Registered No: 8211361

Cambridge Cognition Holdings plc

Annual Report and Accounts

31 December 2013

Cambridge Cognition Holdings plc

Contents

Cambridge Cognition Holdings plc

Chief Executive Officer's Review

I am pleased to provide a report on our first full year results since our admission to AIM in April this reporting year. During the second half of the year we have continued to build a platform for future growth. We now have two commercial centres, in both the US (Chicago) and UK (London), and are well placed to accelerate our sales activities and address the growing need for advanced research, diagnosis and treatment of mental health worldwide. Cambridge remains our core science and technology hub.

In April last year, the Company listed on the AIM market of the London Stock Exchange and raised £5.0m (before expenses) from institutional investors to accelerate the roll-out of *Cantab Mobile* product and aid the expansion of the e-Health business in the UK and internationally. Our efforts have already attracted the attention of the Prime Minister who at the G8 Dementia Summit in December 2013 commented: "The dementia challenge is huge, but there is hope in the extraordinary work of companies like Cambridge Cognition, working to develop new tests for Alzheimer's disease."

Financial Results

Revenue in the period was £4.15m (2012: £5.68m), with the main reduction being within our clinical trials business. Revenues from our *Cantab Solutions* products (formerly *CANTABelect*) reduced in the period to £2.50m (2012: £4.21m), as a result of fewer new studies incorporating cognitive assessments in 2013, and a shift in the timing of expected orders from pharmaceutical clients. Revenues from our academic business continued to grow with sales from *Cantab Research Suite* products (formerly *CANTABeclipse*) up 8% to £1.49m (2012: £1.38m). *Cantab Mobile,* the Company's newly launched iPad based product for the primary healthcare market, is progressing well from a low starting base and achieved revenues of £158,000 (2012: £98,000).

Overall gross profit came in at £3.66m (2012: £4.47m), showing an improvement in gross profit margin to 88.2% (2012: 78.6%). Adjusted EBITDA (adjusted for restructuring costs and one-off expenses associated with the Admission to AIM) showed a loss of £2.19m (2012: £1.42m loss) and we recorded a loss before tax of £2.99m (2012: £1.58m loss). This translated into a loss per share of 21.3p (2012: 26.4p).

There was a net cash outflow from operations during the period of £2.47m (2012: outflow of £0.70m). During the period the Company received £4.41m in net proceeds from the placing of new ordinary shares with institutional investors and, after the payment of a further £0.3m of deferred consideration, cash balances at 31 December 2013 amounted to £2.26m (as at 31 December 2012: £0.64m).

Operating Review

2013 was very much a year of structural change for Cambridge Cognition to enable the Company to focus on our commercial strategy and to take advantage of our unique position within the process of understanding and treating mental health – from initial research, through to drug discovery and into the diagnosis and treatment of patients.

An important aspect of this structural change was to establish a robust commercial infrastructure to drive future growth, funded through the £1.4m reduction in the overall cost base established in the first half of the year. During the year we established a new commercial sales office in Chicago with four full time employees, led by an experienced US national as Chief Commercial Officer, overseeing the commercialisation of our products and developing targeted line extensions.

We now have full customer service teams in Chicago, Illinois, and Central London, with Cambridge remaining our centre of excellence for the Company's core science and technology.

During the year I took on the role of Chief Executive Officer of the Company and Nick Walters was appointed as Chief Financial Officer. We further strengthened the board following the year end with the appointment of Eric Dodd as a Non-Executive Director. Eric brings significant corporate and financial experience and knowledge, including within public companies, to the board of Cambridge Cognition and I look forward to working with Eric at this exciting stage of our development.

We have established a new three year strategic focus for the business and set demanding management objectives to deliver growth across the Company. We have also put into place a new corporate identity and corporate branding to reflect our new commercial focus. Our newly launched website is available at www.cambridgecognition.com and we expect to increase the commercial functionality of the website over time.

Cantab Mobile (Mobile e-Health)

CANTABmobile is our approved CE-marked Class II medical device, which addresses the need to rapidly detect early memory loss or signs of cognitive impairment. The product runs on an iPad and is targeted at mainstream primary healthcare markets and is based on tests previously only available to pharmaceutical companies and academia for specialist trials and research.

Last month Health Secretary Jeremy Hunt renewed the Government's commitment to speed up diagnosis times for suspected dementia sufferers pledging £90m in additional funding. *Cantab Mobile* is perfectly suited to achieve this goal, enabling healthcare providers to quickly detect the earliest sign of dementia using a simple iPad test. In addition, the new direct enhanced services (DES) that are offered to GPs to reward practices for undertaking additional services specifically address the timely assessment of patients who may be at risk of dementia. *Cantab Mobile* is an attractive product for GPs looking to qualify for funds under the Quality and Outcomes Framework for the provision of these services.

Whilst the establishment of our UK sales and marketing team has taken longer than expected, we are now well positioned to capitalise on the opportunity for wider dementia diagnosis in the UK. We now have over 415 *Cantab Mobile* licences being used in trials throughout the UK and a total of 145 *Cantab Mobile* customers who have either purchased or are running pilots, including 24 Clinical Commissioning Groups (CCGs), a number of private healthcare groups, a pharmacy chain and clinical centres in Germany and Sweden.

We still have an excellent trial conversion rate, however given the timing of the full commercial launch last year many of the CCGs we are working with have had already fixed annual spending budgets. Despite this, interest for the product remains strong and we expect to benefit from the allocation of 2014 budgets. We are currently engaged in active discussions with 126 of the 211 CCGs in the UK. The new financial year has already seen an uplift in *Cantab Mobile* sales and we expect to benefit from much greater awareness of *Cantab Mobile* across CCGs.

The UK Brain Health Centre Initiative funded under the Technology Strategy Board Biomedical Catalyst Programme is progressing on plan. The major technical development stages of the cognitive and neurological assessment tools are now complete, including a specialist version of the *Cantab Mobile* product. The integrated data platform and the clinical and operations teams are in place, with the component technologies undergoing usability testing in patients.

We were very pleased to see our first sales of *Cantab Mobile* into Europe during the period with new customers in clinical centres in Germany and Sweden. We are in the early stages of looking into channel partnerships to accelerate our routes into new geographical markets (particularly the US and Europe) and we expect to provide a further update at our next financial results.

Cantab Solutions (Clinical Trials)

Our clinical trials business continues to be challenging with revenues down on the comparative period to £2.50m (2012: £4.21m). As mentioned at the time of our half yearly results pharmaceutical companies are being more cautious in their implementation of trials relating to the Central Nervous System (CNS). Despite having little control of the timing of orders we have taken a number of steps to address this businesses performance and return to growth.

Given the marked reduction in the number of 'big pharma' conducting CNS trials and an increase in activity from smaller biotech companies we have focused the team on smaller clinical trials. In particular we have identified a number of Human Abuse Liability studies, looking at the potential a drug has for addiction or whether a patient can build up a tolerance to a drug, where our *Cantab Solutions* products can be applied. These studies have a greater success rate and an increased chance to migrate to Phase 2-4 and so represent a good opportunity for us.

With the opening of the Chicago office we have relocated our sales efforts with a greater emphasis on the US where we see a much richer opportunity for new business and our UK focus remains on rebuilding our pipeline and maintaining a steady flow of sales from UK based clinical trials.

Cantab Research Suite (Academic)

The academic business continues to make a steady contribution to the Company, with revenues up 8% over the previous year. Whilst this business has historically provided good quality earnings with good visibility, we have applied little proactive marketing effort to this business. The team has been refocused and with a stronger sales push we have seen a healthy uplift in leads and orders at the end of 2013 and we are on track to deliver challenging growth targets for 2014.

Outlook

Cambridge Cognition now has a clear strategic focus and we have in place a commercial infrastructure which will allow us to convert our wealth of scientific know-how into sustainable and growing commercial sales. We are better positioned to deliver significant revenue growth in the future as a product focused business with effective routes to market in the UK as well as other international territories. We look forward to 2014 trading with optimism.

