Anite plc
Annual Report 2014

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specialist wireless testing technology

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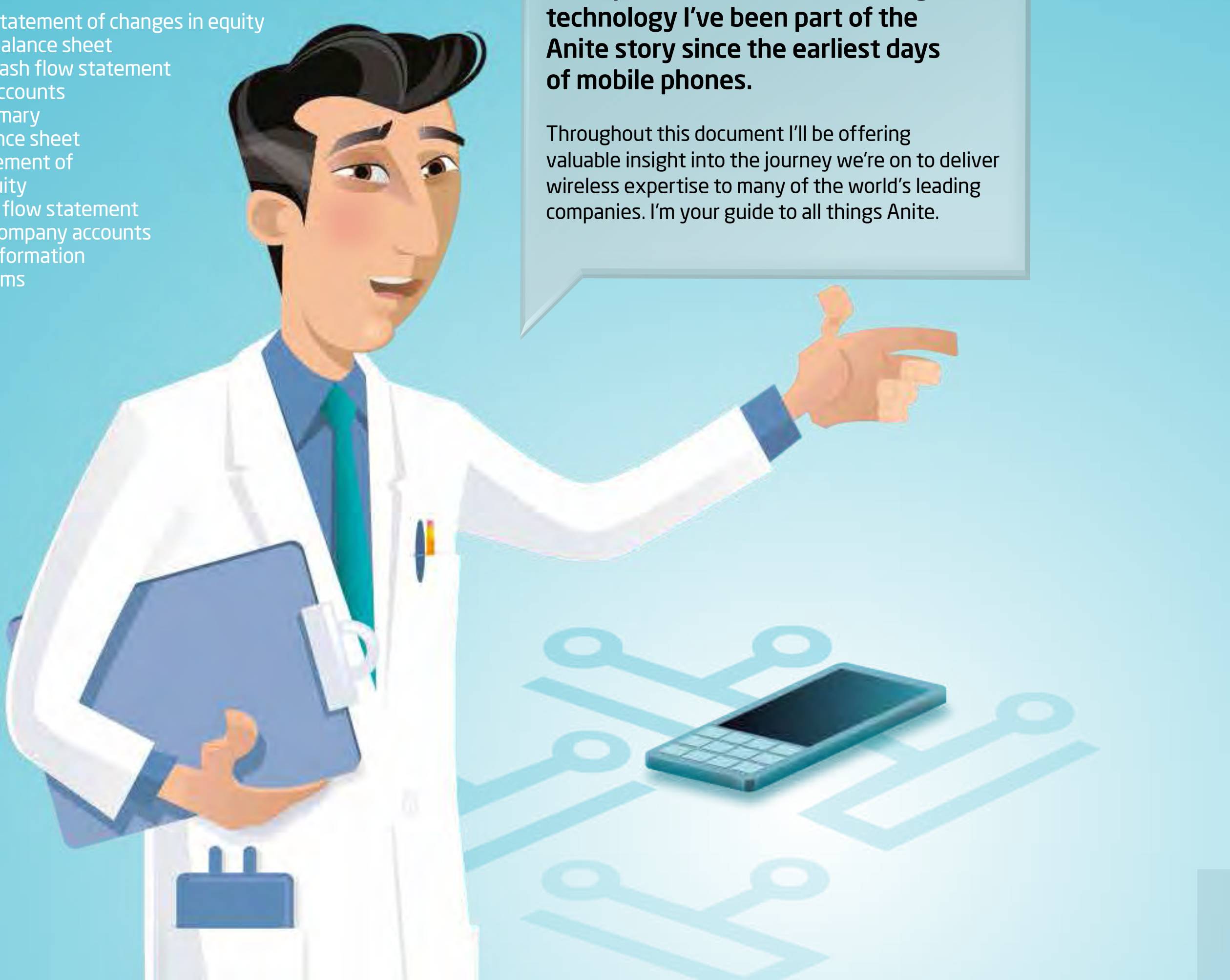
Anite plc provides mobile device, infrastructure and network testing systems – which incorporate hardware and software – to the international wireless market.

Anite works with the major device, chipset and network equipment manufacturers, mobile operators and test houses. We provide device, infrastructure and network testing systems that are based on our specialist sector knowledge and on our proprietary software and hardware products.

Our 400+ staff work from our headquarters in the UK and from offices in 14 countries across Europe, the Americas, Asia and the Middle East.

As a specialist in wireless testing technology I've been part of the Anite story since the earliest days of mobile phones.

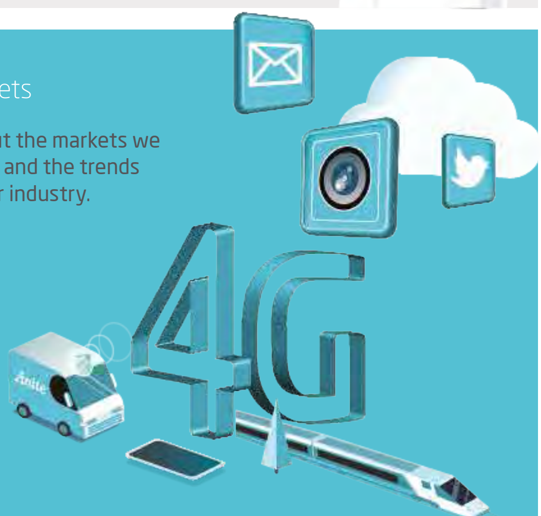
Throughout this document I'll be offering valuable insight into the journey we're on to deliver wireless expertise to many of the world's leading companies. I'm your guide to all things Anite.



What's inside?

Read a summary of last year's performance and understand Anite's strategy in the future.

Read about the markets we operate in and the trends driving our industry.



Read about the operational progress of our two businesses; Handset Testing and Network Testing.

This section includes details of Anite's financial results, Balance Sheet and cash position.

This section explains how Anite has complied with the Corporate Governance Code and details the work carried out by the Board and each of its Committees.

Chairman's welcome

I am pleased to report that Anite had a strong finish to the financial year, after a challenging first half. We also achieved a significant milestone with the successful disposal of our Travel business in May 2014 which enables us to focus solely on the wireless mobile market.

The underlying market drivers remain undiminished and we have two well-positioned, complementary businesses and a strong balance sheet, which we intend to capitalise on to enhance shareholder value. We believe that Anite is entering an exciting new phase in its development, and is well placed to take advantage of growth opportunities.

The Board is pleased to recommend a final dividend of 1.265p per share, which is unchanged on the prior year. This will result in a total dividend for the year of 1.84p per share, also unchanged on the prior year. The maintained dividend reflects the Board's confidence in Anite's future prospects and its strong balance sheet.

The Board's intention is to maintain a progressive dividend policy, broadly in line with underlying earnings growth, and to retain strong dividend cover. The Board continues to balance the need to maintain the financial flexibility that enables a high level of investment in the business and provides funds to make selective acquisitions, whilst delivering attractive shareholder returns.

Clay Brendish CBE
Non-Executive Chairman

2014 Highlights

Financial highlights (adjusted)[1]

- Revenue £109.2m (2013: £113.1m)
- EBITDA £24.0m (2013: £35.5m)
- Operating profit £15.3m (2013: £29.7m)
- Operating margin of 14% (2013: 26%)
- Profit before tax £14.9m (2013: £29.5m)
- Diluted adjusted earnings per share 3.9p (2013: 7.1p)
- Closing order book up 14% to £30.9m (2013: £26.9m)
- Strong operational cash conversion
- Net cash of £6.1m (April 2013: net debt £0.9m)

Statutory results

- Revenue from continuing operations £109.2m (2013: £113.1m)
- Profit from continuing operations £7.8m (2013: £15.6m)
- Profit from discontinued operations £4.5m (2013: £3.7m)
- Profit for the year £12.3m (2013: £19.3m)
- Basic statutory earnings per share from continuing operations 2.7p (2013: 5.5p)
- Diluted earnings per share from continuing operations 2.6p (2013: 5.1p)

Dividend maintained

- Proposed final dividend 1.265p (2013: 1.265p) – total dividend 1.84p (2013: 1.84p)

Operating highlights[1]

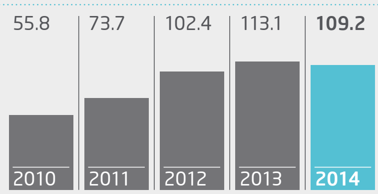
- Results in line with expectations
- Handset Testing – progressive improvement in second half
- Network Testing – strong performance throughout year
- Maintained strong R&D investment £20.8m (2013: £18.9m)
- Travel disposal 29 May 2014 for total consideration £45m
  - £43.3m cash received on completion
  - Travel revenue £20.5m (2013: £19.4m); operating profit (before share-based payment charge) £5.5m (2013: £4.8m)

1 Adjusted results are for continuing operations (excluding Anite Travel) before share-based payments, amortisation of acquired intangible assets and restructuring costs.

Continuing operations

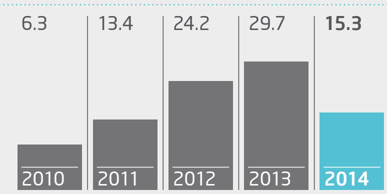
Revenue £m

£109.2m



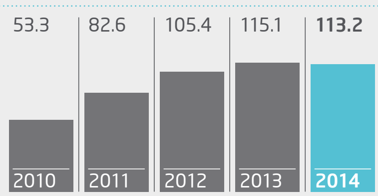
Adjusted operating profit £m

£15.3m



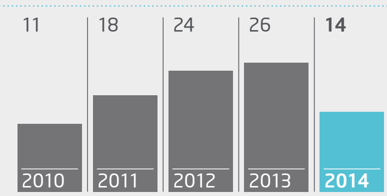
Order intake £m

£113.2m



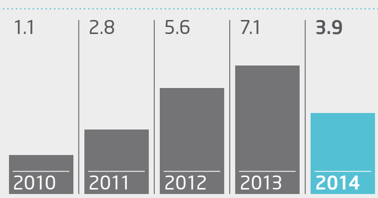
Operating margin %

14%



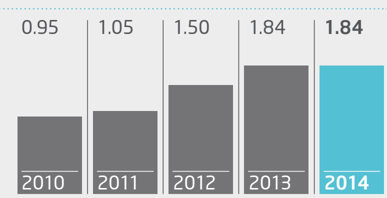
Diluted adjusted earnings per share pence

3.9p



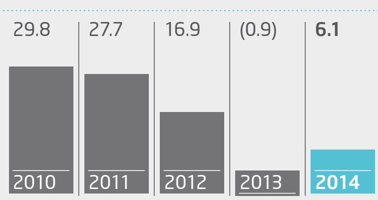
Total dividend pence

1.84p



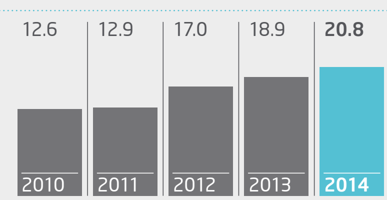
Net cash/(debt) £m

£6.1m



Research and development £m

£20.8m



Handset Testing

- Revenue down 11% to £77.3m (2013: £87.0m); adjusted operating profit down 59% to £10.8m (2013: £26.3m)
- Order intake down 8% to £81.3m (2013: £88.9m); closing order book up 15% to £30.8m (2013: £26.8m)

Network Testing

- Revenue up 22% to £31.9m (2013: £26.1m) and adjusted operating profit up 7% to £6.0m (2013: £5.6m)
- Order intake up 21% to £31.9m (2013: £26.2m)

Chief Executive's review

We are pleased to report that Anite had a strong finish to the financial year despite the challenging first half market conditions in the Handset Testing business. Second half trading improved progressively in Handset Testing with a good performance throughout the year by Network Testing.

The sale in May 2014 of our Travel business was in line with our stated strategy to reinforce our position as a global leader in wireless test solutions and has resulted in Anite now being focused as a pure-play wireless company.

We continue to believe that the underlying drivers for the business, namely the evolution to more complex mobile technology, the demand for faster, multi-generational smart devices and the growth in mobile data traffic, remain undiminished. In addition, new technology is enabling operators to collect, report and analyse more customer experience and network performance data from multiple sources which can then be fed back into network improvements to optimise the customer's experience. These drivers increase the level and quantity of testing that needs to be undertaken by our customers to ensure the quality of new devices and mobile networks.

Christopher Humphrey
Chief Executive

Strategy

Our strategy is to reinforce Anite's position as a global leader in wireless test solutions.

The Board believes that both Handset Testing and Network Testing operate in long-term growth markets, which have high barriers to entry and relatively few major competitors. This enables good profit margins and return on investments to be generated. As a focused wireless business with a strengthened balance sheet, we will be better able to take advantage of the growth opportunities in the wireless market through sustained investment in our products to maintain market leadership.

As our customers demand a broader range of more sophisticated wireless testing products to help them develop more complex devices and networks, we will use our considerable domain knowledge and technological expertise to grow our customer base. We will achieve this by investing in new and existing products, executing on our technology roadmap and expanding into adjacent market areas that we believe have good growth potential. Growth will also continue to come from the lengthy and cumulative product and technology life cycles driven by the ongoing evolution of the wireless mobile market.

The Board anticipates that the majority of our growth will be driven organically and supplemented by modest product, technology or intellectual property acquisitions to bolster our positions in current markets and to expand our potential opportunities in adjacent markets.

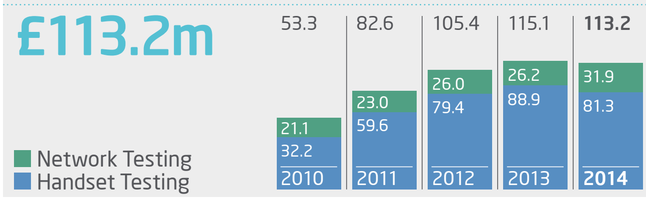
Acquisition opportunities are available in both of our businesses, principally in new and evolving technology and growth areas that are closely related to current expertise and where we can exploit our global sales and marketing capability. In a rapidly changing industry such as wireless mobile, there are many acquisition opportunities presented to us, most of which are relatively small. Timing is difficult to predict and we are highly selective in what we target. Underlying our acquisition strategy is a commitment that each potential acquisition target meets our strict financial criteria. Anite has a good recent track record of identifying, negotiating, completing and integrating acquisitions.

Results summary

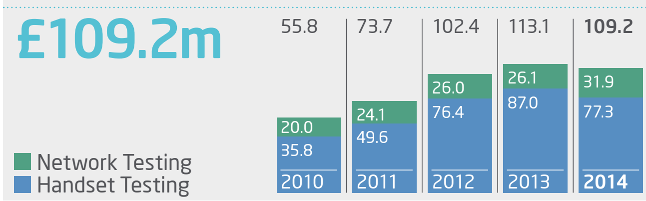
Anite had a disappointing first half, notably in our Handset Testing business where market growth was interrupted and we, along with other vendors, experienced a reduction in revenue. This was primarily caused by a lack of revenue generating catalysts due to two factors, firstly a well-documented consolidation in our customer base due to merger and acquisition activity and secondly, a notable lack of specific technology drivers which tend to drive orders and revenue. There was also an expected decline in 2G/3G business.

During the second half, there was progressive improvement in Handset Testing as a number of these technology and customer-related revenue catalysts were triggered and started to benefit the business. Additionally, the Propsim Channel Emulator product line, acquired in January 2013, has been fully integrated into the Handset Testing business and performed well, delivering positive revenue and profit contribution in the year. The impact of lower revenue was compounded by the fixed costs that came with the Propsim acquisition. This resulted in a significant reduction in Handset Testing profitability in the year.

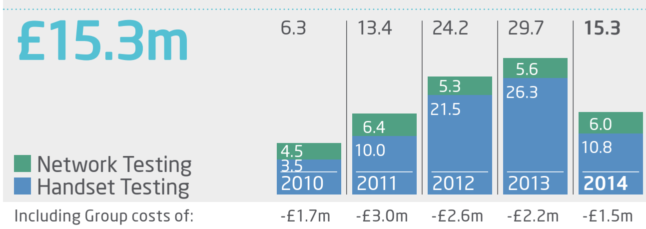
Order intake by business £m



Revenue by business £m



Adjusted operating profit by business £m



Network Testing performed well throughout the year and achieved its full year expectations. Management changes earlier in the year have strengthened its team. Growth was driven by strong market demand for LTE 4G products and new products such as customer experience monitoring solutions and scanners, particularly in Asia Pacific and Caribbean Latin America. This was supplemented by the acquisition of Genetel, our previous French distributor, made in July 2013, which performed well following a successful integration.

Throughout the year we continued to invest in R&D in both businesses to ensure that we remain well placed to achieve our strategic goals. Total R&D spending was £20.8m (2013: £18.9m), representing 19% of revenue. We are confident the investment in providing the products our customers need, will deliver organic growth in future years.

Group adjusted operating profit from continuing operations was down 48% to £15.3m (2013: £29.7m), on revenue down 3%, to £109.2m (2013: £113.1m). Diluted adjusted earnings per share were down 45%, to 3.9p (2013: 7.1p).

