis, as at 31 July 2014, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Group has not availed itself of early adoption options in such standards and interpretations.

The Financial Statements, upon which this financial information is based, have been prepared under the historical cost basis except where specifically noted. The principal accounting policies adopted are set out below:

##### ***Going concern***

The financial statements have been prepared on a going concern basis notwithstanding the loss for the financial year.

The Directors' cashflow forecasts indicate that the Group will be able to operate within its existing bank facilities in the future. As with any business, there are uncertainties in the forecast, but as at the date of approval of these financial statements the Directors are unaware of any indications that would suggest inappropriate assumptions have been made in relation to trading volumes. As a result of these, the Directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments which would result from this basis of preparation being inappropriate.

##### ***Basis of consolidation***

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### ***Business Combinations***

The purchase method of accounting is used for all acquired businesses as defined by IFRS 3 - Business Combinations.

As a result of the application of the purchase method of accounting, goodwill is initially recognised as an asset being the excess at the date of acquisition of the fair value of the purchase consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

#### ***Intangible assets***

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the assets fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquirer before the business combination was affected. An intangible asset is considered identifiable only if it is separable or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets relate to the development of the lottery and on-line gaming (software and related costs). It is considered that the software has a finite useful life and amortisation has been calculated so as to write off the carrying value of it over its useful economic life of 5 years.

#### ***Goodwill***

Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication of impairment. The amount of the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Negative goodwill arising on consolidation is credited to the income statement where the Directors consider that the fair value of the assets is reliable and do not need adjustment and that the negative goodwill relates to a true bargain purchase.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### ***Revenue recognition***

Lottery turnover represents takings received for entry into the lottery prize draws. Revenue is recognised upon receipt of the money for the period that the draw takes place. Football pitch turnover represents cash takings received. Payment processing turnover is recognised when transactions are processed.

#### ***Taxation***

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Useful lives are reviewed annually by the Directors.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Property	- 5% per annum
Fixtures, fittings and equipment	- 25% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### ***Leased assets***

Rentals payable under non-onerous operating leases are expensed in the income statement on a straight-line basis over the lease term.

#### ***Impairment of tangible and intangible assets excluding goodwill***

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### ***Foreign currencies***

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's function currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### ***Share based payments***

Other than for business combinations, the only share based payments of the Group are equity settled share options and certain liability settlements. The Group has applied the requirements of IFRS 2 Share-based Payments.

For share options granted an option pricing model is used to estimate the fair value of each option at grant date. That fair value is charged on a straight line basis as an expense in the income statement over the period that the holder becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

For shares issued in settlement of fees and/or liabilities, the Directors estimate the fair value of the shares at issue date and that value is charged on a straight line basis as an expense in the income statement (for fees) or reduction in the balance sheet liability (for liabilities) with a corresponding increase in equity.

#### ***Inventories***

Inventories are stated at the lower of cost and net recognised value. Cost comprises direct materials using the first in first out (FIFO) basis. Net recognised value represents the estimated selling price less estimated costs of completion, marketing and selling.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

#### ***Trade receivables***

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate compound at initial recognition.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### ***Financial liability and equity***

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### ***Bank borrowings***

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### ***Trade payables***

Trade payables are not interest-bearing and are stated at their nominal value.

#### ***Provisions***

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

#### **4. Critical accounting judgements and key sources of estimation uncertainty**

In application of the Group's accounting policies above, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future payments if the revision affects both current and future periods.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Impairment of goodwill***

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

#### ***Share-based payments***

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Such models need input data such as expected volatility of share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market price or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different to expected.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

*Other Payables and Other Receivables*

As at the year end the subsidiary Pay Corporation Limited had a potential VAT liability of £1.2M and an amount owed to the Company, by non related companies, of a similar amount. These amounts are included within "Trade and Other Payables" and "Trade and Other Receivables" respectively. At present there is some uncertainty whether this liability is due in full or in part but there is also some uncertainty as to the extent of collectability of these debts whether in full or in part. Should amounts recoverable amount to less than any liability claims may be made under indemnities within the Sale and Purchase Agreement of Pay Corporation Limited together with other individuals and/or companies.