We have been very pleased with the positive start to trading in the first quarter of the new financial year. We have seen a number of NHS procurement submissions for *Cantab Mobile* early in the year which we expect to see convert into sales presently. Outside of the UK we are encouraged by the first assessment of *Cantab Mobile* in the US and we recorded our first sale into Sweden for this product. Whilst the first quarter was a slow start for our clinical trials business we have seen a subsequent acceleration of sales and have recently signed contracts relating to six new studies and so we remain on target to deliver growth in this market in 2014. We also expect to see the benefits of our newly appointed Business Development Director for Europe, who alongside our new US VP Business Development will work to drive our clinical trials sales.

We are on target to launch three new products in Q3 for both clinical and academic applications. We have successfully completed the first stage of beta testing for these products which will provide the basis of a new platform for future product development.

I would like to thank my colleagues for their hard work, as well as our shareholders and customers for their support during 2013. We have worked hard to refocus the business on commercial success and I am confident that we will return the business to growth in 2014.

Nick Kerton

Chief Executive Officer

12 March 2014

Cambridge Cognition Holdings plc

Corporate Directory

Directors:	Dr. Jane Worlock (Chairman) Dr. Nicholas Kerton (Chief Executive Officer) Dr. Andrew Blackwell (Chief Scientific Officer) Nicholas Walters (Chief Financial Officer) Michael Lewis (Non-executive) Eric Dodd (Non-executive)
Secretary:	Nicholas Walters
Registered Office:	Tunbridge Court Tunbridge Lane Bottisham Cambridge CB25 9TU
Company number:	8211361
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Legal Advisers:	Baker Botts (UK) LLP 41 Lothbury London EC2R 7HF
Bankers	Barclays 28 Chesterton Road Cambridge CB4 3AZ
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Nominated Advisor and Broker	finnCap 60 New Broad Street London EC2M 1JJ

REVIEW OF BUSINESS

A review of the Group's activities is detailed under 'Operating Review' in the Chief Executive's Review.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of risks and uncertainties in the undertaking of its day to day operations. The key business risks affecting the Group and how they are managed are set out below:

Financial

The Group has a history of operating losses. Profitability depends on the success and market acceptance of current and new products without which the Group will continue to make losses and consume cash. Until the commercialisation of new products and markets is successful the Group carefully monitors cost and cash flow to ensure the Group is able to continue as a going concern. The directors have prepared a business plan and cashflow forecast for the period to 2015. The key assumptions are the level and timing of sales which are expected to increase significantly over this period, and the sales pipeline is therefore included in the regular board review.

Technology and regulation

The success of the Group and its ability to compete effectively with other companies partly depends upon its ability to protect its intellectual property, obtain patent protection in its key markets and exploit its technology. Significant development work continues to be undertaken on its e-health product before commercialisation can be fully exploited and such development work will continue thereafter to ensure that the Group's products remain at the forefront of the sector. The clinical evaluation, manufacture and marketing of the Group's products remains subject to regulatory approval by government and regulatory agencies, and these requirements are incorporated into the business plan and product roadmap monitored by the board.

Growth management

The Group's ability to manage its growth effectively will require it to continue to improve its operations, financial and management controls, reporting systems and procedures, and to train, motivate and manage its employees and, as required, to install new management information and control systems. The Group will require additional management and systems as it seeks to establish sales and marketing infrastructure in the UK, the US and the rest of Europe and moreover, the Group's future success depends in part on its ability to hire, train and retain key technical, scientific, regulatory, sales and marketing personnel. The Group seeks to recruit and retain high calibre staff through offering share ownership incentives and rewards commensurate with their seniority in the business and maintaining open communication with employees.

Reliance on key customers

The Group maintains close relationships with a number of customers but aims not to be overly dependent on any one of them. During 2013 one customer accounted for £1,091,000 or 26% of the total revenue of the business. This level of dependence on one customer was particularly pronounced as a consequence of the decline in the levels of business in the Clinical division. Measures are being taken to correct this overdependence by growing revenues in other areas as the loss of a key customer would impact the Group in the short term although as the Group increases in size the impact of any loss is reduced. There is a risk that the loss of a major customer before any growth in revenue was sufficient to compensate would result in a revenue shortfall.

KEY PERFORMANCE INDICATORS

The directors have monitored the performance of the Group with particular reference to the key performance indicators being revenue and order pipeline, operating margin and cash flow. An overview of the financial results for the year is provided under 'Financial Results' in the Chief Executive's Review. Revenue and operating results are below the prior year resulting in higher operating cash outflows. The results reflect the restructuring of the business as outlined in the 'Operating Review' in the Chief Executive's Review.

The Group monitors progress on a regular basis and will add to the key performance indicators as circumstances dictate.

Approved by the Board of Directors

And signed on behalf of the Board

Nick Walters
Company Secretary

Report of the Directors for the year ended 31 December 2013

The Directors present their report on the affairs of the Group and Company together with the financial statements for the year to 31 December 2013. The financial statements are prepared under International Financial Reporting Standards (EU-adopted IFRS).

PRINCIPAL ACTIVITIES

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the group') develops and commercialises computerised neuropsychological tests for sale worldwide, principally in the UK, the US and Europe. The group trades through its UK subsidiary Cambridge Cognition Limited.

GOING CONCERN AND FINANCIAL RISK MANAGEMENT

Having reviewed the financial forecasts and business plan of the Company and its subsidiaries and taking into account the level of cash resources available to them, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further information on the Group's financial risk management strategy can be found in note 30.

SHARE ISSUES

The issued share capital of the Company is set out at Note 24 to the accounts. Since listing on the Alternative Investment Market, no further shares have been issued during the year.

DIRECTORS

The Directors who held office at 31 December 2013 and their interest in the share capital of the company.

	Ordinary Shares of 1p each	
Name	**2013**	2012*
Jane Worlock	169,117	123,503
Nicholas Kerton	14,285	-
Andrew Blackwell	281,095	247,008
Nicholas Walters	-	-
Michael Lewis	14,285	-

*Prior year holdings represent shares held in Cambridge Cognition Limited

Eric Dodd was appointed a director of the company on 1st January 2014. He holds no interest in the share capital of the company.

Directors' remuneration and share options

Details of Directors' remuneration and share options are provided within the Remuneration Report and are in addition to the interests in shares shown above.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 and of the profit or loss of the Company and Group for that year. In preparing these financial statements, the Directors are required to:

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

- state whether the applicable IFRSs, or for the parent company, applicable UK GAAP have been followed, subject to any material departures disclosed and explained in the Company's financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

DIRECTORS' INDEMNITY ARRANGEMENTS

During the year the Company purchased Directors' and Officers' liabilities insurance in respect of itself and its directors.

SUBSTANTIAL SHAREHOLDERS

The Company's major shareholders at 31 December 2013 were:

Name	No. of Ordinary Shares	%
Euroblue Investments Limited	3,285,714	19.5%
Octopus Investments Nominees Ltd	3,071,428	18.2%
Michael Buxton	2,889,589	17.1%
Pall Mall Investors	2,537,339	15.0%
Axa Investment Managers UK Ltd	714,285	4.2%
Artemis Fund Managers Ltd	714,285	4.2%

AUDITOR

A resolution to re-appoint Grant Thornton UK LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the Directors will be authorised to determine the Auditor's remuneration.

Approved by the Board of Directors

And signed on behalf of the Board

Nick Walters
Company Secretary

Cambridge Cognition Holdings plc

Corporate Governance Report for the year ended 31 December 2013

The Board of Cambridge Cognition Holdings plc is responsible for the long term financial success of the business. The Directors recognise the value and importance of high standards of corporate governance and so far as is practicable and appropriate for a company of its size, stage of development and nature as a Company whose securities are traded on AIM, follows the principles of the UK Corporate Governance Code, whilst not complying in full with its provisions.

The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

The Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee. The Audit Committee is comprised of Michael Lewis (Chair), Jane Worlock and Nicholas Walters. The Nomination Committee is comprised of Jane Worlock (Chair), Michael Lewis and Nicholas Kerton. The Remuneration Committee is comprised of Eric Dodd (Chair), Michael Lewis and Jane Worlock.

The Audit Committee's responsibilities include making recommendations to the Board on the appointment of the Company's auditors, approving the auditor's fees, reviewing the findings of the audit and monitoring and reviewing effectiveness of the Company's internal audit function. The audit Committee is also responsible for monitoring the integrity of the financial statements of the Company, including its annual and half yearly reports and interim management statements.

