TUNGSTEN

Tungsten Corporation plc
Annual report and accounts 2014

Monetising the global supply chain

Tungsten Corporation plc is a global electronic trading network headquartered in London, UK, with offices in Europe, North America and Asia Pacific.

Our key business areas:

- **Tungsten Network:** connecting buyers and suppliers through our global, fully compliant electronic invoicing network
- **Tungsten Network Finance:** automated supply chain finance. Includes UK-regulated Tungsten Bank
- **Tungsten Network Analytics:** line-level spend analysis automating better buying decisions

We have built the first global, integrated network combining e-Invoicing, supply chain finance and spend analytics. With these capabilities, we aim to monetise the world's supply chain and deliver:

- $1,000 billion in annual invoice transaction value
- $100 billion in annual financing
- $10 billion of annual cost savings

Group overview

Strategic report

Directors' report

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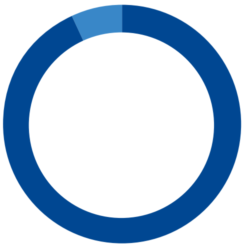
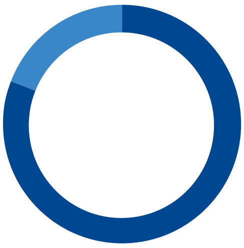
Highlights

Tungsten Network
Invoice volume FY2014



12.5m	e-Invoicing
0.9m	Other – paper/PDF
13.4m	**Total**

Tungsten Network
Invoice value FY2014



$152.0bn	e-Invoicing
$35.4bn	Other – paper/PDF
$187.4bn	**Total**

Financial highlights

> Listed on AIM, raising £160m of gross new money
> FY2014 proforma **Tungsten Network** revenue growth of 11%
> Post-tax loss for the year of £11.0m (prior period: £9.9m)

Operational highlights

> Legal and tax-compliant invoicing in 46 countries
> Transactions across 161 countries
> 168,000 suppliers registered on our network
> **Tungsten Network** serves 55% of the Fortune 500 and 67% of the FTSE 100
> $700bn **Tungsten Network Analytics** invoice repository

Business highlights

> Acquired OB10, the global e-Invoicing platform. Rebranded as **Tungsten Network**
> Completed the acquisition of a fully regulated and licensed UK bank. Rebranded as **Tungsten Bank**
> Financed the first invoices through **Tungsten Network Finance**, an automated supply chain finance offering, built on and integrated with **Tungsten Network**
> Enhanced data and system security to a best-in-class level to achieve ISO 27001 certification
> New **Tungsten Network** buyer agreements with access to a potential £120bn of supplier invoices
> First customers trialling our revolutionary **Tungsten Network Analytics** product

Chairman's statement

"The year will be remembered for many highlights: our admission to AIM, the acquisition of the world's largest compliant e-Invoicing network and the development of Tungsten Bank."

p04 Read more about this

Chief Executive's review

"Financing our first invoices represents a watershed moment in Tungsten's development and leaves us well positioned for an exciting year ahead."

p08 Read more about this

Group at a glance

Tungsten Corporation plc, admitted to AIM on 16 October 2013, combines Tungsten Network, the global e-Invoicing network, Tungsten Network Finance, our supply chain finance service that includes Tungsten Bank, and Tungsten Network Analytics, a powerful product that identifies cost-saving opportunities in real time.

Our business areas

TUNGSTEN NETWORK

Founded in 2000, Tungsten Network is the global e-Invoicing network built on OB10 that was bought by Tungsten in October 2013. Sitting at the heart of the Tungsten offering, it simplifies and streamlines the complex invoice-to-pay process, offering legal and tax-compliant invoicing across multiple jurisdictions.

Tungsten Network connects many of the world's largest companies and government agencies to their suppliers around the globe. It serves 55% of the Fortune 500 and 67% of the FTSE 100, enabling customers to send and receive compliant invoices. Buyers can reduce invoice-processing costs by 60%; while suppliers gain efficiencies and peace of mind from greater visibility of the payment status of their invoices.

FY2014 highlights

- 124 buyers on the network
- 168,000 suppliers registered to send invoices through the network
- 13.4m invoices processed
- Over $187bn of total invoice value

TUNGSTEN NETWORK FINANCE

Tungsten aims to displace traditional lending institutions by offering supplier customers access to early payment on their approved invoices on the Tungsten Network Portal.

We are determined to meet and exceed the highest standards everywhere we operate and in June 2014 completed the acquisition of the fully licensed and regulated FIBI Bank (UK) plc, renamed Tungsten Bank plc.

FY2014 highlights

- Built out the supply chain financing technical infrastructure to meet the UK's stringent regulatory regime
- Launched Tungsten Network Finance to selected suppliers on Tungsten Network
- Completed the acquisition of Tungsten Bank post year end
- Progressed key partnerships to support our financing capacity and operations

TUNGSTEN NETWORK ANALYTICS

Tungsten Network Analytics combines our invoice archive of $700bn with a significantly enhanced spend analytics technology and powerful reporting interface.

Available real-time, Tungsten Network Analytics provides Tungsten Network buyer customers with line-level analysis that identifies price variances and supports contract compliance. It enables a four-way match of purchase orders, goods receipts, invoices and the lowest price previously paid for goods or services. The results of this, in turn, encourage buyers to bring more invoices onto the Tungsten Network to maximise cost savings.

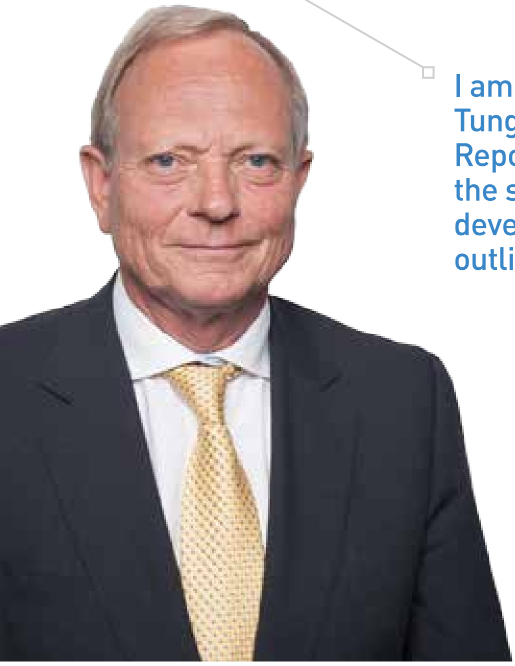
FY2014 highlights

- Agreed a five-year licensing agreement for spend analytics algorithms
- Integrated technology with Tungsten Network and deployed a sophisticated reporting interface to launch Tungsten Network Analytics
- Commenced pilot projects with key Tungsten Network buyers

Monetising the global supply chain

We pride ourselves on our global reach and operations. With key offices in the UK, US, Bulgaria and Malaysia, we communicate with customers in 12 core languages while using many more on a daily basis. To reflect and support our customer base, we recruit multi-cultural, multi-lingual staff, and continue to add new territories to the 46 countries where we are compliant with e-Invoicing regulations around the world.

Chairman's statement



I am delighted to welcome you to Tungsten Corporation's first Annual Report, and provide an update on the strategic and operational developments over the year and outline our plans for the future.

£160M
Money raised (gross)

£225M
Market capitalisation on admission

It has been a year of fantastic progress. We started with a vision to take advantage of the opportunities created by the economic crisis to acquire undervalued segments of the financial market and transform them through the application of disruptive technology and smarter management. We ended the year with a business that integrates an e-Invoicing network with supply chain finance and a spend analytics tool.

Tungsten's admission to the Alternative Investment Market of the London Stock Exchange raised £160m in new money and was one of the largest since 2008. With a market capitalisation on admission of £225m, the placing was oversubscribed by high-calibre institutional investors. We are delighted with our shareholder base.

We are well positioned to take advantage of the continued constriction of traditional bank lending to businesses; help organisations make more effective use of their data; and support governments as they drive process automation and tax compliance.

By combining Tungsten Network Finance, Tungsten Network and our Tungsten Network Analytics product, we have introduced an unrivalled value-creation proposition to corporations and governments around the world.

New talent

To complement the depth of experience of our Board, we welcomed Lincoln Jopp as COO in April. Having run international operations around the world, he is well qualified to support Tungsten in the delivery of our goals. Luke McKeever left the Board in April and I would like to thank him for his significant contribution to the business.

We have recruited many talented people to support the growth of Tungsten Network, Tungsten Bank and Tungsten Network Finance and I would like to take this opportunity to welcome them all to our business. I would also like to thank all our staff members around the world who are helping us break new ground as we realise our ambition to build the world's largest electronic trading network.

The year ahead

The new financial year has started positively with the completed acquisition of Tungsten Bank demonstrating our adherence and commitment to the highest standards of the Bank of England as our regulator.

We have also launched the Tungsten Network Finance offering to select suppliers and will focus on controlled growth for our financing balance sheet over the year.

We will continue to invest in the development of Tungsten Network to improve the buyer and supplier experience, and complement our best-in-class security and compliance infrastructure. Our new buyer pipeline is strong and we look forward to welcoming new organisations to the network.

On behalf of the Board, I should like to thank our shareholders for their continued support.

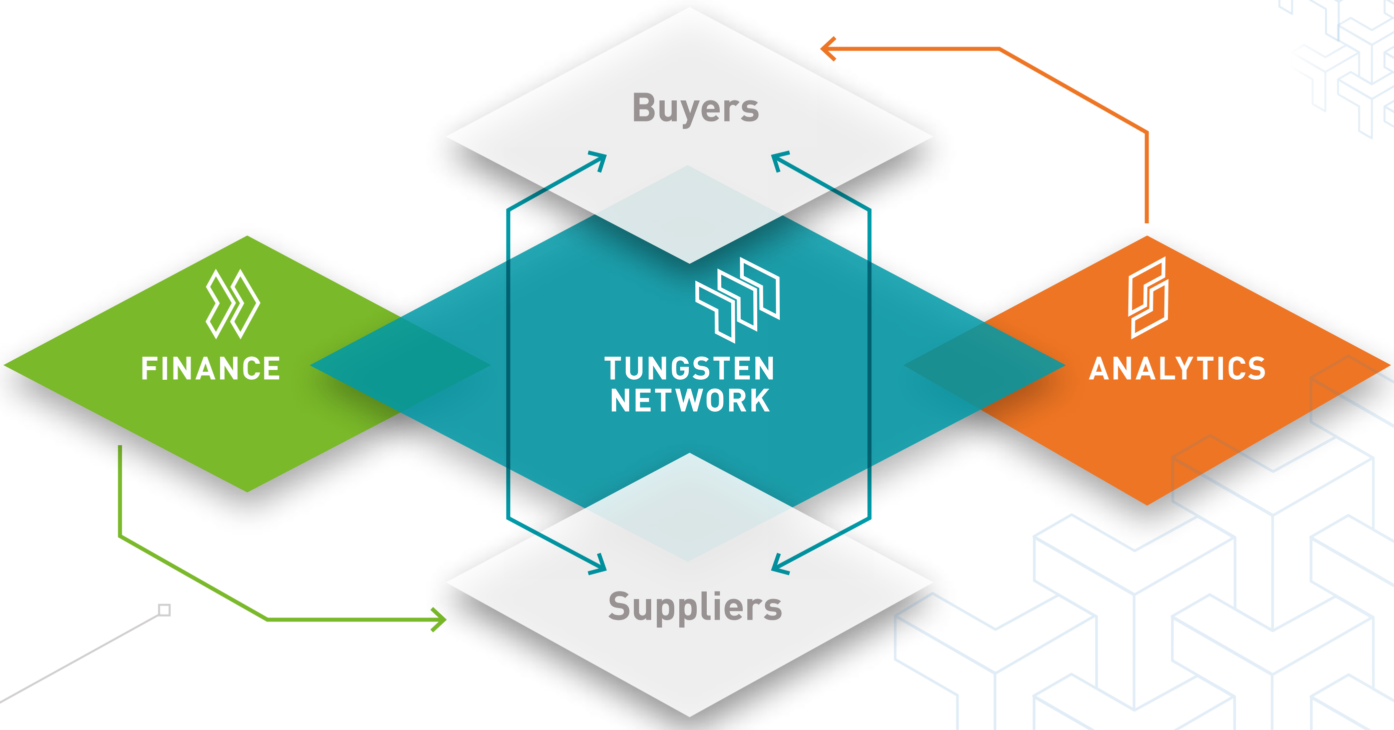
Annual General Meeting
Our AGM will be on 22 September 2014 at 88 Wood Street, London, EC2V 7QR, UK.

Arnold Hoevenaars
Non-Executive Chairman
Tungsten Corporation plc
7 July 2014

Business model

Building the world's largest electronic trading network

We have introduced an unparalleled proposition to the market by combining an e-Invoicing supplier network, invoice financing with access to dedicated funds and market-leading spend analytics.



Tungsten Network connects buyers to their thousands of suppliers around the world.

Suppliers can raise invoices either directly through an integrated connection between their accounting systems and Tungsten Network or they can submit invoices through our online portal. Through our powerful rules engine, Tungsten Network enables suppliers to send tax-compliant invoices, while highlighting errors and incomplete information. Through touchless invoice processing, buyers can reduce their costs by 60%.

Tungsten Network Finance offers suppliers the option to take early payment on approved invoices. This is facilitated by the Invoice Status Service on the Tungsten Network portal that allows suppliers to see the status of their invoices and when they will be paid.

For buyers, Tungsten Network Analytics identifies real-time instances of price variance and opportunities for cost savings and improved spend management as they build up greater volumes of line-level invoice data in our repository.

124 BUYERS

International and national corporations, and government bodies

168,000 SUPPLIERS

Small, medium and large corporations, government bodies and NGOs

Group strategy

Why do our customers use Tungsten?

Secure

> Stable and secure systems
> Experts in legal, tax and process compliance

Smart

> Real-time insights
> Intelligent invoicing and cash management

Fast

> Streamlined processes
> Faster payment
> Automated, real-time analytics

Chief Executive's review

Our goal of integrating e-Invoicing, spend analytics and supply chain finance became reality in FY2014.

Tungsten Corporation has come a long way in a short time. Since our successful admission to AIM and completing the acquisition of OB10, we have developed and grown Tungsten Network while building the capacity to deliver both Tungsten Network Finance and Tungsten Network Analytics.

As indicated at the IPO, we have made significant investment in our people, systems and products in FY2014 and plan to do so further in FY2015. Our vision is to be a market-leading global force and we recognise the need to build a scalable platform, capable of sustaining 10 times the current volume. As well as a significant investment in systems and people, we are simplifying the network offering to give customers the best possible experience when they enrol and transact with Tungsten. These actions impact profitability in the short-term and are reflected in our EBITDA loss of £10.2m for the year.

Current trading and recent events

Since the year end, we completed the acquisition of Tungsten Bank; our supply chain financing services will begin in July.

Tungsten Network has increased adoption among existing buyer customers of its Invoice Status Service, which gives suppliers visibility of when invoices are approved, due to be paid or available for early payment.

We continue to attract high-calibre new buyers, including GE, which intends to rollout a multi-year global e-Invoicing programme, and Caterpillar, which is providing e-Invoicing to suppliers in the UK and Poland. Six additional buyers are at the implementation stage. We have redefined our buyer groups to align to our new customer relationship managment (CRM) strategy. Once all organisations are live, we will count 124 buyers on Tungsten Network.

Revenue from new buyers is recognised over periods of up to three years so will not be immediately apparent in our reported results, which include up-front implementation costs (see figure 1). We expect to recognise revenues from the new buyers in implementation towards the end of FY2015.

Once we achieve tax compliance in new countries, such as the recent additions of Saudi Arabia and the UAE, we will work with buyers and suppliers to increase network usage. We will continue our multi-million pound investment in compliance, rules mapping and CRM, which are key building blocks in achieving our growth targets.

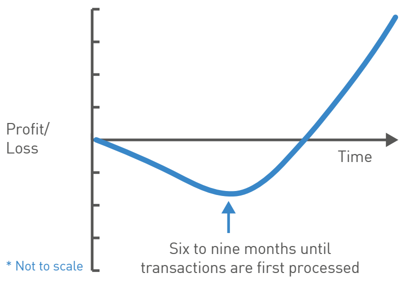
We have talked to many of our current and prospective customers in the private and public sectors, and are encouraged by their appetite for automation, analytics and alternative sources of finance. They tell us that they want to work smartly by eliminating waste and fraud, make better-informed decisions and pursue growth through greater access to finance. Our ambition to monetise the global supply chain will help customers meet these aims, reduce uncertainty and improve compliance.

At its core, Tungsten Corporation features an integrated global e-Invoicing network, innovative spend analytics technology and automated supply-chain finance with dedicated funding. Standalone, each element is a market-leading offering, but combined, we have created a unique proposition that has been described as 'the shot heard around the world'.[1]

We have a clear vision for each of our business areas with well-defined paths towards achieving them.

