amor group

A new era in business technology

Annual Report 2010

"Amor beat off stiff competition to secure the contract by demonstrating best value for money, a proven track record in oil and gas and a clear development path for the evolution of our information systems."

Billy Allan, Group Chief Executive, ASCO

ASCO is a global oil and gas logistics firm

amor group

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"Amor performed very well in 2010 delivering significant growth in both sales and profits in an economic environment that remains challenging."

John Innes
Chief Executive Officer

John Innes at India of Inchinnan, Amor Group's Headquarters

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CEO's Report

I am pleased to present Amor's annual report for the financial year ended December 2010 and to report another year of excellent trading with around 10% organic growth in both revenues and earnings.

2010 proved to be a tough year where our larger European Systems Integrator competitors saw an average decline of 3% in both their revenues and margins. UK public sector ICT expenditure was reduced and the private sector was patchy, with perhaps the exception of the oil and gas sector. During the second half of the year a resurgent $100 barrel oil price began to drive CAPEX which is forecast at a record £7.7Bn in the UK Continental Shelf (UKCS) for 2011.

In trying to make sense of our positive results against this backdrop, I have to think that what we do as a business and the way we do it provides positive differentiation in the markets we serve and continues to be valued by our customers.

So what do we do? We provide business technology solutions. We differentiate by what happens at the front end - the business outcomes that we design for our customers. These are delivered through a mix of technology products and services executed by smart, energetic and committed people with deep domain expertise in the energy, transport and public sectors.

And how do we do it? We apply our business values in all our customer engagements. We have integrity, we work to be the best, we get things done and we focus on outcomes.

Customers continue to choose Amor to help them improve their business performance whether it's improving operational efficiency at Oslo Airport, helping ScottishPower achieve process safety excellence or managing the entire exam data collection process for the Welsh Assembly Government.

We are an ambitious business and completed the acquisition of DW Technology during November - a managed services provider that significantly enhanced our footprint in the oil services market. Further acquisitions will be completed in 2011 to enhance our business offerings. We invested £1M in our Data Centre (Amor Assure) where customers benefit from the latest technologies in data storage, security and cloud offerings. We invested further in the IP for our airport passenger tracking and forecasting products which are gaining increasing global traction. Perhaps most satisfying was the creation of over 100 new knowledge worker jobs throughout the UK.

I would like to thank our people who not only drove our business performance in 2010 but somehow found the time to abseil, run marathons and plant trees in support of our CSR programme, Commit. Many of these projects were in support of our chosen charity Enable Scotland that works with adults and children with learning disabilities. I'd also like to recognise the unswerving support of our Investor partners; Clydesdale Bank, Scottish Enterprise and Growth Capital Partners.

In the future expect this great UK success story to expand its global footprint. Expect more products from Amor that drive international revenues and secure more annuity revenues as customers increasingly buy on consumption models rather than capacity. Expect even higher levels of service and quality of outcomes. Expect more acquisitions.

Amor's a great place to work. I feel very privileged to be here. I hope you enjoy our 2010 Annual Report.

John Innes
Chief Executive Officer

Vision, Mission, Core Values

Our vision is

To be the leading global provider of business technology solutions to the Energy, Transport and Public Sectors, measured by customer satisfaction, employee enjoyment and shareholder value.

Our mission is

To be the best provider, employer and investment.

Together we...

Work to be the best
Are ambitious
Share a common purpose
Have fun and recognise success along the way

Deliver solutions for our customers & colleagues
Focus on outcomes
Exceed expectations
Add real value to the business

Are on a journey from good to brilliant
Learn from experience and develop
Question rationale, process and each other
Embrace change and continually improve

Have integrity
Respect our customers and colleagues
Are focussed on service excellence
Treat our customers and Amor Group's interests as our own

Discuss, decide, do
Are pragmatic
Are dynamic
Agree and action

one amor
A more rewarding way to work

Douglas Byers, abseiling for Enable Scotland

Jimmy Lumsden volunteering at Woodhall House, Enable, Edinburgh

"We're already seeing the benefits throughout the company from aligning our culture. By building a strong foundation this will allow us to support the business in attracting, rewarding, developing and retaining the best talent."

Lisa Blacklaw, Group HR Director

People

Single High Performance Culture

What does it mean to be 'the best employer'? For us it's about creating a single high performance culture. We shape our people strategy and measure our performance annually using the Denison Organisational Culture Model and Survey. This is based on cultural traits of effective organisations: mission, consistency, involvement and adaptability. The first company-wide employee survey was conducted in summer 2010. Following this we identified three high impact people priorities - core values, capability development and coordination and integration - and established cross-company teams to lead the work required to improve our performance in these areas.