The Nomination Committee's responsibilities include reviewing the structure, size and composition of the Board, making recommendations to the Board concerning membership of Board committees and identifying and nominating candidates for the Board for Board approval.

The Remuneration Committee's responsibilities include determining the remuneration of the executive directors, reviewing the design of all share incentive plans and determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used.

Remuneration Report for the year ended 31 December 2013

The Company has established a Remuneration Committee. The members of the Remuneration Committee are and the committee is chaired by:

Eric Dodd (Chair)
Michael Lewis
Jane Worlock

The Committee makes recommendations to the board. No director plays a part in any discussion about his own remuneration.

Components of Executives Directors' remuneration

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to enhance the group's market position and to reward them for increasing value to shareholders. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee. There are five main elements of the remuneration package for the executive directors and senior management:

- Basic annual salary;
- Benefits-in-kind;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors is determined by the Board and reflects their anticipated time commitment to fulfill their duties. The Non-Executive Directors remuneration is subject to the same principles of the Group Remuneration policy. The letters of appointment of Non-Executive Directors can be terminated with one months notice given by either party.

Directors' remuneration (audited)
The remuneration of the Directors is as follows:

	Salary/Fee	Comp for Loss of Office	Benefits	Bonus	Pension	**2013 Total**	2012 Total
Current Directors:	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Executive							
Nicholas Kerton	70	-	-	-	6	**76**	-
Andrew Blackwell	150	-	1	40	14	**205**	193
Nicholas Walters	8	-	-	-	-	**8**	-
Non Executive							
Jane Worlock	57	-	-	-	-	**57**	139
Michael Lewis	25	-	-	-	-	**25**	-
Eric Dodd	-	-	-	-	-	**-**	-
Former Directors:							
Ruth Keir	232	30	2	-	6	**270**	231
David Blair	130	30	2	-	6	**168**	113
J Hainlein	2	-	-	-	-	**2**	18
E Hayton	2	-	-	-	-	**2**	15
M Bauer	2	-	-	-	-	**2**	8
Total	678	60	5	40	32	**815**	717

Share Options (re-denominated where appropriate):

	Granted	Number of Options	Performance criteria	Exercise price in pence	Exercise period
Andrew Blackwell	April 2013	112,568	-	70 pence	Apr 2014 – Apr 2023
	April 2013	112,568	-	70 pence	Apr 2015 – Apr 2023
	April 2013	112.567	-	70 pence	Apr 2016 – Apr 2023

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

We have audited the financial statements of Cambridge Cognition Holdings Plc for the year ended 31 December 2013 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the related notes and the parent company balance sheet and related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
12th March 2014

Consolidated Statement of Comprehensive Income

	Notes	**Year to 31 December 2013 £'000**	Year to 31 December 2012 £'000
Revenue	5	4,148	5,684
Cost of sales		(490)	(1,217)
Gross profit		3,658	4,467
Administrative expenses		(6,761)	(5,921)
Other income	7	145	-
Operating (loss)	8	(2,958)	(1,454)
Analysed as:			
Adjusted EBITDA		**(2,193)**	**(1,417)**
Depreciation		(40)	(37)
Restructuring costs		(352)	-
AIM listing expenses		(373)	-
Operating (loss)		(2,958)	(1,454)
Finance income		3	-
Finance costs	11	(35)	(122)
(Loss) before tax		(2,990)	(1,576)
Income tax	12	129	-
Loss and total comprehensive income for the period attributable to the equity shareholders of the parent		(2,861)	(1,576)
Earnings per share (pence)	13		
Basic earnings per share		(21.3)	(26.4)
Diluted earnings per share		(21.3)	(26.4)

The above results relate to continuing operations.

Total comprehensive income equates to the loss for the period reported above.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Own shares £'000	Other reserve £'000	Equity reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2012	61	-	(204)	5,860	196	(6,289)	(376)
Total comprehensive income for the year	-	-	-	-	-	(1,576)	(1,576)
Reclassification following lapse of options	-	-	-	-	(28)	28	-
Issue of new share capital	7	-	-	121	-	-	128
Credit to equity for equity settled share based payments	-	-	-	-	-	141	141
Transactions with owners	7	-	-	121	(28)	169	269
Balance at 31 December 2012	**68**	**-**	**(204)**	**5,981**	**168**	**(7,696)**	**(1,683)**
Balance at 1 January 2013	**68**	**-**	**(204)**	**5,981**	**168**	**(7,696)**	**(1,683)**
Total comprehensive income for the period	-	-	-	-	-	(2,861)	(2,861)
Reclassification following conversion of loan	-	-	-	-	(168)	168	-
Issue of new share capital	101	-	-	-	-	-	101
Premium of new share capital	-	6,922	-	-	-	-	6,922
Share issue costs	-	(587)	-	-	-	-	(587)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	238	238
Transactions with owners	101	6,335	-	-	(168)	406	6,674
Balance at 31 December 2013	**169**	**6,335**	**(204)**	**5,981**	**-**	**(10,151)**	**2,130**

Consolidated statement of financial position

	Notes	At 31 December 2013 £'000	At 31 December 2012 £'000
Assets			
Non-current assets			
Goodwill	14	352	352
Property, plant and equipment	15	53	72
Total non-current assets		405	424
Current assets			
Inventories	17	123	113
Trade and other receivables	18	976	1,219
Cash and cash equivalents		2,261	641
Total Current assets		3,360	1,973
Total assets		**3,765**	**2,397**
Liabilities			
Current liabilities			
Trade and other payables	22	1,635	3,780
Provisions	23	-	300
Total liabilities		1,635	4,080
Equity			
Share capital	24	169	68
Share premium account		6,335	-
Other reserve		5,981	5,981
Own shares	25	(204)	(204)
Equity reserve		-	168
Retained earnings		(10,151)	(7,696)
Total equity		2,130	(1,683)
Total liabilities and equity		**3,765**	**2,397**

The financial statements on pages 12 to 39 were approved by the Board of Directors and authorised for issue on 12th March 2014 and were signed on its behalf by:

Nicholas Kerton
Chief Executive Officer
12th March 2014

Consolidated statement of cash flows

	Notes	Year to 31 December 2013 £'000	Year to 31 December 2012 £'000
Net cash flows from operating activities	26	(2,472)	(701)
Investing activities			
Payment of deferred consideration		(300)	-
Purchase of property, plant and equipment		(21)	(55)
Net cash flow used in investing activities		(321)	(55)
Financing activities			
Proceeds from the issue of share capital net	26	4,413	6
Net cash flows from financing activities		4,413	6
Net increase in cash and cash equivalents		1,620	(750)
Cash and cash equivalents at start of period		641	1,391
Cash and cash equivalents at end of period	26	2,261	641

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and commercialises computerised neuropsychological tests for sale worldwide, principally in the UK, the US and Europe. The group trades through its UK subsidiary Cambridge Cognition Limited ("CCL").

The Company is a public limited company which listed on the Alternative Investment Market ('AIM') of the London Stock Exchange (COG) in April 2013 and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

As part of the IPO process, Cambridge Cognition Holdings plc, a newly incorporated entity, became the new group holding company with effect from 12 April 2013. The consolidated financial statements are presented as a continuation of the financial statements of the legal subsidiary except the equity structure reflects the equity of the new parent, with the comparatives restated using the exchange ratio established in the share exchange agreement dated April 2013.

The Group develops and commercialises computerised neuropsychological tests. In the decade since CCL's formation in 2002, it has created a well-established business through sales of its proprietary CANTAB® (Cambridge Neuropsychological Test Automated Battery) software into academic and pharmaceutical research locations around the world.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS. The accounting policies adopted are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2012 incorporated in the AIM admission document. The financial statements have been prepared under the historical cost convention.

The Group has chosen to utilise the exemption available under IFRS 1, 'First time adoption of IFRS', for reassessing acquisitions completed before 31 December 2009. The goodwill arising on business combinations of the Group prior to 31 December 2009 remains unchanged up to 1 January 2010 and is subject to an annual impairment review. The date of transition to IFRS was 1st January 2010.