Typical new buyer earnings profile

Figure 1



Notes:
1 http://spendmatters.com/2013/02/10/e-Invoicing-2013-battle-barbarians-vikings-aliens/

Tungsten Network

Aim: to achieve $1,000 billion in annual invoice flow

Tungsten Network, built on OB10 e-Invoicing, sits at the heart of our business. Our e-Invoicing services deliver efficiencies to our customers from touchless, paperless processing. The network also provides the invoice transaction data for Tungsten Network Analytics, and the portal that introduces the Tungsten Network Finance early payment proposition to suppliers.

Our focus for the coming year is to increase the volume of invoices through the network by attracting new corporate and governmental buyers and suppliers, and increasing the proportion of existing buyers' invoices that flow through the network. We believe we can grow volumes to our $1,000bn goal just by rolling out e-Invoicing to our current buyers globally and fully penetrating their supply base. A particular focus is on extending our Invoice Status Service (ISS) to more buyers, which gives suppliers visibility of the progress of their invoices and payment dates and reduces their accounts payable queries. Initially, only ISS-enabled invoices will be considered for early payment by Tungsten Network Finance.

Maintaining our rigorous adherence to local tax and commercial compliance will remain a priority so that our customers can continue to trade with confidence through our network. To meet their demands for expansion we will increase the number of countries where we provide compliant invoicing and have recently added Brazil, Turkey, Saudi Arabia and the UAE, taking our portfolio to 46 countries. With greater geographic coverage, more of our customers can extend their programmes globally giving us access to more suppliers to enrol on the network.

We intend to make our registration process simpler and swifter by investing in fully automated enrolment for suppliers, and are reviewing our pricing structures to match the price our customers pay with the considerable value that we provide. We are confident in our value provision and will not offer uneconomic services in the future. Accordingly, we have started to convert those customers for whom we process 'paper' invoices to electronic invoices and have made considerable strides in this area.

We intend to stay at the forefront of the global adoption of e-Invoicing by working with Fortune 2000 companies and G20 governments. We will continue to grow our capabilities and partnerships, such as the reseller agreements we formed this year with PNC Bank in the US and Buzón E in Mexico. In preparation for the recent EU Directive on e-Invoicing in Public Procurement that will mandate the acceptance of e-Invoicing by public bodies, we have secured accreditation by the UK Government's G-Cloud 5 Framework and have commenced a pilot project for the German government with potential roll-out to the whole public sector. In addition, the US Department of Veterans Affairs has secured congressional approval to mandate the use of e-Invoicing. Tungsten Network is the sole e-Invoicing network supported for use by its suppliers.

Integral to all of our activities will be to maintain our stringent focus on data and network security. We have upgraded the network protections, put network integrity at the top of the management agenda and ended interoperation agreements with networks that do not reach our high standards.

Tungsten Network Finance

Aim: $100 billion annual finance flow

Subsequent to the year-end, in June 2014, we were delighted to secure approval from the Prudential Regulatory Authority (PRA) of the Bank of England to acquire FIBI Bank (UK) plc, now renamed Tungsten Bank plc. This was one of the first applications to be approved for change in control since formation of the PRA and FCA, and demonstrates the capability of our technical infrastructure, risk management compliance and oversight.

We invested heavily in developing the operational, technological and governance structures to operate Tungsten Bank and Tungsten Network Finance to the highest standards and have conducted successful live trials to selected suppliers. We will increase the global availability of finance for invoice discounting, especially for the growing volume of cross-border trade. Our simple and transparent transactional experience is supported by a dynamic pricing model that is flexed by time, supplier demand and credit worthiness.

To enable us to offer early payment to suppliers around the world, we are establishing financing structures in new geographies through Tungsten Bank and other financing vehicles or partnerships. We are doing this while maintaining our governance standards to meet and exceed current and potential future regulatory requirements.

Tungsten Network Analytics

Aim: $10 billion annual cost savings

The development of a powerful, real-time spend analytics product as part of our Tungsten Network services has generated significant interest among our existing customers and industry commentators.

By analysing line-level invoice data, customers can quickly review price-variance information that has been difficult for procurement and finance teams to access. Traditional price-variance tools have tended to operate at a category level based on, at best, month-old data. To enhance the product we have built and introduced an intuitive user interface and deployed the system to the cloud.

Our tool can also automatically check invoices as they are received by the network, highlighting any that appear to have an adverse price variance. This drives cost savings and reduces the workload for the buyers' procurement departments.

Our work with six pilot customers has identified price variances of $1.7bn to date, with possible savings of between 0.5% and 4.2% of spend processed through Tungsten Network. Using these results, we will move to full product deployment across Europe and the US. We also intend to improve the product's functionality to deliver even greater insights.

Tungsten Network Analytics will prove to be a driver for increasing transaction flow across Tungsten Network as procurement teams seek further data for the line-item visibility we provide.

Edmund Truell
Group Chief Executive Officer
7 July 2014

Our markets

The global opportunity

e-Invoicing has passed the tipping point with businesses and governments around the world adopting it as the cornerstone for efficient, accurate and transparent invoice processing.

€2.2TR

Global market for receivables financing (in the form of factoring)

170BN

Invoices sent globally

We operate in a diverse range of markets with significant political, commercial and regulatory activity that we seek to influence.

Estimated market sizes

Electronic invoicing

There is limited reliable research into the size of the global e-Invoicing market. Billentis estimates that at least 170bn invoices (excluding invoices to consumers) will be exchanged around the world in 2014 with over 8% (14bn) of these sent electronically.[2] The level of penetration across territories varies significantly with an estimated 17bn of invoices expected in Europe in 2014, of which 24% (4bn) is expected to be electronic.

Billentis includes PDFs (electronic paper) within its estimate. PDFs offer few process efficiencies to buyers. We believe that the Billentis European estimate could be reduced to c1.7bn of true e-Invoices, as below.

Billentis and Spend Matters predict that the proportion of e-Invoicing will continue to show strong growth by replacing paper.[3] We expect electronic data interchange (EDI) connections to move to network-based e-Invoicing. While PDF usage will continue to grow, it will primarily be low-value transactions between SMEs.

Tungsten is ideally placed with our unique proposition and our customer profile of governmental bodies, and global and national corporates to take advantage of the market's continued growth.

Receivables financing

Tungsten Network Finance aims to disrupt the market for receivables financing, driven by the constrained availability of traditional forms of financing and the ease of use and low operational cost advantages of the new Tungsten Network Finance technology platform.

"It very well could be the future of how procurement and finance organisations together look at spend and supplier analytics on a near real-time basis using network data exhaust rather than taking an 'extract, transform, load' or batch-based approach to manually extracting data from systems."[7]

Jason Busch
Spend Matters

The global market for receivables financing in the form of factoring was over €2.2tr in 2013, an increase of 4.6% from 2012.[8] Of this, €1.2tr was in the EU, including €300bn in the UK.[9] Factoring excludes other forms of receivables financing therefore the total addressable market for supply chain financing globally is in excess of €2.2tr.

An average of £14bn of asset-based finance was in use at any one time in the UK over the 12 months to May 2014, an increase of 29% since the height of the recession in 2009/10. In the same period net traditional lending fell by 19%.[10]

Spend analytics

Within the procurement market, 68% of Chief Procurement Officers are investing in supplier insight through

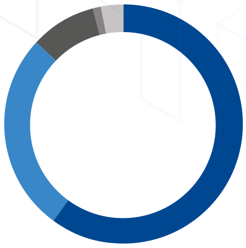
Estimated European invoicing market size	Addressable volume	Non-addressable
True e-Invoicing (including EDI)	1.7bn[4]	0.04bn[5]
Paper and PDF	9.9bn	5.4bn[6]

Global factoring industry 2013 by region

	All figures given in €bn		
	2013	2012	% Change
Europe	1,354	1,298	4.3%
Asia	599	572	4.7%
Americas	192	188	2.1%
Africa	23	23	0%
Others	62	50	24%
Total	2,230	2,132	4.6%

Source: Factors Chain International

Global factoring industry 2013 by region



- 60% Europe
- 27% Asia
- 9% Americas
- 1% Africa
- 3% Others

analytics.[11] In addition, overall IT investment in B2B analytics is set to grow 10.6% in 2014.[12] Tungsten Network Analytics is the only spend analytics provider that can offer line-level analysis in real time.

Other market dynamics

Governments around the world are helping to develop the market by mandating the use of electronic invoicing. Tungsten's offering is ideally placed to take advantage of these events.

Process efficiency

Governments have a responsibility to taxpayers to operate efficiently. The recent EU Directive on e-Invoicing in Public Procurement requires that all EU administrations accept electronic invoices based on a common standard by 2018.

In the US, certain government departments have mandated electronic submission, including the Department of Veterans Affairs, which directs suppliers to Tungsten Network.

The UK government also recognised the cost savings from e-Invoicing in the recent Parliamentary Inquiry into the slow adoption of e-Invoicing in the public sector, to which we were delighted to contribute.[13]

Tax collection

The use of e-Invoicing supports government visibility of all invoices and tax obligations before delivery to the customer. This fiscal 'clearance' model has already been mandated in Mexico and Brazil. In Mexico, between 2007 and 2009, the Tax Administration Service lost $3.4bn through 'apocryphal invoicing'.[14] With estimates that £1 in every £10 of sales in the UK are undeclared to tax authorities we expect more countries to follow.[15]

The results of mandating e-Invoicing can be significant for governments: Brazil's e-Invoicing mandate has helped to reduce the gap created by the shadow economy from 20.1% of GDP in 2006 to 16.2% in 2013.[16]

Tungsten will continue to actively work with global governments and influential industry bodies to promote the e-Invoicing mandate and the promotion of alternative sources of finance.

Notes:

2. Koch, Bruno, e-Invoicing/e-Billing, Key Stakeholders as Game Changers, Billentis, 6 May 2014
3. Busch, J & Mitchell, P, Supplier Network Forecast: 2014 Market Growth, Analysis, and Predictions, 21 February 2014, www.spendmatters.com
4. Compares to the FY2014 Tungsten Network European volume of 6.5m
5. EDI relationships that we consider are unlikely to move to true e-Invoicing
6. Our estimate of the number of invoices sent between SMEs, which is not an active target market for Tungsten Network
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10. Asset Based Finance Association, Record Year for Asset Based Finance as Businesses Step Up Borrowing Against Invoices to Fund Growth, 27 May 2014, www.abfa.org.uk
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12. Gartner, Gartner Says Worldwide IT Spending on Pace to Reach $3.8 Trillion in 2014, 6 January 2014, www.gartner.com
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14. The Economist, Electronic Arm-Twisting, 17 May 2014
15. Tax Research UK, In the Shade: Research on the UK's Missing Economy, May 2014, www.taxresearch.org.uk
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Financial review

Investment in growth

Highlights

- £160m equity funding raised on admission to AIM
- Completed acquisition of OB10 (now Tungsten Network) for £73m in cash and £28m in equity
- Tungsten Network proforma revenue increased by 11% to £19.5m (FY2013: £17.6m)
- Tungsten Group EBITDA loss of £10.2m (FY2013: loss of £9.9m)
- Post-tax loss of £11.0m (prior period: £9.9m)

Overview and Group trading performance

On 19 March 2013, we reached an agreement for the acquisition of FIBI Bank (UK) plc, subject to the necessary regulatory clearances. A deposit of £1.2m was paid at that time. Over the period 1 May 2013 to 30 April 2014, further deposit payments of £2.8m were made. The acquisition was completed after the end of the FY2014 reporting period, on 10 June 2014. All deposit payments made were deductible against the final consideration of £29.3m.

On 16 October 2013, we were admitted to AIM, raising £160m (£149m net of costs), and completed the acquisition of OB10 Limited for a total of £73m in cash and £28m in equity. Our reported results include the results of OB10 Limited (now Tungsten Network Limited) only for the period since the acquisition.

On 22 October 2013, we announced our agreement with @UK plc (now Cloudbuy plc) for the licensing of spend analytics algorithms. To date we have made payments totaling £0.5m to Cloudbuy pursuant to our five-year licensing agreement. The spend analytics software forms part of Tungsten Network Analytics, which sits in our Tungsten Network business.

Since our admission to AIM we have made significant investment in the people, infrastructure and working capital of Tungsten Network Finance, Tungsten Network and Tungsten Network Analytics, and the integration between them. We spent £9m in FY2014 on customer acquisition, systems development and the global expansion of the Group and expect to make additional investments in these areas in FY2015.

At 30 April 2014, the Group had cash balances of £62.6m. In June 2014, we invested £25.1m on the acquisition of Tungsten Bank into which we have injected a further £5m of capital. At 30 June 2014, the Bank held cash or cash equivalents of £25m. We do not consider cash held by Tungsten Bank when reviewing the Group's cash requirements.

Earnings summary

	FY2014 £'000	FY2013 £'000
Tungsten Network	(1,288)	–
Tungsten Network Finance	(1,851)	–
Corporate	(7,035)	(4,905)
Non-cash share-based payments	–	(5,040)
EBITDA	(10,174)	(9,945)
Depreciation and amortisation	(765)	–
Loss from operations	(10,939)	(9,945)
Net finance (cost)/income	(201)	20
Taxation	125	–
Loss for the year	(11,015)	(9,925)

Group EBITDA

Tungsten Network reflects the results of Tungsten Network Limited for the period from 16 October 2013 to 30 April 2014.

Tungsten Network Finance reflects costs incurred by Tungsten Corporation plc in the acquisition of Tungsten Bank and the development of our supply chain finance business.

Corporate reflects the costs incurred in making our acquisitions, the Board, Group management and head office running costs.

Tungsten Network

	FY2014 £'000	FY2013 £'000
As reported (post acquisition only)		
Revenue	10,767	–
Operating costs	(12,055)	–
EBITDA	(1,288)	–

	FY2014 £'000	FY2013 £'000
Pro-forma (full 12 months)		
Revenue	19,501	17,631
Operating costs	(26,324)	(20,700)
EBITDA – excluding non-cash share-based payments	(2,747)	(2,564)
EBITDA – including non-cash share-based payments	(6,823)	(3,069)

Tungsten Group's reported EBITDA loss for the period includes an EBITDA loss in respect of Tungsten Network of £1.3m (prior period: nil).

On a pro-forma annualised basis, the Tungsten Network EBITDA loss for the year to 30 April 2014 was £2.7m (prior period: £2.6m loss). This is before a share-based payment charge of £4.1m, which was incurred in October 2013 prior to the acquisition by Tungsten (2013: £0.5m).

Pro-forma annualised revenue for Tungsten Network for the year to 30 April 2014 was £19.5m (prior period: £17.6m), an increase of 11%.

Tungsten Network Finance

	FY2014 £'000	FY2013 £'000
Revenue	–	–
Overheads	(1,851)	–
EBITDA	(1,851)	–

Tungsten Group incurred costs associated with the Tungsten Network Finance business totalling £1.9m in the year (prior period: nil). This includes regulatory costs, costs of the development of policies and procedures, software development and staffing costs.

Tungsten Network Finance did not earn any revenue in the period.

Corporate

	FY2014 £'000	FY2013 £'000
Revenue	2	–
Staff costs	(1,620)	(592)
Professional support	(1,593)	(358)
Office accommodation and services	(417)	(277)
Transaction cost	(2,300)	(3,340)
IT costs	(191)	–
Irrecoverable VAT	(740)	(134)
Other	(176)	(204)
EBITDA	(7,035)	(4,905)

The corporate EBITDA loss totalled £7.0m (prior period: £4.9m).

This excludes £10.8m of costs incurred in connection with the admission onto AIM, which have been taken directly to the share premium account.

Financial review continued

Balance sheet

Non-current assets

	FY2014 £'000	FY2013 £'000
Non-current assets		
Goodwill	98,695	–
Customer relationships	10,703	–
IT platform	3,970	–
Capitalised software	500	–
Software development	331	–
Total intangible assets	114,199	–
Property, plant and equipment	1,734	–
Trade and other receivables	–	220
Total non-current assets	115,933	220

Non-current assets have increased by £115.7m to £115.9m driven by the acquisition of OB10 Limited, which as at 30 April 2014 comprised £114.2m.

The Group incurred software costs associated with the building of the Tungsten Network Finance infrastructure totalling £0.3m.

The Group incurred £1.3m of costs associated with the redevelopment of our new head office, Pountney Hill House, to house Tungsten Corporation, Tungsten Bank and the operation of Tungsten Network London.