The delivery and embedding of this strategic programme goes into next year and beyond. However, great steps have already been taken to construct a set of core values that will be the guiding principals that govern the way we do business at Amor and provide a blueprint for a more rewarding way to work. Furthermore, we've appointed a Group HR Director to lead our people strategy and the delivery of effective supporting polices and processes, performance and talent management systems.

Enhancing Employee Engagement

We've also continued to refine and enhance our employee engagement programme, launched last year, including the introduction of Tech Xchange (a forum operated by our technical community to share and learn) and Shining Stars (a reward programme to recognise and celebrate success).

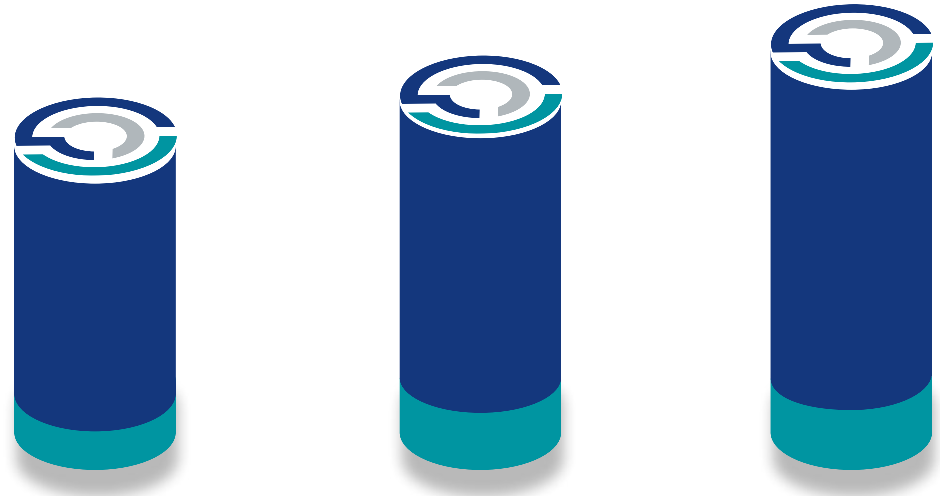
Corporate Social Responsibility

In 2010 our Corporate Social Responsibility (CSR) programme, Commit, proved to have a positive impact on our people and the communities in which we operate. A particular highlight was our volunteering with and fundraising for learning disability charity Enable. The partnership also allowed us to match our expertise with their need for technology consultancy and we appointed one of our senior consultants to guide the charity through a change programme to upgrade its IT infrastructure, including replacing the existing email, finance, payroll and HR systems.

Cross-company culture team

Past 3 Years Performance

2008	2009	2010



Revenue: £27.4m Profit*: £3.9m	Revenue: £29.9m Profit*: £5.0m	Revenue: £33.9m Profit*: £5.8m

Employees

2008	2009	2010
259**	278**	370**

*Earnings before interest, tax, depreciation and amortisation (EBITDA)

**Average number of employees

Jill Logan and Lynn Travers, Amor Group

"Amor's revenue has increased 13% from 2009, compared to European SI's who saw an average decrease of 3%."

Scott Leiper, Chief Operating Officer

2010 Trading Performance

In the Public Sector, we were awarded two major development, integration and support contracts within the Education sector with Ofqual and the Skills Funding Agency. This part of the business doubled in size in 2010 despite an environment of government spending constraint. We demonstrate flexibility in our commercial terms, delivery models and attitude, and continue to capitalise our position on national buying frameworks. These attributes help our Public Sector customers deliver service excellence and value for the public purse.

Our Transport business achieved growth of over 35% during 2010. The primary focus remained within aviation. We made a transformational investment with our Bluetooth technology partner, BLIP, to gain exclusive access to their technologies within the worldwide aviation market. We sustained and grew our positions within BAA and NATS. We added the Avinor Airports Group, Dublin Airport, Toronto Airport and Dubai Airport as new name accounts, helping us further penetrate international aviation markets. We continue to develop and refine our product offering solutions in airport operational management through our PAXPath+, PAXPredict+ and PAXPlan+ products.

In Energy, we delivered another strong performance, sustaining and growing our position within ScottishPower, Cable and Wireless and Total and achieving new contracts with National Gas Company of Trinidad and Tobago, Northern Gas Networks and Achilles.

We enhanced and implemented Hydrocarbon+ at EKB's salt mine based gas storage faciltiy in Germany. We unified our products and services which optimise and de-risk power generation and oil production into a suite, Operability+, and gained new customers including two major partnerhsips with training and education organisations.