Disposal of Travel

In May 2014 Anite sold its Travel business to LDC, the leading UK mid-market private equity house, and Travel's management for a total cash consideration of £45.0m. The consideration is subject to customary completion adjustments and £1.7m was held in escrow at completion. In this report Travel is treated as a discontinued operation and its net assets and liabilities are shown as held for sale in the balance sheet at 30 April 2014.

The disposal reflects Anite's strategy to focus on the wireless market, the inflection point reached in the performance of Travel and the prospects for the underlying leisure travel industry. A good level of interest and indicative prices were received from a number of potential buyers prior to proceeding with the disposal to LDC. The ultimate disposal price was considered to be a fair reflection of the value of Travel taking into account its prospects and market position.

In summary, the disposal enables Anite to focus on growth opportunities in the wireless mobile market, whilst continuing to concentrate on maximising long-term shareholder value.

Financial summary

Robust cash generation enabled Anite to maintain a strong financial position at the year-end with net cash of £6.1m (2013: net debt £0.9m). The net cash position has significantly increased since the year-end following receipt of the proceeds from the Travel disposal.

It is the Board's intention that Anite should maintain a strong financial position to provide financial flexibility. It will achieve this through a combination of optimising cash management, while retaining access to appropriate bank facilities to fund selective acquisitions.

People

We are grateful to the management and staff across the Group for their hard work and ongoing commitment. The Board acknowledges that Anite's success is testament to both the quality of our solutions and the skills and exceptional industry expertise of our people.

Summary and outlook

Over the last ten years, Anite has progressively sold non-core assets and reinvested the proceeds in its wireless businesses. This will be the first year when management can focus solely on the wireless mobile market. We have two well-positioned, complementary businesses and a strong balance sheet, which we intend to capitalise on to enhance shareholder value. We believe that Anite is entering an exciting new phase in its development, and is well placed to take advantage of growth opportunities.

The technology and customer-related revenue catalysts that we saw benefit the second half of the year have sustained our confidence in the underlying drivers supporting our longer-term growth aspirations for both businesses. These trends have continued in the first two months of the new financial year with trading ahead of the same period last year.

As we saw last year however, markets can be unpredictable in the short term, with continued industry consolidation and ebbs and flows in the pace of technology developments that drive purchasing in Handset Testing in particular. Handset Testing also retains a trading bias to its second and fourth quarters, whilst both businesses by their nature have short order books. This is why we remain conservative with our short-term guidance, which is towards the lower end of a wide range of current market expectations at this early stage of the year.

Overall, we expect the coming financial year to be one of recovery with Group revenue percentage growth in high single digits and similar growth rates expected from both businesses. With continued focus on cost control and the benefit of operational gearing, we expect a significant rebound in profitability in the coming year.

Christopher Humphrey
Chief Executive
1 July 2014

Our company

Anite comprises two businesses: Handset Testing and Network Testing

Handset Testing

Anite's specialist wireless test systems enable manufacturers to design efficient chipsets, mobile devices and network equipment and to bring them to market quickly and cost-effectively.

As technology continues to advance and the functionality of mobile devices becomes increasingly complex, development and testing are ever more critical. Our laboratory-based test systems enable manufacturers to verify their products against industry standards and enable network operators to meet their end customers' expectations by ensuring that devices perform efficiently in real-life situations.

Network Testing

Anite's technology enables mobile network operators and manufacturers to test and optimise their networks' efficiency and effectiveness.

Mobile networks constantly evolve and require equally constant optimisation and fine-tuning. In this competitive market our technology enables operators to carry out live network testing with different makes of mobile devices. Our range of Nemo-branded tools enables them to collect and analyse data on network coverage and performance, and to check that networks are working as planned to ensure the best possible customer experience.


We are a specialist wireless testing company focused on developing the software and hardware which will help deliver the mobile technologies of the future.

Our company

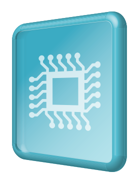
Our markets

The world has "gone mobile". Emerging markets, particularly in Asia, are the principal drivers of the growth in subscribers and it is forecast that, by the end of 2014, the number of mobile subscriptions will be equal to the world's population.

Our customers

Device manufacturers

Anite enables major mobile device manufacturers to develop and launch quality products. Our test and measurement technology comprises software, hardware and test scripts to help manufacturers to bring devices to market quickly and at lower cost.



Chipset manufacturers

Anite works in partnership with industry leaders. Our test solutions enable them to build quality products – and to make significant reductions in time-to-market, deployment and integration costs – by detecting and resolving bugs early in development cycles.

Mobile network operators

Our Nemo-branded products enable mobile network operators to measure, monitor and optimise their networks to provide a consistent level of service and quality of experience to their customers. Our Handset Testing systems provide the technology for mobile network operators to evaluate devices before accepting them on their networks.

Network equipment manufacturers

Anite's Propsim-branded radio channel emulators enable network equipment manufacturers to optimise their products' performance by simulating the characteristics of real-world conditions in a laboratory. Our Nemo-branded products enable them to validate the latest wireless networks in the field to ensure quality performance throughout a network's life cycle.

Independent test companies

Anite's device testing solutions help major international test companies win new business and increase revenue. Mobile network service contractors use our Nemo testing tools to assess the performance and competitiveness of the networks of leading mobile network operators.

Industry trends

A country's mobile infrastructure fuels and supports growth in the wider economy and is now as vital as its energy grid or transport network. It needs a high level of continued investment to ensure that additional capacity and capability can be built to meet growing consumer demand and technical innovation and to find new ways of connecting people and industries – including automotive, utilities, health and education – and new ways of managing financial transactions.

Growth in mobile data traffic continues. Driven by the proliferation of smartphones and tablets, it has been made possible by the evolution of technology from lower- to higher-generation network connectivity (2G to 3G, 3.5G and LTE 4G). Devices' increased capabilities, combined with faster, higher bandwidth and more intelligent networks, lead to ever more data traffic. A single smartphone that is used to download videos, data and audio can, for example, generate as much data traffic as 49 basic feature phones and a tablet can generate as much as 127 – and many people in the developed world now own both. Mobile data traffic, driven by mobile video – which is expected to grow a further 11-fold by 2018 – will put more stress on the networks. While mobile network connection speeds more than doubled in 2013, consumers are demanding ever faster download speeds while still expecting good quality service at all times.[1]

LTE 4G technology will go some way towards meeting the demand: service providers around the world are busy rolling out LTE 4G networks to help meet the need for more bandwidth, higher security and faster mobile connectivity. New LTE 4G features such as Voice over LTE ("VoLTE") and Carrier Aggregation are gaining ground. Although only around 245m of the world's nearly 7bn mobile phone users currently subscribe to LTE 4G, it already carries around 30% of all mobile data traffic. In 2013, an LTE 4G connection consumed an average of 14.5 times more data than a non-4G connection.[1,2]

Maintaining the quality of experience for the consumer has become a key differentiator for operators. To succeed in today's market, it is vital to ensure that complex mobile networks and devices operate effectively and work intelligently. Devices need to support multi-technology networks (2G, 3G, LTE 4G, LTE-Advanced), be able to select the best mode of access to the network and support more than 40 frequency bands.

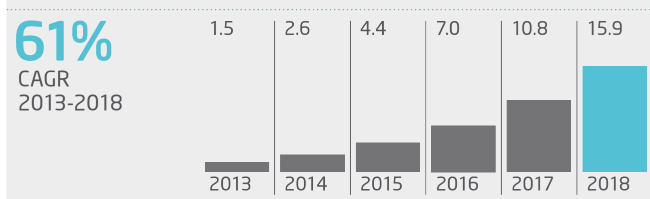
Devices are at the centre of this complexity and are critical to operators' success. They need to be well tested, not simply to check that they work, but also to check how well they work on specific networks so that they provide a seamless user experience. More tools are required to test and bring devices to market quickly. Assuring their interoperability and performance before accepting them on a network enables operators to verify service quality and reduces customer churn. Network quality and coverage also need to be constantly measured, monitored and optimised.

1 Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013-2018.
2 GSA Evolution to LTE Report, June 2014.

Plans for further growth are in place. While the next iteration of LTE, LTE-Advanced ("LTE-A"), will be able to squeeze even more capacity out of existing radio spectrum, it will not support future growth indefinitely. As a result, the foundations are now being laid for 5G, the next generation mobile and wireless communications system; 5G will address the predicted huge surge in mobile data consumption where data will become available anywhere and anytime, to anyone and anything.

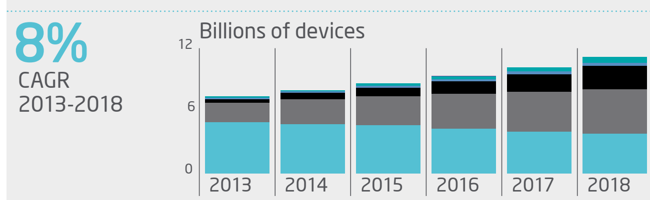
In the race for differentiation, device manufacturers – including operating system developers – are driving innovation by making devices faster, lighter and more intuitive. Supported by a vast and growing eco-system, operators, network infrastructure vendors and content providers are all responding to demands to develop their technology into areas beyond pure mobile telecommunications. Connected living, "wearable devices" and the "Internet of Things" are all realities – wireless connections between objects, machines or sensors control machine-to-machine technologies at home, in the community and across a broad range of industries. In time, this will also create more opportunities for testing.

Global mobile data traffic, 2013 to 2018 Exabytes per month



Source: Cisco VNI Mobile, 2014.

Growth in global mobile devices and connections

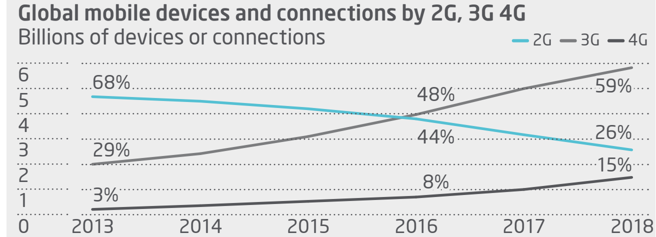


Source: Cisco VNI Mobile, 2014.

Non-smartphones (66.4%, 33.9%)
Smartphones (24.9%, 38.5%)
M2M (4.9%, 19.7%)
Laptops (2.1%, 2.6%)
Tablets (1.3%, 5.0%)
Other (0.3%, 0.3%)

Figures in parentheses refer to device or connections share in 2013, 2018.

Global mobile devices and connections by 2G, 3G 4G
Billions of devices or connections



Source: Cisco VNI Mobile, 2014.

Our company

Handset Testing

Anite's Handset Testing business has been a market leader for 20 years.

Our systems simulate network functionality and real-world radio conditions. They are used by chipset, device and network equipment manufacturers, and mobile network operators to reduce costs and time-to-market by testing and improving products throughout the development process.

Solutions

Development testing ("DT")

Anite's Development Toolset is focused on new technology and features. Highly collaborative, it enables customers to test all phases of wireless device development: from early protocol module development, to systems integration and verification.

Interoperability testing ("IOT")

Anite's IOT solution, SAS, is a network simulator that enables customers to evaluate devices quickly in the integration, interoperability and carrier acceptance testing phases.

Conformance testing ("CT")

Anite's Conformance Toolset enables customers to test the protocol stack in wireless devices to ensure that they comply with the latest industry standards.

Channel emulation ("CE")

Anite's Propsim radio channel emulators emulate the characteristics of real-world conditions in a laboratory environment. They enable customers to performance test devices and also enable network equipment, such as base stations, to be developed and tested.

Developing new wireless equipment, mobile devices and networks is a complex process. Our purpose-designed test solutions are an essential element in verifying new products: they enable them to be tested in a controlled and repeatable way in a laboratory environment.

Our solutions are also able to replicate consumers' everyday experience by emulating the necessary radio channel conditions to test the performance of device and network equipment. Each new technology also has to be tested for compatibility with previous generations so that devices are able to function on international networks.

Our technology tests the entire range of devices, from second generation (2G) to fourth generation (LTE 4G and LTE-A). Due to the need for new mobile devices to contain legacy, as well as new-generation, technology, to compete effectively, new entrants to the test market would need to provide a comprehensive range of test cases for 2G, 3G and 4G – this provides us with a significant level of commercial protection.

The CT market, which is driven by changes in technology and standards, is regulated by certification schemes that are administered by industry forums, including the Global Certification Forum ("GCF"). GCF, a partnership of mobile network operators, mobile device manufacturers and the test industry, has created an independent programme to help ensure worldwide interoperability between mobile devices and networks.

IOT differs substantially from CT in that it is driven and endorsed by the larger network operators. In theory, mobile networks exist in a standard form, but in reality the combination of different manufacturers, devices, radio technologies and network configurations creates inconsistencies. IOT helps operators iron out the problems such inconsistencies cause. Today's mobile device users expect consistently superior performance and, since it is significantly cheaper to retain existing subscribers than it is to win new ones, IOT is an effective means of increasing users' loyalty by improving their experience.

Network operators see IOT as a major differentiator. It enables them to improve devices' quality and performance on their networks by designing a series of tests around an individual network's settings and deployment plans. Rigorous testing in the integration, interoperability and carrier acceptance phases enables mobile operators and device manufacturers to ensure that devices work as intended on networks.

Laboratory testing of devices' interoperability is more cost-effective, controllable and repeatable compared to the alternative of testing devices in the field. It enables operators to launch new products in a much shorter timescale and to ensure that they meet end-customers' quality expectations in everyday situations, leading to greater levels of customer retention. Laboratory-based IOT, which can be carried out at an early development stage, enables manufacturers to save costs by testing their devices against real network conditions as early as possible (it is more expensive to fix bugs later in products' life cycles). Network operators can perform IOT testing in-house or through a managed supply chain (a carrier acceptance scheme). The fact that we are supporting an increasing number of carrier acceptance schemes is evidence that larger operators are taking much greater control of their supply chains by making quality assurance the responsibility of device manufacturers. Our IOT solution benefits manufacturers by including carrier acceptance test scripts that are customised to specific network configurations.

Performance testing is driven by the evolution of LTE 4G technology as well as by the complexity of new wireless equipment. It plays a significant role in operators' device acceptance programmes by measuring and optimising parameters, such as data throughput, impact of signalling, audio quality and radio performance.

Our company

Handset Testing
continued

Our laboratory-based Propsim products, which simulate the characteristics of real-world radio signals, are ideal for testing performance with network infrastructure components. They are also used in situations, such as Multiple-Input-Multiple-Output Over-The-Air ("MIMO OTA") testing, that require a more specialised channel emulation capability.

Chipset and device manufacturers use performance testing to ensure that their products meet the requirements of the device certification schemes administered by industry groups, such as GCF and PTCRB (using CT), as well as those set by mobile operators (using SAS – Anite's interoperability test solution). Mobile operators use SAS and Propsim channel emulators to verify the quality of service end users expect from new LTE mobile devices.

We will continue to develop our industry leading performance test solutions to help the wireless mobile industry deliver high quality and consistent service as it continues to deploy LTE and LTE-A and to introduce new technologies.

Growth strategy

As the wireless mobile market continues to grow, more tools are required to test and bring quality devices to market quickly. To enable our customers to exploit developments in technology and to expand our markets, we will continue to increase our range of products and to develop our proprietary hardware platform.

Since the launch of the Anite 9000 platform, our development team has spent some of their time adapting legacy technology onto that platform, as well as keeping up with the significant pace of change required by the enhancements to LTE 4G technology brought about by LTE-A, Carrier Aggregation and VoLTE. Much of this legacy work is now complete, enabling more resource to concentrate on additional innovation.

We will maintain our technology leadership in CT and will continue to work in partnership with industry-leading customers to enable them to build new quality products using our DT solutions. We expect demand for IOT to continue to increase and will expand the number of new worldwide IOT eco-systems by anticipating and responding to operators' needs. Our Propsim channel emulation solutions will enable us to increase our presence in the performance testing market.

We will continue to expand into adjacent markets, as appropriate, to meet our customers' demands. We are planning for generations of technology beyond LTE 4G and LTE-A and will also continue to support our products that deal with legacy technologies.

Business model

We make money in our Handset Testing business by employing highly specialised engineers (employees and short-term contractors) to develop our systems. We invest heavily in R&D and often collaborate with customers as we both seek to resolve the challenges presented by new technologies.

Our products are built around a core hardware and software platform, on which we load a software application. For certain applications, customers buy additional test scripts – which run exclusively on our systems – that enable them to test their devices for conformance and interoperability.

We sell our products worldwide in markets that we have identified as offering significant growth opportunities. The majority of our sales come through a directly employed sales force, others through selected sales channel partners in appropriate areas. Customers most commonly buy the initial hardware and software with perpetual licences and, in addition, buy annual maintenance and support contracts, that entitle them to upgrade to new software releases as the underlying wireless standards evolve. Customers typically expand the configuration of existing systems as technology evolves and their capacity requirements change. They often operate systems, and pay for support, for as long as ten years, and typically buy more software as they continue to use our systems.

Our systems not only have a long lifespan, they are also easy to use. As mobile technology advances they can be used in conjunction with newer technology.

