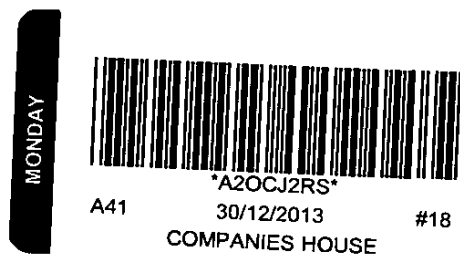


Sophos Limited

Directors' report and financial statements

Registered number 2096520

March 31, 2013



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Directors' report

The directors of Sophos Limited present their annual report with the audited, financial statements of Sophos Limited for the financial year ended March 31, 2013 ("FY13")

Principal Activity

Sophos Ltd is a leading provider of IT Security software

Review of Business

Key performance indicators:

Turnover has declined 4% from £119,350 (2012) to £113,993 (2013)

Average staff numbers have reduced from 512 (2012) to 452 (2013) as a result of a Company restructure to improve the cost base of the engineering development team.

The current year is the first year Sophos Ltd must produce standalone financial statements

Sophos Ltd is a wholly owned subsidiary of Sophos Holdings Ltd

Principal risks and uncertainties:

The main risks and uncertainties that management believe could have a material impact on the Company's long term performance are set out below

Sophos Ltd owns substantial intellectual property rights. Any infringement of these rights could cause loss of revenue and adversely affect business operations

The credit risk of Sophos Ltd relates to trade receivables and is mitigated by the use of third party credit checks and regular review of the outstanding balances by credit controls and the management team

Board of directors

The directors who held office during the year and up to the date of signing the financial statements are given below

Nicholas Paul Seaton Bray
Kristof Peter Hagerman (appointed 10 Sept 2012)

The following directors resigned on 17 Sept 2013

Roy Gordon Mackenzie
Salim Nathoo
Stephen Munford
Sandra England Bergeron
Peter Geyenes
Edwin Joseph Gillis
Peter Lammer
Jan Hruska

The directors benefit from an indemnity provision in the form of professional indemnity insurance

Proposed Dividends

Proposed and paid dividends for the year ended 31 March 2013 are £34,195k (2012 £68,328k)

Sophos Limited
Directors' report and financial statements

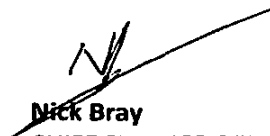
Disclosure of relevant information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director to make them aware of any relevant audit information

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed to the shareholders

On behalf of the Board



Nick Bray
CHIEF FINANCE OFFICER
24 December 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must only approve the financial statements when satisfied they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period

In preparing the financial statements, the directors are required to

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

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

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

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Sophos Limited

We have audited the financial statements of Sophos Limited for the period ended 31 March 2013 set out on pages 7 to 21. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2013 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

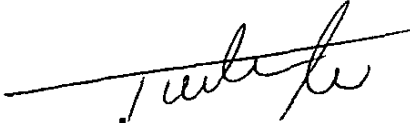
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Sophos Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, 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



Tudor Aw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

30 December 2013

Sophos Limited
Directors' report and financial statements

Profit and loss account

For the year ended March 31, 2013

	Note	2013 £'000	2012 £'000
Turnover	3	113,993	119,350
Cost of sales		(14,109)	(15,325)
Gross profit		99,884	104,025
Administrative Expenses		(86,920)	(80,991)
Operating Profit	2	12,964	23,034
Loss on disposal of subsidiary		(545)	-
Income from shares in Group undertakings		3,425	-
Finance income	7	800	4,185
Profit on ordinary activities before taxation		16,644	27,219
Tax credit/(charge) on profit on ordinary activities	8	664	270
Profit/(loss) for the financial year		17,308	27,489