2010 also saw the launch of our award winning product, ProcessSafety+. This enables customers to identify sources of operational risk months ahead of impact, thereby allowing these risks to be mitigated and in doing so to improve business effectiveness. Our ProcessSecurity+ offering gained greater traction in multi-national exploration & production as well as power generation businesses. Through this product we ensure that legacy control system technologies operate effectively with the modern office network without creating vulnerabilities to malicious cyber-attack.

We made major investments in our Data Centre (Amor Assure) and our customer service centre (Amor Assist) to introduce a new Tier 3 aligned data centre and to enhance our ITIL standard helpdesk.

The Amor Assist team outside Amor Assure



Our 2011 Market Position & Beyond

Scott Leiper
Chief Operating Officer

Energy

In oil and gas there is an increasingly ageing asset base with hydrocarbon recovery becoming more difficult and costly in mature provinces. Our ProcessSecurity+ and our Operability+ suite of products precisely address a number of vulnerabilities associated with older assets. We will continue to promote and develop these offerings.

Global gas dynamics have changed over the last few years with supply high in regions of low demand and demand high in regions of low supply. This geographic anomaly has led to gas being shipped thousands of miles in the form of Liquefied Natural Gas (LNG) and is set to continue for at least the next decade. Our Hydrocarbon+ product has a superlative track record assuring load owners receive their share of proceeds. 2011 will see Amor Group focus on European markets then broaden its horizons to other key geographies within the global LNG market.

We see that sustained high energy prices are becoming a catalyst for the initiation of new capital projects and the release of pent up demand. Capital spend is set to increase to around £7.7 billion in 2011 on the UK Continental Shelf. We see more mergers and acquisitions (M&A) with assets and entities actively being marketed. Greater capital spend and M&A activity both drive increased ICT expenditure. We are ideally suited to address this demand in 2011 and beyond. Over 2010 we saw a change in ICT buying patterns in the Oil Services sector. Companies in this sector are moving from in-house delivered commodity ICT services to outsourcing. This allows these businesses to focus on their core business. ICT is now being used as a competitive differentiator for these businesses with a drive to develop applications and technologies to deliver added value to their customers. Amor can provide the business technology solutions to help these businesses design and deliver value for their customers.

We can see an increasing shift in emphasis from fossil fuels to nuclear and renewables over the next decade. We will develop our product and services range towards these emerging sub-verticals. We will address more of the ICT elements involved in the finding, recovering and transporting of hydrocarbons. Hydrocarbon recovery is becoming increasingly dependent on less politically stable regions. We will continue to develop our Energy products to be delivered via the cloud which reduces or negates the need for our people to travel to these regions.

Jim McKenzie
Transport Business
Unit Director

Transport

The aviation sector has seen growth in passenger numbers. Cost drivers are pushing airlines and airports to drive operational efficiencies and optimise capacity whilst focussing on increasing passenger retail spend.

In airports, our products and services will continue to be passenger centric and focus on the key airport operational systems and processes. We will deliver improved operational tools to allow our aviation customers to manage their operations in real-time, reacting to changes in the on-the-day operation to provide the best possible experience for passengers. We will increase our focus in Air Traffic Control (ATC) concentrating on safety and briefing, and in the area of complete aviation solutions bringing shared benefits to airlines, airports and ATC customers through Collaborative Decision Making (CDM) and innovative passenger way-finding and tracking solutions.

We will gain greater international reach especially in Europe, the Middle East and North America. In aviation, we see a continuing shift to geographical aviation hubs away from the traditional regions. Our aviation product suite will drive us to work in an increasingly international arena. We will see our expertise in aviation and transport migrate into our other key verticals, especially energy.

Alastair O'Brien
Public Sector Business
Unit Director

Public Sector

In 2011 we will focus on three key sub-verticals in the Public Sector market, Health, Education and Central Government. We will capitalise on our wins in clinical healthcare by taking a new set of offerings to the NHS across the UK. We will create a business dedicated to Education – focussing on awarding organisations, higher and further education institutions within the UK. We will create a new business line in Green Computing which utilises virtualisation and ICT estate sharing to reduce cost.

We believe that our Public Sector business will continue to drive value for the public purse for years to come. We see greater emphasis on business process outsource where non-core processes are pushed to the private sector for execution. These outsources focus on business outcome rather than technology. Our track record in this area will help us build and grow this offering.

India of Inchinnan,
Amor Groups Headquarters

There will be greater use of shared services across all branches of the Public Sector where tangible savings can be made. For example, NHS, Police and Further Education Institutes in the same local authority may choose to share their ICT infrastructure. Our experience in data centres, shared service desks and our expertise in these business domains will help facilitate this drive towards economies of scale.

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"Across our business sectors the three year outlook is one of opportunity and growth. By remaining focused, agile and adaptive, Amor is ideally placed to deliver strong growth for years to come."