The handset testing market is highly specialised and fast moving. We believe that our employees' knowledge, experience and commitment differentiate us and have kept us at the leading edge for over two decades. We are committed to maintaining our global leadership, actively applying our experience to identify future industry trends, then applying our expertise to help our customers get there first.

Anite-led METIS task group defines the world's first 5G channel models

Anite has recently announced its involvement in two research projects to accelerate 5G technology development and testing with the aim of commercialising 5G in the early 2020s. 5G, the next generation mobile and wireless communications system, will address the huge surge which is forecast in mobile data consumption and the advanced capabilities of mobile wireless devices.

5G will be designed for a wide range of services and types of wireless mobile connectivity including HD video, online games and virtual and augmented reality. Other types of applications can be found in industries utilising sensors and Machine-to-Machine ("M2M") connections such as Smart Grid, Car-to-Car, emergency communication, ebanking and ehealth.

5G will offer data rates up to ten times higher than those currently available in 4G. Industrial M2M applications as well as consumer communications will demand very low latency and provide ten times the battery life for low-powered devices. 5G is therefore expected to operate in a much wider range of frequencies and use multiple antenna configurations, where both the base station and the device are equipped with multiple antennas.

Many industry players emphasise the importance of defining a channel model early in the development phase. 5G has extremely challenging technical requirements which means that testing the radio channel is even more important compared to previous cellular technologies. 5G will adapt to various radio channel conditions in a more efficient way, utilising all dimensions of the radio channel such as delay, frequency, time, location, elevation and polarisation.

The Anite-led task group within the METIS[1] project has published the world's first channel models for 5G, an essential step towards further development of candidate 5G technologies. Co-funded by the European Commission, METIS is a consortium of 29 key wireless industry players and the first international and large-scale research activity on 5G.

"The interim 5G channel models defined under Anite's leadership have wide industry acceptance and will help to meet the requirements of higher data volume and develop a system concept for 5G," said Olav Queseth, Senior Researcher at Ericsson and Project Coordinator at METIS.

Anite also participates in Project Virtuoso (virtualised environment for communication system development and optimisation) – initiated by Intel – to develop "virtualised" testing environments in order to accelerate 4G and 5G technology development and testing.

Within this project, Anite aims to enhance one of its performance testing solutions – Virtual Drive Testing ("VDT") – to utilise data measured in the field to "virtually" recreate the field test environment in a laboratory. This enables quick, realistic and repeatable benchmarking of devices or base stations in addition to simplifying the debugging of errors found in the field.

"Anite has a deep understanding of the radio channel environment and how it can be realistically simulated in the laboratory. We have been working with Anite for many years to develop cost-efficient testing methods and this new project will enable us to accelerate our verification processes, reducing time-to-market for our modem products."

Thomas P. Horvath, Division Vice President of Modem Development at Intel Mobile Communications

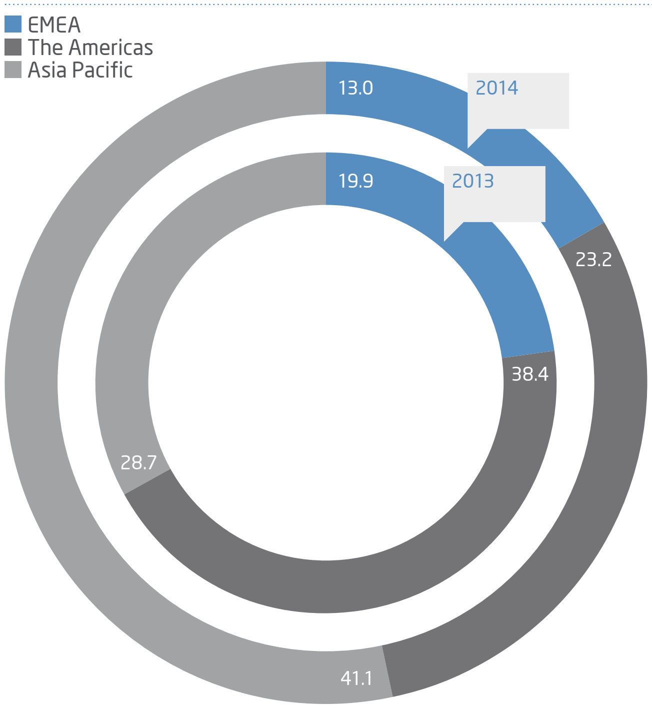
1 METIS (Mobile and wireless communications Enablers for Twenty-twenty (2020) Information Society) is an Integrated Project under the Seventh Framework Programme for research and development ("FP7").

Our company

Handset Testing
Review of operations

Progressive improvement in second half after disappointing start to year.

Revenue by destination £m



Total 2014

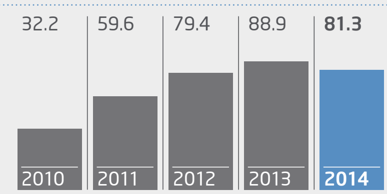
£77.3m

Total 2013

£87.0m

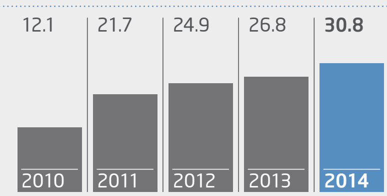
Order intake £m

£81.3m



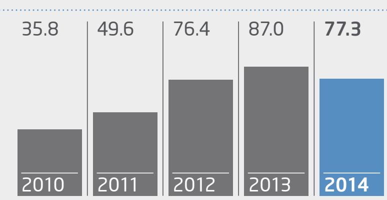
Closing order book £m

£30.8m



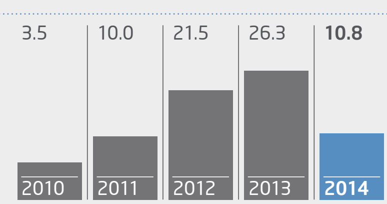
Revenue £m

£77.3m



Adjusted operating profit £m

£10.8m



Performance

The adjusted results for the Handset Testing business reflect the market conditions in the first half and a progressively improving second half. Order intake fell 9%, to £81.3m (2013: £88.9m), revenue by 11% to £77.3m (2013: £87.0m) and adjusted operating profit reduced by 59%, to £10.8m (2013: £26.3m) as the impact of reduced revenue was compounded by lower margins, a £1.5m bad debt in China and a higher fixed cost base following the acquisition of the Propsim Channel Emulator product line in January 2013. The closing order book increased 15%, from £26.8m at the start of the year to £30.8m at 30 April 2014, due to the signing of a number of multi-year maintenance deals.

Year-on-year comparison is impacted because of the full year impact of the acquisition of Propsim. Propsim performed well in the year, generating revenue of £10.1m (2013: £2.7m for the three months post acquisition) and adjusted operating profit of £1.8m (2013: £0.5m post acquisition). Adjusting for this, and for minimal foreign exchange translation impacts, the underlying organic reduction in revenue and adjusted operating profit for the Handset Testing business was 20% and 65% respectively.

A number of factors influenced the organic reduction in revenue of the business, particularly in the first half of the year. Initially the year started slowly, partly because there was a lack of technology catalysts in the first half of the year that typically drive customer buying decisions. Additionally the first half of the year was adversely impacted by significant corporate activity that disrupted the investment plans of a number of industry participants, with actions such as Microsoft buying Nokia, Broadcom buying assets from Renesas and the well documented challenges experienced by Blackberry. These impacts resulted in revenue in the first half that were organically down 33%. The second half of the year has seen a progressive recovery, driven by a resumption of certain technological and customer catalysts. Of specific note has been spending by customers on TD-LTE solutions, in large part to support their investments in products for China Mobile following its receipt, in December 2013, of licences to operate LTE 4G networks.

Adjusting for the full year effect of channel emulators, the split of revenue by product was largely unchanged year-on-year, with conformance testing retaining the largest share. Further analysis of the technology drivers behind buying decisions is harder than in the past, as early in the year we launched a multiple technology platform that combined LTE 4G and 3G. However it is clear that a significant part of the reduction in revenue has come because spending on new platforms for legacy 2G and 3G technologies has significantly decreased, as we expected it would, following on from the growing momentum with LTE 4G.

The factors described above affected the regional revenue split. Revenue in Asia Pacific increased 43% to £41.1m (2013: £28.7m), making it our largest region. EMEA revenue fell 35%, to £13.0m (2013: £19.9m) while revenue for the Americas decreased 40% to £23.2m (2013: £38.4m) following the exceptional performance in the prior year.

Handset Testing's net revenue margin (revenue, less third-party hardware costs as a percentage of revenue) decreased in the year, as predicted, to 75% (2013: 77%). Some pricing pressure was inevitably experienced, given the challenging market conditions. This was partially offset by an increase in the proportion of revenue from maintenance services which went from 27% to 35% across the year.

Despite the challenging market conditions, we have continued to invest in research and development to ensure the product portfolio remains at the forefront of the industry. The cash spent on R&D projects increased to £15.7m (2013: £14.8m), with the increase due to the full year effect of Propsim partially offset by slightly lower staff costs elsewhere. The amount incurred this year on capitalised R&D fell, following the significant level of investment in previous years writing LTE 4G CT and IOT scripts. As a result, net capitalisation of R&D costs was £0.4m (2013: £1.0m). After adjusting for net capitalisation, the income statement charge for R&D increased in the period to £15.3m (2013: £13.8m).

The key R&D focus has been LTE-Advanced enhancements to all the main product lines. Additional enhancements to the Anite 9000 hardware platform have included extensions to 3G, fading and new generation tools to further enhance the customer experience. The emphasis for DT has remained on supporting development of leading edge new features in chipsets, whilst the primary focus in CT and IOT has been the creation of new test cases for LTE-A (in particular carrier aggregation), for VoLTE and for performance tests such as data throughput and battery performance. The CE product has been developed to prepare for the MIMO OTA standards announcement and investment has increased the software content of channel emulation solutions. These innovations will enhance revenue in the current year. Additionally looking out to the longer-term, work has included commencing initial 5G research activities including involvement as the sole test and measurement partner in the EU funded METIS research consortium, although it is likely to be some years before this generates significant revenue.

Other fixed costs in Handset Testing increased by £4.5m to £31.6m (2013: £27.1m), with the Propsim full year effect representing around £2.9m of the increase. The rest was essentially due to a £1.5m bad debt incurred in Asia Pacific in the second half of the year following an apparent fraud at a Chinese distributor. Sensible fixed cost containment was a feature of the year, including a rebalancing of permanent employees and short-term contractors with Handset Testing having 296 employees at the year-end (2013: 288) and 30 contractors (2013: 59), to give a total headcount of 326 (2013: 347).

Overall, as a result of the factors described above, Handset Testing's adjusted operating margin decreased to 14% (2013: 30%).

Prior to the year-end the business undertook a programme to realign costs with ongoing requirements. The cost of that programme was £0.5m and is included within restructuring costs that sit outside of adjusted operating profit. The programme is expected to result in annual savings of £1.0m.

Our company

Network Testing

Our Nemo-branded products enable network operators and equipment manufacturers to measure networks' coverage and quality.

Operators can ensure that subscribers' ability to send and receive telephone calls, SMS messages or data is as unimpaired as possible. By identifying anomalies in the radio network, our systems also enable operators to fix reception problems and to maintain consistent quality.

Solutions

Optimisation

Anite's optimisation solution offers measurement, troubleshooting and maintenance tools for every stage of a network's life cycle, indoors or outside, by collecting radio network performance metrics through walk or drive testing.

Monitoring

Anite's customer experience monitoring solution offers automated tools to monitor network and service quality in real-time. It provides steady streams of high quality customer data – with minimal effort and at minimum cost.

Benchmarking

Anite provides the most complete and flexible set of tools for simultaneous testing of multiple devices. The tools benchmark wireless network coverage and service quality across service providers and generations of technology.

Analysis and reporting

Anite's scalable solution identifies network problems through a combination of high performance analysis of drive test data and advanced root-cause troubleshooting capabilities. It has advanced data visualisation and produces fully customisable reports.

We offer our customers one of the most versatile ranges of network testing products available.

Our tools are designed to meet the needs of customers regardless of their internal processes and means of testing. They provide a wide range of information, from call quality and data download and upload speeds, to signal reliability, the interaction of neighbouring cells, and the efficiency with which devices "hand-off" from one cell to another as they move in a vehicle, on foot or through a building.

Different tools are used for different measurement purposes and roll-out phases. They range from Nemo Handy, a lightweight, handheld device that can be used for testing indoor coverage and for quick troubleshooting, through Nemo Walker Air, a portable tool for indoor benchmarking and multi-technology measurements, to Nemo Invex, a scalable multi-technology network benchmarking and quality survey tool. Nemo Outdoor, a powerful laptop based solution, is used for "drive testing" all phases of the network life cycle (from pilot trials to optimisation and troubleshooting) and has a remote control option to enable unattended measurements in the field leading to operational savings. It is used with our scanner, Nemo FSR1, for troubleshooting, spectrum clearance and initial network trials with new technologies. Our Nemo Customer Experience Monitoring ("CEM") solution is embedded into customers' devices and is used by operators to collect real-time data to improve quality for end-users.

The software embedded in our products enables network operators and their sub-contractors to manage and analyse vast quantities of data, quickly and efficiently. This is done either on our post-processing product Nemo Analyzer or on third-party processing tools.

We sell to over 100 countries and continue to develop our network of local distributors. In addition to their sales function, these partners offer technical help to customers.

Our company

Network Testing
continued

Growth strategy

LTE 4G business is expected to increase as the wireless mobile market continues to grow and more commercial networks are rolled out and enter into the maintenance phase when testing tools will need to be refreshed and upgraded.

We have the most comprehensive LTE 4G product portfolio on the market and will continue to develop next-generation solutions to meet market requirements and to expand our sales channels. We also expect to continue to make progress with our market leading scanner and benchmarking solutions and with our CEM solution. The expected growth in mobile data traffic will drive technological innovations to enable this data to be more intelligently collected, reported and analysed and then fed back into network improvements to optimise Quality of Experience ("QoE").

Network Testing's product development programmes are increasing the range of products to enable our Network Testing customers worldwide to capitalise on changes in technology. We will expand into adjacent markets, as appropriate, to meet our customers' needs.

We will continue to support products that address legacy technologies and are planning for future generations of technology beyond LTE 4G and LTE-A.

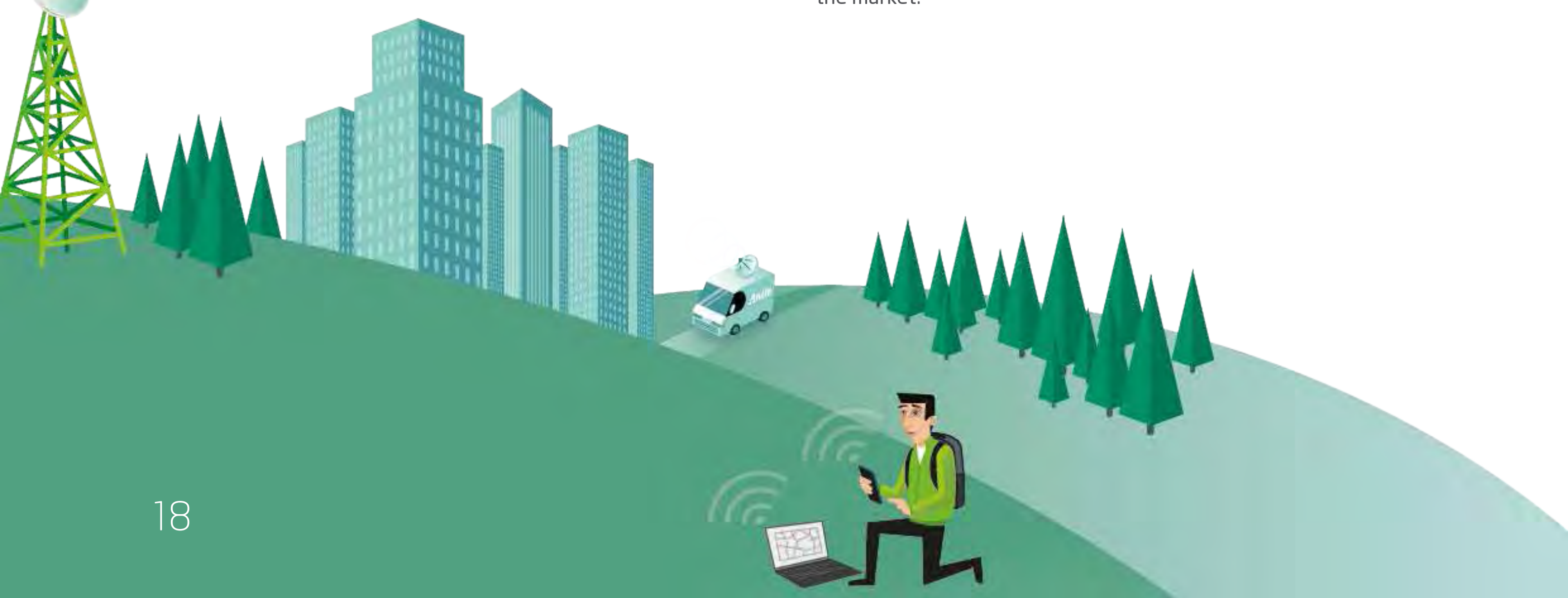
Business model

We make money in our Network Testing business by developing and selling highly specialised software and hardware solutions to mobile network operators and service companies to help them install, monitor and maintain their networks around the world.