Companies in the consolidated financial information
The subsidiary undertakings included within the consolidated financial statements as at 31 December 2013 are as follows:

Company Name	*Country of registration/ incorporation*	*Principal Activity*	*Date Incorporated*	*Class of shares*	*%*
Cambridge Cognition Limited	UK	Development and sale of computerised neuropsychological tests	12 Dec 2001	Ordinary	100
Cambridge Cognition Trustees Ltd	UK	Investment company	5 June 2002	Ordinary	100
Cambridge Cognition LLC	USA	Non-trading company	11 July 2006	Ordinary	100

2. Outlook for adoption of future Standards (new and amended)

At the date of authorisation of the Consolidated Financial Information, the following Standards and Interpretations which have not been applied in the Consolidated Financial Information were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective date 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)
- Amendments to IFRS 10, IFRS 11, & IFRS 12 Transition Guidance

During the year the following standards came into effect:

- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (effective 1 January 2013)
- Amendments to IFRS 7 (effective 1 January 2013)
- Annual improvements 2009-2011
- IAS 12 (Amendment) Deferred Tax (effective 1 January 2013)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the Consolidated Financial Information of the Group in future periods.

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the results of the company and of its subsidiaries. Subsidiaries are entities over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

The share exchange by Cambridge Cognition Holdings plc is outside the scope of IFRS 3 and hence is not treated as a business combination. The principles of reverse acquisition accounting have been applied with the financial statements being a continuation of the results and balances of the legal subsidiary. Share capital represents the equity structure of the legal parent with comparatives restated using the exchange ratio of 1.138 established on acquisition. The difference between the equity of the legal parent and the issued equity instruments of Cambridge Cognition Limited pre combination is recognised as a separate component of equity. The amount recognised as retained earnings are those of Cambridge Cognition Limited pre combination together with the results of the whole Group post transaction date.

3.2 Going concern

At the time of approving the financial statements, and based on a review of the group's forecasts and business plan, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Business combinations

The Group has made no acquisitions or disposals during the period under review. As noted above the Group has chosen to utilise the exemption available under IFRS 1, 'First time adoption of IFRS'.

3.4 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from synergies arising from the combination. Cash-generating units to which goodwill has been attributed under IFRS 3 Business Combinations are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods and licences

The Group recognises revenue when all the following conditions are satisfied:

- the significant risks and rewards of ownership of the goods are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.5 Revenue recognition (cont.)

Revenue recognised in the income statement but not yet invoiced is held on the balance sheet within 'Trade and other receivables'. Revenue invoiced but not yet recognised in the income statement is held on the balance sheet within 'Deferred revenue'

Revenue is classified as follows:

Supply of software licences
Sales from software licences are recognised in full when the licences are provided since there is no significant ongoing obligation to the Group.

Supply of product
Supply of product consists of hardware sold in conjunction with software licence fees and associated other services. Revenue is recognised on despatch of the product when the significant risks and rewards of ownership are transferred to the buyer.

Supply of associated services
Sales of clinical testing services are recognised based on work done subject to achieving milestones set out in the related service agreements, provided a right to consideration has been established. Sales from training are recognised as the training services are performed.

A number of the above elements may be sold together as a bundled contract. Revenue is recognised separately for each component if it is considered to represent a separable good or service and a fair value can be reliably established. The Group derives fair value for its professional services based on day rates for consultants. Where software is included within a bundled arrangement, the residual value of the contract is ascribed to the software after a fair value has been allocated to all other components.

Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Grants
Grants of a revenue nature are credited to profit and loss to match with the expenses incurred.

3.7 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received at the time the entity enters into an operating lease agreement, such incentives are recognised as a liability and recycled through profit and loss over the term of the lease agreement. The aggregate benefit of incentives is recognised in profit and loss as a reduction to rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.8 Foreign currencies
The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). The UK pound is the predominant functional currency of companies within the Group and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

3.9 Borrowing costs
The Group has incurred no borrowing costs attributable to the acquisition, construction or production of qualifying assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant accounting policies (continued)

3.10 Operating profit
Operating profit is stated after charging restructuring costs but before finance income and finance costs.

3.11 Retirement benefit costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13 Tangible and intangible assets
(a) Property, plant and equipment
The Group has held no land and buildings for the period covered by the consolidated financial statements.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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

Fixtures, fittings & equipment	-	25% - 33% per annum straight line
Leasehold improvements	-	straight line over 5 years or over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss on the transfer of the risks and rewards of ownership.

The Group has no class of tangible fixed asset that has been revalued. On transition to IFRS the net book values were based on historic cost or fair value recognised at the date of acquisition.

3. Significant accounting policies (continued)

3.13 Tangible and intangible assets (cont.)

(b) Internally-generated intangible assets – research and development expenditure
The Group undertakes research and development expenditure in view of developing new products. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits, for example it is technically and commercially feasible and the group has sufficient resources to complete development; and
- the development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

3.14 Impairment of intangible assets
At each balance sheet date, the Group performs an impairment review in respect of goodwill and reviews the carrying amounts to determine whether there is any impairment. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units. Any impairment loss is recognised as an expense in the income statement in the period in which it was identified. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.15 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using either the First-In-First-Out method or, for fast moving items, the average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.16 Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

3.16 Financial instruments (cont.)

Impairment of financial assets
Financial assets, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments
The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

3. Significant accounting policies (continued)

3.16 Financial instruments (cont.)

Financial liabilities
Financial liabilities are classified as either 'financial liabilities at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 31.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The Group has not entered into transactions with derivative financial instruments.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Significant accounting policies (continued)

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.18 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3.19 Employee Benefit Trust

In order to facilitate the exercise of share options the group maintains an Employee Benefit Trust (EBT). This is consolidated in accordance with IAS 27 and SIC 12. The costs of purchasing own shares held by the EBT are deducted from equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group's profit and loss account or statement of total recognised gains and losses. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Information.

Revenue recognition

Trading operations within the Group recognise revenue with regard to amounts chargeable to customers under service contracts. The policy is to recognise revenue in respect of testing services upon achievement of milestones set out in the related agreements. This is expected to approximate to the timing of the physical performance of the service activity on such contracts.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

In making its judgement, management consider the detailed criteria for the recognition of revenue from the provision of continuous services set out in IAS 18 Revenue. The Directors are satisfied that the significant risks and rewards are transferred and that recognition of the revenue in equal instalments over the duration of the contractual period is appropriate.

Goodwill
The Group reviews the carrying value of its goodwill balances by carrying out impairment tests at least on an annual basis. These tests require estimates to be made of the value in use of its CGUs which are dependent on estimates of future cash flows and long-term growth rates of the CGUs. Further details of these estimates are set out in Note 14.

Recovery of deferred tax assets
Deferred tax assets have not been recognised for deductible temporary differences and tax losses as management considers that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, with the assumptions detailed in note 28. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5. Revenue

An analysis of revenue is as follows:

	2013	2012
	£'000	£'000
Continuing operations		
Sales of software licences, goods and associated services:		
Cantab Mobile (E-Health)	158	98
Cantab Research Suite (Academic)	1,493	1,379
Cantab Solutions (Clinical Trials)	2,497	4,207
	4,148	5,684

Revenue from the sale of hardware is incidental to the provision of software and associated services.

6. Business and geographical segments

Products and services from which reportable segments derive their revenues
Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the location of markets in which the Group operates. The Group's reportable segments under IFRS 8 are therefore as follows:

Cantab Mobile	-	Medical software for use in healthcare delivery settings
Cantab Research Suite	-	Cognitive test products for researchers working in a non regulated environment, typically in academia
Cantab Solutions	-	Products and services for use in regulated clinical trials

6. Business and geographical segments (continued)

Segment revenues and results
The following is an analysis of the Group's revenue and results by reportable segment:

	Mobile 2013 £'000	Research Suite 2013 £'000	Solutions 2013 £'000	Consolidated 2013 £'000
Revenue				
External sales	158	1,493	2,497	4,148
Result				
Segment result	(945)	1,014	216	285
Central administration costs				(3,394)
Other income				151
Operating loss				(2,958)
Finance income				3
Finance costs				(35)
Loss before tax				(2,990)
Tax				129
Loss after tax				(2,861)

	Mobile 2012 £'000	Research Suite 2012 £'000	Solutions 2012 £'000	Consolidated 2012 £'000
Revenue				
External sales	98	1,379	4,206	5,683
Result				
Segment result	(681)	851	1,258	1,428
Central administration costs				(2,882)
Operating (loss)				(1,454)
Finance costs				(122)
Loss before tax				(1,576)
Tax				-
Loss after tax				(1,576)

6. Business and geographical segments (continued)

The accounting policies of the reportable segments are the same as the accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of the share of central administration costs including Directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Chief Executive for the purpose of resource allocation and assessment of segment performance.