Martin Bowman, Group Sales Director

Three Year Outlook

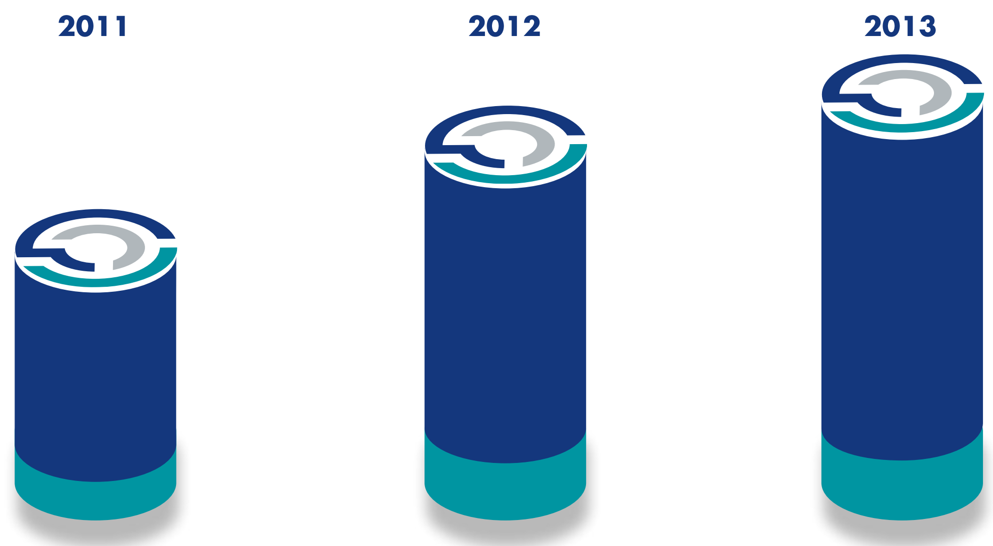
Amor Group provides business technology solutions to the Energy, Transport and Public sectors. Our deep understanding of the needs of our key market sectors help customers improve business performance through the delivery of tailored and innovative solutions.

Our strategy is to further develop our business by extending our reach within the existing customer-base, developing new capabilities and acquiring businesses which complement its service offerings.

2013 Target

Increase organic revenue to £55m, generating £11m EBITDA, and grow total revenue to £72m via acquisitions.