We employ a direct sales force in strategically important locations but, given our customers' diverse geographic locations, we also use a network of distributors to sell and support our products. We invest heavily in R&D in order to keep our product portfolio current and to expand into additional growth markets. Our solutions, which are developed by our own radio-technology engineers, are usually incorporated in, and run on, commercially available third-party hardware. They are sold with a perpetual software licence that includes a period of warranty and support (commonly 12 months).

Customers are given the option to extend warranties and annual support and maintenance, but most products have a relatively short life cycle so recurring revenue is not as high as in Handset Testing. Once network operators have made an initial investment in a suite of products to test their networks, however, they generally make follow-on purchases as mobile phone technologies evolve or as their needs expand and it becomes necessary to replace equipment that has been damaged in the harsh environments in which they typically operate.

The network testing market is competitive and we have to work hard to win new customers. We have a unique combination of excellent customer service, the well-respected Nemo brand name and one of the most comprehensive ranges of testing tools available on the market.



Case study: Anite and TeliaSonera

TeliaSonera, the Nordic telecommunications company that has 190m subscribers, more than 26,000 employees and operations in 17 countries, provides mobile and fixed-line services, including TV, in the Nordic and Baltic countries and Eurasia.

After a comprehensive trial to find the best testing solution for the benchmarking and optimisation of its wireless networks, the company chose to use a wide range of Anite's Nemo network testing solutions. Its decision was based on Nemo tools' versatility and ability to provide accurate data which enable TeliaSonera to ensure the best-possible coverage, Quality-of-Service ("QoS") and QoE for its end-users.

The Nemo tools that TeliaSonera currently uses in the Nordic and Baltic areas include Nemo Invex for benchmarking, Nemo Outdoor for drive testing, Nemo Handy for drive and walk testing, and Nemo Analyze for the effective analysis of the data.

Nemo Invex and Nemo Outdoor extract accurate benchmarking and drive test data. Nemo Analyze is used for professional post processing of data gathered from the network. The data is then used to plan and optimise networks and to support decisions on improvements, such as network extensions. A cloud-based service distributes the Nemo Analyze application and licences to users in six countries from a server in Finland.

"We were looking for a flexible, modular tool to gather the data to help us improve performance," explains Mika Toivonen.

"Nemo Outdoor gives us accurate drive test data and Nemo Invex enables us simultaneously to benchmark up to four wireless networks and three services – speech, a 3G user data profile and a 4G user data profile."

Mika Toivonen, Senior Development Manager TeliaSonera RAN and Transmission

"It is vital that TeliaSonera's RF test and measurement equipment is future-proofed. Anite's Nemo solutions enable us to respond to the latest technologies, such as LTE, Cat 4 devices and carrier aggregation, and to measure network performance and QoE, wherever end-users are. They give us a greater understanding of how the service performs – in city centres or the countryside – that enables us to respond to the challenges set by real-life network implementations. For example, measuring network performance in countries where 3G and LTE networks are shared by different operators."

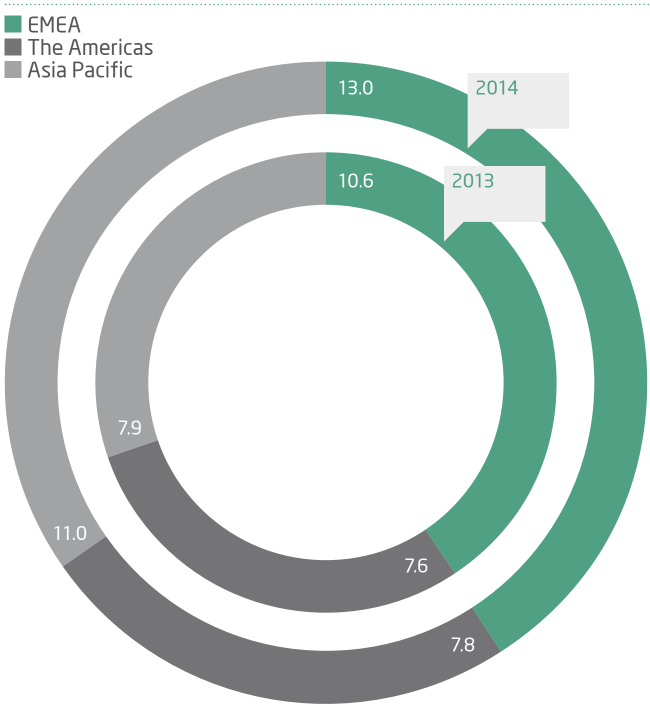
TeliaSonera's global strategy includes a focus on environmental sustainability. "We need modular test and measurement equipment so that we can add testing capacity for existing services or can add new services as required," Toivonen continues. "Nemo Outdoor and Nemo Invex enable us to minimise our carbon footprint by benchmarking three services with four operators, covering existing radio bands, in a single drive."

Our company

Network Testing
Review of operations

Strong performance throughout the year.

Revenue by destination £m



Total 2014

£31.9m

Total 2013

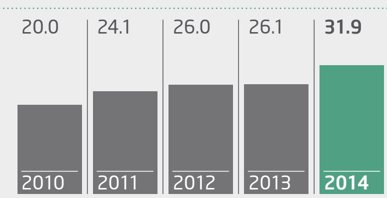
£26.1m

Order intake £m

£31.9m

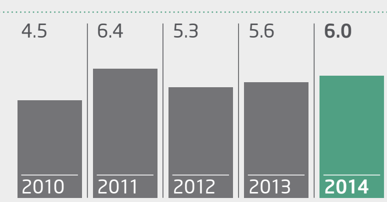
Revenue £m

£31.9m



Adjusted operating profit £m

£6.0m



Performance

Network Testing achieved a 22% increase in revenue to £31.9m (2013: £26.1m) with order intake up 22% at £31.9m (2013: £26.2m). This business has no significant closing order book. Adjusted operating profit increased by 7%, to £6.0m (2013: £5.6m). These results are impacted by the acquisition of the business's former French distributor, Genetel, in July 2013, which contributed £1.9m of incremental revenue and £0.3m of adjusted operating profit. Adjusting for this impact and for small positive foreign exchange translation impacts, the underlying organic revenue growth was 13% with adjusted operating profit decreasing by 1% partly due to one-off costs in the second half of the year.

The business performed well overall, in market conditions that reflected the increased adoption of LTE 4G and hence a willingness on the part of operators to invest tools that support roll-out, commissioning and optimisation. Network Testing's revenue in EMEA increased 23% to £13.0m (2013: £10.6m), mainly because of the Genetel acquisition, whilst in Asia Pacific revenue grew by 39% to £11.0m (2013: £7.9m) due to strong market conditions. In the Americas, revenue was broadly flat at £7.8m (2013: £7.6m).

The underlying revenue growth came in part from the first sales of the new Customer Experience Monitoring ("CEM") product that was launched during the year. It also came from increased sales of scanner products for which there was strong demand, particularly in Asia. This included sales of our Nemo FSR1 scanner product that was purchased in January 2011 with the Invex products and also included sales of third party scanners on which we typically make lower margins. The impact of the lower margins made on third party sales led to net revenue percentage decreasing by 4 percentage points to 68% (2013: 72%).

The year saw significant investment in product development to support the growth with improvements made to all the Network Testing products during the period. R&D costs increased 13% to £4.4m (2013: £3.9m), including £1.0m of capitalised development (2013: £0.4m). The overall product portfolio was extended significantly with a focus on application testing and accurate end-user experience measurements including with the Anite CEM Solution which was introduced in the year whilst the drive test and benchmarking products were developed to support additional popular smartphones, data modems and tablets including specific functionality for devices running the Android operating system to allow our customers to better reflect real consumer use cases at data speeds up to and including LTE 4G categories 4 and 6. The handheld measurement product portfolio was extended with the new Walker Air concept which offers our customers a flexible and cost efficient walk test option, specifically optimised for indoor measurements. Our post-processing toolset was extended with the Nemo Commander solution that introduces an efficient remote control framework for managing Anite network test units, such as Nemo Outdoor, Nemo Invex and Nemo Explorer, in the field. This brings our customers significant cost optimisation opportunities as it allows engineers to monitor and manage multiple drive tests simultaneously from a central location.

Other fixed cost of sales and overheads increased £2.1m to £11.4m (2013: £9.3m). £1.0m of the increase related to overhead acquired with Genetel. Of the balance, £0.4m incurred in the second half were essentially one-off costs, with £0.3m a provision for potential bad debts and £0.1m redundancy costs. Headcount in Network Testing at the year-end was 140, including ten employees taken on as a result of the acquisition of Genetel (30 April 2013: 113).

Overall, after the factors above, adjusted operating margins for the Network Testing business decreased slightly to 19% compared to the 21% achieved in the prior year.

Corporate costs

The divisional performances discussed in the strategic report are stated before unallocated corporate costs which include an element of head office staff costs, Directors' remuneration, professional fees and other non-operational costs. During the year, unallocated corporate costs decreased by £0.7m to £1.5m (2013: £2.2m), largely because of lower bonus provisions and reduced property costs.

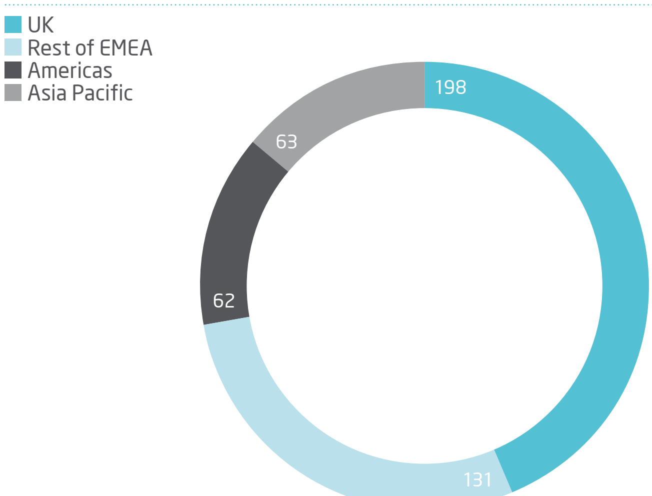
Christopher Humphrey
Chief Executive
1 July 2014

Our company

Our people

The specialist knowledge, experience and commitment of our employees are vital to keeping our business at the leading edge of the wireless industry. Anite strives to create a working environment which encourages people to be individuals and develop their full potential within a framework of shared values and goals.

Total headcount by region



Total 2014

454

Employee consultation

To achieve this, the Group is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion, to retirement. This policy provides all employees and potential employees with equality of opportunity for selection and development regardless of age, gender, nationality, race, religion, disability or sexual orientation.

Employees are provided with information updates and Company policies through the intranet, road shows and other internal communications. The views and ideas of employees are sought through discussion, line management and focus groups.

A whistleblowing policy is in place which enables employees to bring matters of concern to the attention of the Chairman or any Non-Executive Director in confidence.

Anite encourages employees to support their local communities and as a Group has supported the Prince's Trust as its corporate charity since 2010, making a difference to young people's futures, as part of the Technology Leadership Group. In our four years' partnering with the Prince's Trust so far, Anite has donated over £85,000 through a mixture of corporate donations and staff fundraising events and by supporting Prince's Trust events such as the Palace to Palace bike ride.

Anite operates a range of employee share schemes for Executive Directors and a number of senior executives in the UK and overseas, as set out in note 9 on page 96. The Company offers all UK employees an enhanced Share Incentive Plan, which currently matches on a one-for-one basis the number of shares purchased monthly by employees. The Company also operates the Anite UK Sharesave Plan, which allows employees to save on a monthly basis to acquire Anite plc shares at a fixed price at the end of three or five years.

Diversity

With offices in 14 countries in Europe, the Americas, the Middle East and Asia, our workforce is diverse and provides a cultural wealth of talent, ideas, styles and approaches to problem solving and new concepts. We believe this diversity is the key to our innovative strength.

We are committed to ensuring that all individuals are treated fairly and with respect, and are valued regardless of age, disability, employment status, gender, sexual orientation, marital status, race, religion, nationality, social class, and membership or non-membership of a trade union.

Anite's approach to recruitment has always been to source the best qualified person for the role irrespective of race, gender, age or disability.

Gender

We believe a good work-life balance is important, and offer flexible work patterns wherever possible. This helps to retain many of our female employees who return to us after maternity leave, thus retaining their valued knowledge and experience. Anite is committed to making equality of opportunity a living reality. The current analysis of female representation across the Group, in line with our industry sector, is as follows:

- Board level – nil% (2013: nil)
- Management level – 15% (2013: 17%)
- Overall – 21% (2013: 22%)

Graduate training programme

We're always looking to recruit the next generation of talent to carry our success forward. Our graduate programme has gone from strength to strength, offering opportunities to develop within our organisation. We provide support for accreditations, external training and professional qualifications that add value to our organisation and our customers.

Career development and personal enhancement

Our commitment to retaining our top talent is continuous. Through our succession planning, we aim to identify high potential individuals and develop our people to the highest standards through customised training plans. All are considered solely on their merits and skills for career development and promotion, thus protecting the integrity of our organisation.

Disabled employees

Applications for employment by disabled employees are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is Anite's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Financial review

Cash flow in the year has been strong. Cash generated from continuing and discontinued operations represented 111% of EBITDA (2013: 77%).

Richard Amos
Group Finance Director

Throughout this review, reference to adjusted results means the results for continuing operations before, where applicable, share-based payments, amortisation of acquired intangible assets and restructuring costs.

On 1 July 2013, we acquired Genetel SAS ("Genetel") for £1.6m including costs. The acquisition was funded through existing cash resources. The results for the ten months since acquisition are included within the Network Testing business.

After the year-end, on 29 May 2014, we disposed of Anite Travel Ltd and its wholly owned subsidiary Anite Travel Pty Ltd, which had previously comprised the Travel division. The results for Travel are therefore included within discontinued operations, with comparative numbers in the income statement similarly adjusted. Travel's underlying assets and liabilities are included as held for sale on the balance sheet at 30 April 2014, but remain disclosed within individual line items at 30 April 2013. The profit on sale will be recorded in the results to 30 April 2015.

The Propsim business was acquired on 31 January 2013, and the results for the year to 30 April 2013 therefore only includes three months of Propsim trading within the Handset Testing business. A full 12 months' trading is included in the results to 30 April 2014.

Financial results

Revenue from continuing operations was down 3% at £109.2m (2013: £113.1m) and adjusted profit before tax decreased 49% to £14.9m (2013: £29.5m).

A reconciliation of adjusted EBITDA, of £24.0m (2013: £35.5m), to the adjusted profit before tax of £14.9m (2013: £29.5m) and the adjusted operating profit, of £15.3m (2013: £29.7m), to the operating profit of £9.3m (2013: £22.3m) and to the reported profit from continuing operations before tax for the year, of £8.9m (2013: £22.1m), is set out in the table below. The reconciling items are those that, in the opinion of the Board, are either one-off in nature or are non-cash related and are not, therefore, indicative of the Group's underlying trading. In the opinion of the Board, the adjusted results give a better representation of the underlying performance of the Group.

£m	2014	2013
Adjusted EBITDA	24.0	35.5
Depreciation	(5.2)	(3.2)
Amortisation of intangible assets	(3.5)	(2.6)
Adjusted operating profit	15.3	29.7
Net finance charges	(0.4)	(0.2)
Adjusted profit before tax	14.9	29.5
Adjusted operating profit	15.3	29.7
Restructuring costs	(0.5)	-
Genetel/Propsim acquisition costs	(0.5)	(1.2)
Share-based payments	(0.2)	(3.2)
Amortisation of acquired intangible assets	(4.8)	(3.0)
Operating profit	9.3	22.3
Net finance charges	(0.4)	(0.2)
Profit from continuing operations before tax	8.9	22.1

Currency effects

Movements in exchange rates in the year had a limited effect on the results compared with the previous year. Year-on-year, the average exchange rate for the US Dollar weakened by 1% against Sterling, from £1 = US$1.58 to £1 = US$1.60, with the average rate of the Euro strengthening by 2%, from £1 = €1.22 to £1 = €1.19. The net effect of these changes on the translation of results from overseas subsidiaries was to reduce revenue by £0.1m and increase profit by £0.1m.

The closing exchange rates at the year-end, which affect the conversion of foreign exchange-denominated balance sheet items – such as cash, and trade debtors and creditors – saw a weakening of both the Euro and US Dollar against Sterling. The closing rate for the Euro weakened by 2% against Sterling, from £1 = €1.19 to £1 = €1.22 and the Dollar by 8% from £1 = US$1.55 to £1 = US$1.68.

Where possible, exposures associated with foreign currency balance sheet accounts are hedged or minimised by converting into local currencies, as are the transactional effects of business units trading in currencies other than their local currency. In the year, these transactional exposures had a net £0.7m negative profit impact – split equally between Handset Testing and Network Testing – predominantly due to the weakening of the Dollar. The overall translational and transactional currency movements resulted in a £0.6m negative year-on-year impact on operating profit.