Central administration costs comprise principally the employment related costs and other overheads incurred by the group.

Segment net assets

	2013 £'000	2012 £'000
Cantab Mobile (E-Health)	10	2
Cantab Research Suite (Academic)	215	211
Cantab Solutions (Clinical Trials)	410	845
Total allocated assets	635	1,058
Unallocated assets	3,130	1,339
Consolidated total assets	3,765	2,397

All assets are based in the UK.

For the purposes of monitoring segment performance and allocating resources between segments the group monitors the assets of each segment. Inventory and trade receivables are allocated to reportable segments. Due to the size and nature of the other assets within the group these are monitored on a consolidated basis. Goodwill has been allocated to reportable segments as described in note 14.

Geographical information

The revenue by geographical location is detailed below:

	Revenue from external customers	
	2013 £'000	2012 £'000
United Kingdom	1,754	2,350
United States of America	1,059	1,663
European Union	790	1,235
Rest of world	545	436
	4,148	5,684

Information about major customers

Revenue amounting to £1,091,000 of reported sales can be attributed to one customer in 2013. The customer was in the Clinical business in the UK. No other customers accounted for more than 10 per cent of reported revenue.

7. Other operating income

Other operating income is made up of the following:

	2013 £'000	2012 £'000
Grant income	145	-

8. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	2013 £'000	2012 £'000
Net foreign exchange losses	10	75
Research and development costs	1,240	1,089
Depreciation of property, plant and equipment	40	37
AIM listing expenses	373	-
Restructuring costs	352	-

9. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2013 £'000	2012 £'000
Fees payable to the company's auditor for the audit of:		
the company's annual accounts	10	-
the subsidiaries' annual accounts	16	16
Total audit fees	26	16
Taxation compliance services	6	2
Other services	11	-
Total non-audit fees	17	2

10. Staff costs

The average monthly number of employees (including executive directors) was:

	2013 Number	2012 Number
Operations	37	38
Business development	6	6
Administrative support	10	9
	53	53

Their aggregate remuneration comprised:

	2013 £'000	2012 £'000
Wages and salaries	3,124	2,732
Social security costs	305	269
Other pension costs (see note 29)	174	164
Share based payments charge	238	141
	3,841	3,606

11. Finance costs

	2013	2012
	£'000	£'000
Interest on bank overdrafts and loans	-	7
Interest on convertible loan notes	35	115
	35	122

The unwinding of discount effect on convertible loan notes is explained in note 20.

12. Tax

	2013	2012
	£'000	£'000
Corporation tax:		
Current year	-	-
Adjustments in respect of prior years	(129)	-
	(129)	
Deferred tax (see note 21)	-	-
	(129)	-

Corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated taxable profit for the year.

The tax charge for each year can be reconciled to the profit per statement of comprehensive income as follows:

	2013	2012
	£'000	£'000
Loss before tax on continuing operations	(2,990)	(1,576)
Tax at the UK corporation tax rate of 23.25% (2012 : 24.5%)	(695)	(386)
Expenses not deductible for tax purposes	178	82
Capital allowances in excess of depreciation	7	(7)
Unrelieved tax losses arising	501	276
Fixed asset differences	9	9
Other short term timing differences	-	26
Adjustment in respect of prior years	(129)	-
Tax (credit)/expense for the year	(129)	-

The credit in respect of prior years relates to the receipt of R&D tax credits in respect of 2011 and 2012. No claim has yet been made for 2013 and no credit has been recognised in the financial statements.

13. Earnings per share

From continuing operations
The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	2013	2012
	£'000	£'000
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	(2,861)	(1,576)

	2013	2012
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	13,423	5,979

As the effect of options and the convertible loan would be to reduce the loss per share the diluted loss per share is the same as the basic loss per share.

14. Intangible fixed assets

	Goodwill
	£'000
Cost and net book value	
At 1 January 2012 & 31 December 2012	352
At 1 January 2013 & 31 December 2013	352

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to Academic.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the Academic CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on management growth forecasts. The Group has conducted a sensitivity analysis on the impairment test of the CGUs carrying value.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years.

15. Property, plant & equipment

	Leasehold Improvements £'000	Fixtures & fittings £'000	Total £'000
Cost			
At 1 January 2012	38	268	306
Additions	-	55	55
At 31 December 2012	38	323	361
At 1 January 2013	38	323	361
Additions	-	21	21
At 31 December 2013	38	344	382
Depreciation			
At 1 January 2012	37	215	252
Charge for the year	1	36	37
At 31 December 2012	38	251	289
At 1 January 2013	38	251	289
Charge for the year	-	40	40
At 31 December 2013	38	291	329
Net Book value			
At 31 December 2013	**-**	**53**	**53**
At 31 December 2012	-	72	72

16. Subsidiaries

Details of the Company's subsidiaries at 31 December 2013 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Cambridge Cognition Limited	United Kingdom	100%	100%
Cambridge Cognition Trustees Limited	United Kingdom	100%	100%
Cambridge Cognition LLC	Delaware, United States of America	100%	100%

17. Inventories

	2013 £'000	2012 £'000
Finished goods and goods for resale	123	113
	123	113

During the year inventories with a total value of £383,000 (2012: £725,000) were included in the income statement as an expense.

18. Trade and other receivables

	2013	2012
	£'000	£'000
Amount receivable for the sale of goods	512	944
Allowance for doubtful debts	(25)	(23)
	487	921
Prepayments	303	279
Other receivables	186	19
	976	1,219

Trade receivables
Trade receivables disclosed above are classified as loans and receivables and are measured at amortised cost.

The average credit period offered on sales of goods varies amongst the group with Academic customers having payment on receipt and Pharma customers having payment terms ranging from 30 days to 90 days. The Group has recognised an allowance for doubtful debts based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the year-end but against which the Group has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts (which include interest accrued on overdue receivable balances) are still considered recoverable. The average age of these receivables is 42 days in 2013 (2012: 43 days).

Ageing of past due but not impaired receivables:

	2013	2012
	£'000	£'000
31-60 days	245	133
61-90 days	36	35
91-120 days	16	15
Total	297	183

Movement in the allowance for doubtful debts:

	2013	2012
	£'000	£'000
Balance at the beginning of the period	23	20
Increase in provision	2	3
Balance at the end of the period	25	23

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management considers that all the above financial assets that are not impaired or past due are of good credit quality.

19. Borrowing

	2013	2012
	£'000	£'000
Unsecured borrowing at amortised cost		
Convertible loan notes	-	2,029
	-	2,029
Total borrowings		
Amount due for settlement within 12 months	-	2,029

The principal features of the Group's convertible loan notes are detailed in note 20.

20. Convertible loan notes

The convertible loan notes were issued during 2008 at issue prices of £1,500,000, £100,000, £100,000 and $200,000 respectively. The notes were convertible into C ordinary shares of Cambridge Cognition Limited on the listing of the Group. In April 2013 they were then exchanged for shares in Cambridge Cognition Holdings plc.

The net proceeds received from the issue of the convertible loan notes have been split between a financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the Company, as follows:

	£'000
Proceeds of issue of convertible loan notes	1,809
Equity component	(197)
Liability component at date of issue	1,612
Accrued interest charge at 1 January 2010	334
Liability component at 1 January 2010	1,946
Interest charged	197
Liability component at 31 December 2010 and 1 January 2011	2,143
Interest charged	170
Principal and interest repaid	(277)
Liability component at 31 December 2011 and 1 January 2012	2,036
Interest charged	115
Principal and interest converted	(122)
Liability component at 31 December 2012	2,029
Interest charged	35
Principal and interest converted on listing of the Company	(2,064)

The equity component of £196,571 was credited to equity reserve and transferred to retained earnings on conversion of the loan.