**5. Segment analysis**

The primary reporting format is by business segment, based on the different services offered by the operating companies within the Group. The Directors consider that the Group now has three business segments, namely that of lottery administration, IT payment facilities and astro-turf football pitches. The Group operates solely in one geographical area, the United Kingdom.

The Directors consider that the On-line gaming segment and part of the payment processing segment are classed as Discontinued during the period

The analysis of continuing operations per segment for the year ended 31 July 2014 is as follows:

	<b>Lottery Admin</b>	<b>Payment Processing</b>	<b>Football Pitches</b>	<b>Unallocated</b>	<b>Group total</b>
	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>	714	696	-	-	1,410
Amortisation	-	-	-	-	-
Depreciation	-	11	18	-	29
<b>Operating Profit / (loss)</b>	(14)	295	(22)	(369)	(110)
Loss on Disposal	-	-	-	-	-
Finance costs	(2)	-	-	(75)	(77)
<b>Profit / (loss) before tax</b>	(16)	295	(22)	(444)	(187)
Tax charge	-	-	-	-	-
<b>Profit / (loss) for the year</b>	(16)	295	(22)	(444)	(187)

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**5. Segment analysis (continued)**

<b>Balance Sheet</b>					
Total assets	397	1,518	380	645	2,940
Non current asset additions		40		460	500
Total liabilities	390	1,339	8	711	2,448

The following table analyses assets and liabilities not allocated to business segments as at 31 July 2014:

	£'000
<b>Assets</b>	
Intangible fixed assets	18
Tangible fixed assets	
Investments	618
Other receivables	6
Cash and cash equivalents	3
	645
<b>Liabilities</b>	
Trade and other payables	222
Borrowings	489
	711

**6. Expenses**

The following material expenses are included in cost of sales:

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Revenue Share	-	-
Fees and Integration Costs	<b>64</b>	-
Fees to Clients	<b>275</b>	664
Prizes Payable	<b>74</b>	129

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2014**

**6. Expenses (continued)**

The following material expenses are included in administrative expenses:

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Consultancy fees	<b>262</b>	<i>52</i>
Office rent and rates	<b>(22)</b>	<i>50</i>
Hotel and travel	<b>74</b>	<i>42</i>
Professional fees	<b>182</b>	<i>84</i>
Bank charges	<b>13</b>	<i>12</i>

**7. Operating (loss)**

Operating loss has been stated after charging / (crediting) the following:

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Impairment of goodwill in period	-	<i>54</i>
Impairment of short term lease	-	<i>73</i>
Amortisation of intangible fixed assets	-	<i>10</i>
Depreciation of tangible fixed assets	<b>29</b>	<i>25</i>
Operating lease charges	<b>77</b>	<i>16</i>
Auditors' remuneration – Audit services to the parent company	<b>10</b>	<i>6</i>
Auditors' remuneration – Audit services to the Group	<b>15</b>	<i>11</i>
	<hr/>	<hr/>
Auditors' remuneration – Taxation services	<b>3</b>	<i>2</i>

As permitted by Section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the period after taxation was £663,000 (2013: loss £1,272,000).

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**8. Discontinued activities**

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
<i>Revenue</i>	<b>780</b>	<i>428</i>
<i>Costs and expenses</i>	<b>(871)</b>	<i>(357)</i>
<i>(Loss) / profit on discontinued activities</i>	<b>(91)</b>	<i>71</i>
<i>(Loss) and impairment of intangibles on discontinued activities</i>	<b>(405)</b>	<i>(255)</i>
<i>(Loss) on discontinued activities</i>	<b>(496)</b>	<i>(184)</i>