2011 – 2013 Objectives



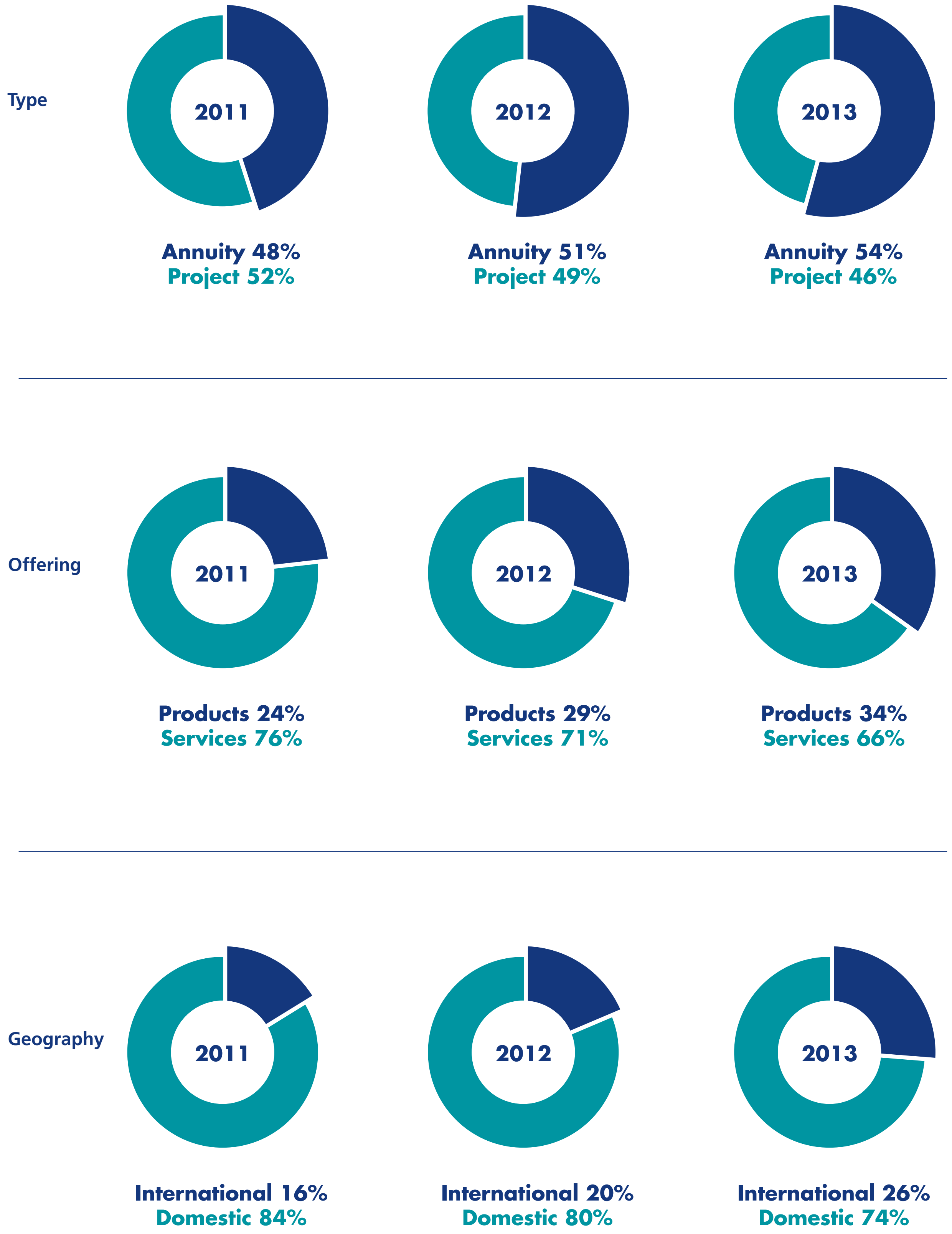
Organic Revenue : £38m
Profit* : £6.8m

Organic Revenue : £46m
Profit* : £8.2m

Organic Revenue : £55m
Profit* : £9.8m

*Earnings before interest, tax, depreciation and amortisation (EBITDA)

Amor Group Revenue Profile



OSL departure hall in the terminal

"Our goal is to ensure OSL remains at the forefront of Europe when it comes to the quality and efficiency of our security process. Amor's solutions enable us to continually refine, valuate and improve key operational processes."

Bjørg Hill, Contract Manager Terminal Security, OSL Airport

Oslo Airport is Norway's main airport, servicing over 18million passengers in 2009

"The results of our first customer survey provided us with a great benchmark of how our strategic customers thought we'd performed. I'm delighted that our customers believe we have a deep understanding of the sectors we operate in and their businesses, underpinned by the right technical skills, to deliver solutions that add value."

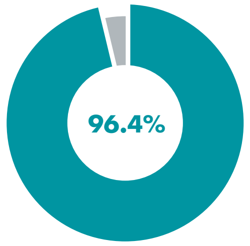
Jennifer Adams, Group Marketing Director

The Customer Experience

We conducted our first annual customer survey in June 2010, to measure how we were performing against our vision to be the best provider of business technology solutions to our customers.

Domain Expertise

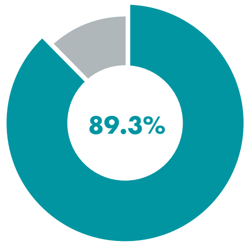
Amor has over 20 years' experience delivering solutions and services to the Energy, Transport and Public Sectors. Our deep understanding of the business technology needs of our key market sectors help our customers improve business performance through the delivery of tailored and innovative solutions.



96.4% of customers agree or strongly agree that Amor understands their sector.

Technical Excellence

Underpinning all our solutions and services, and key to helping customers transform their business, is the technical excellence of our people.

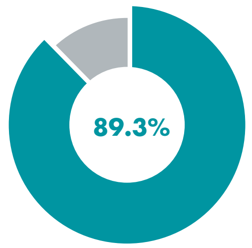


89.3% of customers agree or strongly agree that Amor has the technical skills required to help their organisation.

Return on Investment

Whilst the survey showed there to be a wide range of business drivers and challenges affecting customers in the Energy, Transport and Public Sectors, unsurprisingly almost everyone is having to meet 'cost reduction demands' and 'doing more with less'.

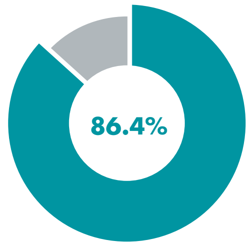
It is therefore essential to deliver and demonstrate the return on solutions and services in the short, medium and long term.



89.3% of customers agree or strongly agree that Amor provides solutions that add value.

Business Focused

Amor's domain expertise and long term relationships with its customers mean that employees understand their customers' business. Customers also rated Amor highest in terms of being pragmatic and focussed on outcomes.



86.4% of customers agree or strongly agree that Amor understands their business.