Revenue

Revenue from continuing operations decreased in the year by 3% to £109.2m (2013: £113.1m).

On a constant currency basis and excluding the impact of acquisitions, the underlying organic Group revenue reduction was 12%.

On a geographic basis, Group revenue by destination showed a reversal on last year's trend, with Asia regaining its position as the most significant region, and representing nearly half of Group revenue as the Americas experienced a reversal of the strong increases in 2013. The proportions of total revenue by region were: UK 3% (2013: 4%); EMEA 21% (2013: 23%); Americas 28% (2013: 41%); and Rest of World (mainly Asia) 48% (2013: 32%).

The principal changes in our type of revenue in the year were the 16% growth in recurring software maintenance revenue to £31.6m (2013: £27.3m), representing 29% of total revenue (2013: 24%). This increase was offset by the reduction in sales of software product licences and hardware/third-party equipment, which fell by 9% to £77.6m (2013: £85.8m).

Cost of sales and gross profit

Variable cost of sales increased 10% from £26.9m in 2013 to £29.5m. This was partly because the mix of business shifted towards Network Testing products that typically carry a slightly higher proportion of variable cost of sales. Additionally in both businesses there was a slight increase in variable cost of sales as a proportion of revenue as explained in the Review of operations on pages 15 and 21. As a result the net revenue percentage for the Group fell from 76% to 73% in the year.

Fixed cost of sales also increased by 22% to £16.9m (2013: £13.9m). This was predominantly because the cost of resources from the acquired businesses. As a result of the above, the gross margins fell by 6 percentage points to 58%.

Operating expenses

Total operating expenses in the period increased 7% to £53.5m (2013: £50.0m). A detailed breakdown of operating expenses is given in note 3(e).

Financial review
continued

Excluding one-off and non-cash items, adjusted operating expenses increased 11% or £4.8m to £47.5m (2013: £42.7m).

£2.2m of the £4.8m increase is related to the acquisitions, with the full year impact of the extra overhead acquired with Propsim and the ten months since acquisition of Genetel. Of the remainder, £1.7m relates to net provisions for bad debts incurred in the period which compares to net debt provision releases in 2013 of £0.5m. Other fixed costs are essentially flat, with lower bonus and commission payments offsetting increased depreciation.

After underlying operating expenses, the adjusted operating profit was down 48% to £15.3m (2013: £29.7m). Propsim contributed £1.8m (2013: £0.5m in the three months from acquisition), whilst Genetel contributed £0.3m in the ten months from acquisition. The underlying organic profit reduction was 55%, after adjusting for currency and acquisition impacts. Adjusted EBITDA was down 32%, at £24.0m (2013: £35.5m).

One-off and non-trading operating expenses for continuing operations, excluded from adjusted profit calculations, totalled £6.0m (2013: £7.4m). These included £0.5m of one-off acquisition and integration costs for the Genetel business (2013: £1.2m for Propsim) plus £0.5m redundancy costs incurred in Handset Testing towards the year-end in restructuring the cost base going forward. It also included amortisation of acquired intangible assets of £4.8m (2013: £3.0m) and a reduced charge for share-based payments of £0.2m (2013: £3.2m) due mainly to a reduction in the provision for National Insurance costs reflecting the lower share price.

After these non-operational costs, the Group reported an overall statutory operating profit of £9.3m (2013: £22.3m).

Group finance costs
Net finance charges increased in the year to a net £0.4m (2013: £0.2m). The increase reflected the fact that the Group's facilities were only drawn part way through the prior year on the acquisition of Propsim.

Taxation
The tax charge for the year on continuing operations was £1.1m (2013: £6.5m). The tax rate on the statutory operating profit was 12.3% (2013: 29.4%). This was lower than would be expected due to the impact of reducing corporation tax rates in Finland and the UK on deferred tax liabilities. The underlying adjusted tax rate on adjusted profit before tax is 22.5% (2013: 26.3%). This was again lower than might be naturally expected due to the reduced proportion of Group revenue and profits from North America which has a higher underlying tax rate.

Discontinued operations
Profit from discontinued operations of £4.5m comprises two items. The post-tax results for the Travel business unit disposed of shortly after the year-end of £4.0m and the release of an expired warranty provision relating to a previous disposal of £0.5m.

The Travel business had a good year, with order intake of £22.0m (2013: £10.2m) as it signed a number of new implementations for its @com tour reservation system. Additionally it made progress on the long-term implementations it has been working on for some time. Revenue was £20.5m, up 6% from the £19.4m in the prior year. The impact of the increased revenue on a fixed cost base resulted in a proportionally higher adjusted operating profit increase of 15% from £4.8m in 2013 to £5.5m in 2014. After share-based payment charges of £0.2m (2013: £0.2m) and tax of £1.3m (2013: £0.9m), the profit after tax was £4.0m (2013 £3.7m).

Shareholder returns
After taking account of the factors described above, adjusted basic earnings per share were 4.0p (2013: 7.6p), and diluted adjusted earnings per share were 3.9p (2013: 7.1p). The statutory basic earnings per share for continuing operations were 2.7p (2013: 5.5p).

The Board is proposing to hold the final dividend at 1.265p per share (2013: 1.265p) making a total for the year unchanged at 1.84p which is covered 2.2 times by adjusted basic earnings.

Balance sheet
Non-current assets
Non-current assets have decreased from £116.4m to £103.6m largely due to the transfer to assets held for sale of £6.2m of goodwill and £0.8m of property, plant and equipment relating to the Travel business. Additionally the deferred tax asset has reduced from £4.8m to £2.2m due to share-based payments effects.

Inventories
The carrying value of inventories has decreased by £1.9m to £10.1m at 30 April 2014 (30 April 2013: £12.0m). This reflects the benefit of inventory management initiatives taken within the Handset Testing business to reduce manufacturing lead times and hence inventory holding levels.

Trade and other receivables
Trade and other receivables were £41.6m at 30 April 2014 (30 April 2013: £47.6m including £6.6m relating to Travel). Within this, trade debtors net of provisions reduced to £34.1m (30 April 2013: £37.4m including £4.4m relating to Travel). The increase in the amount for continuing operations was largely because the timing of orders in Handset Testing in 2014 allowed more of April's revenue to be invoiced compared to last year when £2.4m ended up being invoiced shortly after the year-end. Debtor days at 30 April 2014 were 65 days

(30 April 2013: 76 days for continuing businesses). Accrued income (revenue taken to the income statement, but not yet invoiced to customers) decreased by £3.4m, to £2.2m (30 April 2013: £5.6m of which £1.9m related to Travel). The underlying reduction relates to Handset Testing and reflects the order timing point discussed above.

Trade and other payables
Trade and other payables were £42.1m at 30 April 2014 (30 April 2013: £46.6m of which £4.7m related to Travel). Within the balance, deferred income relating to the continuing operations (amounts invoiced to customers but not yet recognised as revenue in the income statement) has increased from £19.4m to £23.4m reflecting the signing in the year of a number of three year maintenance deals with accelerated billing profiles. Offsetting this, accruals have decreased to £8.1m (30 April 2013: £13.8m including £1.0m relating to Travel). The underlying decrease is partly because of reclassifying to provisions a £2.5m balance relating to anticipated National Insurance costs on share-based payments. Additionally there are lower accruals for bonuses and commissions plus the resolution during the year of Propsim completion working capital adjustments that had been accrued at 30 April 2013.

Provisions
Provisions were £5.3m at 30 April 2014 (30 April 2013: £5.3m including £0.6m relating to Travel). The main underlying change was the reclassification of the National Insurance provision from accruals.

Cash flow

Cash flow in the year has been strong. Cash generated from operations (continuing and discontinued) increased to £33.0m (2013: £31.0m) on EBITDA (continuing and discontinued operations) of £29.8m (2013: £40.5m) representing a conversion rate of 111% (2013: 77%). The significant increase in the conversion rate was primarily due to a reversal of the build up in working capital that had occurred in the prior year, partly because of inventory management actions and partly because of a smoother profile of invoicing in the fourth quarter in Handset Testing.

Capital expenditure in the period increased to £7.3m (2013: £5.5m). Significant purchases included £3.0m (2013: £1.7m) on Anite 9000 development equipment and £1.4m within the Propsim product line. In addition £3.8m (2013: £3.4m) was incurred on capitalised development expenditure with the increase in Network Testing as we accelerated the pace of its product development.

Net payments for finance costs were £0.5m (2013: £0.1m) while tax payments decreased to £3.6m (2013: £7.1m), a reflection of decreased profits. Dividends paid to shareholders increased 8% to £5.3m (2013: £4.9m) and an additional £3.5m (2013: £4.0m) was incurred on the purchase of shares for the Company's employee benefit trust.

The total cash incurred on acquisitions in the year was £3.3m including £0.5m costs for Genetel and a £0.7m final purchase price adjustment for Propsim. These costs were offset by £0.9m of cash acquired with Genetel.

The gross cash balance at 30 April 2014 was £17.0m (30 April 2013: £16.7m) and with £10.9m of borrowing outstanding at 30 April 2014 (30 April 2013: £17.6m) the net cash position at 30 April 2014 was £6.1m (30 April 2013: net debt of £0.9m).

Borrowings and facilities

The Group's banking facilities totalled £30.0m (2013: £25.0m) including a revolving credit facility ("RCF") of £20.0m (2013: £20.0m) and a net overdraft facility of £10.0m (2013: £5.0m). The RCF is due to expire on 31 October 2016 and the overdraft is due for renewal on 31 July 2014. The Group repaid £6.7m in the year of drawings previously made under its facilities to take the outstanding balance to £10.9m at 30 April 2014. This left £9.1m undrawn on the RCF and with no drawings against its net £10.0m overdraft facility, at 30 April 2014 the Group had a total of £19.1m of undrawn facilities (2013: total undrawn facilities £7.4m). Since the year-end, the remaining £10.9m of drawings has been repaid by the proceeds from the disposal of Travel.

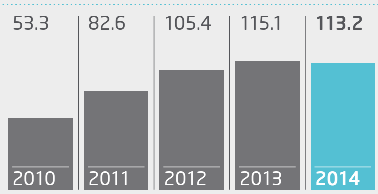
In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities set on pages 11 to 21 as well as the Group's principal risks and uncertainties as set out on pages 29 to 31. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future.

Richard Amos
Group Finance Director
1 July 2014

Key performance indicators

Order intake £m

£113.2m

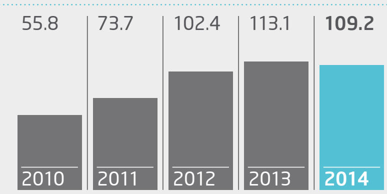


Definition
Order intake represents the value of orders received from customers in the year. It is a measure of in-year performance and supports subsequent revenue performance.

Comment
Order intake was down 8% in Handset Testing but up 21% in Network Testing in line with revenue.

Revenue £m

£109.2m

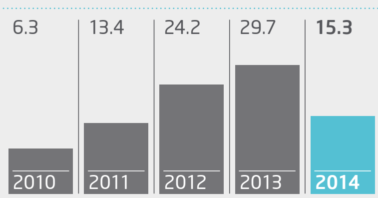


Definition
Revenue represents the amounts derived from the provision of goods and services in the year.

Comment
Revenue in Handset Testing was impacted by the customer consolidation in H1 and other market factors. Network Testing grew revenue by 22% and this included some initial sales of CEM product and increased scanner product sales.

Adjusted operating profit £m

£15.3m

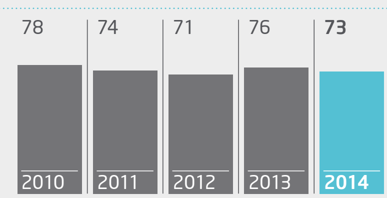


Definition
Adjusted operating profit measures the operating performance of the business before taking into account share-based payments, impairment and amortisation of acquired intangible assets, impairment of goodwill and restructuring costs.

Comment
Management believes this gives a better comparable measure of the operating performance from continuing operations than statutory operating profit.

Net revenue margin %

73%

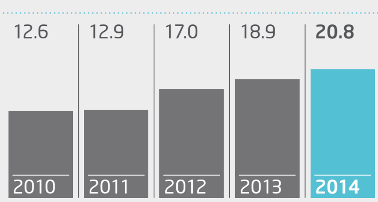


Definition
Net revenue margin is total revenue less third-party hardware cost as a percentage of revenue. This gives a ready guide to value add and pricing trends.

Comment
The net revenue was 3% down last year, mainly due to a shift in mix towards lower margin products in both businesses and some pricing pressure in Handset Testing.

Research and development £m

£20.8m

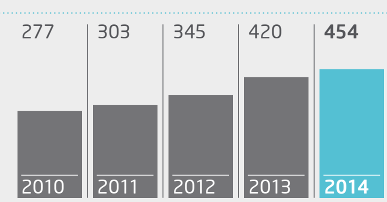


Definition
Research and development ("R&D") spend represents the total cash invested in R&D in the year, before the effect of capitalisation and amortisation under IAS 38, and shows the total amounts the Group invests each year on new products, and on enhancing its existing portfolio.

Comment
We have continued to invest in our products and this year included the full year effect of the Propsim acquisition made in January 2013.

Headcount

454



Definition
Headcount measures the number of staff employed directly by the Group at the end of each year and is an important measure to ensure the business is not overstaffed in relation to its revenue. The Group maintains a regular review of headcount in each business in order to keep costs under control.

Comment
Headcount across the Group increased by 34 staff, predominantly in Networks where 28 staff were added including ten from the acquisition of Genetel in July 2013.

Principal risks

The following are the principal risks that the Group is exposed to as identified from the Group internal risk review process.

Global economic and geo-political risk

Description: With the current uncertainty surrounding growth and austerity measures in the wider global economy, our business could be adversely affected should an economic weakening cause our customers to defer their investment plans in light of lower consumer spending.

Anite is a global business and has significant presence in the Asian economies where geo-political issues may have an impact on the region's growth.

Implications: In common with many other businesses, adverse economic and political conditions could increase our financial exposure to defaults by customers or by suppliers on whom we rely for critical components or products. Equally, they could result in customers slowing investment plans that have either a direct or indirect impact on the demand for our products and services. This could result in lower revenue, higher costs or adverse cash flow.

Mitigation: The Group regularly monitors external developments to assess their potential impact on the Group and amends plans, resources and investments accordingly.

Monthly assessment of sales pipelines, short-term forecasts and feedback from sales personnel are also used to assess underlying developments in this area.

Equally, the Group derives its revenue and profit from the three main global economic regions and is not overly reliant or exposed to adverse events in one particular region.

Technology risks

Description: Our businesses are technology leaders in their fields and this is a key element of competitive positioning. Technology risks could include: a failure of a technology development project to deliver an effective and efficient solution; unforeseen developments in underlying technologies in the specific industry that result in Anite products becoming obsolete; or progress in technology development being made by one or more competitors that reduces the market appeal of one or more Anite products.

Anite pursues a strategy of using owned hardware and software platforms, as evidenced by the in-house development of the Anite 9000 , the Invex benchmarking FSR scanning receiver and Propsim channel emulation products. This strategy has reduced the risk that a technology partner might fail to provide a competitive platform on which to deploy our software being offset by an increase in the risk of our own in-house developments being technologically uncompetitive.

Implications: Any failure to maintain this technology leadership could have an adverse impact on business through a loss of competitiveness or indeed a loss of reputation as a technology leader in a specific field.

Having to manage more in-house designed and manufactured products exposes the Group to having increased costs through the requirement to write-off components or finished products should they become obsolete. Equally, costs could increase if an in-house product fails in the field and requires rectification work.

Mitigation: Market developments are regularly monitored through feedback from customers and sales personnel, and review of market commentaries. Technology roadmaps are regularly reviewed to ensure that they remain relevant.

The move to more in-house sourced products has moved management of that specific element of risk more into our own control and the Group has subsequently undertaken a number of actions to manage and mitigate that risk. These have included bringing in new personnel experienced in areas such as hardware design and logistics management, upgrading systems to deal with increased challenges of supply chain and inventory management and sourcing more than one hardware manufacturer for our products.

Competitiveness

Description: Our businesses operate in highly competitive markets, and changes in relative competitiveness could have an impact on business levels. Changes could be caused by new market entrants, by existing competitors merging or changing their focus or strategy or introducing new products that undermine the competitive position of existing Anite products.

Implications: Changes to relative competitiveness could result in reduced business volumes or in Anite businesses having to change pricing strategies leading to reduced margins. They may result in us needing to amend or accelerate investment strategies.

Mitigation: Mitigation strategies in this area include regular reviews of market developments by customer-facing personnel and monitoring of sales pipelines and actual margins achieved to highlight evidence of a change in competitiveness.

The Group maintains tight project control and regularly monitors the product roadmaps, especially with its own hardware products, to ensure competitiveness of the business offering.