Current assets

	FY2014 £'000	FY2013 £'000
Trade receivables	3,529	–
Cash and cash equivalents	62,646	3,397
Prepaid consideration for acquisition	3,990	1,200
Other current assets	2,496	85
Total current assets	72,661	4,682

a) **Trade receivables**
Trade receivables of £3.5m (prior period: nil) reflect amounts owed to Tungsten Network by its customers, net of impairment loss provision.

b) **Cash and cash equivalents.**
Cash and short term deposits of £62.6m (prior period: £3.4m) was primarily held in sterling at the Group's banks, HSBC and SG Hambros.

c) **Prepaid consideration for acquisition**
Prepaid consideration reflects amounts paid as deposits for the acquisition of FIBI Bank (UK) and totalled £4.0m at 30 April 2014 (prior period: £1.2m).

d) **Other current assets**
Represent £1.1m of prepayments, £0.4m of VAT receivable and £1m other, which includes rent deposit.

Liabilities

	FY2014 £'000	FY2013 £'000
Trade and other payables	6,774	177
Deferred revenue	7,797	–
Current liabilities	14,571	177
Deferred taxation	2,935	0
Non-current liabilities	2,935	–
Total liabilities	17,506	177

a) **Trade and other payables**
Trade and other payables include £3.9m owed by Tungsten Network and £2.8m owed by Tungsten Corporation on its own behalf and on behalf of Tungsten Network Finance.

b) **Deferred revenue**
Deferred revenue represents the fair value of Tungsten Network revenue invoiced to customers for services to be performed in subsequent periods.

c) **Deferred taxation**
Represents £3.06m recognised on the acquisition of Tungsten Network less £0.13m credited to the income statement in the period.

Cash flow

	FY2014 £'000	FY2013 £'000
Cash flow from operating activities	(8,094)	(5,013)
Cash flow from investing activities	(77,030)	(1,200)
Cash flow from financing activities	144,373	9,610
Increase in cash	59,249	3,397
Opening cash	3,397	–
Closing cash	62,646	3,397

Cash outflow from operating activities increased to £8.1m (prior period: £5.0m), reflecting investment in systems, products and working capital.

We are implementing a number of working capital initiatives that we expect to have a positive impact on our future trade debtor position.

Liquidity and going concern

At 30 April 2014, the Group had cash on hand and short-term deposits of £62.6m. The Group has no borrowings.

We expect to have sufficient cash resources to fund the committed activities of the Group for at least 12 months from the date of these financial statements. Additional funding to support the lending capacity of Tungsten Network Finance will be sought from external sources with a range of funding sources being considered.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the timing of the growth in Tungsten Network Finance, show that the Group has sufficient liquidity to fund its committed expenditure. Accordingly, the Group continues to adopt the going concern basis.

Treasury management

The Group's treasury management process is outlined on pages 61–63.

Forward-looking information

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements.

Many of these risks and uncertainties relate to factors that are beyond Tungsten's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Tungsten does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Group should not be relied upon as a guide to future performance.

Corporate social responsibility

A socially responsible company and service

Our services reduce the impact that paper-based processes have on the environment, and our own operations and employees around the world are dedicated to supporting their local environment and communities.

A traditional invoice typically uses three pieces of paper – the original, a copy and an envelope – and then requires transportation and storage.

In Europe alone there is an estimated 15.3bn paper invoices still in circulation. This volume will cost our planet 5.5m trees. The energy required to ship and store these invoices could run the average car for 408m miles (more than the distance between Earth and Jupiter) and equates to 19.4m pounds of air pollution.

These environmental benefits form part of the business case for most businesses to adopt electronic invoicing. At our annual customer event in February 2014, the Tungsten Green Awards recognised the organisations that have significantly reduced their impact on the environment through our services.

The associated reduction in tax evasion and purchasing fraud from the transparency and control provided by e-Invoicing also generate broad social benefits. Governments make better decisions on behalf of their citizens and it enables all organisations to avoid making improper payments.

Our environment

Concern for the environment is a core element of Tungsten's corporate culture. All of our offices use energy and paper conscientiously with a paperless office rule.

Tungsten Corporation recently moved into new headquarters in London. Plans for the building's refit aimed to keep the environmental impact to a minimum. Key elements include the use of LED light fittings, which use 40% less energy, and occupation sensors that ensure lighting is only used when required. Careful water and heating management also keep overall consumption levels low.

The core applications and production environments that support our services are almost 100% virtualised externally. Where we do require servers, they are in data centres that are designed to maintain a low carbon footprint, and actively manage their own carbon monitoring and reporting through power-metering at device level.

Internally, Tungsten Network uses virtualisation technology wherever possible and will be 100% virtual by August 2014. This has significantly reduced the power used by our corporate network and the level of cooling required in our server facility. We also use recycled paper, and web and telephone conference facilities where possible.

Our community

Our employees are also aware of their environment and support their local communities. Our team in Atlanta recently volunteered over a weekend at a local food bank where they sorted 12,329lbs of food and prepared 10,000 meals.

Employees in Sofia have volunteered for the Cedar Foundation, a charity that brings community services to children and young adults deprived of parental care. They helped with gardening, decorating and taking the children on outings. In London, various activities have raised money for charities including Macmillan Cancer Support.

Our employees

We are Tungsten

Tungsten Corporation supports our customers in 12 languages. We are proud of the high-calibre, culturally diverse people who have elected to work with us, and share their skills and knowledge with our customers and partners.

Values and culture

Following the acquisitions of OB10 and FIBI, we are an organisation in transition. The culture of the newly combined businesses is aligned to the needs of our clients and our people.

Our values describe our underlying code of practice and behaviour as members of Tungsten Corporation, to which we require adherence:

› **Integrity –** We do the right thing, for the right reasons
› **Empathy –** We approach everything from our customers' perspectives to help achieve their goals
› **Confidence –** Our market-leading network and best practices give us and our customers confidence
› **Simplicity –** We remove complexity and create clarity for customers
› **Reliability –** We are great to work with, and ensure our services and technology deliver our promises every time
› **Foresight –** We give customers the information they need to make smarter decisions
› **Flexibility –** We are comfortable with change and are ready to adapt to an evolving market. That is how we stay ahead

Refocusing HR

A key priority for FY2015 is to improve our ability to recruit, incentivise, retain and develop our key personnel. We are overhauling the legacy HR processes inherited through the acquisitions and seek to build trust in the Board and management.

In FY2015, we will create over 100 new jobs throughout Tungsten Corporation.

We are bringing onboard people who value teamwork, innovation and integrity, and display passion for delivering the best.

We are committed to rewarding our employees with competitive compensation and promoting a pay-for-performance culture. Key initiatives include:

› **Performance management:** we have upgraded our performance management system and appraisal process to ensure we are transparent in how we monitor and evaluate staff at regular intervals throughout the year
› **Compensation review:** We have amended our compensation plans to promote superior client service, transparency, and greater collaborative working and alignment with our KPIs:
  - **Spot bonus plan:** We have introduced the ability for managers to quickly and visibly recognise specific achievements or behaviours by teams or individuals
  - **Share-based plans:**
    - **Save as you earn (SAYE):** A tax-efficient share-savings plan offering options over Tungsten shares at 20% discount in exchange for savings over a three-year period. The plan will launch in July 2014
    - **Employee matched share scheme:** Existing employees must buy and hold Tungsten shares for 54 months to benefit from a matched option exercisable at an option price that has been set at a hurdle to the current market value. Up to 3m shares to satisfy the options will all be sold by Rockhopper Investments Limited, the vehicle of the Truell family, to an employee benefit trust at the same market value option price. The plan will launch in July 2014
› **Improving employee recruitment and management:** The organisation has to grow quickly. In response, we are expanding our talent sources, improving our hiring and onboarding processes and making our talent management and development systems more robust. We have budgeted for and will be committing greater resources to the training and development of our people
› **Customer and service delivery:** we have reshaped Tungsten Network to emphasise the importance of the customer, with clear responsibilities for our relationships with both buyers and suppliers

Number of employees (30 April 2014)

	UK	Europe	US	Bulgaria	APac	Total
Full time	87	3	39	6	89	224
Part time	3	–	1	–	–	4
	90	3	40	6	89	228

Principal risks and uncertainties

Managing the financial, operational and reputational risks across each of our businesses and operations is critical to our success. We consider these risks in accordance with our governance procedures set out on page 29.

Our risk management processes include having employees dedicated to:

- Identifying and evaluating risks
- Anticipating new risks or changes to risk profiles
- Monitoring risks and mitigants

Our customers and other stakeholders expect us to maintain the highest standards of risk management. Below we highlight the key areas of risk that we have identified in our business and on the following pages provide further detail.

Risk profile

Increasing
- Availability of sufficient liquidity to meet growth expectations
- Compliance with local tax, legal and regulatory regimes
- Data protection and security

Stable
- IT systems failure
- Political
- Retention of key personnel
- Commercial failure of products

Decreasing
- Concentration on major customer(s)
- Failure of critical supplier
- Anti-fraud, bribery and corruption

Risk	Impact	Mitigation
Strategic		
Tungsten delivers new and market-changing products and services that rely on legal frameworks to permit use of its services. There is a risk that political factors influence the development of services.	We are subject to governmental action that restricts our growth.	We have employees and use external advisers to work with governments in our key operating jurisdictions to support policy development. There is ever increasing governmental support for both e-Invoicing and alternative sources of finance.
Customers use Tungsten Network as it offers full tax and legal compliance for e-Invoicing. We could fail to comply with changes in this area.	Loss claims from customers. Damage to reputation.	We work with some of the world's leading tax and compliance advisers who support our country compliance and new country roll-out programme.
Tungsten's supply chain financing will operate under a strict regulatory regime. There is a risk that we do not meet regulatory standards.	Our products become unavailable. Failure to meet our growth plans. Reputational damage. Significant fines.	The PRA and FCA approved our acquisition of Tungsten Bank. We have appointed an independent Board to Tungsten Bank that actively monitors compliance with ongoing regulatory requirements and other key risks.
Tungsten is adding new products and services in Tungsten Network Finance and Tungsten Network Analytics. There is a risk that these are not commercially successful.	Failure to meet our growth plans.	We conducted significant due diligence prior to our admission to AIM to understand the market opportunities. Subsequently we have designed our products to meet the market needs and received positive feedback in initial trials. We will continue to monitor and if necessary amend our new products.
In many global jurisdictions there is currently no regulation of supply chain finance. There is a risk that this is introduced.	Our products become unavailable. Failure to meet our growth plans. Reputational damage. Significant fines.	We are developing our Tungsten Network Finance products and policies to comply with relevant regulatory regimes. We shall ensure that we consider any newly introduced global regulation as part of our risk infrastructure.
Tungsten works with some of the world's biggest companies. There is a risk that these companies may stop doing business with Tungsten.	Failure to meet our growth plans.	No one customer accounts for greater than 5% of revenues. We have created a new CRM structure to improve service to our current customer base.

Risk	Impact	Mitigation
Technological & Operational		
Tungsten Network has a highly developed and complex IT infrastructure. There is a risk of information security breach or cyber attack.	Our products become unavailable. Reputational damage. Loss claims.	We use multiple hosting centres and have developed a detailed disaster recovery plan. We have been awarded ISO 27001 certification, the international standard describing best practice for an Information Security Management System.
Tungsten Network has processed over $700bn of invoices and holds a significant volume of customer data. There is a risk of data protection breach.	Uninsured loss claims from customers. Reputational damage.	We have extensive controls to ensure adherence to data protection and security awareness policies. We received a clean report under International Standards for Assurance Engagements (ISAE) 3402 Assurance Reports on Controls at a Service Organisation.
Tungsten has built Tungsten Network with the support of market-leading external IT suppliers. There is a risk of failure/closure of a supplier.	Our products become unavailable. Reputational damage.	We review the relationship with and financial position of our key suppliers on a regular basis. Our key suppliers have ISO 27001 certification.
Tungsten Network uses third-party software to interact with some buyers. There is a risk of failure or underperformance of this software.	Our products become unavailable. Reputational damage.	We review the relationship with and financial position of our key suppliers on a regular basis. Our key suppliers have ISO 27001 certification. We constantly review ways to develop our software to reduce reliance on third parties.
Financial		
Tungsten Network Finance is a new offering to the lending market. We could have insufficient financial resources to meet demand.	Liquidity constraints. Failure to meet our growth plans.	We have agreed liquidity levels with the PRA and have held initial discussions with a range of funding providers to augment and diversify our capital base. These will be progressed at the appropriate time to meet liquidity requirements.
The additional liquidity that Tungsten will seek to meet growth plans will be subject to unknown pricing or availability.	Failure to meet our growth plans.	We have held initial discussions with a range of funding providers to assess appetite and funding. We believe that the pricing of funding will decrease once we are able to demonstrate a fully operational business model.
Tungsten Network Finance may be subject to non-payment by its customers.	Failure to meet our growth plans.	All lending by Tungsten Network Finance will be against invoices that have been approved for payment by the buyers on Tungsten Network. We have introduced credit analytics procedures to assess the credit of both buyers and suppliers and the pricing of lending will be flexed to recognise this.
People		
Tungsten has customers in 161 countries around the world. While we have governance processes in place to mitigate the risk of fraud, corruption and other unethical behaviour, these do not guarantee this will not take place.	Fraudulent acts could result in financial loss. Reputational damage.	We have documented policies relating to business conduct, adopt a zero-tolerance approach to deviations and have whistle-blowing procedures in place. Tungsten Network Finance conducts 'know your customer' and anti-money laundering checks on all customers.
Tungsten relies on high-performing personnel to manage and grow our business. We could suffer unplanned departures.	Loss of knowledge/skills within the business and delayed project delivery.	We promote personal development, and offer training to nurture and retain employees. We carry out regular reviews of remuneration and will be launching a new remuneration plan, including incentive packages, in July 2014. Succession planning for key management is an important issue on the Board agenda.

Edmund Truell
Group Chief Executive Officer
7 July 2014

Board of Directors

Arnold Hoevenaars
Non-Executive Chairman
(Age 65)

Among other positions, Arnold is Chairman of the Internal Supervisory Committee for Pensioenfonds Zorg & Welzijn (PFZW), which had over €143bn of assets as at the end of Q1 2014. Arnold is also a member of the Supervisory Board of the Unilever Pension Fund.

Arnold has previously had the following positions: from 2003 to 2004 Chief Financial Officer of Royal Boskalis Westminster; from 2002 to 2003 Chief Executive Officer and Chairman of Eureko B.V.; from 1992 to 2000 various roles to become Executive Chairman of Achmea.

Edmund Truell
Group Chief Executive Officer, Tungsten Corporation and Non-Executive Chairman, Tungsten Bank
(Age 51)

Edmund has over 30 years of financial services experience including leadership positions in banking, private equity, pensions, insurance and debt investment. He trained at Bankers Trust Co in New York, following which he was appointed a Director of Hambros Bank in 1991; Chief Executive of Hambro European Ventures in 1994; led the 1998 buyout and formation of Duke Street Capital (DSC); and was responsible in 2000 for creating and building DSC Debt Management, which was sold to Babson Capital in 2004.

He was Chairman of the British Venture Capital Association from 2001 to 2002. After selling out of DSC in March 2007, he co-founded a regulated insurance company, Pension Insurance Corporation, which now has over $16bn in assets under management and has insured over 100,000 pension fund members. In January 2013, he was appointed as Chairman of the London Pension Fund Authority, which has grown to £4.8 billion of assets. He is qualified as a Chartered Financial Analyst and is a Trustee of The Truell Charitable Foundation.

Peter Kiernan
Non-Executive Director
(Age 53)

Peter has over 30 years' experience in professional services including 28 years in investment banking. He is currently Chairman of European Investment Banking at Canaccord Genuity and a member of the Advisory Board of Bell Pottinger. Previously, Peter was a Managing Director at both Lazard (where he was Head of UK Investment Banking between 2004 and 2006) and Goldman Sachs.

He started his investment banking career at SG Warburg & Co Ltd. where he was a Director and he became a Managing Director of UBS Warburg. Peter qualified as a Chartered Accountant (FCA) with Peat, Marwick, Mitchell & Co. and read Natural Sciences (Chemistry) at Downing College, Cambridge.

Danny Truell
Non-Executive Director
(Age 50)

Danny Truell serves in a diverse range of roles in the investment and charitable community. He is the Chief Investment Officer and a member of the Board of the Wellcome Trust, a leading medical research charitable foundation based in London. He and his team are responsible for assets exceeding $30bn, which are invested in a broad range of investments.

Danny is also a co-founder of Pension Insurance Corporation, an insurer with assets exceeding $16bn, where he chairs the Asset/Liability Committee.

Danny is the Chair of the World Economic Forum's Long-Term Investment Council and a co-Chair of the G20/B20 Investment Group. He is a Trustee of The Truell Charitable Foundation and Chair of the charity Debate Mate. He is a member of the Investment Committees of the Wellington College Endowment and is a graduate of Balliol College, Oxford University.