"Amor's experience and track record in healthcare IT solutions will provide us with a new single records system covering cardiac, cardiology and thoracic surgery, enabling us to realise efficiencies due to reduced administration processes."

William Edwards, Head of e-Health at the NHS National Waiting Times Centre

The NHS National Waiting Times Centre is an NHS Special Board

Directors Report and Financial Statements

Amor Business Technology Solutions Ltd

"Amor remained cash positive throughout 2010, and we used the cash generated from operating activities to fund not only our on-going working capital requirement, but also the investments in our Aberdeen Data Centre (Amor Assure) and Airport Passenger Tracking IP."

David Blyth, Chief Financial Officer

Company Information

Directors	D Blyth J Innes S Leiper J Mottard	Auditors	Mazars LLP 90 St Vincent Street Glasgow G2 5UB
Company secretary	D Blyth	Bankers	Clydesdale Bank Plc 20 Waterloo Street Glasgow G2 6DB
Company number	SC112421		
Registered office	India of Inchinnan Greenock Road Inchinnan PA4 9LH	Solicitors	Paull & Williamsons LLP Union Plaza 1 Union Wynd Aberdeen AB10 1DQ

Directors Report for the Year Ended 31 December 2010

The directors present their report and the financial statements for the year ended 31 December 2010. The business review is in the CEO's report on page 3 and information on employees under People on page 5.

Amor provides business technology solutions to the Energy, Transport and Public sectors.

Results and dividends

The profit for the year, after taxation, amounted to £3,189,940 (2009 - £3,266,158). There were no dividends paid in the current year (2009: £300,000).

Directors

The directors who served during the year were:

J Mottard D Blyth
J Innes S Leiper

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and;
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Performance Measurement

Amor aims to be the best provider to our customers, employer to our people and investment for our shareholders.

Our performance as a provider is measured by our annual customer satisfaction survey, as an employer through an annual cultural survey and as an investment through delivery against revenue, profit and cash targets.

Risks and Mitigation

Both systematic and strategic risk management underpin our current and future operations.

Our diversified portfolio across three sectors limits our exposure to a downturn in any one of these sectors. Within the sectors, we target long term annuity revenue streams with large, blue chip customers - a strategy designed to safeguard future revenues and cash flows. Cash flow and liquidity risks are further mitigated by robust internal controls and diligent working capital management.

Our operating systems and tight project management help to ensure quality of delivery and minimisation of delivery risk. Our approach is measured and evidenced via our quality, security and environmental accreditations. We manage technology risk through on-going market analysis and by forming close ties with a number of technology partners. Our new, Tier 3 aligned Data Centre, Amor Assure, helps to further mitigate delivery risk for customers requiring delivery via the cloud.

Disabled Employees

If an employee is disabled or becomes disabled we want to help as much as possible. This might include a change to working conditions or job duties that would assist that person in the performance of their duties. We take advice from our medical advisers or specialist organisations to ensure that we do everything reasonably practical to help.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. This report was approved by the board and signed on its behalf.

D Blyth Chief Financial Officer

Statement Of Directors Responsibilities for the Year Ended 31 December 2010

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

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

In preparing these 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;
- 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 anytime the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors Report to The Members Of Amor Business Technology Solutions Limited

We have audited the financial statements of Amor Business Technology Solutions Limited for the year ended 31 December 2010, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 17, 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. 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 Auditors' report and for no other purpose. To the fullest extent permitted bylaw, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

P B Jibson (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor) Glasgow

Date: 5 April 2011

Profit and Loss Account for the Year Ended 31 December 2010

	Note	2010 £	2009 (as restated - note 3) £
Turnover	1,2	**33,889,441**	**29,933,476**
Cost of sales		(19,716,367)	(18,327,197)
Gross profit		**14,173,074**	**11,606,279**
Administrative expenses		(9,454,316)	(7,400,529)
Operating profit	3	**4,718,758**	**4,205,750**
Income from shares in group undertakings		-	386,820
Interest receivable and similar income		402	1,012
Profit on ordinary activities before taxation		**4,719,160**	**4,593,582**
Tax on profit on ordinary activities	7	(1,529,220)	(1,327,424)
Profit for the financial year	17	**3,189,940**	**3,266,158**

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account.

The notes on pages 21 to 28 form part of these financial statements.