There are no recognized gains or losses for the year other than as stated above

All results relate to continuing operations

Notes on pages 9 to 21 form part of these financial statements

Company balance sheet

At March 31, 2013

Registered number: 2096520

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	-	337
Tangible assets	10	30,227	27,837
Investments	12	244,175	243,642
		274,402	271,816
Current assets			
Stocks of Inventory	13	169	170
Debtors (including due in more than 1 year)	14	59,304	59,562
Cash at bank and in hand		5,692	14,454
		65,165	74,186
Creditors amounts falling due within one year	15	(113,439)	(103,116)
Net current assets/(liabilities)		(48,274)	(28,930)
Total assets less current liabilities		226,128	242,886
Creditors amounts falling due after more than one year	15	(86,281)	(86,272)
Provisions for liabilities	16	(1,251)	(2,993)
Net assets		138,596	153,621
Capital and reserves			
Called up share capital	18	1,069	1,069
Share premium	19	69,994	69,994
Other reserves	19	(91,931)	(59,146)
Profit and loss account	19	159,464	141,704
Shareholder's funds		138,596	153,621

These financial statements were approved by the board of directors on 24 December and were signed on its behalf by:


Nick Bray
CHIEF FINANCE OFFICER

Notes to the Company financial statements

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The Company has considerable financial resources together with contracts with a large number of customers and across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business Review on pages 3 to 4. Further information regarding the financial position of the Company are described in the Directors' Report and the notes to the financial statements.

The financial statements have been prepared in accordance with applicable accounting standards under UK Generally Acceptable Accounting Policies (UK GAAP) and under the historical cost accounting rules.

Under the exemption within Financial Reporting Standard 8 (amended) transactions with wholly owned Group companies are not disclosed. All transactions with non-wholly owned Group companies are made in the ordinary course of business and are arms length transactions. Group accounts can be obtained by writing to the Head Office, Sophos Ltd, The Pentagon, Abingdon Science Park, Abingdon, Oxfordshire, OX14 3YP.

The Company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1 "Cash flow statements (revised 1996)" on the grounds that it prepares consolidated financial statements which are publicly available.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

Customers generally enter into annual or longer term contracts with the Company. Most commonly, customers receive software products at the start of the contract under a fixed term license and are also entitled to receive regular updates or other services for the duration of the license term. The Company also offers hardware appliances with new software licenses as an integrated platform on which certain software products can be operated. Revenue attributable to hardware, software products, updates or other services is recognized ratably over the duration of the contract.

Where the Company contracts with an OEM or a service provider rather than an end user, it mirrors the above policy and recognizes the revenue in line with the contract term granted to the end user.

Investments

Investments in subsidiary undertakings are stated at cost, less any provision for impairment.

Notes to the Company financial statements (*continued*)

1 Principal accounting policies (*continued*)

Intangible fixed assets and amortization

Purchased intangible fixed assets are capitalized at their cost and amortized by equal annual installments over their estimated economic lives as follows

Goodwill and intellectual property - 33⅓% per annum

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows

Freehold buildings	-	4% per annum
Leasehold improvements	-	over the life of the lease
Computer equipment	-	33⅓% per annum
Other plant and equipment		20% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	15% per annum

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies are stated at historical foreign exchange rates.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Long term inter-company loans

The balance outstanding on loans made to subsidiary undertakings for the specific purpose of funding an acquisition have been designated as long term loans.

Post retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is expensed in the year in which it is incurred.

Stocks of inventory

Stocks of inventory are stated at the lower of cost and net realizable value. In determining the cost of raw materials, consumables and goods purchased for resale, the FIFO method is used.

Financial instruments

Where a financial instrument includes both equity and financial liability components, these components are separated and recognized separately.

Notes to the Company financial statements (continued)

1 Principal accounting policies (continued)

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share based payment transactions

Following the acquisition of the Sophos Group on June 15, 2010, Pentagon Holdings SARL offered a number of shareholder approved stock option plans to employees of the Company.

Where the Company receives services or goods in return for a share based payment transaction, the fair value of the equity instrument is recognized as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the company receives the service.

The fair value of options granted is measured using an option pricing model. The fair value recognized as an expense is adjusted to reflect the actual number of share options that vest depending on performance or service conditions. Where share options contain a market condition the fair value is adjusted for the probability of achieving the market condition and recognized regardless of whether the market condition is achieved or not.

Dividends

Dividends are presented within shareholders funds and recognized as a liability only where they have been declared prior to the year end date.