**9. Personnel costs**

	<b>2014</b>	<i>2013</i>
The average monthly number of employees (including executive and non executive Directors) was	<b>No.</b>	<i>No.</i>
	<b>12</b>	<i>10</i>
The split of employees by function within the Group is as follows:	<b>No.</b>	<i>No.</i>
Administration and Sales	<b>7</b>	<i>5</i>
Management	<b>5</b>	<i>5</i>
Total	<b>12</b>	<i>10</i>
	<b>2014</b>	<i>2013</i>
Their aggregate remuneration comprised	<b>£'000</b>	<i>£'000</i>
Wages and salaries	<b>282</b>	<i>75</i>
Social security costs	<b>21</b>	<i>11</i>
Directors remuneration	<b>84</b>	<i>43</i>
	<b>387</b>	<i>129</i>
Directors' emoluments	<b>£'000</b>	<i>£'000</i>
Emoluments	<b>60</b>	<i>23</i>
Sums paid to third parties for director services	<b>24</b>	<i>20</i>
	<b>84</b>	<i>43</i>
Number of Directors accruing benefits under money purchase schemes	<b>No.</b>	<i>No.</i>
	<b>-</b>	<i>-</i>
Aggregate emoluments of highest paid Director	<b>30</b>	<i>23</i>

Included within Directors' emoluments is £24,000 (2013: £20,000) paid to directors via related companies, as detailed in note 29.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 July 2014

10. Finance income and costs

	2014 £'000	2013 £'000
Finance income	-	-
Finance charges	77	22

11. Income taxes

	2014 £'000	2013 £'000
<b>Current:</b>		
Current tax for the year	-	-
<b>Total current tax charge</b>	-	-
<b>Deferred tax credit</b> (note 22)	-	-
<b>Total income taxes</b>	-	-

Tax rate reconciliation

	2014 £'000	2013 £'000
Profit/(Loss) for the year	(683)	(438)
<b>Corporation tax charge thereon at 20%</b>	(137)	(88)
<b>Adjusted for the effects of:</b>		
Disallowed net expenses/(income) for tax purposes	123	77
Depreciation in excess of capital allowances	-	7
Taxable losses and excess charges carried forward	14	4
<b>Income tax expense for the year</b>	-	-

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 12. Earnings per share

The calculation is based on the earnings attributable to ordinary shareholders divided by the weighted average number of Ordinary Shares in issue during the period as follows:

	2014	2013
Numerator: earnings attributable to equity (£'000)	(683)	(438)
Denominator: weighted average number of equity shares (No.)	<u>507,541,746</u>	<u>468,094,865</u>

In June 2010 the Company issued 24 million options to subscribe for Ordinary shares of 0.1p each. At the year end 8.1 million options were outstanding. None of these options were exercised in either the prior or the current period, but had they been they would have increased the weighted average number of equity shares to 525,141,746 (2013: 476,194,865) and this amount is used in the calculation of diluted earnings per share.

#### 13. Goodwill

	£'000
At 31 July 2013	505
Additions	460
Impairment	<u>(347)</u>
At 31 July 2014	<u>618</u>

The Group carried out an impairment test of goodwill for the period ended 31 July 2014 as required by IFRS. The Directors consider there to be three cash-generating units, as per note 5. During the period one of the payment processing cash-generating units has been impaired and part of this unit has been discontinued.

Included within goodwill is an amount relating to the subsidiaries Prize Provision Services Limited and Pay Corporation Limited. The carrying amount for goodwill for these respective subsidiaries is £158,000 and £460,000 respectively.

The principal assumptions made (in both 2014 and 2013) in determining the value in use of the cash-generating unit were:

- Basis on which recoverable amount determined – value in use;
- Period covered by management plans used in calculation – 1 year;
- Pre-tax discount rate applied to cashflow projection – 5%;
- Growth rate used to extrapolate cashflows beyond management plan – 3%;
- Difference between above growth rate and long term rate for UK – 0.5%

The calculation of value in use shown above is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be realistically achievable in light of economic and industry measures and forecasts. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**13. Goodwill (continued)**

Whilst there can be no certainty that the forecasts used in the impairment calculation will be achieved, the carrying value of goodwill at 31 July 2014 reflects the Directors best estimate based on their knowledge of the business at 2 January 2015 and reflects all matters of which the Directors are aware as at the date of approval of these financial statements.