The interest expensed for the year is calculated by applying an effective interest rate of 9.3 per cent to the liability component for the 40 month period since the loan notes were issued until the date of conversion. The liability component is measured at amortised cost.

21. Deferred Tax

At the balance sheet date, the group has unused tax losses of £8.5 million (2012: £6.4 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses as there is uncertainty over the timing of future taxable profits. Other losses may be carried forward indefinitely.

22. Trade & other payables

Amounts falling due within one year

	2013 £'000	2012 £'000
Convertible loans (Note 20)	-	2,029
Trade payables	526	461
Social security and other taxes	92	91
Other payables	1,017	1,199
	1,635	3,780

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 52 days (2012 : 47 days). For all suppliers no interest is charged on the trade payables. Group policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments. The Directors consider that the carrying amount of trade payables approximates their fair value.

23. Provisions

	2013 **£'000**	2012 £'000
Current	-	300

£300,000 was payable to CeNeS Pharmaceuticals plc in relation to the initial acquisition of Cambridge Cognition in the event that the company was either sold or obtained a listing on a recognised stock exchange. The Company listed on AIM in April 2013 and the obligation of £300,000 was settled from the proceeds raised at the time of the listing.

24. Share capital

	2013 **£**
Issued and fully paid	
16,885,105 Ordinary Shares of £0.01 each	169

6,852,658 Ordinary Shares were issued to the holders of shares in Cambridge Cognition Limited in exchange for their shares immediately prior to the public offering in April 2013.

2,889,589 Ordinary Shares were issued in exchange for the surrender of the Convertible Loan Note (see Note 20).

7,142,858 Ordinary Shares were placed with investors at a price of 70p per share in April 2013.

No other shares were issued during the year.

25. Own Shares

	2013 **£**	2012 £
Own Shares Reserve	204	204

The Own Shares Reserve represents the cost of shares acquired by the Cambridge Cognition Employee Benefit Trust to satisfy options under the group's share options schemes. The number of shares held by the Employee Benefit Trust at 31 December 2013 was 488,683 (2012: 429,423).

26. Notes to the cash flow statement

	2013	2012
	£'000	£'000
Loss for the year	(2,861)	(1,576)
Adjustments for:		
Finance costs	35	122
Depreciation of property, plant and equipment	40	37
Share-based payment expense	238	141
Increase/(decrease) in provisions	-	300
Operating cash flows before movements in working capital	(2,548)	(976)
(Increase)/Decrease in inventories	(10)	59
Decrease in receivables	243	470
(Decrease) in payables	(157)	(247)
Cash generated by operations	(2,472)	(694)
Interest received/(paid)	-	(7)
Net cash from operating activities	(2,472)	(701)

Cash and cash equivalents

	2013	2012
	£'000	£'000
Cash and bank balances	2,261	641

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Financing activities

Proceeds from the issue of share capital (£4,413,000) excludes non cash consideration in respect of the conversion of the loan during the year.

27. Operating lease arrangements

	2013	2012
	£'000	£'000
Lease payments under operating leases recognised as an expense in the year	140	136

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

	2013	2012
	£'000	£'000
Within one year	78	69
In the second to fifth years inclusive	5	6
After five years	1	1

Operating lease payments represent rentals payable by the group for rent, phone systems, copiers and franking machines. Property rental on 2 units had 6 months to expiry at 31 December 2013, with an option to extend for a further year at the then prevailing market rate. The property rental on another unit had 12 months to expiry at the 31 December 2013. The average rental period for other leases is 6 years.

28. Share based payments

Equity-settled share option scheme

The Company has a share option scheme for key employees of the Group. The options in 2012 were options over ordinary shares in Cambridge Cognition Limited. Further to the acquisition by the Company, employees exchanged their existing options for options over the ordinary shares in the Company at the exchange rate of 1.138:1. The vesting periods vary between 0 and 3 years. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows.

	2013		2012	
	Number of share options	**Weighted average exercise price (in £)**	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of period	331,884	0.60	625,898	0.13
Exercised during the period	(24,868)	(0.01)	(549,014)	(0.01)
Option modification	(255,000)	(0.47)	-	-
Option modification	255,000	(0.009)	-	-
Exchanged during the year	42,364	0.26	-	-
Granted during the period	1,116,758	0.57	255,000	0.47
Forfeited during the period	(346,794)	(0.68)	-	-
Outstanding at the end of the period	1,119,344	0.43	331,884	0.60
Exercisable at the end of the period	385,741	0.30	161,884	0.73

The options outstanding at 31 December 2013 had a weighted average exercise price of £0.43, and a weighted average remaining contractual life between 0 and 3 years.

In 2013, options were granted on 22 April 2013 and 8 November 2013. The aggregate of the estimated fair values of the options granted on those dates is £269,489. The inputs into the Black-Scholes model are as follows:

	2013-April	**2013-November**	2012
Weighted average share price	81p	70p	47p
Weighted average exercise price	70p	70p	81p
Expected volatility	50%	50%	200%
Expected life	5 years	5 years	5 years
Risk-free rate	0.5%	0.5%	0.5%
Expected dividend yields	0.0%	0.0%	0.0%

Expected volatility was determined by considering the expected share price movements and other comparable listed companies in the sector. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £238,000 (2012: £141,000), related to equity-settled share-based payment transactions.

29. Retirement benefit schemes

Defined contribution schemes
The group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in funds under the control of independent trustees.

The total cost charged to income of £174,000 (2012: £164,000) represents contributions payable to these schemes by the group at agreed rates. As at 31 December 2013, contributions of £23,000 (2012: £17,000) due in respect of the current reporting period had not been paid over to the schemes.

30. Financial instruments

Capital risk management
The Group manages its capital to ensure the Group is able to continue as a going concern while maximising the return to stakeholders through optimising the balance between the Group debt and equity. The Group had no borrowings at 31 December 2013. To satisfy these objectives the Group successfully raised £5 million (before expenses) in equity during the year.

The current capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as follows:

	2013	2012
	£'000	£'000
Cash and cash equivalents	2,261	641
Equity shareholder funds	2,130	(1,683)

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2013	2012
	£'000	£'000
Financial assets classified as loans and receivables		
Cash and bank balances	2,261	641
Trade and other receivables	650	1,108
Liabilities		
Financial liabilities at amortised cost	1,073	1,701
Financial liabilities designated at FVTPL	-	1,988

Financial risk management objectives
The Group's Finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The risks reviewed include market risk (including currency risk), fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

Liquidity Risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring cash outflows due in day-to-day business. The Board reviews an annual 12 month financial projection as well as information regarding cash balances on a monthly basis. The Group maintains cash and cash equivalents to meet its liquidity requirements for up to a 30-day period.

30. Financial instruments (continued)

Liquidity Risk (cont.)

At 31 December 2013, the Group's financial liabilities had contractual maturities which are summarised below:

	2013	2012
	£'000	£'000
	Within 6 months	Within 6 months
Trade payables	526	461
Other payables	503	652
Convertible loan	-	1,988
	1,029	3,101

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group has limited exposure to foreign currency exchange rates and does not believe the use of financial derivatives is appropriate.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the year end were as follows:

	Liabilities		**Assets**	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
US Dollar	**7**	18	**647**	324
EURO	**-**	1	**229**	155

A movement in the £/$ exchange rate of +/- 5% from 31 December 2013 to the date of realising the US dollar net asset position would result in a gain/loss of £32,000 (2012: £15,000). Similarly with the Euro, the gain/loss would be £11,000 (2012: £8,000).

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counter party and independent third parties to determine credit worthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount recorded for financial assets in the Consolidated Financial Statements is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties.

30. Financial instruments (continued)

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair values.

The financial instruments held by the Group that are measured at fair value all relate to financial liabilities measured at fair value through profit and loss (FVTPL) using methods associated with Level 3.