Principal risks continued

Product delivery

Description: The success of Anite is partially dependent on the successful completion of software and product development projects within budget, timescale and specifications. The risk of delivering such projects might be subject to certain technical and resourcing risks. This risk exists for internal development projects, especially in the continuing development of our next generation of Handset Testing and Network Testing products.

Implications: If a project fails to achieve its goals within the budget and timeline expected then it could result in a number of adverse impacts. These could include delays in generating revenue where a product is being developed via an internal development project or a loss of competitiveness or loss of reputation that could impact future sales prospects.

Mitigation: Long-term projects are managed according to an internal project management standard. Monthly progress reports are compiled and variances to plans investigated. These reports are formally presented to senior management on a monthly basis. For the largest projects, periodic updates are also given to the Executive Directors and the Board.

Reliance on major customers

Description: The Group has relationships with a number of significant customers, continuing sales to whom are an important element of Group revenue. Additionally the Group is exposed to the credit risk associated with these customers.

Implications: No customer accounted for more than 10% of turnover from continuing and discontinued operations in the year and no customer accounted for more than 9% of the £34.1m of trade receivables outstanding at 30 April 2014.

Despite that, given the high gross margin nature of most of the Group's revenue, the loss of one of the major customers could result in a significant reduction in profits, particularly if it were accompanied by the inability to collect outstanding receivable balances.

Mitigation: Where possible the Group contracts with major customers through long-term agreements that provide certainty to both parties. In addition, the Group undertakes a number of customer support, business development and sales activities to foster continued strong relationships with major customers.

To mitigate credit risks, the Group monitors the credit reports of major customers. It also uses other risk management strategies such as trade finance protection and the Handset Testing and Network Testing businesses each hold credit insurance, where possible, to help mitigate this.

Human resource and organisation risks

Description: The Group's performance and its ability to mitigate significant risks within its control depend on its employees and management teams. Future success will depend to a large extent on the Group's ability to attract, retain, and motivate its people.

Implications: If the Group loses the services of key people or is unable to attract and retain employees with the right capabilities and experience, it would be likely to have an effect on the Group's ability to implement its strategies and business plans.

Mitigation: The Group uses a variety of techniques to attract, retain and motivate its staff, with particular attention paid to those in key roles. Techniques include the regular review of remuneration packages, including long-term share incentive schemes, regular communication with all staff and annual performance reviews. In addition we have in place a group-wide review of staff contingency plans for specific areas of risk.

Financial risks

Description: The Group is exposed to a number of financial risks:

Credit risk: Our operations are exposed to the risk that customers and counterparties to our transactions that owe us money will not perform their obligations. However, we take out credit insurance where possible in our two businesses to help mitigate this.

Liquidity risk: The Group's business is financed through cash generated from ongoing operations and bank lending facilities.

Foreign currency risk: The Group has foreign currency denominated net assets and earnings that are not hedged, therefore a movement in the exchange rate will have an impact on both reserves and the income statement.

Implications: Details of these risks and the strategies in place to mitigate them are described in note 24 on pages 109 to 113.

- The Group's credit risk in relation to cash and derivative financial instruments is explained further in note 24(i). The credit risk of trade receivables is detailed in note 18 and discussed further in the risk of "reliance on major customers" section above.
- If the Group has insufficient liquid resources, it may not be able to react quickly enough to take advantage of market opportunities.
- The sensitivity of the overseas investments to exchange rate movements can be seen in note 24(f).

Mitigation:

- To mitigate counterparty credit risk, the Group's treasury policy is to invest surplus cash with highly rated financial institutions only and to limit each counterparty deposit to a maximum value of £15.0m. The mitigation of credit risk is covered under the "reliance on major customers" section above and includes the use of credit guarantee insurance.
- The Group's policy on liquidity risk is detailed in note 24(j). At 30 April 2014, the Group held £17.0m of cash and cash equivalents and retained headroom of £9.1m on its revolving credit facility and a £10.0m unutilised overdraft facility, available to support the Group's requirements. The Group received proceeds of £43.3m following the disposal of the Travel business on 29 May 2014.
- The Group seeks to hedge foreign currency cash flows and translations of foreign currency denominated monetary assets and liabilities by hedging a proportion of the forecast future cash flows. Details of this policy can be found in note 24(h).

Corporate Governance report
Letter from the Chairman

Dear Shareholder

This Governance section of our Annual Report explains how we run the Group and how the Board and each of its committees function. The separate committee reports that follow address the issues that each committee has covered over the last 12 months.

In last year's Annual Report we explained our approach to governance and our recognition of its importance in ensuring that the Group is well managed. Last year we adopted early those principles that we could from the updated version of the UK Corporate Governance Code (the "Code") that was issued in September 2012. This year, those provisions are finalised, and we have adopted them all and have been compliant with their requirements throughout the year.

Critical to good governance is the leadership demonstrated by the Board. This year we strengthened the Board with the appointment in September 2013 of Patrick De Smedt who also assumed the roles of Remuneration Committee Chairman and Senior Independent Director. Patrick brings an excellent balance of skills and international experience to the Board which complement our existing expertise. His career included over 23 years with Microsoft for which he served as Chairman of Microsoft EMEA. He also currently serves as the Senior Independent Director and Remuneration Committee Chairman of two other UK listed companies.

Under Patrick's chairmanship the Remuneration Committee has had a busy year. In line with new guidelines, it has developed an updated Remuneration Policy and with it, new long-term executive incentive plans designed to further align executive and shareholder interests. This policy and the associated plans will be put forward to shareholders for approval at the forthcoming AGM in September.

Our Audit Committee has also had a full agenda. In addition to its regular activities, following a significant bad debt experienced in the Handset Testing business, the Committee instigated an independent review by Deloitte LLP into the transaction and surrounding procedures. It was pleasing that this review confirmed that the circumstances around the bad debt were exceptional and that our underlying controls and processes were appropriate. Nevertheless, the review recommended improvements and we have taken action to try to prevent a recurrence. Further details are set out in the Audit Committee report on page 42.

As mentioned above, our AGM is scheduled for September and following the disposal of Travel will be held at a new venue. We welcome interaction with shareholders throughout the year and although the Chief Executive and Group Finance Director conduct most meetings, I and the other non-executives are available should shareholders require alternative access.

Clay Brendish CBE
Non-Executive Chairman

Corporate Governance Code

The Board is committed to the highest standards of corporate governance. It follows an approach that complies with provisions of the Code as issued by the Financial Reporting Council in September 2012.

Whilst subject to the provisions of the Code applicable to smaller companies, the Company seeks, where appropriate to follow those applicable to FTSE 350 companies.

This report describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions.

The Board considers that the Company has, throughout the year, fully complied with the Code and the relevant provisions set out in sections A to E.

Board and Committee composition

Anite Board

Clay Brendish, Non-Executive Chairman
Christopher Humphrey, Chief Executive
Richard Amos, Group Finance Director
Patrick De Smedt, Senior Independent Director
David Hurst-Brown, Non-Executive Director
Nigel Clifford, Non-Executive Director
Paul Taylor, Non-Executive Director

Nomination Committee

Clay Brendish, Chairman
Christopher Humphrey
Patrick De Smedt
Paul Taylor
Nigel Clifford

PG 40

Audit Committee

Paul Taylor, Chairman
Patrick De Smedt
Nigel Clifford

PG 42

Remuneration Committee

Patrick De Smedt, Chairman
Clay Brendish
Paul Taylor
Nigel Clifford

PG 46

Board of Directors

			
	Clay Brendish CBE **Non-Executive Chairman (67)**	**Christopher Humphrey** **Chief Executive (57)**	**Richard Amos** **Group Finance Director (47)**
Date of appointment	Appointed to the Board as Chairman in October 2005.	Joined the Board in February 2003 as Group Finance Director and was appointed Chief Executive in December 2008.	Appointed to the Board as Group Finance Director in November 2009.
Committee membership	Chairman of the Nomination Committee and a member of the Remuneration Committee.	Member of the Nomination Committee.	None.
Skills and experience	Prior to his retirement in May 2001, Clay was Executive Deputy Chairman of CMG (which became Logica CMG and is now part of CGI), having joined the Board when it acquired Admiral plc, the software services company he co-founded in 1979.	Christopher has been a Board member of Anite for the last 11 years and has covered a wide range of responsibilities during that period. Previously he held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc.	Richard was previously Group Finance Director at Agilisys Holdings Limited, a private IT services company, and Group Finance Director and Company Secretary at two listed technology groups, Retail Decisions plc and VEGA Group plc.
Key external appointments	Non-Executive Chairman of SThree plc. Chairman of The Test and Itchen Association Limited.	Non-Executive Director of The Vitec Group plc (appointed 1 December 2013).	None.
Board meetings attended during the year	10 out of 10	10 out of 10	10 out of 10
Date of letter of appointment/ reappointment	8 October 2011	3 February 2003	2 November 2009
Unexpired term as at the date of this report	Three months	Rolling one year	Rolling one year

			
Patrick De Smedt **Non-Executive Director (58)**	**David Hurst-Brown** **Non-Executive Director (65)**	**Nigel Clifford** **Non-Executive Director (55)**	**Paul Taylor** **Non-Executive Director (49)**
Joined the Board in September 2013 and appointed Senior Independent Director and Chairman of the Remuneration Committee.	Joined the Board in August 2004. He became Senior Independent Director and Chairman of the Remuneration Committee in December 2009 and stepped down from these roles following nine years of service in September 2013.	Appointed to the Board as a Non-Executive Director in April 2009.	Appointed Non-Executive Director in October 2009 and became Chairman of the Audit Committee in December 2009.
Remuneration Committee Chairman and a member of the Audit and Nomination Committees.	None.	Member of the Remuneration, Nomination and Audit Committees.	Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.
Patrick's career includes over 23 years with Microsoft during which time he founded the Benelux subsidiaries, led the development of its Western European business and became Chairman of Microsoft Europe, Middle East and Africa in 2003. Patrick has previously worked with early stage ventures in addition to large well established multi-nationals and is an investor in several European technology companies.	Following a career in the investment banking industry, David has been acting as a Non-Executive Director for a variety of public and private companies. David is a Fellow of the Securities Institute.	Nigel has wide experience of operational management across a number of sectors, including the wireless telecoms and software sectors. He is currently CEO of ProcServe Limited, and was previously CEO at Micro Focus International plc, Symbian Limited, the mobile OS software development and licensing company and Tertio Telecoms Limited, and Senior Vice President, Service Delivery, at Cable & Wireless.	Paul was Group Finance Director with AVEVA Group plc – the world's leading engineering IT software provider to the plant, power and marine industries – for ten years until January 2011, where he gained considerable experience of the demands of a growing global software business. Paul is a Fellow of the Association of Chartered Certified Accountants.
Senior Independent Director of Morgan Sindall Group plc; Non-Executive Director and Chairman of the Remuneration Committee of Victrex plc and Non-Executive Director of NextInto Gmbh and Kodak Alaris Holdings Ltd.	Non-Executive Director of Imagination Technologies Group plc.	CEO of ProcServe Limited.	Non-Executive Director and Chairman of the Audit Committees of Ubisense plc, Escher Group Holdings plc and Digital Barriers plc and Deputy Chairman and Non-Executive Director of KBC Advanced Technologies plc. Paul is also a Trustee of the CADCentre Ltd pension scheme.
7 out of 7	10 out of 10	10 out of 10	10 out of 10
26 September 2013	23 August 2013	1 April 2012	5 October 2012
Two years three months	Two years two months	Nine months	One year three months

Corporate Governance report continued

Leadership

Responsibilities of the Board

The Board of Directors is the body responsible for corporate governance, for establishing policies and objectives and for the stewardship of the Group's resources. The Directors believe it is essential that the Company has an effective Board which is collectively responsible for the long-term success of the Company. In accordance with the Code, it is the Company's policy that the roles of Chairman and Chief Executive are separate with their roles and responsibilities clearly divided and recorded.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. He also ensures that communication with shareholders is effective and he facilitates the contribution of the Non-Executive Directors. Mr Clay Brendish will have completed nine years as Chairman of the Board in October 2014 and the Board are delighted that he has indicated his willingness to carry on for another three-year term.

The Chief Executive is responsible for implementing the strategy agreed by the Board as a whole and for managing the Group. The Board is made up of the Non-Executive Chairman, the Chief Executive, the Group Finance Director and four Non-Executive Directors and is supported by the Company Secretary.

Patrick De Smedt, who was appointed to the Board in September 2013, is the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for other Directors when necessary. He is also responsible for leading the review of the Chairman's performance as part of the annual Board evaluation.

In December 2013 the Board appointed Neil Bass, who is the Group Financial Controller, as Company Secretary, this role having previously been carried out by the Group Finance Director in a combined role. Under the direction of the Chairman, he is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors. He is also responsible for running the Board and Committees' annual evaluation process when this is carried out internally. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board and Committee procedures are followed and who advises on Corporate Governance matters.

There is an agreed procedure for Directors to obtain independent professional advice, paid for by the Company.

There have been no other changes to the Board during this financial year.

Independence

The Chairman was considered to be independent on his appointment to the Board. Mr Hurst-Brown, having served nine years on the Board at the time of the last AGM, stepped down as Senior Independent Director, as Chairman of the Remuneration Committee and as a member of the Nomination Committee, as he was no longer deemed "Independent" in accordance with the Code. His experience in the City and knowledge of the Group assists him in effectively challenging management, enhances his effectiveness as a Non-Executive Director and makes him a valuable member of the Board and he will offer himself for re-election at the forthcoming AGM. It is the opinion of the Board that the other Non-Executive Directors are independent in character and judgement and have no business or other relationship which could interfere materially with the exercise of their judgement in relation to the business of the Company or the Group. The Board appointed Mr Patrick De Smedt as a new Non-Executive Director and as Senior Independent Director and Chairman of the Remuneration Committee with effect from 26 September 2013.

The current Board includes a balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making.

Operation of the Board

The Board operates formally through regular scheduled Board meetings and there is also frequent communication between the Directors outside these meetings including as members of relevant Committees.

The Board met formally ten times during the year, with a number of additional ad hoc meetings convened to deal with specific matters requiring Board consideration or approval as required.

During the year, the Board attended an offsite strategy day and received presentations by the management teams of each of the business units and also the Chief Executive and Finance Director. This work led to the subsequent formal presentation of the annual budget for the new financial year to the Board for approval. On a monthly basis, the Board received presentations from divisional management on key business issues and met both formally and informally with the management teams of the businesses. They have also been given business development updates and other presentations on governance and strategy matters by other presenters.

The Chairman and the Non-Executive Directors meet without Executive Directors present at least once annually and the Non-Executive Directors, led by the Senior Independent Director, meet at least once annually to assess the performance of the Chairman. The Senior Independent Director and other Non-Executive Directors are satisfied that the Chairman continues to perform effectively and demonstrates commitment to his role, including commitment of time to Board and Committee meetings and his other duties.

The regular and timely provision of information to the Board is ensured through the monthly preparation and circulation to all Board members of the Chief Executive's report, which reports on operational matters, the Group Finance Director's report, which provides the monthly management accounts and other relevant financial information, and the Company Secretary's report which also covers corporate governance, corporate social responsibility and matters concerning the Company's shares, share schemes and shareholders. Other matters are tabled on a regular basis at Board meetings or are reported to the Board as appropriate.

Matters reserved for the Board

The Board has agreed a formal schedule of matters reserved specifically for its decision which include:

- strategy and management – including approval of the Group's long-term objectives, commercial strategy and business plan;
- changes relating to the Group's capital or corporate structure;
- approval of the half-yearly report, interim management statements and any preliminary announcement of the final results;
- approval of the dividend policy;
- approval of major capital projects and investments;
- Board membership and other appointments;
- remuneration policy for Directors and other senior executives;
- approval of terms of reference of Board Committees;
- corporate governance matters;
- approval of other key policies; and
- delegation of authority.

Committees of the Board

The composition and constitution of the Board's Committees are set out on page 33. Each Committee has terms of reference which are reviewed regularly by the Board. Copies are available on request from the Company Secretary or on the Group's website www.anite.com.

Terms and conditions of appointment of the Non-Executive Directors

Non-Executive Directors are normally appointed for a term of three years. These appointments are subject to re-election by shareholders. The terms and conditions of the appointment of the Non-Executive Directors are available for inspection by any person at the Company's registered office during normal business hours and at the AGM of the Company.

Board performance evaluation

The effectiveness of the Board is essential to the success of the Company. Each year the Board undertakes a formal and rigorous evaluation of its own performance and that of its Committees and individual Directors. It has been agreed that every third year the evaluation will be carried out by an independent consultant and the last one was carried out in 2012 by Edis-Bates Associates Limited, an external independent consultant.

The evaluation this year took the form of detailed internal questionnaires, circulated by the Company Secretary to all Board members, on the operation of the Board and each of the Committees and comments on what further improvements or changes could be made were also sought. The Chairman conducted individual assessments with each of the Directors. The questions were based on and the results compared to those of the previous external and internal reviews.

The evaluation this year concluded that the Board and each of its principal Committees are operating effectively and that each Director continues to make a positive contribution to the Board and is committed to the role.