Michael Spencer
Non-Executive Director
(Age 59)

Michael has been Group Chief Executive Officer of ICAP since 1998 following the Exco/Intercapital merger. Over this period Michael took ICAP from start-up to FTSE 100 as the world leading inter-dealer broker.

Michael was Non-Executive Chairman of Numis Securities from April 2003 to May 2009 and Treasurer of the Conservative Party from 2006 until October 2010. He was named Entrepreneur of the Year at the European Business Leader Awards and Ernst & Young World Entrepreneur of the year in 2010. He read Physics at Oxford.

Philip Ashdown
Executive Director, Chief Executive Officer, Tungsten Network Finance
(Age 54)

Philip has over 30 years' diverse experience gained within commercial banking and leverage finance, M&A advisory, restructuring and hedge fund management businesses. Highly skilled in project and risk management with substantial presentation, negotiation and transaction closing experience across diverse transactions and sectors, globally. He trained as a corporate banker at Midland Bank.

He has been a Director at Hill Samuel Bank, Managing Director and Head of Leverage Finance and Sponsor Coverage at ING Barings and Fund Manager at Altima Partners LLP. Philip is an Honorary Professor at Warwick University Business School and Founding Partner of Silvermine Partners LLP. He became an Associate of Chartered Institute of Bankers (ACIB) in 1987. He has an MBA with distinction.

Jeffrey Belkin
Group Chief Financial Officer
(Age 53)

Jeffrey has over 30 years' experience in the financial services industry and was Group Finance Partner at Duke Street Capital, the private equity manager, from 2001 to 2009, where he was responsible for reporting to investors and stakeholders. Jeffrey previously had responsibility for group reporting in various roles at HSBC and then at Schroders, where he was head of management reporting for the Investment Banking Group and for the consolidated Schroders plc group.

Since 2009 Jeffrey has worked for Edmund Truell and Disruptive Capital LLP on all aspects of family and professional asset management. Jeffrey qualified as a Chartered Accountant with Peat, Marwick, Mitchell & Co. in 1986. Jeffrey studied Economics and History at Cambridge.

Lincoln Jopp
Group Chief Operating Officer
(Age 46)

A former career soldier, Lincoln has a wealth of experience in running international operations across the globe and led the 1st Battalion Scots Guards in Afghanistan. After command he became Assistant Head of the UK Ministry of Defence's Strategy Unit.

Lincoln joins Tungsten from Truell International Permit Systems Ltd where he was CEO. In June 2014, he stood down from his role as Non-Executive Director of AIM-listed Impellam to concentrate on his main board responsibilities at Tungsten.

Corporate governance report

Chairman's introduction to governance

Dear Shareholder,

Principles of corporate governance
As a Board we recognise the importance of high standards of corporate governance. The Company considers the UK Corporate Governance Code (the UK Code) as a basis for guiding its governance structures. However, it is recognised that some aspects of the UK Code are not relevant for AIM companies such as Tungsten and in this financial year we have not voluntarily chosen to comply with all aspects of the UK Code. We have therefore decided that we will also measure our governance policies and structure against the Quoted Companies Alliance corporate governance code (the QCA Code) as we consider that the QCA Code is more applicable for small and medium-sized companies. We believe we have achieved the 12 principles of corporate governance recommended by the QCA Code.

The Company and its advisers carried out a review of its governance procedures and practices at the time of the admission to AIM in October 2013 and took the opportunity to adopt a number of new policies. Further information is given in the report below. We believe this has given us a firm foundation for working towards compliance with the UK Code in the medium term.

The Board
The Board consists of the Chairman, four Executive Directors and three Non-Executive Directors. As a consequence of their holdings of LTIP Securities, none of Arnold Hoevenaars, Peter Kiernan or Michael Spencer are considered to be independent under the QCA Code. However, on account of such Directors' robustness of character and judgement, the Board considers these Directors to be independent notwithstanding their holdings of LTIP Securities. We believe that the Directors have the optimum balance of skills and experience to lead the Company and challenge management.

As Chairman I should like to state my full commitment to maintaining high standards of corporate governance and to being transparent about our arrangements and intentions for future improvement. This report should be seen as a step towards these goals which will develop further as our Company evolves.

Arnold Hoevenaars
Non-Executive Chairman
7 July 2014

The role of the Board

During the year the Board approved a new Schedule of Matters Reserved for the Board, which sets out the Board's responsibilities. The key tasks of the Board are:

> Responsibility for the overall leadership of the Group and setting the Group's values and standards
> Approval of the Group's strategic aims and objectives
> Approvals of the annual operating and capital expenditure budgets and any material changes to them
> Oversight of the Group's operations ensuring competent and prudent management, sound planning, maintenance of sound management and internal control systems, adequate accounting and other records and compliance with statutory and regulatory obligations
> Review of performance in light of the Group's strategic aims, objectives and business plans and budgets and ensuring that any necessary corrective action is taken
> Extension of the Group's activities into new areas
> Decisions to cease to operate any material part of the Group's business
> Changes to the Group's capital structure
> Approval of the financial statements, Annual Report and Accounts, material contracts and major projects
> Approval of the dividend policy and dividend payments
> Approval of the Group's internal control and risk management systems and structures
> Approval of major capital projects, contracts and investments
> Approval of communications with shareholders and the market
> Approval of Board membership and other senior appointments and any changes

Composition of the Board

The Board consists of eight Directors: the Non-Executive Chairman, four Executive Directors, and three Non-Executive Directors. Details of each of the Directors' experience and background is given in their biographies on pages 20 to 21.

Appointments to the Board and re-election

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors to the Nomination Committee. Further details on the role of the Nomination Committee may be found on page 28.

With regard to re-election of Directors the Company is governed by its Articles of Association ('Articles'). Under the Articles, the Board has the power to appoint a Director during the year but any person so appointed must stand for election at the next Annual General Meeting. At each Annual General Meeting, one-third (or the number nearest to one-third) of the Directors must retire from office and, if willing, may offer themselves for re-election. Jeffery Belkin, Philip Ashdown and Lincoln Jopp will stand for election at the 2014 Annual General Meeting having been appointed as Directors since the last Annual General Meeting. The following Directors will also retire and stand for re-election at the next Annual General Meeting: Peter Kiernan and Michael Spencer. The Board considers that each Director offering himself for election or re-election continues to make a valuable contribution to the deliberations and continues to demonstrate commitment.

Corporate governance report continued

Division of responsibilities

Chairman and Chief Executive Officer

The division of responsibilities between the Chairman and Chief Executive Officer have been agreed and approved by the Board. A summary of the main responsibilities of each role is given below:

Role of the Chairman	Role of the Chief Executive
> Upholding the highest levels of integrity, probity and corporate governance throughout the Company, particularly at Board level	> Running of the business of the Group within the authorities delegated to him by the Board
> Chairing the Board meetings, setting the Board agenda and ensuring the Directors receive accurate, timely, and clear information to enable the Board to make sound decisions, monitor effectively and promote the success of the Company	> Ensuring implementation across the Group of the policies and strategy agreed by the Board
> Facilitating the effective contribution of and active engagement of all the Directors and ensuring constructive relationships between the Non-Executive Directors and the Executive Directors	> Leading the development of the Group's future strategy, including identifying and assessing opportunities for the growth of its business, and putting in place the long-term capital to support such development
> Considering succession planning and ensuring the composition of the Board meets the needs of the business	> Reviewing the performance of the businesses, managing and holding to account the Executive and senior management teams
> Ensuring the appropriate balance is maintained between the interests of shareholders and other stakeholders	> Ensuring the Chairman is kept appraised in a timely manner of the issues facing the Group and of any events and developments
> Ensuring the developmental needs of the Directors are identified and that these needs are met to enable Directors to update their skills and knowledge of the Group in order to carry out their duties as Directors	> Ensuring the market and regulators are kept appraised in a timely manner of any material events and developments
> Ensuring the performance of the Board, Audit Committee and individual Directors are evaluated once a year and acting on the results of the evaluation	> Ensuring that all major transactions are conducted with the commercial interests of the Group at the forefront of negotiations, commensurate with the need to always treat customers fairly
> Ensure effective communication with shareholders and other stakeholders and ensure the Board is aware of the views of the shareholders	
> Chairing the AGM and other general meetings of the Company	

Senior Independent Director

The Company does not have a Senior Independent Director. Given the small number of Non-Executive Directors, the appointment of a Senior Independent Director would not currently add value to the operation of the Board. In addition, the Chairman and Non-Executive Directors are available to shareholders as communication channels if required. The appointment of a Senior Independent Director will be kept under review.

Non-Executive Directors

Each of the Non-Executive Directors has entered into a letter of appointment with the Company. The appointment of each of the Non-Executive Directors is stated to be for a fixed term, expiring after 12 months (in the case of Peter Kiernan, Arnold Hoevenaars and Michael Spencer) or after 36 months (in the case of Danny Truell), in each case from the date of admission of the ordinary shares to trading on AIM. The Non-Executive Directors' letters of appointment set out the duties of the Director and commitment expected. They are expected to commit around 24 days per annum to their role. Key elements of the Non-Executive Director's role are to constructively challenge and help provide the Board with effective leadership in relation to the Company's strategy, performance, risk and people management, and ensuring high standards of financial probity and corporate governance.

Development, information and support

The Directors are encouraged to attend training and continuing professional development courses as required. Updates are given to the Board on developments in governance and regulations as appropriate. An induction programme is provided for any Directors joining during the year.

Samantha Sears is the General Counsel and Company Secretary and supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

Conflicts of interest

Under the Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum.

A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any new conflicts before the start of each Board meeting.

Performance evaluation

A formal performance evaluation has not been carried out during the year as many of the Board members, including the Chairman, are new to the Company. There needs to be a period of time over which the Board operates together before any meaningful assessment can be made. An evaluation exercise will be considered by the Board and its committees during 2015.

How the Board operates

The Board meets at regular intervals and met four times between admission to AIM and 30 April 2014. Directors also have ongoing contact on a variety of issues between formal meetings. There are a number of standing and routine items included for review on each Board agenda. These include the CEO's report and operations reports, financial reports, consideration of reports from the Board Committees and investor relations updates. Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate.

The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. Attendance at Board and Committee meetings by the Directors is shown below.

	Board 4 meetings	Audit Committee 3 meetings	Remuneration Committee 2 meetings	Nomination Committee 2 meetings
Arnold Hoevenaars	4/4	3/3	2/2	2/2
Edmund Truell	4/4	–	–	–
Luke McKeever[1]	3/3	–	–	–
Philip Ashdown	3/4	–	–	–
Jeffrey Belkin	4/4	–	–	–
Peter Kiernan	4/4	3/3	2/2	2/2
Danny Truell	4/4	–	–	–
Michael Spencer	3/4	1/3	2/2	2/2
Lincoln Jopp[2]	1/1	–	–	–

Notes:
The number of meetings attended is reported out of the number of the meetings that the Director was eligible to attend since admission to AIM.
1. Resigned 28 April 2014.
2. Appointed to the Board on 28 April 2014.

The Board Committees

Membership of all three Board Committees is composed of the Chairman and two Non-Executive Directors. As such they are compliant with both the UK and QCA Codes.

Each Board Committee has approved Terms of Reference setting out their responsibilities. New Terms of Reference were approved by the Board during the year. These are available on the Company's website www.tungstencorporationplc.com. Details of the operation of the Board Committees are set out in their respective reports below. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

Audit Committee report

Members of the Audit Committee

The committee consists entirely of Non-Executive Directors. The Chairman, Peter Kiernan, has extensive financial experience and is a Chartered Accountant.

> Peter Kiernan (Chairman)
> Arnold Hoevenaars
> Michael Spencer

Duties

The main duties of the Audit Committee are set out in its Terms of Reference and include the following:

> To monitor the integrity of the financial statements of the Company, including its annual and half-year reports
> To review and challenge where necessary any changes to, and consistency of, accounting policies, whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor, the going concern assumption and all material information presented with the financial statements
> To keep under review the effectiveness of the Company's internal control systems (including financial, operational and compliance controls and risk management) and to review and approve the statements to be included in the Annual Report concerning internal controls and risk management
> To review the adequacy of the Company's compliance, whistleblowing and procedures for detecting fraud
> To regularly assess the need for an internal audit function
> To consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Company's external auditor
> To oversee the relationship with the external auditor including approval of their remuneration, approval of their terms of engagement, annual assessment of their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services
> To meet regularly with the external auditor and at least once a year, without any Executive Director or other member of management present to discuss any issues arising from the audit
> To review and approve the Audit Plan and review the findings of the audit

Principal activities during the year

The main items of business considered by the Audit Committee during the year included:

> Going concern review
> Review of the financial statements and Annual Report
> Consideration of the external Audit Report
> Audit Committee membership
> Review of interim results announcement
> Review of the Audit Plan

Role of the external auditor

The Audit Committee monitors the relationship with the external auditor, PricewaterhouseCoopers LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the committee monitors the provision of non-audit services by the external auditor and has, during the year, adopted a policy on non-audit services that clearly sets out prohibited services and also a financial quantum of services that must be approved by the Audit Committee. The breakdown of fees between audit and non-audit services is provided on page 54. The Audit Committee also assesses the auditor's performance. The Committee has adopted a formal policy on its responsibilities in relation to the external auditors. This policy includes recommendations on appointment, tendering, scope and remuneration as well as the assessment of external auditor independence. Having reviewed the auditor's independence and performance the Audit Committee is recommending that PricewaterhouseCoopers LLP be reappointed as the Company's auditors at the next Annual General Meeting.

Internal audit

The Audit Committee has reviewed the adequacy of the Group's internal processes and controls and has considered whether there is a need to establish an internal audit function. In view of the expected development of the business, the Group will employ an internal auditor in-house in the near term.

Prior to this and in light of the acquisition of Tungsten Bank, KPMG has been appointed to provide interim internal audit services for Tungsten Bank.

Audit process

The external auditors prepare an Audit Plan for their review of the full year and half year financial statements. The Audit Plan sets out the scope of the audit, areas to be targeted and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following their review the auditors presented their findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditors during the year.

Remuneration Committee report

Members of the Remuneration Committee

The committee consists entirely of Non-Executive Directors as follows:

> Michael Spencer (Chairman)
> Arnold Hoevenaars
> Peter Kiernan

Duties

The main duties of the Remuneration Committee are set out in its Terms of Reference and include the following:

- Setting the remuneration policy for the Executive Directors and the Company's Chairman, including pension rights and compensation payments
- In determining such policy, to take into account relevant legal and regulatory requirements, and the provisions and recommendations of the QCA Code, the QCA's Remuneration Committee Guide and associated guidance
- Recommending and monitoring the level and structure of remuneration for senior management
- When setting the remuneration policy for Executive Directors, to review and have regard to pay and employment conditions across the Group
- To review the ongoing appropriateness and relevance of the remuneration policy
- To appoint and determine the terms of reference for any remuneration consultants who advise the committee
- To approve the design of and determine the targets for any schemes of performance-related remuneration and approve the total remuneration paid under such schemes
- To review the design of all share incentive plans for approval by the Board and shareholders
- To determine the policy and scope of pension arrangements for Executive Directors and other designated senior executives
- To oversee any major changes in employee benefits structure throughout the Group
- To agree the policy for authorising claims for expenses from the Executive Directors and Chairman

Principal activities during the year

The main items of business considered by the Remuneration Committee during the year included:

- Remuneration strategy and policy
- Group compensation proposals for 2014/15
- Executive Director salary reviews and annual bonus

Nomination Committee report

Members of the Nomination Committee

The members of the committee consists of Non-Executive Directors:

> Arnold Hoevenaars (Chairman)
> Michael Spencer
> Peter Kiernan

Duties

The main duties of the Nomination Committee are set out in its Terms of Reference and include:

> To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes
> To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future
> To keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
> To keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates
> To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise
> To formulate plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive
> To assess the reappointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required
> To assess the re-election by shareholders of any Director having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board

Principal activities during the year

> New appointments, including Tungsten Bank and subsidiary appointments
> Re-election of Directors
> Directors' training
> Succession planning

Accountability

Internal controls and risk management

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including those matters that are reserved specifically for the Board. A Financial Procedures Manual sets out minimum reporting standards. Risks throughout the Group are considered and reviewed on a regular basis. Risks are identified and mitigating actions put into place as appropriate. Principal risks identified are set out in the strategic report on pages 18 and 19.

Internal control and risk management procedures can only provide reasonable and not absolute assurance against material misstatement. The internal control procedures were in place from Admission to AIM to the date of approval of this report and have been reviewed by the Board in accordance with the Financial Reporting Council's guidance on internal control (the Turnbull Guidance).

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit Committee, to enable it to monitor and clearly understand the Group's financial position. A Disclosure Policy is in place to ensure that price-sensitive information is identified effectively and all communications with the market are released in accordance with expected time scales.