	2013			
	Level 1	**Level 2**	**Level 3 £'000**	**Total £'000**
Financial liabilities at FVTPL				
Financial liabilities designated at FVTPL	-	-	-	-
Total	-	-	-	-

	2012			
	Level 1	Level 2	Level 3 £'000	Total £'000
Financial liabilities at FVTPL				
Financial liabilities designated at FVTPL	-	-	1,988	1,988
Total	-	-	1,988	1,988

There were no transfers between Level 1 and 2 during the period under review. There were no financial instruments outstanding at 31 December 2013.

Significant assumptions used in determining fair value of financial assets and liabilities

Convertible notes
The fair value of the liability component of convertible notes is determined assuming redemption on 31 December 2012 and using a 9.34 per cent interest rate.

31. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Remuneration of directors and key management personnel
The remuneration of the senior Executive Management Committee members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2013	2012
	£'000	£'000
Short-term employee benefits	720	672
Post-employment benefits	32	44
Termination benefits	60	-
Share-based payments	161	131
	973	847

Payments in respect of each director are set out in the Remuneration Report.

Other transactions
During 2013 the company incurred professional fees of £8,765 (2012: £41,199) from Pall Mall Partners Limited. Wholly owned subsidiaries of Pall Mall Partners Limited are shareholders in Cambridge Cognition Holdings plc. Pall Mall Partners Limited had, until earlier this year, three directors on the Cambridge Cognition Limited board. Fees includes £5,786 (2012: £40,500) in respect of director's services. At the year end a balance of £Nil (2012: £11,166) was outstanding to Pall Mall Partners Limited.

During 2013 the Group incurred consultancy fees of £28,000 (2012 : £Nil) from MCR Holdings, a partnership of which N. Walters is a partner. At the year end a balance of £7,657 (2012: £Nil) was outstanding to MCR Holdings.

Cambridge Cognition Holdings plc

Parent Company Balance Sheet

	Note	2013 £'000
Fixed assets		
Investments	3	152
Current assets		
Debtors	4	3,802
Cash at bank		1,501
		5,303
Creditors: amounts falling due within one year	5	(93)
Net current (liabilities)/assets		5,210
Total assets less current liabilities		5,362
Capital and reserves		
Called-up equity share capital	6	169
Share premium account		6,335
Investment in own shares		(204)
Share-based payment reserve		166
Profit and loss account	7	(1,104)
Equity Shareholders' Funds		5,362

The financial statements of Cambridge Cognition Holdings plc on pages 40 to 43 were approved and authorised for issue by the board on 12th March 2014 and were signed on its behalf by:

Nick Kerton
Director

Notes to the parent company financial statements

The company was incorporated on 12th September 2012. These are the company's first financial statements since incorporation.

1. Significant accounting policies

1.1 Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period from incorporation.

The company has taken advantage of the exemption of FRS8 from disclosing transactions with other members of the Group.

No profit and loss account is presented for Cambridge Cognition Holdings plc as provided by section 408 of the Companies Act 2006.

1.2 Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.3 Going concern

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

1.4 Share-based payments

The Company issues equity-settled share-based payments to its directors, as well as employees (including directors) of its subsidiary, Cambridge Cognition Limited. In accordance with FRS 20, for all grants of share options and awards the cost of these payments is measured at fair value at the date of grant. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. The fair value is appraised at the grant date and excludes the impact of non-market vesting conditions. That fair value is expensed on a straight-line basis over the vesting period for the related options based upon the Company's estimate of the shares that will eventually vest, with a corresponding credit to "other reserves" for directors providing services solely to the Company. The fair value for directors and employees of the Company's subsidiary is added to the cost of the investment in that subsidiary. No expense is recognised for awards that do not ultimately vest as a result of the relevant employee ceasing to be employed by the Group. Fair value is measured using the Black-Scholes Option Pricing Model.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the value of the shares issued are allocated to share capital with any excess being recorded as share premium.

1.5 Employee Benefit Trust

An Employee Benefit Trust (EBT) is maintained in order to facilitate the exercise of these share options. This is aggregated into the parent company in accordance with UITF Abstract 38. The costs of purchasing own shares held by the EBT are deducted from equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Company's profit and loss account or statement of total recognised gains and losses. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

2. Share based payments

The company has granted options to directors over ordinary shares. The vesting period ranges between 0 and 3 years. If the options remain unexercised after a period of 10 years from the date of the grant, the options expire. Options are forfeited if the employee leaves the company before the options vest. The share options issued by Cambridge Cognition Limited were replaced by options over shares in Cambridge Cognition Holdings plc.

2. Share based payments (cont.)

Movement in the number of share options outstanding and their related average weighted exercise prices are as follows:

	2013 No	WAEP pence
Granted	**898,798**	**70**
Forfeited	**(346,794)**	**70**
Outstanding at end of year	**552,004**	**70**
Exercisable at period end	**133,091**	**70**

The fair value of options are calculated using the Black Scholes Pricing Model. The weighted average fair value of options granted during the period was 26 pence. The significant inputs into the model in respect of these options were the exercise price shown below, volatility of 50%, dividend yield of nil, expected option life of between 2 and 5 years and an annual risk free rate of 0.5%.

At 31 December 2013 552,004 options remain outstanding all of which were granted on 22nd April 2013 with an exercise price of 70 pence.

Employees of the company's subsidiary, Cambridge Cognition Limited have also been granted options over the Company's shares. These are dealt with at note 28 to the consolidated financial statements.

3. Fixed asset investments

	Investment in Subsidiaries £'000
Cost	
At Incorporation	-
Additions	152
At 31 December 2013	152
Provisions for impairment	
At Incorporation and At 31 December 2013	-
Net Book value	
At 31 December 2013	**152**

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated accounts.

Name	Country of Operation	Proportion of Ownership and Voting Power Held	Nature of Business
Cambridge Cognition Limited	England	100%	Development and sale of computerised neuropsychological tests
Cambridge Cognition Trustees Limited	England	100%	Trustee company
Cambridge Cognition LLC	USA	100%	Sales office

4. Debtors

	2013 £'000
Amounts due from subsidiary undertakings	3,786
Other debtors	16
	3,802

5. Creditors : amounts falling due within one year

	2013 £'000
Trade creditors	61
Social security and other taxes	16
Other creditors	16
	93

6. Share capital

The details on the share capital of the Company are provided at note 24 to the Group's accounts.

7. Reconciliation of Movement in Reserves and Shareholders Funds

	Called up Share Capital £'000	Share premium £'000	Own Shares £'000	Share-based Payment £'000	Profit and Loss £'000	Total £'000
On incorporation	-	-	-	-	-	-
Issue of shares	169	6,922	-	-	-	7,091
Share issue costs	-	(587)	-	-	-	(587)
Loan to Trustees of Employee Benefit Trust	-	-	(204)	-	-	(204)
Provision for Share-based payment	-	-	-	166	-	166
Loss for the year	-	-	-	-	(1,104)	(1,104)
At 31 December 2013	169	6,335	(204)	166	(1,104)	5,362

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("**Meeting**") of Cambridge Cognition Holdings plc ("**Company**") will be held at finnCap, 60 New Broad Street, London, EC2M 1JJ on 8 May 2014 at 10 a.m.

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following ordinary resolutions:

1. To receive and, if approved, to adopt the Directors' and Auditor's Reports and Statements of Accounts for the financial year ended 31 December 2013 (the "**Annual Report**") and to note that the Directors do not recommend the payment of any dividend for the year ended on that date.

2. To re-appoint Grant Thornton LLP as auditors of the Company to hold office from the conclusion of the Meeting to the conclusion of the next meeting at which the accounts are laid before the Company.

3. To authorise the Directors of the Company (together, the "**Directors**", and each a "**Director**") to determine the remuneration of the auditors.

4. That Eric Dodd be and is hereby re-appointed as a Director in accordance with the articles of association of the Company.

5. That Nick Walters be and is hereby re-appointed as a Director in accordance with the articles of association of the Company.