**14. Other intangible assets**

	<i>Website and software design and development</i>	
	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
<b>Cost</b>		
At 1 August 2013	<b>258</b>	<i>258</i>
Additions	<b>6</b>	<i>-</i>
Disposals	<b>(236)</b>	<i>-</i>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
At 31 July 2014	<b>28</b>	<i>258</i>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Amortisation</b>		
At 1 August 2013	<b>224</b>	<i>214</i>
Charge for the year	<b>-</b>	<i>10</i>
Disposals	<b>(224)</b>	<i>-</i>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
At 31 July 2014	<b>-</b>	<i>224</i>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Net Book Value</b>		
At 31 July 2014	<b>28</b>	<i>34</i>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**15. Property and office equipment**

	Land and buildings	Office equipment	Total 2014
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August	503	16	519
Additions	-	34	34
Disposals	-	(1)	(1)
<b>At 31 July</b>	<b>503</b>	<b>49</b>	<b>552</b>
<b>Depreciation</b>			
At 1 August	125	16	141
Charge for the year	18	11	29
Impairment	-	-	-
Disposals	-	(1)	(1)
<b>At 31 July</b>	<b>143</b>	<b>26</b>	<b>169</b>
<b>Net Book Value</b>			
At 31 July 2014	<b>360</b>	<b>23</b>	<b>383</b>
At 31 July 2013	<b>378</b>	-	<b>378</b>

**16. Subsidiaries**

Details of the company's subsidiaries at 31 July 2014 are as follows:

<u>Name of Subsidiary</u>	<u>Company number</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest &amp; voting power held</u>	<u>Holding</u>	<u>Principal activity</u>
Prize Provision Services Limited	03152966	England and Wales	100%	Ordinary shares	Lottery provider
PayCorporation Limited	08299524	England and Wales	100%	Ordinary shares	Payment processing
Soccerdome Limited	02948017	England and Wales	100%	Ordinary shares	Operates floodlit pitches
Barrington Lewis Limited	07190212	England and Wales	100%	Ordinary shares	Payment processing products
Poseve Limited	126971C	Isle of Man	100%	Ordinary shares	Non trading holding company

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**17. Inventories**

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Finished goods	<b>2</b>	<i>2</i>
	<hr/>	<hr/>

**18. Other financial assets**

**Trade and other receivables**

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Trade receivables	-	<i>89</i>
Other receivables	<b>1,605</b>	<i>15</i>
Prepayments and accrued income	<b>46</b>	<i>16</i>
	<hr/>	<hr/>
	<b>1,651</b>	<i>120</i>
	<hr/>	<hr/>

The average credit period taken on all sales is 0 days for the year ended 31 July 2014, 26 days for the year ended 31 July 2013.

The Group has provided fully for all receivables which are not considered recoverable. In determining the recoverability of all receivables, the Group considers any change in the credit quality of the receivable up to the reporting date. As at the year end date there were no receivables past due which were either not provided against nor not covered by set-off arrangements with trade payables. (See note 4 under estimation uncertainty on page 27)

The Directors consider that the carrying amount of the receivables approximates their fair value.

**Cash and cash equivalents**

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Cash and cash equivalents	<b>258</b>	<i>256</i>
	<hr/>	<hr/>

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of 6 months or less. The carrying amount of these assets approximates their fair value.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**19. Borrowings**

Borrowings at 31 July 2014 include loans of £489,000 (2013: £301,000).

Included within borrowings is a loan of £46,875 which, on 2 September 2014 was converted at 0.1625p per share.

A further loan of approximately £426,000 is included in borrowings, this loan is on flexible terms with no fixed repayment period.

A separate loan amount included of approximately £16,000 is repayable on a fixed monthly repayment basis and due for settlement within 12 months.

**20. Derivatives financial instruments and hedge accounting**

At 31 July 2014 and 2013 the Group had no derivatives in place for cash flow hedging purposes.

**21. Other financial liabilities**

**Trade and other payables**

	2014	2013
	£'000	£'000
Trade payables	296	260
Other payables	1,574	401
Accrued liabilities and deferred income	89	50
	1,959	711
<b>Other payables comprise:</b>		
	£'000	£'000
Social security and other taxes	1,249	138
Other	325	263
	1,574	401
<b>Presented as:</b>		
- Current	1,959	711
- Non-current	-	-

Accrued liabilities and deferred income represents miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at the year-end and income received during the period, for which the Group had not supplied the goods or services at the end of the year.

The Directors consider that the book value of trade payables, accrued liabilities and deferred income approximates to their fair value at the balance sheet date.

The average credit period taken for trade purchases is 91 days (2013: 113 days).