The Board considers that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Anti-fraud, bribery and corruption

The Company has adopted anti-corruption procedures, that state that the Company and its subsidiaries intends to conduct business in an honest and ethical manner. A zero-tolerance approach is taken to bribery and corruption and the Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and to implementing and enforcing effective systems to counter bribery and corruption.

Whistleblowing

The Company has whistleblowing procedures under which staff may report any suspicion of fraud, financial irregularity or other malpractice to any Executive Director.

Relations with shareholders

The Board is committed to maintaining regular and clear communication with its shareholders. The Board receives regular reports on investor relations matters. The Directors are keen to build a mutual understanding of objectives with its institutional shareholders and a regular dialogue with institutional investors has been maintained throughout the year. The Directors also encourage communications with private shareholders and encourage their participation in the Company's Annual General Meeting. The Chief Executive has met a significant majority of shareholders during the second half of the financial year.

The Company uses its corporate website (www.tungstencorporationplc.com) to communicate with institutional shareholders and private investors. It contains the latest announcements, press releases, published financial information, current projects and other information about the Company.

The Annual Report and Accounts is a key communication document and is also available on the Company's website.

This year's Annual General Meeting of the Company will be held on 22 September 2014. The Notice of Annual General Meeting is included with the Annual Report and is available on the Company's website at www.tungstencorporationplc.com. The Notice of AGM will be sent out at least 20 working days before the meeting. Separate resolutions are provided on each issue so that they can be given proper consideration. Proxy votes are counted and the level of proxies lodged on each resolution reported after it has been dealt with on a show of hands.

Directors' remuneration report

Introduction
This is the Company's first Directors' remuneration report since the Company was admitted to AIM in October 2013. One of the main purposes of the report is to support the Board's goals of working towards best practice corporate governance standards. We are also keen to promote transparency about how our Directors are rewarded.

The Remuneration Committee will play an important role in ensuring that remuneration policy underpins strategy and the long-term visionary goals of the Company.

The Remuneration Committee
The Board has delegated certain responsibilities for executive remuneration to the Remuneration Committee. Details of the Remuneration Committee, its remit and activities are set out in the Corporate Governance report on page 27.

Remuneration policy
The objective of the Company's remuneration policy is to attract, retain and motivate executive management of the quality required to run the Company successfully.

Executive Directors
Current components of the Executive Directors remuneration are base salary, annual bonus and LTIP. The Directors will not be receiving an annual bonus for the year ended 30 April 2014.

Service agreements and termination payments
Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Edmund Truell, Chief Executive Officer	16 October 2013	Rolling contract	12 months	12 months
Jeffrey Belkin, Finance Director	16 October 2013	Rolling contract	12 months	12 months
Philip Ashdown	16 October 2013	Rolling contract	12 months	12 months
Lincoln Jopp	28 April 2014	Rolling contract	12 months	12 months

The Executive Directors may be put on gardening leave during their notice period, and the Company can elect to terminate their employment by making a payment in lieu of notice of up to 12 months' basic salary.

Employees' pay
Employees' pay and conditions across the Group are considered when reviewing remuneration policy for Executive Directors. Since the admission to AIM the Remuneration Committee has focused on considering and developing a new structure for Group compensation to take effect for FY2015 that is designed to achieve staff alignment, engagement and collaboration.

Non-Executive Directors
The remuneration payable to Non-Executive Directors is decided by the Chairman and Executive Directors.

Fees	FY2014 £
Chairman	125,000
Non-Executive Director	100,000

Terms of appointment
The appointment of each of the Non-Executive Directors is stated to be for a fixed term, expiring 12 months (in the case of Peter Kiernan, Arnold Hoevenaars and Michael Spencer) or 36 months (in the case of Danny Truell), in each case from the date of admission of the ordinary shares to trading on AIM. The appointments for each Non-Executive Director may be terminated by either party giving three months' notice.

Annual remuneration report
The annual remuneration report sets out details of Directors' remuneration payments during the year and information in respect of share awards and Directors' shareholdings.

Directors' remuneration table

	Base salary £'000	Benefits in kind £'000	Pensions £'000	Annual performance bonus £'000	Total FY2014 £'000	FY2013 £'000
Executive Directors						
Edmund Truell	242	–	–	–	242	101
Jeffrey Belkin[1]	115	–	–	–	115	–
Philip Ashdown[1]	115	–	–	–	115	–
Lincoln Jopp[2]	1	–	–	–	1	–
Non-Executive Directors						
Arnold Hoevenaars	125	–	–	–	125	125
Peter Kiernan	100	–	–	–	100	101
Michael Spencer	100	–	–	–	100	101
Danny Truell	100	–	–	–	100	101
Past Directors						
Luke McKeever[3]	122	–	23	–	145	–
Total	1,020	–	23	–	1,043	529

Notes:
1. Appointed as a Director 16 October 2013
2. Appointed as a Director 28 April 2014
3. Appointed as a Director 16 October 2013. Resigned 28 April 2014.

Operation of LTIP

Pursuant to the LTIP, in FY2013 Directors acquired interests in the B ordinary shares (the "LTIP Shares") and C ordinary shares (the "LTIP Securities") of Tungsten Corporation Guernsey Limited, a subsidiary of the Company.

The LTIP Shares were all exchanged into ordinary shares of the Company as part of the admission process.

The LTIP Securities are exchangeable into ordinary shares of the Company once the price per ordinary share of the Company has reached (for any 20 trading days out of 30 successive trading days, the last of such days falling not less than five and not more than 10 years following admission) a closing price equal to the price resulting from applying an equivalent of a compound rate of return from the date of the admission to the adjusted issue price equal to 8.25% per annum accrued daily and compounded quarterly.

The LTIP Securities exchange into ordinary shares of the Company worth 15% of the increase in the share price (adjusted for any capital reorganisations or issues).

LTIP shares table

Director	Held as at 1 May 2013	Acquired/ (disposed) on 15 July 2013	Acquired/ (disposed) on 20 September 2013	Exchanged into ordinary shares on 16 October 2013	Held as at 30 April 2014	Value of Company ordinary shares acquired on exchange of LTIP shares £'000
Arnold Hoevenaars	–	17,948	–	(17,948)	–	35
Edmund Truell[1]	4,548,940	(540,960)	(123,441)	(3,884,539)	–	7,534
Jeffrey Belkin	232,000	–	24,778	(256,778)	–	498
Philip Ashdown	232,000	–	–	(232,000)	–	450
Lincoln Jopp	–	–	–	–	–	–
Peter Kiernan	–	185,585	–	(185,585)	–	360
Michael Spencer	–	337,427	–	(337,427)	–	654
Danny Truell	464,000	–	–	(464,000)	–	900

Directors' remuneration report continued

LTIP Securities table

Director	Held as at 1 May 2013	Acquired/ (disposed) on 15 July 2013	Acquired/ (disposed) on 20 September 2013	Exchanged into ordinary shares on 16 October 2013	Held as at 30 April 2014
Arnold Hoevenaars	25,000	(17,948)	–	–	7,052
Edmund Truell[1]	2,177,060	540,960	(154,666)	–	2,563,354
Jeffrey Belkin	37,600	–	14,900	–	52,500
Philip Ashdown	37,600	–	24,000	–	61,600
Lincoln Jopp	–	–	–	–	–
Peter Kiernan	258,500	(185,585)	–	–	72,915
Michael Spencer	470,000	(337,427)	–		132,573
Danny Truell	526,400	–	–	–	526,400

Directors' interests in the share capital of the Company

Director	Number of ordinary shares held on date of Admission	Bought/sold during the year	Number of ordinary shares held on 30 April 2014	Percentage of issued share capital
Executive Directors				
Edmund Truell	14,753,284	114,400	14,867,684	14.9%
Jeffrey Belkin[1]	221,359	–	221,359	0.2%
Philip Ashdown[1]	200,000	–	200,000	0.2%
Lincoln Jopp[2]	8,720	–	8,720	0.01%
Non-Executive Directors				
Arnold Hoevenaars	15,472	–	15,472	0.02%
Peter Kiernan	175,987	–	175,987	0.2%
Michael Spencer	780,485	1,050,000	1,830,485	1.8%
Danny Truell	400,000	–	400,000	0.4%

1. The aggregate number of LTIP Shares, LTIP Securities and ordinary shares in which Edmund Truell is interested, directly or indirectly, includes amounts registered in the name of Rockhopper Investments Limited. Danny Truell also has an interest in Rockhopper Investments Limited, although this is not aggregated with his holdings.
2. Ordinary shares held on appointment to the Board on 28 April 2014.

This report was approved by the Board of Directors and signed on its behalf by:

Michael Spencer
Chairman of the Remuneration Committee

7 July 2014

Directors' report

The Directors of Tungsten Corporation plc present their report for the year ended 30 April 2014.

Directors

Biographichal details of the Directors currently serving on the Board are set out on pages 20 and 21.

The Directors who served throughout the year, except as stated below, are as follows:

Executive Director	Non-Executive Directors
Philip Ashdown[1]	Arnold Hoevenaars
Jeffrey Belkin[1]	Peter Kiernan
Lincoln Jopp[2]	Michael Spencer
Edmund Truell	Danny Truell
Luke McKeever[1,3]	

1. Appointed to the Board on 16 October 2013.
2. Appointed to the Board on 28 April 2014.
3. Resigned on 28 April 2014.

The Company's Articles of Association require (i) Philip Ashdown, (ii) Jeffrey Belkin and (iii) Lincoln Jopp to seek election at the 2014 Annual General Meeting.

The Company's approach to the appointment and replacement of Directors is governed by its Articles (together with relevant legislation) and takes into consideration any recommendations of the UK code.

Subject to any restrictions in its Articles and the Companies Act 2006, the Directors may exercise any powers which are not reserved for exercise by the shareholders.

Results and dividend

Results for the year ended 30 April 2014 are set out in the consolidated income statement on page 39.

The Board is not recommending the payment of a dividend for the year ended 30 April 2014.

Change of control/significant agreements

Should the Company be subject to a change of control, the following represents the likely effect on significant agreements:

> The LTIP Securities will become exchangeable into ordinary shares in Tungsten, with a value equal to 15% of the increase in the actual market capitalisation of Tungsten since admission, subject to:
1. The value of Tungsten having risen by over 8.25% per annum since admission (the 'Threshold Price') and
2a. Where the change of control results from, or triggers, an offer to holders of the ordinary shares of the Company, that offer being at an equivalent price per ordinary share of the Company equal to (or greater than) the Threshold Price or
2b. Where the change of control results from, or in, the removal of either of Danny Truell or Edmund Truell (the Founders) from the Board of the Company, and the Threshold Price having been previously reached for any 20 trading days out of 30 successive trading days

> Control of a UK financial services institution requires the approval of the PRA and, accordingly, any proposed bid for Tungsten Corporation plc would require the approval from the PRA with regard to its holding in its subsidiary Tungsten Bank plc. Accordingly, any potential bidder would have to take this consideration into account in its strategy for gaining control of Tungsten Corporation plc

Other than the above the Company does not have any agreements with any Non-Executive Director, Executive Director or employee requiring compensation for loss of office resulting from a change of control.

Articles of Association

Any amendments to the Articles of Association of the Company may be made by Special Resolution of the shareholders.

Share capital

Details of the Company's share capital are set out in note 17 to the consolidated financial statements. The Company's share capital consists of one class of ordinary shares which do not carry rights to fixed income. As at 30 April 2014, there were 100,000,000 ordinary shares of £0.00438 each in issue.

Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) shall, on a show of hands, have one vote. On a poll, each shareholder present in person or by proxy shall have one vote for each share held.

Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions of the size of a holding or on the transfer of the ordinary shares.

Directors' report continued

Each of the Directors on the Board at the time of admission undertook at that time that he will not for a period of 12 months from the date of admission, directly or indirectly transfer, sell, mortgage, charge or otherwise dispose of the legal and/or beneficial ownership (or any interest therein) in any ordinary shares of the Company owned by him or a connected person at the date of the admission except, inter alia, to a connected person of the Director, to any person acting in the capacity of trustee of a trust created by that Director, in acceptance of any takeover offer or pursuant to any scheme or reconstruction under section 110 of the Insolvency Act 1986.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to purchase own shares

The Company was authorised by shareholder resolution at the 2013 Annual General Meeting to purchase up to 15% of its issued share capital. A resolution will be proposed at the forthcoming Annual General Meeting and authority will be sought to purchase up to 10% of its issued share capital. Under this authority, any shares purchased must be held as treasury shares or, otherwise, cancelled resulting in a reduction of the Company's issued share capital.

No shares were purchased by the Company during the year.

Directors' interests

The number of ordinary shares of the Company in which the Directors are beneficially interested at 16 October 2013 (date of admission) or date of appointment if later and 30 April 2014 is set out in the Directors' Remuneration report on page 32.

No Director had any dealings in the shares of the Company between 30 April 2014 and 7 July 2014.

Director indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company has purchased Directors' and Officers' Liability Insurance, which remains in place at the date of this report. The Company reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Employee policies and involvement

The Company's disclosures on employee policies and involvement can be found in the strategic report and financial statements on pages 17 and 53 respectively.

Significant shareholders

As at 2 July 2014 the Company had been advised of the following notifiable direct and indirect interests in the share capital of the Company.

Notification received from:	Number of ordinary shares of £0.00438 pence each	% of total voting rights
Edmund Truell[1]	14,867,684	14.9%
Fidelity Worldwide Investment	7,200,000	7.2%
FIL Limited	6,110,400	6.1%
TT International	5,608,064	5.6%
Kames Capital	4,894,677	4.9%
Wellington Management Company, LLP	5,049,000	5.0%
Schroder Investment Management	4,448,000	4.4%
GLG Partners	3,626,667	3.6%
Legal & General Investment Management	3,517,200	3.5%
Four Capital	3,400,000	3.4%

1. The aggregate number of ordinary shares in which Edmund Truell is interested, directly or indirectly, includes shares registered in the name of Rockhopper Investments Limited.

The shares were admitted to AIM at an initial price of 225p.

Financial risk management

The Company's objectives and policies on financial risk management including information on the exposure of the Company to credit risks, liquidity risks and capital management risks is set out in note 22 of the consolidated financial statements and in the managing Group risk section on pages 18 to 19.

Political donations

The Company has made no political donations during the year.

Going concern statement

The Audit Committee reviewed financial forecasts provided by management, including sensitivity analysis, to assess downside risk and its reasonably possible impact on committed liquidity. In addition, the Committee reviewed detailed reporting from the external auditor. The Committee concluded, taking into account reasonable possible changes in trading performance and possible mitigating actions, that the Group has sufficient committed liquidity to fund its committed expenditure.

Audit information

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- The Director has taken all the reasonable steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The above confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

Post balance sheet events

On 10 June 2014 the Company completed the acquisition of the entire share capital of FIBI Bank (UK) plc (subsequently renamed Tungsten Bank plc). The total consideration paid on or prior to completion was £29.3m and is subject to a net asset adjustment within 30 days of completion. £1.0m of the consideration is held in escrow for 18 months in lieu of any warranty claims.

Annual General Meeting

The Company's Annual General Meeting will be held at 88 Wood Street, London EC2V 7QR, UK on 22 September 2014. Details of the venue and the resolutions to be proposed are set out in a separate Notice of Meeting, which accompanies this report.

This report was approved by the Board of Directors of Tungsten Corporation plc and signed on its behalf by:

Samantha Sears
General Counsel and Company Secretary

7 July 2014

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent Company 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 Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

> Select suitable accounting policies and then apply them consistently
> Make judgements and accounting estimates that are reasonable and prudent
> State whether they have been prepared in accordance with IFRSs as adopted by the European Union, and applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively
> Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Parent Company will continue in business

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

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

By order of the Board

Samantha Sears
General Counsel and Company Secretary

7 July 2014

Independent auditors' report

to the members of Tungsten Corporation plc

Report on the Group financial statements

Our opinion

In our opinion the financial statements, defined below:

> Give a true and fair view of the state of the Group's affairs as at 30 April 2014 and of its loss and cash flows for the year then ended
> Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
> Have been prepared in accordance with the requirements of the Companies Act 2006

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

What we have audited

The Group financial statements (the financial statements), which are prepared by Tungsten Corporation plc, comprise:

> The Consolidated statement of financial position as at 30 April 2014
> The Consolidated income statement and Consolidated statement of comprehensive income for the year then ended
> The Consolidated statement of cash flows for the year then ended
> The Consolidated statement of changes in equity for the year then ended
> The notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Accounts (the Annual Report), rather than in the notes to the financial statements. These are cross-referenced from the consolidated financial statements and are identified as audited.

What an audit of financial statements involves

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

> Whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed
> The reasonableness of significant accounting estimates made by the Directors
> The overall presentation of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 36, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Independent auditors' report continued

to the members of Tungsten Corporation plc

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Other matter

We have reported separately on the Parent Company financial statements of Tungsten Corporation plc for the year ended 30 April 2014.

Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

7 July 2014

Consolidated income statement

	Note	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Revenue	3	10,769	–
Administrative expenses	7	(21,708)	(4,905)
Share-based compensation		–	(5,040)
Operating loss		(10,939)	(9,945)
Finance costs	10	(323)	–
Finance income	10	122	20
Net finance (costs)/income		(201)	20
Loss before taxation		(11,140)	(9,925)
Taxation	11	125	–
Loss for the period		(11,015)	(9,925)
Loss per share (expressed in pence per share):			
Basic and diluted loss per share	18	(18.60)	(87.02)

The notes on pages 44 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Loss for the period	(11,015)	(9,925)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on retranslation of the net assets of foreign subsidiaries	78	–
Total comprehensive loss for the period	(10,937)	(9,925)

Items in the statement above are disclosed net of tax.

The notes on pages 44 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Assets			
Non-current assets			
Intangible assets	12	114,199	–
Property, plant and equipment	13	1,734	–
Trade and other receivables	14	–	220
Total non-current assets		115,933	220
Current assets			
Trade and other receivables	14	6,025	85
Deposit paid for acquisition	15	3,990	1,200
Cash and cash equivalents	16	62,646	3,397
Total current assets		72,661	4,682
Total assets		188,594	4,902
Capital and reserves attributable to the equity shareholders of the parent			
Share capital	17	438	9,610
Share premium	17	160,127	–
Shares to be issued		3,760	–
Merger reserve		28,035	–
Share-based payment reserves		5,040	5,040
Other reserves		(5,372)	–
Accumulated losses		(20,940)	(9,925)
Total equity		171,088	4,725
Non-current liabilities			
Deferred taxation	11	2,935	–
Total non-current liabilities		2,935	–
Current liabilities			
Trade and other payables	19	6,774	177
Deferred income	20	7,797	–
Total current liabilities		14,571	177
Total liabilities		17,506	177
Total equity and liabilities		188,594	4,902

The notes on pages 44 to 65 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 39 to 65 were authorised for issue by the Board of Directors on 7 July 2014 and were signed on its behalf by:

Edmund Truell
Group Chief Executive Officer

Jeffrey Belkin
Group Chief Financial Officer

Consolidated statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 2 February 2012		–	–	–	–	–	–	–	–
Loss for the period		–	–	–	–	–	–	(9,925)	(9,925)
Total comprehensive loss		–	–	–	–	–	–	(9,925)	(9,925)
Transactions with owners									
Issue of share capital	17	9,610	–	–	–	–	–	–	9,610
Fair value of Founder shares and Founder securities		–	–	–	–	5,040	–	–	5,040
Transactions with owners		9,610	–	–	–	5,040	–	–	14,650
Balance as at 30 April 2013		**9,610**	**–**	**–**	**–**	**5,040**	**–**	**(9,925)**	**4,725**
Currency translation differences		–	–	–	–	–	78	–	78
Loss for the period		–	–	–	–	–	–	(11,015)	(11,015)
Total comprehensive loss		–	–	–	–	–	78	(11,015)	(10,937)
Transactions with owners									
Reclassification		(9,560)	–	–	9,560	–	–	–	–
Proceeds from shares issued	17	312	159,688	–	–	–	–	–	160,000
TCGL ordinary B shares exchanged into Tungsten ordinary shares	17	22	11,228	–	(5,800)	–	(5,450)	–	–
Shares issued on acquisition of subsidiary	17	54	–	28,035	–	–	–	–	28,089
Issue costs	17	–	(10,789)	–	–	–	–	–	(10,789)
Transactions with owners		(9,172)	160,127	28,035	3,760	–	(5,450)	–	177,300
Balance as at 30 April 2014		**438**	**160,127**	**28,035**	**3,760**	**5,040**	**(5,372)**	**(20,940)**	**171,088**

The notes on pages 44 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Cash flows used in operating activities			
Loss before taxation		(11,140)	(9,925)
Adjustments for:			
Depreciation and amortisation	7	765	–
Share-based payment expense		–	5,040
Finance costs		323	–
Finance income		(122)	(20)
		(10,174)	(4,905)
Changes in working capital:			
Increase in trade and other receivables		(1,329)	(305)
Increase in trade and other payables		3,287	177
Interest received		122	20
Net cash flows used in operating activities		(8,094)	(5,013)
Cash flows used in investing activities			
Purchases of property, plant and equipment	13	(1,492)	–
Purchases of intangibles	12	(805)	–
Deposit paid for acquisition		(2,790)	(1,200)
Acquisition of subsidiary, net of cash acquired	5	(71,943)	–
Net cash outflow used in investing activities		(77,030)	(1,200)
Cash flows from financing activities			
Proceeds of share issue	17	149,211	9,610
Repayment of debt acquired		(4,838)	–
Net cash inflow generated from financing activities		144,373	9,610
Net increase in cash and cash equivalents		59,249	3,397
Cash and cash equivalents at start of period		3,397	–
Cash and cash equivalents at end of period	16	62,646	3,397

The notes on pages 44 to 65 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Tungsten Corporation plc (the Company) and its subsidiaries (together, the Group) is a global e-Invoicing network that offers supply chain financing and spend analytics.

The Company is a public limited company, which is incorporated and domiciled in the UK. The address of its registered office is Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL, UK.

2. Accounting policies

(a) Basis of preparation

The consolidated financial statements of Tungsten Corporation plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee (IFRS IC). The principal accounting policies have been applied consistently throughout the period. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(b) Going concern

The consolidated financial statements for the year ended 30 April 2014 have been prepared under the assumption that the Group will continue as a going concern. Such assumption contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might be necessary should the Group be unable to continue as a going concern as the Directors do not consider these necessary.

(c) New standards, amendments and interpretations

The Group applied all applicable IFRS standards and all applicable interpretations published by the IASB and as endorsed by the European Union for the period beginning 1 May 2013.

Adoption of new and revised accounting standards and interpretations:

> IFRS 13 Fair value measurement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
> Amendment to IAS 1, Financial statement presentation. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
> Amendment to IFRS 7, Financial instruments: disclosures on offsetting financial assets and financial liabilities. This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures and enables users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.
> Amendment to IAS 36, Impairment of assets: regarding the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units (CGUs) which had been included in IAS 36 as a result of the issue of IFRS 13. The amendment is not mandatory for the Group until 1 April 2015, however the Group has decided to early adopt the amendment as of 1 May 2013.

The adoption of the new applicable standards have not had any impact on the financial reporting of the Group.

Standards, amendments and interpretations which are not effective nor early adopted by the Group:

> IAS 27 (revised 2011), 'Separate financial statements' (endorsed for annual periods beginning on or after 1 January 2014). This clarifies that the consequential amendments from IAS 27 to IAS 21 'The effect of changes in foreign exchanges rates', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009.
> IAS 28 (revised 2011), 'Investments in associates and joint ventures' (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
> IAS 32 (amendment), 'Financial instruments – Presentation' on asset and liability offsetting (endorsed for annual periods beginning on or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

2. Accounting policies continued

(c) New standards, amendments and interpretations continued

- IFRS 10 'Consolidated financial statements' (endorsed for annual periods beginning on or after 1 January 2014). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard is not expected to have a material impact on the consolidation of subsidiaries.
- IFRS 11 'Joint arrangements' (endorsed for annual periods beginning on or after 1 January 2014). This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12 'Disclosure of interests in other entities' (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- Amendments to IFRS 10, IFRS 11 and IFRS 12 (endorsed for annual periods beginning on or after 1 January 2014). These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- IFRS 9 'Financial instruments', on 'Classification and measurement' (effective for annual periods beginning on or after 1 January 2018 and not yet endorsed by EU). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.
- IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' (effective for annual periods beginning on or after 1 January 2014 and not yet endorsed by EU) These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 39: Novation of derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014 and not yet endorsed by EU). These amendments aims to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 30 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

None of the above standards and interpretations are expected to have a significant impact on the financial reporting of the Group.

(d) Basis of consolidation

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies generally accompanying an interest of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are de-consolidated from the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Revenue

Services rendered

Revenue is the total amount receivable by the Group for services provided less VAT and trade discounts.

Revenue is recognised as follows:

- Transaction fees in the period in which the customer transacts unless there is evidence that transactions sold will never be utilised
- Initial fees, annual subscriptions and other e-Invoicing delivery related services over the period that the service is delivered

Deferred revenue is recognised to the extent that revenue has been invoiced to customers but not recognised in accordance with the above. Deferred revenue is discounted where the time value of money is material.

(f) Employee benefits

Defined contribution plans

The Group pays contributions to publicly or privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. Contributions are recognised in the income statement as an employee benefit expense in the period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the consolidated financial statements continued

2. Accounting policies continued

(f) Employee benefits continued

Share-based payments

The Group issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed based on the Group's estimate of the shares that will eventually vest, on a straight-line basis over the vesting period with a corresponding increase in equity. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on service and other non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

(g) Foreign currency translation

The functional currency of the Company is pounds sterling as that is the currency of the primary economic environment in which the Company operates. The Group's presentation currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within finance income or costs. All other foreign exchange gains and losses are presented in the consolidated income statement within 'administrative expenses'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

> Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
> Income and expenses for each income statement presented are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions
> All resulting exchange differences are recognised in other comprehensive income

The following exchange rates were applied for £1:

	As at 30 April 2014	As at 30 April 2013
United States dollar	1.6886	1.5564
Euro	1.2178	1.1806
Mexican peso	22.1015	18.9205
Bulgarian lev	2.3818	2.3090
Malaysian ringgit	5.5140	4.7354

(h) Finance income and costs

Finance costs comprise interest payable on borrowings, interest expense on unwinding of discount on deferred income, direct issue costs and foreign exchange losses. Finance income comprises interest receivable on funds invested, and foreign exchange gains. Interest income and expenses are recognised on a time apportioned basis, using the effective interest method.

(i) Current and deferred income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2. Accounting policies continued

(i) Current and deferred income tax continued

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(j) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the income statement. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

(k) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases are recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Notes to the consolidated financial statements continued

2. Accounting policies continued

(k) Property, plant and equipment continued

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation

Depreciation is charged to consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The estimated useful lives are as follows:

> Leasehold improvements: depreciated over term of lease
> Fixture and fittings: 25% on cost
> Computer equipment: 20% to 50% on cost

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(l) Intangible assets

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Non-financial assets purchased or acquired in a business combination

Customer relationships and the IT platform purchased or acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships and IT platform have finite useful lives and are carried at cost less accumulated amortisation.

Amortisation on the assets is calculated using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives (years)
Customer relationships	20
IT platform	7

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

> It is technically feasible to complete the software product so that it will be available for use
> Management intends to complete the software product and use or sell it
> There is an ability to use or sell the software product
> It can be demonstrated how the software product will generate probable future economic benefits
> Adequate technical, financial and other resources to complete the development and to use or sell the software product are available
> The expenditure attributable to the software product during its development can be reliably measured

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years.

2. Accounting policies continued

(l) Intangible assets continued

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Computer software costs are amortised over their estimated useful lives, which does not exceed five years.

(m) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Prepaid consideration

Deposits paid for acquisitions are held as prepayments until such time as the acquisition is completed (i.e. meets the definition of an acquisition under IFRS 3, Business Combinations) or a decision is reached by the Board not to proceed with the acquisition, at which time the deposit is either refunded or charged to the income statement if not refundable.

(o) Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently at their amortised cost less provision for impairment. A provision for impairment of receivables is recognised when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision from the previous reporting period is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the consolidated income statement.

(p) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

(q) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(r) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(s) Share capital

Ordinary shares are classified as equity.

3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant impact on the financial statements are highlighted below.

Revenue recognition

The Group recognises revenue in respect in respect of e-Invoicing related services over the period the services are delivered. Where transactions are paid for but not processed, such revenue is deferred according to contractual terms representing the anticipated period for transactions being processed. Management reviews the historical record of transactions processed under each contract and relevant estimates to determine whether the deferral period for the revenue recognition is appropriate or any changes to the existing deferral period are required. In relation to transaction fees, management considers that a period of inactivity of more than 12 months indicates that any unutilised transactions on that account will never be redeemed and as such any deferred revenue is released to the profit or loss.

Notes to the consolidated financial statements continued

3. Critical accounting estimates and judgements continued

Impairment of assets
The Group assesses the carrying value of its intangible assets at the end of each reporting period to determine whether there is an indication of impairment. The recoverable amount of those assets is measured at the higher of their fair value less costs to sell or value in use. Management applies judgement in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates and useful economic lives to be used in value in use calculation. Refer to note 12, Intangible assets, for further information.

Going concern
The Group going concern assessment is based on forecasts and projections of anticipated trading performance and timing of growth within Tungsten Network Finance. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows.

Deferred taxation
The determination of the Group's deferred tax assets involves judgements for determining the extent of its recoverability at each balance sheet date. The Group assesses recoverability with reference to Board approved forecasts of future taxable profits. These forecasts require use of assumptions and estimates.

4. Segment report

Management have determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker (CODM).

The Board of Directors reviews financial information for three segments: Tungsten Network (which includes the e-Invoicing and spend analytics business of Tungsten Network, formerly OB10 Limited), Tungsten Network Finance (which includes the supply chain finance business Tungsten Network Finance) and Corporate (which includes overheads and general corporate costs). Intersegment revenue from management fees is eliminated below. For the period ended 30 April 2013, the Group had one reportable segment due to the sole business activity being the identification and acquisition of companies.

Year ended 30 April 2014

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Intra Group eliminations £'000	Total £'000
Revenue	10,767	–	2	–	10,769
Inter-segment revenue	–	–	750	(750)	–
Segment revenue	10,767	–	752	(750)	10,769
EBITDA – excluding non-cash share-based payments	(1,288)	(1,851)	(7,035)	–	(10,174)
EBITDA – including non-cash share-based payments	(1,288)	(1,851)	(7,035)	–	(10,174)
Depreciation and amortisation					(765)
Finance income					122
Finance cost					(323)
Loss before taxation					(11,140)
Income tax credit					125
Loss for the year					(11,015)
Capital expenditure	117,194	–	1,721	–	118,915
Total assets	120,087	–	68,507	–	188,594
Total liabilities	14,613	–	2,893	–	17,506

4. Segment report continued

Period ended 30 April 2013

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Intra Group eliminations £'000	Total £'000
Revenue	–	–	–	–	–
Inter-segment revenue	–	–	–	–	–
Segment revenue	–	–	–	–	–
EBITDA – excluding non-cash share-based payments			(4,905)	–	(4,905)
EBITDA – including non-cash share-based payments			(9,945)	–	(9,945)
Depreciation and amortisation					–
Finance income					20
Finance cost					–
Loss before taxation					(9,925)
Income tax expense					–
Loss for the year					(9,925)
Capital expenditure	–	–	–	–	–
Total assets	–	–	4,902	–	4,902
Total liabilities	–	–	177	–	177

Geographical information

The Group's revenue from external customers and non-current assets by geographical location is detailed below.

Revenue by geographical location is allocated based on the location in which the sale originated.

	Revenue from external customers	
	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
United Kingdom	6,383	–
United States of America	3,448	–
Rest of Europe	706	
Malaysia	232	–
	10,769	–

Non-current assets are allocated based on the geographical location of those assets and exclude other financial assets, loans receivables and deferred tax.

	Non-current assets	
	As at 30 April 2014 £'000	As at 30 April 2013 £'000
United Kingdom	115,821	–
United States of America	71	–
Malaysia	41	–
	115,933	–

Notes to the consolidated financial statements
continued

5. Business combinations

On 16 October 2013 the Group completed its acquisition of 100% of the issued ordinary share capital of Tungsten Network Limited (formerly OB10 Limited) in consideration of the payment of £73.0m in cash and the issue to the vendors of 12,484,143 ordinary shares of the Company. The primary reason for the acquisition was to support the growth of a global integrated supply chain platform.

In the period from 16 October 2013 to 30 April 2014, Tungsten Network has contributed £10.77m of revenues and a £1.29m EBITDA loss.

If the acquisition had occurred on the first day of this reporting period, being 1 May 2013, the contributions would have been £19.45m of revenues and a £6.56m EBITDA loss.

The methodologies for arriving at the fair values of assets acquired, intangible asset values and residual goodwill are described in note 2 to these consolidated financial statements. The table below sets out the final fair values at the acquisition date. The goodwill of £98.7m arising on acquisition principally relates to skills and know how present within the assembled workforce, customer service capability and the future opportunities available once the Group completes its acquisition of a bank to provide a financing platform.

The fair value adjustments consist of the harmonisation with the Group's IFRS compliant accounting policies and the recognition of intangible assets (customer relationships and IT platform).