6. That the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all the powers of the Company to allot and to make offers or agreements to allot shares or grant rights to subscribe for or to convert any securities into shares in the Company (together the "**Relevant Securities**") up to an aggregate nominal amount of sixty eight thousand and four pounds and sixteen pence provided that this authority shall expire fifteen months from the date of this Resolution 6 or on the conclusion of the Company's Annual General Meeting to be held in 2015 if earlier (the "**Period of Authority**"), save that the Company may before the expiry of the Period of Authority make offers or agreements which would or might require Relevant Securities to be allotted or granted after such expiry and the Directors may allot Relevant Securities in pursuance of any such offer or agreement as if the authority conferred by this Resolution 6 had not expired and that this authority shall be in substitution to all previous authorities conferred upon the directors pursuant to section 551 of the 2006 Act and without prejudice to the allotment of any Relevant Securities already made or to be made pursuant to such authorities.

SPECIAL RESOLUTION

To consider and, if thought fit, pass Resolution 7 which will be proposed as a special resolution:

7. That, subject to and conditional upon the passing of Resolution 6 above and pursuant to the authority conferred by Resolution 6 above, the Directors be and are hereby generally empowered in accordance with section 571 of the 2006 Act to allot equity securities (as defined by section 560(1) of the 2006 Act) pursuant to the authority conferred by Resolution 6 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities up to an aggregate nominal amount of four hundred and sixty four pounds and sixteen pence in connection with the potential exercise of options granted to non-employees;

(b) the allotment of equity securities up to an aggregate nominal amount of fifty thousand, six hundred and fifty five pounds sterling provided that this authority may only be used in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of the ordinary shareholders at such record dates as the directors may determine are proportionate (as nearly as they may be) to the respective numbers of equity securities held or deemed to be held by them or otherwise allotted in accordance with rights attaching to such equity securities, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient in relation to equity shares, fractional entitlements, record dates, legal difficulties in or under the laws of any territory or the requirements of a regulatory body or by virtue of any other matter whatsoever; and

(c) in any other case in addition to the authorities set out above, to exercise all the powers of the Company to allot equity securities up to an aggregate nominal amount of sixteen thousand, eight hundred and eighty five pounds sterling,

and shall expire fifteen months from the date of this Resolution 7 or if earlier on the conclusion of the Annual General Meeting of the Company to be held in 2015 except that the Company may, before such expiry make an offer or agreement which would or might require Relevant Securities as the case may be to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the power conferred by this Resolution 7 had not expired.

Cambridge Cognition Holdings plc
Tunbridge Court
Tunbridge Lane
Bottisham
Cambridge
CB25 9TU

By order of the board
NJC Walters
Company secretary
10 April 2014

EXPLANATION OF RESOLUTIONS

The following notes give an explanation of the proposed resolutions.

Resolution 1 – Financial Statements and Directors' Report

The Company is required to present the accounts for the year ended 31 December 2013 and the reports of the directors and auditors to the Meeting for approval. These are contained in the Annual Report. Shareholders will have the opportunity to put questions on the Annual Report to the directors at the Meeting.

Resolutions 2 and 3 – Auditors' Re-appointment and Remuneration

Shareholders will be asked to confirm the re-appointment of Grant Thornton LLP as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at which the Company's accounts are laid, and to grant authority to the directors to determine their remuneration.

Resolutions 4 and 5 – Election of Eric Dodd and Nick Walters as Directors

In accordance with the Company's Articles of Association (the "**Articles**"), being directors appointed since Admission, Eric Dodd and Nick Walters will be standing down and offering themselves for reappointment by the shareholders as Directors of the Company.

Brief biographies of Eric and Nick can be found at: http://www.cambridgecognition.com/investors/board-of-directors

Resolution 6 – Authority to Allot Ordinary Shares

The shareholders are asked to approve the resolution allowing the directors to allot ordinary shares. This is similar to the authority put in place at the time of Admission which the new authority replaces. The resolution would give the directors the authority to allot ordinary shares in the Company and to grant rights to subscribe for or convert any security into ordinary shares in the Company up to an aggregate maximum nominal amount of £68,004.16 (representing approximately 40 per cent of the total issued share capital of the Company as at 9 April 2014, being the latest practicable date prior to publication of this document and which is the maximum amount of authority which the directors can seek without exceeding the Company's authorised share capital). The authority granted by this resolution will expire at the conclusion of the next Annual General Meeting of the Company. The Company is proposing this resolution to give the Board of Directors flexibility to seek subscriptions and to issue shares.

Resolution 7 – Disapplication of Pre-emption Rights

The shareholders are asked to approve the resolution which gives the directors the power to allot equity securities for cash, without first having to offer such securities to existing shareholders in proportion to their existing shareholdings. This is similar to the authority put in place at the time of Admission which the new authority replaces. The authority would be limited to allotments or sales in connection with (a) the potential exercise of options held by non-employees up to an aggregate maximum nominal amount of £464.16, (b) a rights issue, open offer or other pre-emptive offer up to an aggregate maximum nominal amount of £50,655 (representing approximately 30 per cent of the entire issued share capital of the Company as at 9 April 2014, being the latest practicable date prior to publication of this document) or (c) a general disapplication up to an aggregate maximum nominal amount of £16,885 (representing approximately 10 per cent of the entire issued share capital of the Company as at 9 April 2014, being the latest practicable date prior to publication of this document). The authority granted by this resolution will expire upon the expiry of Resolution 6, being at the conclusion of the next Annual General Meeting of the Company.

NOTES

(1) CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so for the meeting and any adjournments of it by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service providers, should refer to their sponsors or voting service providers, who will be able to take the appropriate action on their behalf.

For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK's specifications and must contain the information required for those instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (ID RA10) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed voting service providers, to procure that its CREST sponsors or voting service providers take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2011.

(2) Any member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company but must attend the Meeting. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy you should contact the Company's registrar, Capita Asset Services, at the address below. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by hand, or sent by post, so as to be received not less than 48 hours before the time fixed for the holding of the Meeting or any adjournment thereof (as the case may be). A pre-paid envelope has been provided for the return of your completed proxy card.

(3) To appoint as your proxy a person other than the Chairman of the meeting, insert their full name on the dotted line. If you sign and return this proxy form with no name inserted on the dotted line, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting instructions.

(4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the Company's relevant register of

members for certificated or uncertificated shares of the Company (as the case may be) (the "**Register**") in respect of the joint holding.

(5) In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(6) The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he/she wish to do so, but if a member appoints a proxy and attends the meeting in person, the proxy appointment will automatically be terminated.

(7) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 has specified that only those members entered on the Register at 6 p.m. on 6 May 2014 (the "**Specified Time**") shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares in the capital of the Company held in their name at that time. Changes to the Register after the Specified Time shall be disregarded in determining the rights of any person to attend and vote at the meeting. Should the meeting be adjourned, for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.

(8) Please indicate with an "X" in the space provided how you wish your votes to be cast in respect of the Resolutions to be proposed. If you want your proxy to vote in a certain way on the Resolutions specified, please place an "X" in the appropriate box. If you fail to select any of the given options your proxy can vote as he/she chooses or can decide not to vote at all. The proxy can also do this on any other Resolution that is put to the meeting. The "Vote Withheld" option is to enable you to abstain on any particular Resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a Resolution.

(9) The appointment under this form of proxy may be terminated by the member prior to the commencement of the meeting (or any adjournment of the meeting). To be valid, the notice of termination of the authority of the person appointed to act as proxy must be deposited at the offices of the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, at least 24 hours before the time fixed for the holding of the Meeting or any adjournment thereof (as the case may be).

(10) You may appoint more than one proxy if each proxy is appointed to exercise the rights attached to different shares held by you. To appoint more than one proxy, additional forms may be obtained from the Company's registrar, Capita Asset Services, at the address given above or you may copy this form. If necessary please indicate the number of ordinary shares in relation to which your proxy is authorised to act. If you leave the number of ordinary shares blank, you will be deemed to have appointed your proxy in relation to all ordinary shares held by you. Please indicate by ticking the box provided, if the proxy appointment is one of multiple appointments being made by you. All forms must be signed and should be returned together.

(11) A copy of this notice and the Annual Report will be included on the Company's website (www.cambridgecognition.com).

(12) As at 9 April 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 16,885,105 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 9 April 2014 are 16,885,105.

(13) Except as provided above, members who wish to communicate with the Company in relation to the Meeting should do so using the following means: (1) by writing to the Company Secretary at Cambridge Cognition Holdings Plc, Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge CB25 9TU; or (2) by writing to the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of Meeting in any related documents (including the proxy form).