Pension Scheme

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

2 Operating profit

Operating profit is stated after charging	2013 £'000	2012 £'000
Operating lease rentals	149	438
Depreciation	3,630	2,624
Amortisation	337	1,346
Research and development	484	254
Pension scheme contributions	858	564
Net foreign currency differences	(493)	2,367
Loss on disposal of subsidiary	545	-
Auditors remuneration	5	5
Share options charge	1,410	1,370

Notes to the Company financial statements (continued)

3 Analysis of turnover

	2013	2012
	£'000	£'000
By activity		
Sale of goods	4,243	3,833
Rendering of services	<u>109,750</u>	<u>115,517</u>
	<u>113,993</u>	<u>119,350</u>
By geography		
UK	12,000	12,564
North America	8,268	8,657
Rest of Europe	71,690	75,059
Rest of the World	<u>22,035</u>	<u>23,070</u>
	<u>113,993</u>	<u>119,350</u>

4 Staff costs

	2013	2012
	£'000	£'000
Wages and salaries	26,301	26,266
Social security costs	2,627	2,712
Pension costs	858	564
Other costs	2,544	1,759
Share based payments charge	<u>1,410</u>	<u>1,370</u>
	<u>33,740</u>	<u>32,671</u>

5 Directors' emoluments

	2013	2012
	£'000	£'000
Directors emoluments	1,486	962
Aggregate contributions to pensions schemes	<u>159</u>	<u>12</u>
	<u>1,645</u>	<u>974</u>

6 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

	2013	2012
Technical	169	230
Sales and Marketing	103	110
Administration	<u>180</u>	<u>172</u>
	<u>452</u>	<u>512</u>

Notes to the Company financial statements (continued)

7 Interest Income

	2013 £'000	2012 £'000
Interest on bank deposits	1	22
Interest on loans to related parties	799	4,163
	<u>800</u>	<u>4,185</u>

8 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax.		
Current year tax charge/(credit) @ 24% (FY12 26%)	55	49
Adjustments in respect of prior years	0	0
Total current tax charge/(credit)	<u>55</u>	<u>49</u>
Double taxation relief	-55	-49
Total current tax charge/(credit)	<u>0</u>	<u>0</u>

The following table reconciles the current tax charge to the statutory rate of 24% (2012 26%)

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	16,644	27,219
Profit on ordinary activities multiplied by standard rate in the UK of 24% (2012 26%)	3,995	7,077
Effects of		
Expenses not deductible for tax purposes	737	1,072
Dividend received (exempt under section 931)	-822	-
R&D tax credits	-516	-600
Other timing differences	-445	-442
Capital allowances in excess of depreciation	620	-120
FRS20 Share Options charge	338	356
Group Relief surrendered	-3,852	-7,294
Double taxation relief	-55	-49
Current tax charge/(credit) for the year	<u>0</u>	<u>0</u>

Notes to the Company financial statements (continued)

	2013 £'000	2012 £'000
Deferred tax		
Origination and reversal of timing differences	(158)	898
Adjustment in respect of prior years	(506)	(1,168)
Total deferred tax charge/(credit)	(664)	(270)

9 Intangible assets

	ActiveState Intellectual Property £'000	Endforce Intellectual Property £'000	Utimaco Goodwill £'000	Total £'000
Cost				
At March 31, 2012	7,166	4,036	4,039	15,241
At March 31, 2013	7,166	4,036	4,039	15,241
Amortization				
At March 31, 2012	7,166	4,036	3,702	14,904
Charge for the year	-	-	337	337
At March 31, 2013	7,166	4,036	4,039	15,241
Net book value				
At March 31, 2012	-	-	337	337
At March 31, 2013	-	-	-	-

Notes to the Company financial statements (continued)

10 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor Vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At March 31, 2012	37,593	16,210	73	652	54,528
Additions	90	5,927	-	3	6,020
Disposals		(9,046)	-	(573)	(9,619)
At March 31, 2013	37,683	13,091	73	82	50,929
Depreciation					
At March 31, 2012	14,048	11,937	73	634	26,692
Charge for the year	1,448	2,174	-	8	3,630
Disposals		(9,047)	-	(573)	(9,619)
At March 31, 2013	15,496	5,065	73	69	20,703
Net book value					
At March 31, 2012	23,545	4,273	-	18	27,837
At March 31, 2013	22,187	8,026	-	13	30,227