Transaction costs of £2.1m have been expensed and are included in administrative expenses.

	Final fair value at acquisition £'000
Non-current assets	
Goodwill arising on acquisition	98,695
Customer relationships	11,000
IT platform	4,300
Capitalised software	36
Property, plant and equipment	377
Total non-current assets	114,408
Current assets	
Trade and other receivables	3,648
Other current asset	754
Cash and cash equivalents	1,098
Total current assets	5,500
Total assets	119,908
Current liabilities	
Trade and other payables	(7,645)
Deferred revenue	(7,700)
Current taxation payable	(373)
Total current liabilities	(15,718)
Non-current liabilities	
Deferred tax liabilities	(3,060)
Total non-current liabilities	(3,060)
Total liabilities	(18,778)
Net attributable assets including goodwill	**101,130**
Consideration satisfied by	
Cash paid	73,041
Fair value of shares issued	28,089
Total consideration	**101,130**

6. Revenue

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Provision of e-Invoicing services	10,769	–

7. Administrative expenses

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Staff costs	8,374	592
Professional support	4,022	358
Office accommodation and services[1]	1,978	277
Transaction cost	2,376	3,340
IT costs	2,048	–
Irrecoverable VAT	740	134
Amortisation	636	–
Depreciation	129	–
Other	1,405	204
	21,708	4,905

1 Includes operating lease rental expense of £0.5m (2013: £nil)

8. Employee benefit expenses

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Wages and salaries	6,432	529
Social security costs	684	63
Contributions to defined contribution plans	341	–
	7,457	592
Number of employees		
The average monthly number of people employed (from 16 October 2013):		
Network	225	–
Finance	2	–
Corporate	8	5
Total average headcount	235	5

Refer to note 23 for details of remuneration in respect of key management.

Notes to the consolidated financial statements continued

9. Auditors' remuneration

During the period the Group (including overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Audit of the parent company and consolidated accounts	60	25
Audit of accounts of any associate of the Company	59	–
Audit-related assurance services	26	–
Taxation compliance services	6	–
Taxation advisory services	260	–
Services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the Company or any of its associates	1,877	–
All other non-audit services	196	–
	2,484	25

10. Finance income and costs

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Finance income		
Interest income on short-term deposits	122	20
Total finance income	122	20
Unwinding of discount on deferred revenue	(109)	–
Foreign exchange losses	(214)	–
Total finance cost	(323)	–
Net finance(cost)/income	(201)	20

11. Income taxes

Income tax comprises the following:

	Year ended 30 April 2014 £'000	Period 2 February 2012 to 30 April 2013 £'000
Current tax		
Corporate income tax	–	–
Deferred tax		
Deferred tax	(125)	–
Total income tax credit	(125)	–
Tax charge reconciliation		
Loss before tax	(11,140)	(9,925)
Loss before tax multiplied by the rate of corporation tax in the UK 23.1% (2013: 24.2%)	(2,573)	(2,402)
Items not deductible for tax purposes	766	–
(Gains)/Losses in Guernsey subject to 0% corporation tax	(8)	694
Tax losses for which no deferred income tax asset was recognised	1,690	488
IFRS 2 Share-based payment expense not deductible for tax purposes	–	1,220
Income tax credit	(125)	–

The standard rate of Corporation Tax in the UK changed from 24% to 23% with effect from 1 April 2013 and changed to 21% with effect from 1 April 2014.

In addition to the changes in rates of Corporation tax disclosed above a further change to the UK Corporation tax system was announced in the March 2014 UK Budget Statement. A reduction to the main rate is proposed to reduce the rate by 1% per annum to 20% by 1 April 2015. This further change has been substantively enacted at the balance sheet date and, therefore, is included in these financial statements for the purposes of calculating deferred tax.

Deferred tax

Deferred tax liability movement for the year

	Intangibles £'000
As at 1 May 2013	–
On acquisition of subsidiaries	3,060
Credited to income statement	(125)
As at 30 April 2014	2,935

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The Group has unrecognised deferred tax assets of £12.9m (2013: £0.5m) in respect of losses that can be carried forward against future taxable income for the period between one year and an indefinite period of time.

Notes to the consolidated financial statements continued

12. Intangible assets

	Goodwill £'000	Customer relationships £'000	IT platform £'000	Software licences £'000	Software development £'000	Total £'000
Cost						
Balance at 1 May 2013	–	–	–	–	–	–
On acquisition of subsidiaries	98,695	11,000	4,300	248	–	114,243
Additions	–	–	–	474	331	805
Exchange differences	–	–	–	(5)	–	(5)
Balance at 30 April 2014	98,695	11,000	4,300	717	331	115,043
Accumulated amortisation						
Balance at 1 May 2013	–	–	–	–	–	–
On acquisition of subsidiaries	–	–	–	212	–	212
Amortisation	–	297	330	9	–	636
Exchange differences	–	–	–	(4)	–	(4)
Balance at 30 April 2014	–	297	330	217	–	844
Net asset value as at 30 April 2013	–	–	–	–	–	–
Net asset value as at 30 April 2014	98,695	10,703	3,970	500	331	114,199

Goodwill impairment review

Impairment testing is carried out at cash generating unit (CGU) level on an annual basis. The following is a summary of the goodwill allocation for each reporting segment:

	April 2014 £'000	April 2013 £'000
Tungsten Network ('TN')	98,695	–

The Group estimates the recoverable amount of a CGU using a value-in-use model by projecting cash flows for the next five years together with a terminal value using a growth rate. The five-year plans used in the impairment models are based on Board approved budgets and management's past experience and future expectations of performance. The cash flow projections are based on the following key assumptions:

> Revenue, including the forecast amount of Tungsten Network Analytics revenue and Tungsten Network Finance (TNF) access fees. The level of TNF access fees included in the model is based on an estimate of the number of eligible suppliers on the network who elect to take early settlement discounts (penetration rate) which is forecast at 4.6%. The Board considers this to be a conservative estimate.
> Pre-tax discount rate of 12.5% (2013: n/a), being based on the Group's weighted average cost of capital (WACC).
> Growth rate used in the annuity of 2% (2013: n/a). This does not exceed the long-term economic average growth of the territories that the Group operates in.

Based on the above assumptions the recoverable amount exceeded the carrying value of the CGU by £54.0m.

12. Intangible assets continued

Sensitivity to changes in key assumptions

The impairment test for the TN CGU was particularly sensitive to changes in the penetration rate relating to the TNF access fee. While the Directors are confident in the assumptions used in the recoverable amount computations, reasonably possible changes in these assumptions could result in the carrying value of the CGU exceeding its recoverable amount. At a TNF penetration rate of 2.4%, the recoverable amount would equal the carrying value of the CGU. Additionally, and in isolation of changes in other assumptions, an increase in the discount rate to 20.6% would cause the recoverable amount to equal the carrying value of the CGU.

13. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fitting £'000	Computer equipment £'000	Total £'000
Cost				
Balance at 1 May 2013	–	–	–	–
On acquisition of subsidiaries	543	303	1,529	2,375
Additions	1,332	6	154	1,492
Exchange differences	(8)	(9)	(58)	(75)
Balance at 30 April 2014	1,867	300	1,625	3,792
Accumulated depreciation				
Balance at 1 May 2013	–	–	–	–
On acquisition of subsidiaries	355	292	1,351	1,998
Depreciation	38	5	86	129
Exchange differences	(8)	(9)	(52)	(69)
Balance at 30 April 2014	385	288	1,385	2,058
Net asset value as at 30 April 2013	–	–	–	–
Net asset value as at 30 April 2014	1,482	12	240	1,734

Notes to the consolidated financial statements
continued

14. Trade and other receivables

Non-current assets

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Loans to related party	–	220

The amount due from Disruptive Capital Finance LLP at 30 April 2013 bore an interest rate of three month LIBOR plus 1%. The loan was repaid in November 2013.

Current assets

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Trade receivables	3,802	–
Less: impairment loss provision	(273)	–
Prepayments	1,114	3
VAT	385	40
Other	997	18
Other receivable-related party	–	24
	6,025	85

15. Deposit paid for acquisition

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Prepaid consideration for acquisition	3,990	1,200

The prepaid consideration relating to the acquisition of Tungsten Bank plc (formerly FIBI Bank (UK) plc) is non-refundable. Subsequent to year end, the acquisition of Tungsten Bank plc was approved by the Prudential Regulation Authority (PRA). Refer to note 26 Events after balance sheet date for further details.

16. Cash and cash equivalents

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Cash at bank	4,632	3,397
Short-term deposits	58,014	–
Cash and cash equivalents	62,646	3,397

17. Share capital and share premium

Issued and fully paid	Ordinary shares Number	Nominal value	Share capital £'000	Share premium £'000
Tungsten Corporation plc	500,010	£0.10	50	–
Ordinary B Class shares TCGL	5,800,000	£1.00	5,800	–
Ordinary C Class shares TCGL	3,760,000	£1.00	3,760	–
Balance as at 1 May 2013	10,060,010		9,610	–
Share consolidation prior to initial placement offering (IPO)	(500,010)	£0.10	(50)	–
Reclassification of TCGL Ordinary B Class and Ordinary C shares	(9,560,000)	£1.00	(9,560)	
Reorganised share capital prior to IPO	11,404,746	£0.00438	50	–
Ordinary shares issued on IPO	71,111,111	£0.00438	312	159,688
TCGL Ordinary B shares exchanged into Ordinary shares	5,000,000	£0.00438	22	11,228
Shares issued as consideration given	12,484,143	£0.00438	54	–
Share issue costs	–	–	–	(10,789)
Balance as at 30 April 2014	**100,000,000**		**438**	**160,127**

The presentation of capital and reserves has been restated to separate out the ordinary B and C shares in TCGL to show these as shares to be issued in Tungsten Corporation plc. Accordingly, a shares-to-be-issued reserve of £3.8m is presented on the consolidated statement of financial position together with an other reserve of (£5.4)m being the difference between the premium on the Tungsten Corporation plc ordinary shares issued in exchange for the TCGL ordinary B shares at the date of issue and the previously recorded premium in shares to be issued.

On 10 October 2013 the Company's 500,010 ordinary shares were consolidated into one ordinary share and immediately divided into 11,404,746 ordinary shares of 50,001/11,404,746 pence (approximately £0.00438) each.

On 16 October 2013 the Company issued 71,111,111 shares of £0.00438 for total proceeds of £160m and a further 12,484,143 shares of £0.00438 to the vendors of Tungsten Network (formerly OB10 Limited). On the same date the holders of all of the Class B ordinary shares of TCGL exchanged these shares into 5,000,000 shares of the Company.

The merger reserve arises on consolidation and represents the amount of share premium relating to the shares that were issued by the Company to acquire OB10 Limited. It arises because the Company has applied merger relief under section 612 of the Companies Act 2006 and has recorded the element of its investment made in shares in its consolidated financial statements at nominal value.

Of the total costs of £11.1m associated with the raising of the £160m of share proceeds, £10.8m has been recognised against the share premium account.

18. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	30 April 2014			30 April 2013		
	Loss £'000	Shares thousand	EPS p	Loss £'000	Shares thousand	EPS p
Basic and diluted	(11,015)	59,222	(18.60)	(9,925)	11,405	(87.02)

EPS may be subject to future dilution as a result of the issue of shares pursuant to the LTIP Securites (see note 21).

Notes to the consolidated financial statements continued

19. Trade and other payables

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Accrued expenses	3,549	136
Trade payables	2,615	–
Social security and other taxes	309	18
Provision for lease obligations	201	–
Other liabilities	100	23
	6,774	177

20. Deferred income

	2014 £'000	2013 £'000
As at 1 May	–	–
On acquistion of subsidiaries on 16 October 2013	7,700	–
Invoiced during the period	10,858	–
Released to revenue	(10,769)	–
Exchange differences	(101)	
Unwinding of discount	109	–
As at 30 April	7,797	–

21. Share-based payments

In May 2012, the Group offered two schemes under which the founder shareholders, the other Directors, members and employees of Disruptive Capital Finance LLP (DCF) and other associates of the founders were entitled to participate.

The Company invited the founders of the Group (Edmund Truell and Danny Truell), the other Directors, members and employees of DCF and other associates of the founders to subscribe for B ordinary shares in TCGL, under the terms of the TCGL Articles of Association. These Founder Shares were designed to reward the subscribers for their initial capital commitment to the Company and were exchanged into ordinary shares of the Company as part of the admission process.

In addition, the founders, the other Directors, members and employees of DCF and other associates of the founders were invited to subscribe to Founder Securities which are C ordinary shares in TCGL. The Founder Securities are designed to encourage the subscribers to use their best efforts to grow the Company within five to ten years following admission to AIM and to maximise value for holders of ordinary shares, by entitling the founders to a 15% of the increase in the Company's share price once a hurdle TSR rate of 8.25% has been achieved.

The Founder Shares and Founder Securities were treated as equity settled share-based payments and are considered to have vested at time of grant as there are no service conditions attaching to them.

The fair value of the Founder Shares in 2012 were determined using an expected returns approach which considers the probability weighted expected return from a number of possible scenarios to arrive at the fair value. The Founder Shares are assumed to be auto converted to a percentage which depends upon the size of the acquisition of the then issued ordinary shares of Tungsten on the satisfaction of the non-vesting conditions within two years. No dividend was assumed. If the venture was not successful, some capital would have been returned to the Founder Shares, after costs.

21. Share-based payments continued

The Founder Securities also have a non-vesting condition. The fair value of the Founder Securities were determined using a model derived from the Black-Scholes option pricing model using the following assumptions:

Founder securities

Risk-free interest rate	1.3%
Expected dividend yield	–
Expected volatility	30%

The risk-free interest rate was based on the UK Gilt rates on date of grant in May 2012. No dividends were expected. The expected equity volatility was estimated by considering the historic share price volatility of listed comparable companies. The number of shares and the share price is determined by the IPO price. The expected time from the date of admission to the date of exercise for the Founder Securities is estimated at 10 years.

Share-based payment expense of £nil (2013: £5.0m) has been recognised in the consolidated income statement. The table below sets out the movement in shares granted under the Founder Shares and Founder Securities:

Number	Founder shares	Founder Securities	Total
As at 2 February 2012	–	–	–
Granted – May 2012	5,800,000	3,760,000	9,560,000
As at 30 April 2013	5,800,000	3,760,000	9,560,000
Exercised – 16 October 2013	(5,800,000)	–	(5,800,000)
As at 30 April 2014	–	3,760,000	3,760,000

22. Financial instruments, risk management and exposure

The Group's activities expose it to a variety of financial risks, predominantly credit and liquidity risk. Risk management is carried out by the Board of Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed. Transactions are only undertaken if they relate to actual underlying exposures and hence cannot be viewed as speculative.

(a) Credit risk

The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of services are made to clients with an appropriate credit history. No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties. Management believe there is no further credit risk provision required in excess of normal impairment loss provision.

Cash and cash equivalents maintains relationships with reputable financial institutions. It is policy to invest surplus funds with good quality banks.

Notes to the consolidated financial statements continued

22. Financial instruments, risk management and exposure continued

(a) Credit risk continued

The fair value of trade and other receivables (financial assets) approximates their carrying value. As at 30 April 2014, trade and other receivables of £1.4m (2013: £nil) were past due but not impaired. With respect to trade and other debtors that are neither impaired nor past due, there are no indications as at the reporting date that the customers will not meet their payment obligations. The overdue analysis of these receivables is as follows:

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Current and not impaired	4,604	85
Less than 1 months overdue	782	–
Between 2 and 3 months overdue	349	–
Over 3 months overdue	290	–
Total past due but not impaired	1,421	–
Individually determined to be impaired	273	–
Total trade and other receivables	6,298	85
Less impairment loss provision	(273)	–
Total trade and other receivables	6,025	85

The following represents the Group's maximum exposure to credit risk related to uncollaterised balances:

	Note	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Cash and cash equivalents	16	62,646	3,397
Trade and other receivables	14	6,025	305
Deposit paid for acquisition	15	3,990	1,200
		72,661	4,902

(b) Liquidity risk

The Group aims to mitigate liquidity risk by carefully selecting acquisitions and creditors. This is managed via authorisation limits operating up to Group Board level. Cash flow forecasting is performed in the operating entities of the group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The following table summarises the maturity of the Group's non-derivative financial assets and liabilities based on contractual undiscounted cash flows.