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 22. Financial instruments: information on financial risks

Financial risks are discussed in the Directors' Report and below.

##### *Capital risk management*

The Group manages its capital to ensure that the Group as a whole will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 24 to 25.

##### *Gearing ratio*

As at 31 July 2013 the Group gearing ratio was 15.9%. As at 31 July 2014 the gearing ratio is as follows:

	<b>£'000</b>
Debt	<b>(489)</b>
Cash and cash equivalents	<b>258</b>
	-----
Net Debt	<b>(231)</b>
	-----
Equity	<b>492</b>
	-----
Net debt to equity ratio	<b>46.95%</b>
	=====

Debt is defined as long and short-term borrowings.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

##### *Financial risk management objectives*

The main market risks to which the Group is exposed are interest rates. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimize any exposure.

##### *Credit risk*

The Group's exposure to credit risk is minimal due to turnover being in the main recognised upon cash receipt, hence the amount of trade receivables is negligible.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 22. Financial instruments: information on financial risks (continued)

##### *Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### *Regulatory compliance risk*

Regulatory compliance risk is the risk of material adverse impact resulting from failure to comply with laws, regulations, codes of conduct or standards of good practice governing the sector in which the Group operates. The Group is monitored by the financial director who is responsible for meeting regulatory and compliance obligations.

##### *Interest rate risk*

The Group's exposure to interest rate risk mainly concerns financial assets and liabilities, which are subject to floating rates in the Group. At presents the Group's loans are on fixed rate interest rates and hence it is not exposed to risk on these should rates move.

#### 23. Deferred taxation

A deferred tax asset has not been recognised in the years ended 31 July 2014 nor 31 July 2013 in respect of taxable losses carried forward of approximately £700,000 (2013: £1,187,000) as there is insufficient historic evidence that it will be recoverable in full against taxable profits during the next 12 months.

There are not considered to be any material temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised.

#### 24. Equity share capital

	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid</b>		
1,426,983,616 (2013: 795,433,397) Ordinary Shares of 0.1p each	<u>1,427</u>	<u>795</u>

During the year the Company issued 0.1p Ordinary shares as follows:

- 12,068,966 shares issued at 0.145p each to A Flitcroft.
- 120,000,000 shares issued at 0.145 p each to Viltek Limited;
- 125,000,000 shares issued at 0.1625p each to a syndicate of individuals;
- 42,736,607 shares issued at 0.145p each to Lausi Trading Limited
- 6,849,315 shares issued at 0.146p each to Allenby Capital Limited
- 324,895,331 shares issued at 0.13p each for the acquisition of Pay Corporation Limited.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**25. Other reserves**

	Share premium	Profit and loss account
	£'000	£'000
At 1 August 2013	1,463	(1,975)
Shares issued less costs	260	-
	-----	-----
Result for the period	-	(683)
	-----	-----
<b>At 31 July 2014</b>	<b>1,723</b>	<b>(2,658)</b>
	-----	-----

**26. Share-based payments**

Certain Directors and key management were issued with share options on 8 June 2010, exercisable immediately at a price fixed at the date of issue. If the options remain unexercised after a period of seven years from the date of grant the options expire.

Details of options granted to date and still outstanding at the end of the year are as follows:

<i>Date of Grant</i>	<b>2014</b>	Exercise price	Exercise period
	<b>No. £'000</b>		
8 June 2010	<b>2,700,000</b>	0.75p	8 June 2010 to 2 June 2017
8 June 2010	<b>2,700,000</b>	1.0p	8 June 2010 to 2 June 2017
8 June 2010	<b>2,700,000</b>	1.25p	8 June 2010 to 2 June 2017

All of the above options were outstanding at the year end. The options had a weighted average exercise price of 1p and a remaining contractual life of 3.8 years. The Directors consider that the estimated fair values of the options at grant date was £nil due to the prevailing market price being lower than the exercise price. As the fair value is currently considered to be £nil, no amount has been recognised in either the income statement or in equity in respect of these options.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**27. Business combinations**

**Subsidiaries acquired**

	<b>Principal activity</b>	<b>Date of acquisition</b>	<b>Proportion of voting interests acquired</b>	<b>Consideration transferred £'000</b>
Pay Corporation Limited	Payment processing	13 September 2013	100%	423