The following areas will be addressed during the coming year:

- updating succession plans for the Executive Directors and reviewing the critical roles and talent at divisional management level;
- reviewing the training programme available to Directors from external advisers in order to update the members of the Board on key governance and other issues;
- reviewing the Board agenda and balance of Board papers; and
- strengthening the internal audit function.

The evaluation of Board performance will continue to be conducted annually with external evaluations carried out at least every three years to ensure that the process is robust.

Corporate Governance report continued

Induction and development of Directors

On joining the Board, a tailored induction programme is arranged for Directors which includes meeting the key managers across the business, a briefing on the Group governance processes, and access to shareholders and advisers as required.

During the year an induction programme was arranged for Patrick De Smedt which included meetings with the key managers in the Wireless and Travel divisions to increase his understanding of their key markets, business strategy and risks. He also met with other key personnel including the Group Finance Director, the Group Director of Project and Programme Management who is responsible for the governance around major contracts and large R&D projects, and with the Company Secretary who outlined the Board process, internal control processes and governance structure.

Each Director has discussed his individual training requirements with the Chairman during the year and appropriate access to seminars has been made available in order to ensure each maintains an up to date knowledge of changes in legislation and governance requirements. As part of this year's Board evaluation process, it was agreed that the Company Secretary would arrange specific in-house training sessions from third parties on appropriate governance and other topics over the coming year.

Policies, approval limits, delegation and compliance

The Board sets Group-wide policies including authority procedures and Group accounting policies which are adopted by each subsidiary. Local Managing Directors and Finance Managers are required to certify each half year that they have complied with the policies. As explained in the Audit Committee report on page 42, the Group has established a limited internal audit function. This function reviews compliance with policies each year and reports to the Audit Committee on its findings.

Included in Group policies are project management processes that are required to be followed for all major development projects in the Group. The Group employs a Group Director of Project and Programme Management to develop, implement and monitor these policies. Reports on major R&D projects are presented to monthly business review meetings and regular updates are given to the Board.

Budgetary process and financial reporting

The Group undertakes annually a rigorous budgeting exercise that follows on from an annual strategic planning process. The output of the budgeting exercise is a Board-approved detailed financial plan with monthly profit and loss, balance sheet, cash flow and key performance indicator projections. Monthly management reporting of actual performance against these targets and monthly revised forecasts takes place, with analysis of significant variances. These reports are reviewed via monthly business reviews attended by the Chief Executive, the Group Finance Director, the Managing Director of the relevant business unit and its senior management team. The Chief Executive and the Group Finance Director produce monthly summary reports to the Board which are reviewed at the Board meeting.

Management of the Group

The Board has overall responsibility for the Group. Beneath the Board there is an Executive Committee formed of the Chief Executive, the Group Finance Director and the Managing Directors of each of the businesses. Subject to defined approval limits, responsibility for the operations of each business is delegated to the Managing Director of that business who has a separate management team to manage the day-to-day operations. The Group Finance Director is also responsible for human resources within the Group. Staffing skills and resource levels within business units are reviewed regularly to ensure adequacy, with a specific review done annually as part of the strategy and budget process. In addition, there are staff employed at Group level in the areas of finance, human resources, project management and IT infrastructure to define Group policy and ensure compliance. Where specific skill shortfalls are identified, the Group employs external advisers, subject to defined approval levels.

Risk and internal control

The Directors have overall responsibility for ensuring that the Group maintains a sound system of internal control and risk management. The internal control systems are designed to meet the needs of the Group and the risks to which it is exposed. There are limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

There is an ongoing process in place for continually identifying, assessing and managing the material risks faced by the Group. The Board retains responsibility for this process, delegating day-to-day responsibilities to the Executive Directors. The risk review reports for the divisions and Group as a whole are updated and reviewed on a quarterly basis by the Board.

The Audit Committee has the delegated responsibility for reviewing the effectiveness of the internal control process as detailed on pages 42 to 45.

The key procedures that the Board has established and which are designed to provide effective internal control for the Group are as follows:

Identification, mitigation and monitoring of business risks
Identification of business risks is an integral part of the system of internal control. The potential existence of new risks is continually being assessed through monthly operational business review meetings, monthly Board meetings and other ad hoc assessments. In addition, on an annual basis, the Board considers the principal risks of the Group and each of the business units. This is done in conjunction with the annual strategy review and budgeting process. Risk registers are documented and mitigation strategies are considered and implemented where possible. These include the purchasing of insurance where appropriate. Monitoring processes are also designed to ensure regular reporting of indicators and impacts of risks. A whistleblowing policy is in place to enable the confidential reporting of possible malpractice or dishonesty.

Principal risks
The principal risk factors that have been identified by the risk management process and which may affect the Group's business are set out on pages 29 to 31. These are not all within the Group's control. The list sets out the major risks, the potential impact and the mitigation strategies in place to limit the impact should the risk materialise. Other risks, besides those listed, may also affect the Group.

Communications with shareholders
The Board considers effective communication with its investors, whether institutional, private or employee shareholders, to be extremely important and during the year certain of the Non-Executive Directors met a number of major shareholders individually.

Members of the Board meet institutional investors regularly to provide an opportunity to discuss, in the context of publicly available information, the progress of the business. Institutional investors and analysts are also invited to attend briefings by the Company following the announcements of the annual and interim results.

The Company reports formally twice a year with the half-year results announcement and the preliminary announcement of the full-year results. An Interim statement is published on the Company's website in December and the Annual Report and Accounts is published in July. In addition, as required under Article 6 of the Transparency Directive, the Company issues an interim management statement during each half year. These reports and other announcements the Company makes from time to time can be found on www.anite.com.

Annual General Meeting
The Company's AGM will be held on 12 September 2014 at 2.00pm, at the Aviator Hotel, Farnborough Road, Farnborough, Hampshire, GU14 6EL. The Notice of Meeting is sent to shareholders at least 20 working days before the AGM. The Directors encourage the participation of private shareholders at the AGM and are available for questions both formally during the meeting and informally afterwards. The Chairmen of the Audit, Remuneration and Nomination Committees are normally available to answer questions at the AGM.

Approved by the Board and signed on its behalf

Clay Brendish
Chairman
1 July 2014

Nomination Committee report

Following the announcement in July last year that we had appointed Patrick De Smedt as Senior Independent Director and Chairman of the Remuneration Committee, the rest of this year has been relatively quiet for the Nomination Committee, reflecting the stability in the Board and the effective way in which it is operating.

The Committee continues to believe that appointing individuals with the right skills and experience is the first priority of recruiting. We recognise that the latest appointment does not address the issue of lack of female representation on the Board. We will seek to resolve this in future appointments, whilst retaining the principle that appointing the right person is the most crucial consideration.

Additionally during the year, the Committee, led in this matter by Patrick De Smedt, considered my own position as I will have served three terms on the Board in October 2014. The Committee decided to ask me to continue as Chairman for a further three years, and I am delighted to accept.

Looking forward, the Committee has decided that we should refresh the succession planning exercise that we completed in detail in 2012. We will report on this next year.

Clay Brendish
Nomination Committee Chairman

Members of the Nomination Committee

The Nomination Committee comprises the Chairman, the three Independent Non-Executive Directors and the Chief Executive. The Committee may invite others, including external advisers, to attend its meetings as appropriate. The Nomination Committee met formally twice during the year.

The following Directors were members of the Committee during the financial year 2013/14.

Member	Appointed	Attended	Number of meetings
Clay Brendish (Chairman since September 2012)	October 2005	2	2
Christopher Humphrey	February 2003	2	2
David Hurst-Brown (resigned from the Committee 26 September 2013)	August 2004	1	1
Nigel Clifford	April 2009	2	2
Paul Taylor	October 2009	2	2
Patrick De Smedt (appointed 26 September 2013)	September 2013	1	1

Principal responsibilities of the Committee

The principal role of the Nomination Committee is to advise and make recommendations to the Board with regard to the size, structure and composition of the Board, the appointment of new Directors and the reappointment of existing Directors and to evaluate the balance of skills, knowledge and experience on the Board and consider any conflicts of interest that may be reported by Directors. The Committee follows formal, rigorous and transparent procedures when appointing new Directors which include the preparation of a job description, the use of external advisers to facilitate the search and the evaluation of candidates according to objective criteria. All shortlisted candidates are interviewed by at least two members of the Committee.

Independence and conflicts of interest

Mr Hurst-Brown, having served more than nine years on the Board and therefore no longer considered "independent" under the Code, stepped down as Senior Independent Director, as Chairman of the Remuneration Committee and as a member of the Nomination Committee in September 2013. He remains a Non-Executive Director and, because of his experience both in the City and of Anite, is a very valuable member of the Board.

The Board considers that, during the year under review, all other Non-Executive Directors were independent of executive management. For any Director of the Company to be considered independent, the Board must determine that the Director has no material relationship (whether financial, business, personal or otherwise) with the Company or any of its subsidiaries or affiliates, directly or as a partner, shareholder or officer of an organisation which in turn has a relationship with them.

The Board considers each of its Independent Non-Executive Directors to be independent in character and judgement and there are no relationships or circumstances which are likely to affect (or could appear to affect) the judgement of such Non-Executive Directors.

The Board has rigorously assessed the performance of Clay Brendish and David Hurst-Brown, who have served on the Board for more than six years, and considers their wide experience and knowledge makes them very valuable Board members.

In order to be considered independent, a Non-Executive Director cannot, during the year under review, have:
- been an employee of the Group within the last five years;
- had, within the last three years, a material business relationship with the Group;
- received remuneration other than a Director's fee;
- had close family ties with any of the Group's advisers, Directors or senior employees;
- held cross-directorships or had significant links with other Directors through involvement in other companies or bodies;
- represented a significant shareholder, or
- served on the Board for more than nine years from the date of their first election.

Work during the year

1) Recruitment of new Chairman for the Remuneration Committee

During the year the Committee undertook a rigorous search for a replacement for the positions of Chairman of the Remuneration Committee and Senior Independent Director vacated by Mr Hurst-Brown. They appointed, as recruitment advisers, JCA Group, which has no connection with the Company, and which was asked to include individuals who address at least one of the gender and international background areas missing from the current Board composition. It was noted from its search that, although there was some female representation on the long list, no suitably qualified female candidate made their short list. The appointment of Patrick De Smedt does however address the previous lack of international representation on the Board.

2) Appointment of Patrick De Smedt

We were delighted to welcome Patrick De Smedt to the Board on 26 September 2013, following the last AGM. Patrick brings an excellent balance of skills and international experience to the Board to complement those we already have. His career includes over 23 years with Microsoft where he became Chairman of Microsoft Europe, Middle East and Africa in 2003. He is also Senior Independent Director and Chairman of the Remuneration Committee of two other UK listed companies.

3) Chairman

The Committee led by Patrick De Smedt undertook a detailed review of the position of Clay Brendish as Chairman, as in October 2014 he will have served three terms in office. The Committee were of the unanimous opinion that Mr Brendish has provided excellent leadership of the Board over the past nine years and his depth of knowledge and experience will be invaluable to the Group as it moves forward into its new phase as a focused wireless testing business. The Committee has therefore invited Mr Brendish to remain as Chairman for a further three-year term.

4) Board diversity

Without seeking to set a specific goal for female representation on the Board and in the wider Group, it remains our commitment to maintain a high level of diversity, including gender diversity, within the Boardroom, appropriate to and reflecting the global nature of the Company and the strategic imperatives the Board has agreed. The Board will look to remedy the gender balance with future appointments. The Committee continues to believe however that appointing individuals with the right skills and experience is the first priority of recruiting.

For the Group as a whole, approximately 21% are female and approximately 15% of the managers are female, which is in line with IT industry statistics.

5) Succession planning

The Board has an agreed succession planning framework in place to ensure that Board tenure is appropriate and encourages fresh thinking and new ideas and is sufficiently diverse with an appropriate mix of general and specialist skills, and that Non-Executive Directors have the necessary level of independence from executive management and each other. In the coming year the Committee, as agreed from the output of the annual Board and Committee appraisals, will update and refresh the succession plans of its Executive Directors and of the Chief Executive's direct reports.

Clay Brendish
Nomination Committee Chairman

Patrick De Smedt
Senior Independent Director
1 July 2014

Audit Committee report

The Committee has continued its principal responsibility for reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk. We have also reviewed our compliance with the updated UK Corporate Governance Code (the "Code") of September 2012 and associated guidance on Audit Committees. Details of the work carried out in the year are set out in the report below.

The composition of the Audit Committee changed during the year. David Hurst-Brown, having been a Non-Executive Director for more than nine years and no longer being deemed "Independent" under the Code, stepped down from the Committee in September 2013 and we welcomed Mr Patrick De Smedt to the Committee in his place. Mr De Smedt brings significant international software and business experience with him, as set out on page 35 of the Corporate Governance report.

Our work in the year included the review both of the internal audit reports produced by the Group finance team in respect of inventory procurement in our Handset Testing business and of the development and introduction of enhanced forecasting processes that helped support the management of lower stock levels and improved working capital management in that business. We also reviewed the work of the Group Director of Project and Programme Management who carried out major contract and software development governance reviews in the Handset Testing, Network Testing and Travel divisions.

During the year the Handset Testing business suffered a significant bad debt loss through a debt fraud perpetrated on a third-party distributor used in China. This resulted in the Committee instigating a full independent investigation by Deloitte LLP on the transaction and our related processes. The review concluded that the correct processes were in place, but that there had been failings in the way some of them had been followed in what were highly unusual circumstances. Further tightening of management approval processes has been implemented to reduce the risk of this recurring in future.

We have also reviewed specific judgement areas in respect of the half year and full year reporting. These included the review of the fair value assessments and accounting for the acquisition of the Genetel business in July 2013; of the revenue recognition policies on major contracts, and of the stock provisioning policy in respect of the Handset Testing hardware platform.

We have taken on board the additional responsibilities of the Committee that arose from the publication of the Code. Included in this report are how we have addressed the significant judgemental and other issues in the year and also how we have approached the guidance to the Board on whether the Report and Accounts are fair, balanced and understandable.

Paul Taylor
Audit Committee Chairman

Effectiveness of the Audit Committee

The following Non-Executive Directors were members of the Committee during 2013/14 and are independent in accordance with the provisions of the Code.

Member	Appointed	Attended	Maximum number of meetings
Paul Taylor (Chairman since December 2009)	October 2009	4	4
David Hurst-Brown (resigned 26 September 2013)	August 2004	1	1
Nigel Clifford	September 2012	4	4
Patrick De Smedt (appointed 26 September 2013)	September 2013	3	3

The Board considers that Paul Taylor, who is a Fellow of the Association of Chartered Certified Accountants, has recent and relevant financial experience to act as Chairman of the Committee.

Details of the relevant experience of the other Committee members are detailed on pages 34 to 35.

The Board is satisfied the Committee members are all independent in accordance with the Code and have the skills and resources to fulfil effectively their roles and responsibilities, including those in connection with risk and internal controls. Members are offered relevant training where necessary to ensure such skills are kept current and at appropriate levels.

Role, responsibilities and terms of reference

The Committee operates within agreed terms of reference, which are reviewed and updated annually and can be found on the Company's website at www.anite.com.

The Committee's main responsibilities include:

- making recommendations to the Board on the appointment and remuneration of the Company's external auditors, assessing their performance and independence, monitoring the provision of non-audit services and any potential impact on independence;
- reviewing the annual and interim financial statements and results announcements of the Company, including reviewing the Company's accounting policies and, where requested by the Board, providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- monitoring and reviewing the Company's systems of internal control and risk management, including the whistleblowing procedures; and
- reviewing the nature and scope of the work to be performed by the external and internal auditors, the results of their work and the response of management.

Meetings

The Committee met four times during the financial year. The Committee invites others, including the external auditors, the Group Finance Director and the Chief Executive, to attend its meetings as appropriate. The Company Secretary is the Secretary to the Committee.

The Committee meets with the external auditors, without any Executive Directors present, at least twice annually and more often if this is considered appropriate.

Work during the year

The main activities of the Committee during the year included:

a) review of the half year and full year results;
b) review of the significant management judgements reflected in the results;
c) agreement and discussion of audit plans and fees with the auditors;
d) reviewing the internal audit reports and the effectiveness of the internal audit function;
e) reviewing and agreeing an updated tax policy paper setting out the principles and policies on how the Group manages its tax affairs;
f) considering the effectiveness and independence of the external auditors and auditor rotation and reappointment;
g) review of internal controls and fraud and bribery prevention measures and matters arising;
h) instigation of a review by Deloitte into a bad debt in China;
i) reporting to the Board on key areas arising;
j) reporting to the Board on whether it considers the Annual Report to be fair, balanced and understandable.

The Committee discharged its obligations in respect of the financial year as follows:

1) External audit

The Committee has considered the independence and effectiveness of Deloitte LLP during the period reviewed and approved the scope of the interim review and final audit. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their independence and effectiveness.

Non-audit fee work conducted by Deloitte LLP over the past year for half year review assurance services and the China internal audit investigation amounted to 26% of the audit fee work. The Committee has a formal policy governing the engagement of the external auditors to provide non-audit services which it reviews on a regular basis and considers that the level and nature of non-audit work does not compromise the independence of the external auditors. There are no contractual obligations restricting the Group's choice of external auditors and the Committee also keeps under review the value for money of the audit.