At 31 March, 2013 the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £379k (2012 £168k)

Within freehold land and buildings the gross cost which is depreciable is £36,486k (2012 £36,399k)

Notes to the Company financial statements (continued)

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following

	2013 £'000	2012 £'000
Deferred income tax assets in relation to:		
Adjustment in respect of prior year	506	1,168
Other temporary differences		58
Advanced capital allowances	620	
Total	1,126	1,226

Deferred income tax liabilities in relation to

Rate change	17	244
Other temporary differences	445	442
Tax losses utilised		188
Advanced capital allowances		120
Total	462	994

The deferred tax above comprises:

Capital allowances in excess of depreciation	620	1,173
Short term timing differences	(1,284)	(903)
Losses	-	-
Total	(664)	270

12 Investments

	£'000
At April 1, 2012	243,642
Additions	1,044
Disposals	(511)
At March 31, 2013	244,175

13 Stocks of inventory

	2013 £'000	2012 £'000
Finished goods and goods for resale	169	170

Notes to the Company financial statements (continued)

14 Debtors

	<u>2013</u>	<u>2012</u>
	£'000	£'000
Amounts falling due within one year		
Trade debtors	10,790	12,774
Amounts owed by group undertakings	14,306	26,792
Other debtors	46	83
Deferred tax asset	1,126	-
Prepayments	2,546	1,973
Corporation tax debtor	385	385
	<u>29,199</u>	<u>42,007</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	30,105	17,555
Total debtors	<u>59,304</u>	<u>59,562</u>

15 Creditors

	<u>2013</u>	<u>2012</u>
	£'000	£'000
Amounts falling due within one year		
Trade creditors	3,690	2,823
Amounts due to Group undertakings	18,976	1,977
Deferred tax liability	462	994
Social security and other taxes	721	1,961
Other creditors	322	271
Accruals	7,366	5,704
Deferred revenue	81,720	90,110
	<u>113,439</u>	<u>103,116</u>
Amounts falling due after more than one year		
Amounts due to Group undertakings	9,399	9,391
Liability component of preference shares	3,485	3,485
Deferred revenue	73,397	73,396
	<u>86,281</u>	<u>86,272</u>
Total creditors	<u>199,346</u>	<u>189,388</u>

16 Provisions

	Restructuring	Other	Total
	£'000	£'000	£'000
At April 1, 2012	1,705	1,288	2,993
Utilized	454	1,288	1,742
At March 31, 2013	<u>1,251</u>	<u>-</u>	<u>1,251</u>

Notes to the Company financial statements (continued)

17 Stock based payments

Following the acquisition of the Sophos Group on June 15, 2010, Pentagon Holdings SARL offered a number of shareholder approved stock option plans to employees of the Group. All options have a 10 year term subject to continued employment and have been awarded under the following plans

The Management Equity Plan

The Management Equity Plan aims to motivate and retain senior executives and management and align their interests with shareholders. Awards under this plan contain a combination of service and market based conditions. Service based awards vest over a 5 year period with 20% vesting on the anniversary of the award and monthly thereafter.

The Staff Option Plan

The Staff Option Plan aims to motivate and retain staff and align their interests with shareholders. Awards under this plan contain a service condition and vest over a 5 year period with 20% vesting on the anniversary of the award and monthly thereafter.

The stock based payment charge was as follows

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Equity-settled transactions	1,410	1,327
Total stock based payment charge	1,410	1,327

The fair value of equity-settled stock options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The following table illustrates the weighted average inputs into the Black-Scholes model in the year

	<u>2013</u>	<u>2012</u>
Weighted average stock price (\$ cents)	33.00	38.00
Weighted average exercise price (\$ cents)	38.00	38.00
Expected volatility	53.60%	40.00%
Expected life of options (years)	2.50	3.14
Risk free rate	0.47%	1.07%
Expected dividends	Nil	Nil

The weighted average fair value of options granted during the year was \$ cents 9.4 (2012 \$ cents 10.0)

Expected volatility was determined by calculating the historical share price volatility of comparable listed companies over the expected life of the options. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. An increase in the expected volatility will increase the estimated fair value.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected life used in the model has been adjusted, based on management's best estimate, taking into account the effects of exercise restrictions, non-transferability and behavioural considerations. An increase in the expected life will increase the estimated fair value.