**Consideration transferred**

	<b>Pay Corporation Ltd £'000</b>
Shares issued as consideration	423
	<u>423</u>

**Assets acquired and liabilities recognised at the date of acquisition**

	<b>Pay Corporation Ltd £'000</b>	<b>Total £'000</b>
<b>Current assets</b>		
Cash and cash equivalents	13	13
Trade and other receivables	120	120
<b>Non-current assets</b>		
Goodwill	-	-
<b>Current liabilities</b>		
Trade and other payables	(170)	(170)
	<u>(37)</u>	<u>(37)</u>

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2014**

**28. Goodwill arising on acquisition**

	<b>Pay Corporation Ltd £'000</b>	<b>Total £'000</b>
Consideration Transferred	423	423
Add: fair value of identifiable net liabilities acquired	37	37
Goodwill arising on acquisition	<u>460</u>	<u>460</u>

**Net cash inflow on acquisition**

	<b>Year ended 31 July 2014 £'000</b>
Consideration paid in cash	-
Less: cash and cash equivalent balances acquired	13
	<u>13</u>

**29. Transactions with related parties**

The transactions set out below took place between the Group and certain related parties.

***Lord E T Razzall***

Lord E T Razzall, a director, charged the Group £24,000 (2013: £19,500) in the year, for directorship services provided, via an entity trading as R T Associates. At the year end R T Associates was owed £9,600 (2013: £2,400).

**Remuneration of key management personnel**

The remuneration of the Directors, who are the key management personnel of the Group, is as referred to above, and on page 8 within the Directors Report and in Note 9.

**BOXHILL TECHNOLOGIES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2014**

**29. Transactions with related parties (continued)**

**Issue of Equity**

On 11 July 2014 the Company issued the following ordinary 0.1p shares ("Shares") in part settlement of fees due to Company personnel to A Flitcroft, a director of the company 12,068,966 Shares in settlement of £17,500 fees due.

The new shares were issued at 0.145p per share, which was the 5 day average of the closing mid market price to 11 July 2014

As referred to in Note 26, share options were granted in 2010 to Directors and key management, all of which were outstanding at the year end. The following options were held by the Directors and key management at the year end:

	<b>Options No.</b>	<b>Option details</b>
Lord E T Razzall	<b>3,200,000</b>	See A below
J M Botros	<b>4,800,000</b>	See B below

A – 1,100,000 at 0.75p, 1,100,000 at 1p and 1,000,000 at 1.25p

B – 1,600,000 at 0.75p, 1,600,000 at 1p and 1,600,000 at 1.25p

All of the options are exercisable by 2 June 2017.

## BOXHILL TECHNOLOGIES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2014

#### 30. Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 £'000	2013 £'000
Land and buildings:		
Within one year	-	-
In the second to fifth years inclusive	16	16
After five years	-	-
Other:	-	-
Within one year	-	-
In the second to fifth years inclusive	-	-
After five years	<u>16</u>	<u>16</u>

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated over the term considered most relevant to the individual subsidiary and rentals are fixed where possible for that term.

#### 31. Controlling Party

No single individual has sole control of the company.

#### 32. Events after the balance sheet date

There are no events to note after the balance sheet date.

#### 33. Going Concern

The Group made a loss for the year of £683,000 (2013: £438,000) and an EBITDA loss of £172,000 (2013: profit of £1,000). The trading loss is a result of a reduction in revenue from the lottery business and overhead costs associated with the holding company and its listing on AIM.

The management are continuing to control costs as well as pursue acquisitions of profitable cash generative companies, which has been seen with the acquisition of Pay Corporation Limited. The group is forecasting turnover growth as a result of the acquisition.

Given these changes made to the Group's ongoing operations, together with the additional capital available from the supporting shareholders, the Directors consider that the Group continues to be a going concern and they forecast that there is sufficient funding in place to enable the continuance of the Group.