Balance Sheet as at 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	8		9,228,133		8,072,885
Tangible assets	9		1,504,359		749,206
Investments	10		1,111,750		5
			11,844,242		8,822,096
Current assets					
Stocks	11	2,696,426		2,291,980	
Debtors	12	13,982,600		8,871,746	
Cash at bank		636,863		2,655,381	
		17,315,889		13,819,107	
Creditors: amounts falling due within one year	13	(9,423,376)		(6,094,388)	
Net current assets			7,892,513		7,724,719
Total assets less current liabilities			19,736,755		16,546,815
Creditors: amounts falling due after more than one year	14		(2,614,050)		(2,614,050)
Net assets			17,122,705		13,932,765
Capital and reserves					
Called up share capital	16		9,012,217		9,012,217
Share premium account	17		3,606		3,606
Profit and loss account	17		8,106,882		4,916,942
Shareholders' funds	18		17,122,705		13,932,765

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

D Blyth Chief Financial Officer
Date: 5 April 2011

The notes on pages 21 to 28 form part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2010

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, which have been applied consistently (except as other wise stated).

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss account over its estimated economic life of 20 years. Other intangible assets comprise software rights. These are shown at cost and are amortised to the Profit and Loss account in equal instalments over the estimated useful life of 3 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short-term leasehold property	-	Over 25 years
Plant & machinery	-	Over 3 years
Fixtures & fittings	-	Over 3 to 8 years

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1. Accounting policies (continued).

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity undertaken in the United Kingdom (94%) and the rest of the world (6%).

3. Operating profit

The operating profit is stated after charging:

	2010 £	2009 £
Amortisation - intangible fixed assets	679,453	486,535
Depreciation of tangible fixed assets:		
- owned by the company	371,969	315,254

2009 operating profit remains unchanged. £496,572 of staff costs have been reallocated from cost of sales to administrative expenditure.

4. Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	13,400	13,000
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	5,450	5,250

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2010 £	2009 £
Wages and salaries	14,575,956	11,147,494
Social security costs	1,484,833	1,179,193
Other pension costs	480,954	445,668
	16,541,743	12,772,355

The average monthly number of employees, including the directors,during the year was as follows:

2010 No.	2009 No.
370	278

6. Directors' remuneration

	2010 £	2009 £
Emoluments	392,220	232,806
Company pension contributions to money purchase pension schemes	16,333	10,220

During the year retirement benefits were accruing to 3 directors (2009 - 3) in respect of defined contribution pension schemes. The highest paid director received remuneration of £149,000 (2009 - £87,697). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,134 (2009 - £3,348).

7. Taxation

	2010 £	2009 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,549,071	1,352,909
Adjustments in respect of prior periods	(11,820)	39,846
Total current tax	1,537,251	1,392,755
Deferred tax (see note 15)		
Deferred tax credit	(8,031)	(65,331)
Tax on profit on ordinary activities	1,529,220	1,327,424

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28.0% (2009 - 28.0%). The differences are explained below:

	2010 £	2009 £
	4,719,160	4,593,582
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2009 - 28.0%)	1,321,365	1,286,203
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	190,247	136,063
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,775	7,326
Excess depreciation over capital allowances	25,684	31,627
Income not assessable to tax - UK dividends	-	(108,310)
Adjustments to tax charge in respect of prior periods	(11,820)	39,846
Current tax charge for the year (see note above)	1,537,251	1,392,755

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Intangible fixed assets

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2010	500,000	8,466,939	8,966,939
Additions	400,000	-	400,000
On acquisition	-	1,434,701	1,434,701
At 31 December 2010	900,000	9,901,640	10,801,640
Amortisation			
At 1 January 2010	55,556	838,498	894,054
Charge for the year	199,999	479,454	679,453
At 31 December 2010	255,555	1,317,952	1,573,507
Net book value			
At 31 December 2010	644,445	8,583,688	9,228,133
At 31 December 2009	444,444	7,628,441	8,072,885

9. Tangible fixed assets

	Longterm Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 January 2010	317,697	1,141,364	781,050	2,240,111
Additions	837,111	252,631	37,380	1,127,122
At 31 December 2010	1,154,808	1,393,995	818,430	3,367,233
Depreciation				
At 1 January 2010	126,758	891,259	472,888	1,490,905
Charge for the year	62,897	184,133	124,939	371,969
At 31 December 2010	189,655	1,075,392	597,827	1,862,874
Net book value				
At 31 December 2010	965,153	318,603	220,603	1,504,359
At 31 December 2009	190,939	250,105	308,162	749,206

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2010	5
Additions	1,111,745
At 31 December 2010	1,111,750
Net book value	
At 31 December 2010	1,111,750
At 31 December 2009	5

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Amor Energy Limited	Ordinary	100%
Pragma Systems (Scotland) Limited	Ordinary	100%
DW Technology Services Limited	Ordinary	100%
Real Time Engineering Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2010 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Amor Energy Limited	1	-
Pragma Systems (Scotland) Limited	1	-
DW Technology Services Limited	1,111,745	-
Real Time Engineering Limited	1	-