Non-derivative financial assets and liabilities

As at 30 April 2014	Note	Carrying amount £'000	Total contractual cash flows £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000
Cash and cash equivalents	16	62,646	62,646	62,646	–	–	–
Trade and other receivables[1]	14	4,911	4,911	4,911	–	–	–
Deposit paid for acquisition	15	3,990	3,990	3,990	–	–	–
Trade and other payables	19	(6,774)	(6,774)	(5,930)	(844)	–	–
Net position		64,773	64,773	65,617	(844)	–	–

1 Excludes prepayments.

22. Financial instruments, risk management and exposure continued
(b) Liquidity risk continued

As at 30 April 2013	Note	Carrying amount £'000	Total contractual cash flows £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Over 5 years £'000
Cash and cash equivalents	16	3,397	3,397	3,397	–	–	–
Trade and other receivables	14	305	305	85	220	–	–
Deposit paid for acquisition	15	1,200	1,200	–	–	1,200	–
Trade and other payables	19	(177)	(177)	(177)	–	–	–
Net position		4,725	4,725	3,305	220	1,200	–

Capital risk management
The aim of the Group is to maintain sufficient funds to enable it to meet working capital requirements, make suitable investments and incremental acquisitions while minimising recourse to external funders and/or shareholders. Capital managed by the Group at April 2014 consists of cash and cash equivalents and equity attributable to equity holders of the parent. The capital structure is reviewed by management through regular internal financial reporting and forecasting. Capital risk measures such as gearing ratios are not currently relevant to the Group.

The Group considers the following balances as a part of its capital management:

	Note	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Cash and cash equivalents	16	62,646	3,397
Share capital and premium	17	160,565	9,610
Reserves[1]		10,523	(4,885)
		233,734	8,122

1 Reserves include shares to be issued, merger reserve, share-based payments reserve, other reserves and accumulated losses.

23. Related-party transactions
The Group entered into the following transactions with related parties in the ordinary course of business:

	For the year ended 30 April 2014 £'000	For the period 2 February 2012 to 30 April 2013 £'000
Purchase of services	8,311	3,528

The outstanding balances with related parties at 30 April 2014 and 30 April 2013 were as follows:

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Loans receivable	–	220
Other receivable	–	24

DCF, a limited liability partnership set up and controlled by a charity founded by Edmund Truell and Danny Truell (The Truell Charitable Foundation) provided services to the Group for the purposes of identifying, recommending and executing investment opportunities and also provided office and administrative services. The Group received services totalling £2.8m for the year ended 30 April 2014 (period ended 30 April 2013: £1.2m). The service agreement between Tungsten and DCF has now ended and no further services have been provided by DCF since 16 October 2013. The loan balance owed by DCF to Tungsten of £0.2m was repaid in full in November 2013.

Notes to the consolidated financial statements continued

23. Related-party transactions continued

Prior to 16 October 2013, 100% of the ordinary B shares of TCGL were jointly owned by Rockhopper Investments Limited (RIL) and Tungsten Corporation Investment Limited Partnership (TCILP). RIL is the wholly owned subsidiary of the Rockhopper Cell of Barclays Wealth PCC (No 1) Limited, the investment vehicle of Edmund Truell and his wider family, including Danny Truell. TCILP holds the investment on behalf of certain partners, employees and advisers of DCF and Directors of Tungsten. On 16 October 2013 all of the ordinary B shares of TCGL were exchanged for 5,000,000 ordinary A shares of Tungsten. These shares continue to be held by RIL and TCGL. The Group received no services from RIL for the year ended 30 April 2014 (period ended 30 April 2013: £2.3m).

Canaccord acted as sole bookrunner, financial adviser and joint broker to the Group on the IPO and continues to be retained as joint broker to the Group. Peter Kiernan is the Chairman of European Investment Banking at Canaccord, and as a consequence of this role, Canaccord is considered a related party of the Tungsten Group. Mr Kiernan took no part in the negotiation of the terms of the Canaccord engagement letter or the terms of the Placing Agreement. The Group received services totalling £5.5m for the year ended 30 April 2014 (period ended 30 April 2013: £nil).

Transactions between Group entities are eliminated on consolidation and are not included in this note.

Key management personnel

Key management includes Directors – Executive and Non-Executive – who are responsible for controlling and directing the activities of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the year end ended 30 April 2014 £'000	For the period 2 February 2012 to 30 April 2013 £'000
Short-term employee benefits	1,043	592
Share-based payments	–	1,256
Total	1,043	1,848

24. Commitments

Operating leases

The table below sets out the future minimum lease commitments:

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Less than 1 year	441	–
Between 1 and 2 years	724	–
Between 3 and 5 years	1,980	–
After 5 years	6,879	–
	10,024	–

Capital commitments

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Property, plant and equipment	443	–
Intangibles	157	–
	600	–

25. Principal subsidiary undertakings of the Group

The Group discloses only those companies that have a more significant impact on the profit or assets of the Group. A full list of companies is filed along with the annual return registered with Companies House.

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by the Group %
Tungsten Corporation Guernsey Limited (TCGL)	Intermediate holding company	Guernsey	100
Tungsten Network Limited (formerly OB10 Limited)	Electronic invoice delivery	UK	100
Tungsten Network Inc (formerly OB10 Inc)	Electronic invoice delivery	USA	100
OB10 Sdn Bhd	Electronic invoice delivery Shared services office	Malaysia	100
OB10 GmbH	Electronic invoice delivery	Germany	100
OB10 (Schweiz) GmbH	Shared services office	Switzerland	100
OB10 S.A.P.I.	Electronic invoice delivery	Mexico	100
OB10 EOOD	Shared services office	Bulgaria	100

26. Events after balance sheet date

Bank purchase

On 10 June 2014, the Group completed the acquisition of the entire share capital of FIBI Bank (UK) plc (subsequently renamed Tungsten Bank plc). The total consideration paid on or prior to completion was £29.3m and is subject to a net asset adjustment within 30 days of completion. £1.0 million of the consideration is held in escrow for 18 months in lieu of any warranty claims.

At the date of these financial statements it has not been possible to determine the fair value of assets and liabilities acquired due to the timing of the acquisition. Accordingly, no such information has been presented in these financial statements.

Independent auditors' report

to the members of Tungsten Corporation plc

Report on the Parent Company financial statements

Our opinion

In our opinion the financial statements, defined below:

> Give a true and fair view of the state of the Parent Company's affairs as at 30 April 2014
> Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
> Have been prepared in accordance with the requirements of the Companies Act 2006

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

What we have audited

The Parent Company financial statements (the "financial statements"), which are prepared by Tungsten Corporation plc, comprise:

> The Parent Company balance sheet as at 30 April 2014
> The notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

What an audit of financial statements involves

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

> Whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed
> The reasonableness of significant accounting estimates made by the Directors
> The overall presentation of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

> We have not received all the information and explanations we require for our audit
> Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us
> The financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Other matter

We have reported separately on the Group financial statements of Tungsten Corporation plc for the year ended 30 April 2014.

Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

7 July 2014

Parent Company balance sheet

Registered number: 07934335

	Note	As at 30 April 2014 £'000	As at 30 April 2013 £'000 (as restated)
Fixed assets			
Investments	2	150,223	9,560
Tangible assets	3	1,363	-
Intangible assets	4	355	-
Total fixed assets		151,941	9,560
Current assets			
Amount owed by Group undertaking	5	6,820	-
Prepaid consideration for acquisition	6	3,990	1,200
Debtors	7	1,099	175
Cash and cash equivalents		301	-
Total current assets		12,210	1,375
Creditors – amounts falling due within one year			
Amount owed to Group undertaking	8	12,999	3,181
Creditors	9	2,793	160
Total creditors falling due within one year		15,792	3,341
Net current liabilities		(3,582)	(1,966)
Total assets less current liabilities		148,359	7,594
Capital and reserves			
Called up share capital	11	438	9,610
Share premium account	10	160,127	–
Shares to be issued	10	3,760	–
Other reserves	10	(5,450)	–
Profit and loss account	10	(10,516)	(2,016)
Total shareholders' funds		148,359	**7,594**

The financial statements on pages 68 to 73 were authorised for issue by the Board of Directors on 7 July 2014 and were signed on its behalf by:

Edmund Truell
Group Chief Executive Officer

Jeffrey Belkin
Group Chief Financial Officer

Notes to the Parent Company financial statements for the year ended 30 April 2014

1. Accounting policies

Accounting basis

These separate financial statements of the Parent Company are presented as required by the Companies Act 2006. The separate financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies have been applied consistently throughout the period. The financial statements are prepared on a going concern basis and under the historical cost convention.

The Tungsten Corporation plc consolidated financial statements for the period ended 30 April 2014 contain related party disclosures. The Company has taken advantage of the exemption in FRS 8, 'Related Party Disclosures' not to disclose transactions with other members of the Tungsten Group.

As permitted by section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been presented separately in these financial statements. The retained profit is show in Note 10.

In accordance with the exemption under FRS 1(Revised 1996), "Cash Flow Statements", the Company's cash flow statement has not been separately presented in these financial statements.

Share-based payments

The Company issues equity-settled share-based awards to certain employees. The fair value of share-based awards is determined at the date of grant and expensed based on the Company's estimate of the shares that will eventually vest, on a straight-line basis over the vesting period with a corresponding increase in equity. At each balance sheet date the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

Further details on the share-based payments can be found in the Directors' Remuneration report and notes to the Consolidated financial statements of this Annual Report and Accounts.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Depreciation is charged to profit or loss on a straight-line basis of the estimated useful lives of each item of tangible asset. Depreciation commences when an assets is brought into use over the following estimated useful lives:

> Leasehold improvement: depreciated over the term of lease
> Computer equipment: 50% on cost

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years. Acquired computer software licences are amortised over their estimated useful lives, which does exceed five years. Amortisation commences when an intangible assets are brought into use.

Prepaid consideration

Deposits paid for acquisitions are held as prepayments until such time as the acquisition is completed or a decision is reached by the Board not to proceed with the acquisition, at which time the deposit is either refunded or charged to the profit and loss account if not refundable.

Debtors

Debtors are stated initially at fair value and subsequently at their amortised cost less impairment losses.

Creditors

Creditors are initially stated at fair value and subsequently measured at amortised cost.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions for impairment. Investments are reviewed for impairment if there are indicators that the carrying value may not be recoverable.

Share capital

Ordinary shares are classified as equity.

Notes to the Parent Company financial statements continued

2. Investments

	Company £'000
Cost	
As at 1 May 2013 – restated[1]	9,560
Additions	140,663
As at 30 April 2014	150,223
Net book value	
As at 30 April 2014	150,223
As at 30 April 2013 – restated[1]	9,560

1 The restatement reflects the Company's investment in Tungsten Corporation Guernsey Limited ordinary B shares and ordinary C shares. Refer to note 10 for further details

The Company has the following subsidiaries:

Name	% ownership in ordinary shares	Country of incorporation	Principal activity
Tungsten Corporation Guernsey Limited	100	Guernsey	Intermediate holding company

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

3. Tangible assets

	Leasehold improvements £'000	Computer equipment £'000	Total £'000
Cost			
Balance at 1 May 2013	–	–	–
Additions	1,332	34	1,366
Balance at 30 April 2014	1,332	34	1,366
Accumulated depreciation			
Balance at 1 May 2013	–	–	–
Depreciation	–	3	3
Balance at 30 April 2014	–	3	3
Net asset value as at 30 April 2013	–	–	–
Net asset value as at 30 April 2014	1,332	31	1,363

4. Intangible assets

	Software development £'000	Software licences £'000	Total £'000
Cost			
Balance at 1 May 2013			–
Additions	331	24	355
Balance at 30 April 2014	331	24	355
Accumulated amortisation			
Balance at 1 May 2013	–	–	–
Amortisation	–	–	–
Balance at 30 April 2014	–	–	–
Net asset value as at 30 April 2013	–	–	–
Net asset value as at 30 April 2014	24	331	355

5. Amount owed by Group undertaking

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Tungsten Network Limited	6,820	–

The amount due from Tungsten Network Limited as at 30 April 2014 is non-interest bearing and is repayable on demand.

6. Prepaid consideration for acquisition

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Prepaid consideration for acquisition	3,990	1,200

The prepaid consideration relates to the acquisition of Tungsten Bank plc (formerly FIBI Bank (UK) plc). The consideration is non-refundable. Refer to note 12 – Events after balance sheet date for further details.

7. Debtors

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Other debtors	600	48
VAT	275	–
Prepayments	221	3
Trade debtors	3	100
Other receivable-related party	–	24
	1,099	175

Notes to the Parent Company financial statements
continued

8. Amount owed to Group undertaking

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Tungsten Corporation Guernsey Limited	12,999	3,181

The amount due to Tungsten Corporation Guernsey Limited as at 30 April 2014 (2013: £3.2m) is non-interest bearing and is repayable on demand.

9. Creditors

	As at 30 April 2014 £'000	As at 30 April 2013 £'000
Trade creditors	568	–
Social security and other taxes	101	18
Accrued expenses	2,124	136
Other creditors	–	6
	2,793	160

10. Reconciliation of reserves and movement in shareholders' funds

	Note	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Other reserves £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 2 February 2012		–	–	–	–	–	–
Loss for the period		–	–	–	–	(7,056)	(7,056)
Issue of share capital	11	50	–	–	–	–	50
Representation of TCGL ordinary B shares and ordinary C Shares[1]		9,560	–	–	–	–	9,560
Fair value of Founder Shares and Founder Securities		–	–	–	–	5,040	5,040
Balance as at 30 April 2013 – as restated		9,610	–	–	–	(2,016)	7,594
Loss for the period		–	–	–	–	(8,500)	(8,500)
Proceeds from shares issued	11	312	159,688	–	–	–	160,000
TCGL ordinary B shares exchanged into Tungsten ordinary shares	11	22	11,228	(5,800)	(5,450)	–	–
Shares issued on acquisition of subsidiary	11	54	–	–	–	–	54
Reclassification[1]		(9,560)	–	9,560	–	–	–
Issue costs		–	(10,789)	–	–	–	(10,789)
Balance at 30 April 2014		438	160,127	3,760	(5,450)	(10,516)	148,359

1 The presentation of capital and reserves has been restated to separate the ordinary B shares and ordinary C shares of Tungsten Corporation Guernsey Limited to show these as shares to be issued by the Company. Accordingly, a shares-to-be-issued reserves of £3.8m is presented on the consolidated statement of financial position together with an other reserve of (£5.4)m being the difference between the premium on the Tungsten Corporation plc ordinary shares issued in exchange for the TCGL ordinary B shares at the date of issue and the previously recorded premium in shares to be issued.

The Company recognised a net amount of £nil (2013: £5m) to the profit and loss account in relation to share-based payments. Details of the share-based payments are disclosed in the notes to the consolidated financial statements.

The fee for the statutory accounts audit of the Company for April 2014 is £69 thousand (2013: £25 thousand). Disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

11. Called up share capital

Issued and fully paid	Ordinary shares Number	Nominal value	Share capital £'000	Share premium £'000
Tungsten Corporation plc	500,010	£0.10	50	–
Ordinary B Class shares TCGL	5,800,000	£1.00	5,800	–
Ordinary C Class shares TCGL	3,760,000	£1.00	3,760	–
Balance as at 1 May 2013	10,060,010		9,610	–
Share consolidation prior to initial placement offering (IPO)	(500,010)	£0.10	(50)	–
Reclassification of TCGL Ordinary B Class and Ordinary C shares	(9,560,000)	£1.00	(9,560)	
Reorganised share capital prior to IPO	11,404,746	£0.00438	50	–
Ordinary shares issued on IPO	71,111,111	£0.00438	312	159,688
TCGL ordinary B shares exchanged into ordinary shares	5,000,000	£0.00438	22	11,228
Shares issued as consideration given	12,484,143	£0.00438	54	–
Share issue costs	–		–	(10,789)
Balance as at 30 April 2014	**100,000,000**		**438**	**160,127**

Ordinary shares
On 10 October 2013, the Company's 500,010 ordinary shares were consolidated into one ordinary share and immediately divided into 11,404,746 ordinary shares of 50,001/11,404,746 pence (approximately £0.00438) each.

On 16 October 2013, the Company issued 71,111,111 shares of £0.00438 for total proceeds of £160m and a further 12,484,123 shares of £0.00438 to the vendors of Tungsten Network Limited (formerly OB10 Limited). On the same date the holders of all of the Class B ordinary shares of TCGL exchanged these shares into 5,000,000 shares of the Company.

12. Events after balance sheet date

Bank purchase
On 10 June 2014, the Company completed the acquisition of the entire share capital of FIBI Bank (UK) plc (subsequently renamed Tungsten Bank plc). The total consideration paid on or prior to completion was £29.3m and is subject to a net asset adjustment within 30 days of completion. £1.0m of the consideration is held in escrow for 18 months in lieu of any warranty claims.

Notes

Notes

Shareholder information

Nominated adviser and joint broker
Charles Stanley Securities
131 Finsbury Pavement
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EC2A 1NT
UK

Joint broker
Canaccord Genuity Limited
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*Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

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Tungsten Corporation plc is a public limited company incorporated and domiciled in the UK, with registered number 07934335.

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