**BOXHILL TECHNOLOGIES PLC**  
**PARENT COMPANY BALANCE SHEET**  
For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible fixed assets	III	18	18
Property, Plant and Equipment	III	-	-
Investments	III	817	745
		<u>835</u>	<u>763</u>
<b>Current assets</b>			
Debtors	IV	206	26
Cash at bank and in hand		3	-
		<u>209</u>	<u>26</u>
<b>Creditors: Amounts falling due within one year</b>	V	<u>(913)</u>	<u>(874)</u>
<b>Net current (liabilities)</b>		<u>(704)</u>	<u>(848)</u>
<b>Total assets less current liabilities</b>		131	(85))
<b>Creditors: Amounts falling due over one year</b>	V	<u>(-)</u>	<u>(14)</u>
<b>Net assets</b>		<u>131</u>	<u>(99))</u>
<b>Capital and Reserves</b>			
Share capital	VI	1,427	795
Share premium	VI	1,723	1,463
Profit and loss account	VII	<u>(3,019)</u>	<u>(2,357)</u>
<b>Equity shareholders' funds</b>		<u>131</u>	<u>(99)</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 2 January 2015. They were signed on its behalf by:

**P I Jackson**  
Director

## BOXHILL TECHNOLOGIES PLC

### NOTES TO PARENT COMPANY FINANCIAL STATEMENTS For the year ended 31 July 2014

#### I. Accounting Policies

There are no material differences between the accounting policies of the Group except as detailed below:

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The separate Financial Statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate Financial Statements have been prepared in accordance with United Kingdom accounting standards.

The Company's financial risk management policies are disclosed in the consolidated financial statements.

#### II. Operating profit

The auditors' remuneration for audit and other services is disclosed in note 7 of the consolidated financial statements.

In the current year the company had no employees other than the Directors, who are all remunerated by the company.

#### III. Fixed Assets

The company's intangible assets consist of research and development costs of £18,000 (2013: £18,000) as detailed in note 14 of the consolidated financial statements. There was no amortisation in the period due to the amount being considered immaterial.

The company's tangible fixed assets consist of office equipment with a net book value of £nil when rounded to £'000s.

The company's investments consist of investments in subsidiaries of £817,000 (2013: £745,000).

Details of the Company's subsidiaries at 31 July 2014 can be found in Note 16 of the attached consolidated Financial Statements.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**III. Fixed Assets (continued)**

<b>Cost and net book value of Shares in subsidiary undertakings</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Cost as at 1 August 2013	745	675
Additions	422	351
Impairment	(350)	(281)
	817	745
Net Book Value at 31 July 2014	817	745

**IV. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from subsidiary undertakings	-	-
Other debtors	194	7
Prepayments and accrued income	12	19
	206	26
	206	26

**V. Creditors**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Amounts due to subsidiary undertakings	133	284
Bank and other borrowings	480	288
Trade creditors	164	203
Other creditors	50	49
Accruals and deferred income	86	50
	913	874
	913	874
<b>Amounts falling due over one year</b>		
Trade Creditors	-	14
Bank and other borrowings	-	-
	-	14

**VI. Share capital and share premium account**

The movements on share capital and share premium are disclosed in notes 24 and 25 to the consolidated financial statements.

**BOXHILL TECHNOLOGIES PLC**

**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**  
For the year ended 31 July 2014

**VII. Profit and loss reserves**

	<b>2014</b>	<i>2013</i>
	<b>£'000</b>	<i>£'000</i>
Balance at 1 August 2013	<b>(2,357)</b>	<i>(1,085)</i>
(Loss) for the year	<b>(662)</b>	<i>(1,272)</i>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Balance at 31 July 2014	<b><u>(3,019)</u></b>	<i><u>(2,357)</u></i>

**VIII. Controlling party**

No single individual has sole control of the company.

**IX. Related parties**

The transactions set out below took place between the parent company and its subsidiaries.

	<b>2014</b>	<b>2013</b>
	<b>£,000</b>	<b>£,000</b>
<b>Management charge to:</b>		
Prize Provision Services Limited	<b>132</b>	100
<b>Balance included creditors:</b>		
Prize Provision Services Limited	<b>103</b>	257
Soccerdome Limited	<b>20</b>	28
Pay Corporation Limited	<b>10</b>	-
<b>Bad debts written off:</b>		
FCBetz	-	502
Click Now Limited	-	68
Devil Fish Poker Limited	-	233