11. Stocks

	2010 £	2009 £
Work in progress	2,696,426	2,291,980

12. Debtors

	2010 £	2009 £
Trade debtors	5,958,583	4,359,623
Amounts owed by group undertakings	7,296,074	4,012,345
Other debtors	130,194	52,086
Prepayments and accrued income	520,318	378,292
Deferred tax asset (see note 15)	77,431	69,400
	13,982,600	8,871,746

13. Creditors: Amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	150,089	-
Trade creditors	748,237	594,889
Amounts owed to group undertakings	1,111,745	-
Corporation tax	1,499,456	766,081
Social security and other taxes	1,121,249	1,118,645
Other creditors	808,392	62,020
Accruals and deferred income	3,984,208	3,552,753
	9,423,376	6,094,388

14. Creditors: Amounts falling due after more than one year

	2010 £	2009 £
Share capital treated as debt (Note 16)	2,614,050	2,614,050

Disclosure of the terms and conditions attached to the non-equity shares is made in note 16.
Creditors include amounts not wholly repayable within 5 years as follows:

	2010 £	2009 £
Repayable other than by instalments	2,614,050	2,614,050

15. Deferred tax asset

	2010 £	2009 £
At beginning of year	69,400	4,069
Released during year	8,031	65,331
At end of year	77,431	69,400

The deferred tax asset is made up as follows:

	2010 £	2009 £
Other timing differences	69,400	4,069
Accelerated capital allowances	8,031	65,331
	77,431	69,400

16. Share capital

	2010 £	2009 £
Shares classified as capital		
Allotted, called up and fully paid		
9,012,217 Ordinary shares of £1 each	9,012,217	9,012,217
Shares classified as debt		
Allotted, called up and fully paid		
2,614,050 Convertible Ordinary shares of £1 each	2,614,050	2,614,050

The Convertible Ordinary shares carry the same voting rights as the Ordinary shares. The Convertible Ordinary shares carry dividend rights as follows:-

- Convertible ordinary share dividend as declared by the Directors.
- Cumulative preferential cash dividends of specified percentages of profit after tax for the relevant dividend period for the year to 31 December 2015 and thereafter.

In accordance with FRS 25 "Financial Instruments 'Disclosure and Presentation'" the Convertible Ordinary shares are classified as debt on the balance sheet and dividends will be classified as a financial expense in the profit and loss account.

17. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2010	3,606	4,916,942
Profit for the year		3,189,940
At 31 December 2010	3,606	8,106,882

18. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Opening shareholders' funds	13,932,765	2,006,389
Profit for the year	3,189,940	3,266,158
Dividends(Note 19)	-	(300,000)
Shares issued during the year	-	8,960,218
Closing shareholders' funds	17,122,705	13,932,765

19. Dividends

	2010 £	2009 £
Dividends paid on equity capital	-	300,000

A dividend of £300,000 was paid to Sword UK Limited in May 2009.

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund.

21. Operating lease commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings	
	2010 £	2009 £
Within 1 year	66,720	72,015
Between 2 and 5 years	78,226	25,000
After more than 5 years	419,723	419,723

22. Related party transactions

	Sales to £	Purchase from £	2010 Accounts owed from/(to) £	2009 Accounts owed from/(to) £
Amor Group Limited	-	-	-	4,012,345
Sword UK Limited	91,921	-	-	-
Ciboodle Limited	7,446	(145,719)	-	-
Sword SA	-	(359,749)	-	-

23. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is Amor Group Limited, a company registered in Scotland. The parent undertaking of the largest and smallest group for which group accounts are drawn up and of which the company is a member, is Amor Group Limited. Copies of the accounts of Amor Group Limited can be obtained from Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ.

"Amor helped us to define and document all our core Process Safety KPIs and allowed us to create a best-of-breed technical KPI Dashboard solution which fully integrates with our existing IT infrastructure and allows us to monitor our progress in near real-time."

Martin Sedgwick, Head of Asset Management, ScottishPower

ScottishPower, a division of Iberdrola, is one of the 5 largest energy companies in the world

SCOTTISHPOWER

India of Inchinnan
Greenock Road
Inchinnan
Renfrew
PA4 9LH
Tel: +44 (0) 141 814 3700

Johnstone House
52-54 Rose Street
Aberdeen
AB10 1UD
Tel: +44 (0) 1224 649999

Coventry University Technology Park
Puma Way
Coventry
CV1 2TT
Tel: +44 (0) 2476 236 260

Lochside House
3 Lochside Way
Edinburgh Park
EDINBURGH
EH12 9DT
Tel: +44 (0) 131 452 2008

2500 City West Boulevard
Suite 300
Houston
TX 77042
Tel: +1 (713) 267 2207

info@amorgroup.com

www.amorgroup.com

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