The fair value of awards with a market condition has been discounted to reflect the probability of meeting the market condition attached to the options.

Notes to the Company financial statements (continued)

The number and weighted average exercise prices (WAEP) of, and movements in, stock options in the year (2011 as adjusted for restricted stock shown separately below)

	2013		2012	
	Number options 000's	WAEP \$ cents	Number options 000's	WAEP \$ cents
Outstanding at the start of the year	27,804	20.1	27,271	16.6
Awarded	15,336	38.0	1,723	38.0
Forfeited	(2,864)	26.3	(1,095)	20.9
Exercised	(187)	32.4	(95)	30.3
Outstanding at the end of the year	40,089	25.6	27,804	20.1
Exercisable at the end of the year	6,972	22.2	4,968	21.3

The weighted average share price for options exercised during the year was \$ cents 33.0 (2012 \$ cents 38.00)

Options outstanding at the end of the year had the following range of exercise prices and weighted average remaining contractual terms (WARCT)

	2013		2012	
	Number options 000's	WARCT Years	Number options 000's	WARCT Years
Exercise price				
2.5000	1,493	7.2	1,860	8.2
7.5625	13,917	7.2	14,996	8.2
30.2500	8,056	7.2	9,243	8.2
38.0000	16,623	9.2	1,705	9.2
Outstanding at the end of the year	40,089	8.0	27,804	8.3

Restricted Stock

The following table illustrates the number and weighted average share price (WASP) on date of award of, and movements in, non-vested restricted stock in the year

	2013		2012	
	Number shares 000's	WASP \$ cents	Number shares 000's	WASP \$ cents
Outstanding at the start of the year	1,240	30.25	1,653	30.25
Awarded	-	-	-	-
Forfeited	-	-	-	-
Vested	(331)	30.25	(413)	30.25
Outstanding at the end of the year	909	30.25	1,240	30.25

Notes to the Company financial statements (continued)

18 Called up share capital

Allotted, called up and fully paid shares

	Ordinary shares		Convertible preferred ordinary shares		Total	
	Thousands	£'000	Thousands	£'000	Thousands	£'000
At April 1, 2012	2,628,209	1,051	46,516	18	2,674,725	1,069
At March 31, 2013	2,628,209	1,051	46,516	18	2,674,725	1,069

18 Reserves	Share premium	Other reserves	Profit and loss account	Total reserves
	£'000	£'000	£'000	£'000
At April 1, 2012	69,994	(59,146)	141,704	152,552
Profit for the year			17,308	17,308
Share based payment expense		1,410		1,410
Reclassification				
Dividends paid and proposed		(34,195)		
Foreign exchange			452	452
Reverse subsidiary share based payment				
At March 31, 2013	69,994	(91,931)	159,464	137,527

19 Reconciliation of movements in shareholder's funds

	2013	2012
	£'000	£'000
Profit for the year before dividends	13,883	27,553
Intragroup dividends paid	(34,195)	(15,540)
Distribution of Intra Group receivable to parent	3,425	(52,788)
New share capital subscribed (net of issue costs)	-	34,897
Share based payment expense	1,410	1,327
Foreign exchange	452	833
Reversals	-	813
Net deduction to shareholder's funds	(15,025)	(2,905)
Opening shareholder's funds	152,552	155,457
Closing shareholder's funds	137,527	152,552

Notes to the Company financial statements (continued)

20 Operating Leases

	<u>2013</u>	<u>2012</u>
	£'000	£'000
Within one year	67	146
In the second to fifth years inclusive	83	292
After five years	-	-
Net rent expense for the period	<u>150</u>	<u>438</u>

21 Related Party Transactions

The Company has taken advantage of the exemption in FRS8 not to disclose transactions with wholly owned subsidiaries