Audit Committee report continued

The external auditors are required to rotate the audit engagement partner responsible for the Group and subsidiary audits every five years and, as a result, Mr Peter O'Donoghue stepped down as audit partner at the end of the 2013 audit and Mr Mark Lee-Amies was appointed in his place.

The Committee recognises that the current auditors and their legacy predecessors have been in place for more than ten years and that, in accordance with the recommendations of the Code, the external audit should be put out to tender at least every ten years subject to current transition rules. Last year the Committee undertook to review the position during this financial year and it was decided that, in light of the project that ultimately lead to the disposal of the Travel business in May 2014, the appointment at the beginning of the year of a new audit partner and latest EU guidance, it would not be appropriate to carry out a tender process this year. It is therefore the Committee's intention to initiate an audit retendering process no later than 2018 prior to the rotation of the current audit partner. The Committee will keep this retendering timeframe under review.

The Committee assessed the effectiveness of the auditors during the year through a review of the report received from Deloitte LLP after the half year review and full year audit and from discussions with the Executive Directors and other senior management and concluded that they were satisfied with the effectiveness of the audit process and of Deloitte's independence and objectivity. The Committee has therefore recommended to the Board and shareholders that Deloitte LLP should be reappointed as the Group's auditors at the AGM on 12 September 2014.

2) Financial reporting

The Committee reviews all significant issues concerning the financial statements and the critical accounting estimates, assumptions and judgements set out in note 2(t) on page 87, and the following key matters were considered in respect of the 2014 financial statements:

- The Committee received and considered reports from the external auditors on accounting and reviewed any judgemental issues which required its attention. The reports were based on a full audit (annual) and a limited scope review (interim).
- The Committee reviewed specific judgements in a number of areas, which were also areas of focus by the auditors:
  a) Revenue recognition on large contracts: The Committee reviewed the papers presented internally on the key contracts that have taken place in the year and reviewed the consistency of the policy applied in respect of unbundling revenue and assessment of when the performance criteria have been met.
  b) The acquisition and fair value accounting treatment of the Genetel and Propsim businesses: The Committee reviewed the papers presented and considered the assumptions made both in terms of the valuation of the intangible assets and in terms of the fair value adjustments.
  c) Goodwill impairment: The Committee reviewed the papers presented by management on the judgements and assumptions made in calculating the value-in-use of the cash generating units being tested for impairment.
  d) Stock and stock provisioning: The Committee reviewed the papers presented by management on the inventory levels in the Wireless business and the assessment of obsolescence provisioning, reflecting the increasing importance of hardware within the Wireless division business model.
  e) Taxation and tax provisioning: The Committee reviewed the detailed tax paper presented by the Head of Tax and Treasury and reviewed the level of tax provisions held.
- The Committee was asked specifically by the Board to advise on whether the 2014 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable under the revised principle C1.1 of the Code. As part of this process the Committee took into account the preparation process detailed below:
  a) The overall process is coordinated by the Group Communications Director and Company Secretary who issue the timetable and plan.
  b) The key themes of the report and structure are agreed with the Executive Directors at an early stage.
  c) Interviews take place with senior managers and the individual sections are drafted and regularly reviewed internally and externally to ensure consistency across the document.
  d) A review process is undertaken to ensure the information from both internal and external sources is factually correct
  e) Reviews of each section are reviewed by the Executive. Directors, senior management and the relevant Committees.
  f) The auditors and other external advisers review and provide feedback on the drafts.
  g) A checklist of points to be considered in reviewing the Annual Report is provided to the Audit Committee members to assist them making their final recommendations to the Board.
  h) The Board provides final sign off on the Annual Report and Accounts the day before the preliminary announcement.

3) Internal controls and risk management

The Board retains the responsibility for risk assessment and monitoring as explained in the Corporate Governance report starting on page 32.

The Audit Committee is delegated the responsibility for assessing the effectiveness of the Group's internal control regime, in accordance with the requirements of the revised Turnbull Guidance on internal control. It undertook this during the year by reviewing the principal risks facing the Group and its trading operations and the necessary mitigation and monitoring activities, and by receiving reports from the internal audit function, Group Director of Project and Programme Management, Group Financial Controller, IT Director and the external auditors.

During the year the Committee instigated an investigation into the controls in the Handset Testing business following the bad debt it suffered in China and the outcome of this review is set out below. Apart from this instance it confirms that no other significant control failings or weaknesses were identified in the review for 2013/14. Where areas for improvement were identified, processes are in place to ensure that the necessary action is taken and that progress is monitored.

The Group's whistleblowing policy contains arrangements for any of the Non-Executive Directors to receive in confidence complaints on accounting, risk issues, fraud, internal controls, auditing issues and related matters for reporting to the Audit Committee.

4) Internal audit

The Internal audit function has been carried out by members of the Group Finance team during the year.

During the year the Group finance team reviewed the inventory procurement processes in Handset Testing, which concluded that the overall controls in the areas tested were appropriate and effective, and recommended minor improvements which are expected to be implemented over the next year. It also reviewed the balance sheet and forecasting processes which resulted in a new forecasting model being introduced which, together with enhanced stock management controls, produced improved working capital management and cash generation across the business in the second half of the year.

In December 2013 the Handset Testing business suffered a bad debt loss through a debt fraud perpetrated on a third-party distributor involved in importing goods into China, which resulted in a loss to the Handset Testing business of £1.5m. The transaction was made through a new distribution channel in China which had not been previously used. As a result of the loss, the Audit Committee instigated a full investigation by a team from Deloitte LLP, independent of the external audit team, into the processes carried out in relation to the transaction. The detailed review concluded that the control processes that were in place in the division were appropriate to manage the risk. The investigation however concluded that the circumstances surrounding the transaction were unique and resulted in certain of those processes not being fully followed in this circumstance. The report concluded that if they had it was likely the use of the distributor may not have been approved. As a result changes were made within the division to improve the adoption and management of these controls going forward.

Formal project governance audits were completed for both the Travel and Handset Testing businesses and the results reported to the Committee along with notification that all resulting remedial actions had been completed satisfactorily.

The project management governance standards for the Handset Testing business were enhanced to align more closely with the current working practices of the business and to provide improved automation of status and milestone achievement reporting. These standards were also introduced and rolled out to the newly acquired Propsim Channel Emulation group. With the introduction of larger, more complex internal R&D projects within the Network Testing business, further tailoring of the project management governance standards was completed for this business as well, and they are being rolled out across the existing portfolio and for all major new projects.

The Committee has recently reviewed how the internal review audit function should be resourced in future bearing in mind the growing international presence of the Group and the risks associated with trading in overseas territories. As a result, it has been agreed that the Group Director of Project and Programme Management, who has also taken on the responsibility for reviewing Group risks, should additionally take over management of the Internal Audit function and that consideration will be given to outsourcing some of the work to an external professional firm which has the ability to undertake review work on a global basis.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Paul Taylor
Audit Committee Chairman
1 July 2014

Directors' Remuneration report
Remuneration Committee report

As the new Chairman of the Remuneration Committee I am pleased to introduce our Remuneration Committee Report for the year ended 30 April 2014.

Review of remuneration for the year ended 30 April 2014

This has been a demanding but productive year for the Remuneration Committee (the "Committee"). We remain focused on ensuring that our policies and procedures are right for our business and are capable of driving and incentivising our executives to create long-term value for our shareholders. Profits for the year fell short of the threshold profit target, wholly in the Handset Testing business which was affected by consolidation in the market and also by the tail-off in 2G/3G revenue, whereas both Network Testing and Travel performed well and in line with expectations.

The fall in profits has therefore resulted in no bonus payouts for the Executive Directors this year. Despite this, good progress was made with the strategic and organisational development of the Group.

The long-term incentive awards granted in 2011 will vest at 66.4% of the amount granted with 100% of profit and 32.8% of Total Shareholder Return ("TSR") targets achieved.

Future remuneration policy

The Remuneration Committee continually reviews the senior executive remuneration policy to ensure that it promotes the attraction, motivation and retention of the high quality executives who are key to delivering sustainable earnings growth and shareholder return in the future.

Against the backdrop of challenging market conditions, febrile environment around executive pay and taking into account recent feedback from our shareholders, the Committee has recently completed a thorough review of the Company's current remuneration framework with respect to Executive Directors and other senior executives.

The Committee concluded following the review to simplify our existing remuneration structure and to review in particular the existing short- and long-term incentive arrangements in place such that they continue to support the business strategy of Anite as it embarks on its next stage of development and that the interests of our Executive Directors continue to be aligned with shareholder returns over the longer term.

Specifically, the Committee concluded:

- Basic salaries should increase by 3% in line with the average increases across the Group.
- To introduce a deferral of any bonus paid over 100% of salary into Company shares for a three-year period for any new Executive Directors. The structure and quantum of the annual bonus continues to be appropriate and aligned to shareholders' interests for our existing Executive Directors and will remain as is.
- To introduce a new long-term incentive policy for Executive Directors with the adoption of the new Anite plc 2014 Long-Term Incentive Plan ("2014 LTIP"). This new plan replaces the current long-term incentive structure of a matching share award and annual conditional share award with one annual share award of comparable value under the 2014 LTIP. No further contributions will be made by Executive Directors to the existing Performance Share Plan ("PSP") and Share Matching Plan ("SMP") and these plans will not be renewed when they expire in 2015. The proposal is for the Committee to operate only the new 2014 LTIP post the 2014 AGM.
- That the new LTIP will measure adjusted EPS growth and relative total shareholder returns against the FTSE techMARK to ensure that there is strong alignment between the senior executive team and shareholders and which will help drive a sustained performance that will lead to the creation of value for shareholders.
- To introduce greater shareholding requirements such that the Executive Directors must now build up and retain a shareholding of 200% of salary. This will promote greater alignment of Executive Directors with shareholders.
- That clawback provisions should apply to both elements of performance related pay.

The Committee is satisfied that this remuneration policy will continue to ensure that we can recruit and retain a highly talented senior management team to maximise shareholder value and deliver strong and sustainable growth.

The new Long-Term Incentive Plan (2014 LTIP)

Two of our current long-term incentive plans – the PSP and the SMP – are set to expire in April 2015. In order to coincide with the new three year remuneration policy being approved at the forthcoming AGM by shareholders and a desire by the Committee to introduce a simplified remuneration policy and structure which support the business strategy in line with market norms, it is proposed to put in place a new long-term incentive plan, the new 2014 LTIP, at the 2014 AGM.

Further details of the 2014 LTIP are set out in the Notice of AGM.

The new disclosure regime

Last year, we took some steps towards disclosing the additional information to improve the transparency of our remuneration report. This year, we have embraced the new disclosure requirements under the UK Government's reforms on Directors' pay and trust that our report demonstrates transparency and clarity in our disclosures. Our report has three sections as follows:

- this **Annual Statement** which summarises and explains the major decisions and changes in respect of Directors' remuneration;
- a **Directors' Remuneration Policy** (pages 48 to 58) setting out the forward looking remuneration policy for the Company's Directors which will operate from the date of the AGM; and
- an **Annual Report on Remuneration** (pages 59 to 65) providing details of the remuneration earned by the Company's Directors in relation to the year ended 30 April 2014 ("FY2014") and of how the policy will be operated for year ending 30 April 2015 ("FY2015").

At the forthcoming AGM on 12 September 2014, the Directors' Remuneration Policy will be subject to a binding shareholder vote and the Annual Report on Remuneration will be subject to an advisory shareholder vote. In future years, the Directors' Remuneration Policy will be subject to a binding vote every three years (sooner if changes are made to the policy) and the Annual Report on Remuneration will be subject to an annual advisory vote.

Alignment and dialogue with shareholders

We are mindful of our shareholders' concerns and are keen to ensure a demonstrable link between reward and value creation. In addition to the matters set out in this report, alignment with shareholder interest is further demonstrated by the operation of stronger share ownership guidelines and the clawback provisions applying to both the annual bonus and long-term share awards.

We regularly consult with major shareholders and the investor protection committees over forthcoming changes to the remuneration structure for Executive Directors and this year wrote to them to explain the proposals for the new share plans and the future policy generally.

We were pleased with the support received from shareholders last year for our Remuneration report which achieved 97.97% approval. We hope that we will continue to receive your support at the forthcoming AGM.

Patrick De Smedt
Chairman of the Remuneration Committee

Directors' Remuneration report continued
Directors' Remuneration Policy

This section of the Remuneration report contains details of the Company's Directors' Remuneration Policy that will govern the Company's future remuneration payments. The policy will apply for three years. The policy described in this part is subject to approval by shareholders at the Company's AGM on 12 September 2014 and will apply from that date. The policy part will be displayed on the Company's website in the Investor Relations section immediately after the 2014 AGM.

The Committee has established the policy on the remuneration of the Executive Directors and the Chairman. The Board has established a policy on the remuneration of the other Non-Executive Directors.

Remuneration policy for Executive Directors

The Company's objective is to attract, retain and incentivise high-calibre executives who can drive the business forward and increase shareholder value. To meet this objective, the Company follows three key principles:

- total rewards are designed to be competitive, with the remuneration package of each Executive Director and his direct reports benchmarked regularly against companies of a similar size and in similar markets;
- incentive-based rewards are seen as an important part of each Executive Director's remuneration package as they are designed to drive and reward exceptional performance; and
- long-term incentive arrangements are designed to align the interests of the Executive Directors and senior managers with those of the shareholders and to support the Company's business strategy.

The Committee also ensures that, when determining the Executive Directors' remuneration packages, due account is taken of pay and employment conditions elsewhere in the Group. In this regard, the Committee ensures, via the Chief Executive's and Group Finance Director's attendance at certain meetings, that it is kept fully informed of all relevant Group-wide remuneration related issues.

The Committee ensures that remuneration structures neither encourage nor reward inappropriate operational risk-taking and are applied with due account taken of the Company's risk policies and systems. In addition, the Committee ensures that the incentive structures for Executive Directors and senior managers will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to overall remuneration structures, there is no restriction on the Committee that prevents it from taking into account ESG matters.

Future policy table – Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Fixed remuneration			
Base salary Core element of remuneration set at a level commensurate with contribution to the Company and appropriately based on skill, experience and performance achieved. Base salary is set at a level to attract and retain Executive Directors and recognises the status and responsibility required to deliver the business strategy. **Policy position** Market median.	An Executive Director's base salary is considered by the Committee on their appointment and then reviewed annually with changes taking effect from 1 May, or when an individual changes position or responsibility. When making a determination as to the appropriate salary level, the Committee considers firstly remuneration practices within the Group as a whole and, where considered relevant, conducts objective research on companies within the Company's peers – based on market sector, size and business complexity of companies within the FTSE 250, FTSE techMARK and FTSE Small Cap. It should be noted that, as is currently the case, the results of the benchmarking will only be one of many factors taken into account by the Committee. Other factors include: – the individual performance and experience of the Executive Director; – pay and conditions for employees across the Group; – the general performance of the Company; and – the economic environment. No recovery provisions apply to base salary.	The annual salaries for the Executive Directors for FY2014 are set out in the Annual Report on Remuneration on page 59. The previous column sets out the factors that will be taken into consideration in determining the salary. Any increase in salary for the Executive Directors will take into account the salary levels in the comparator group. In the normal course of events, increases in the Executive Directors' salaries will be in line with the average increase for employees. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the average increases for employees until the target positioning is achieved.	None.
Benefits The Company provides a market competitive benefits package. **Policy position** In line with market practice.	Executive Directors are entitled to a benefit package which includes: – medical insurance; – death in service life assurance; – permanent health insurance; – car fuel expenses; – reasonable business expenses; and – housing allowance where necessary to perform their duties. Executives are eligible to participate in the Company's all-employee share schemes, Sharesave and the Share Incentive Plan, on the same terms as UK colleagues. Sharesave is a HMRC approved savings related share option scheme. The Share Incentive Plan is a HMRC approved plan comprising free shares and partnership shares. Benefits are reviewed annually to ensure they remain market competitive. The payments are not included in salary for the purposes of calculating any benefit or level of participation in incentive arrangements. No recovery provisions apply to benefits.	Benefit values vary year on year depending on premiums and the maximum value is the cost of the provision of these benefits.	None.

Directors' Remuneration report continued
Directors' Remuneration Policy continued

Objective and link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Pension The Company provides a level of pension contribution in order to be market competitive. **Policy position** Market median.	The Company's policy is to provide Executive Directors with the Anite Group Flexible Retirement Plan ("GFRP") or a salary supplement in lieu of pension contributions. Mr Humphrey makes his own pension arrangements and the Company makes no payment in this respect. Mr Amos belongs to the GFRP whereby the Company contributes 10% of base salary on the basis that he contributes a minimum of 5%. The payments are not included in salary for the purposes of calculating any benefit or level of participation in incentive arrangements. No recovery provisions apply to pension.	The maximum contribution is 10% of base salary.	None.
Performance-based variable remuneration			
Annual bonus plan Incentivises the achievement of annual financial and strategic objectives that are key to the success of the Company. **Policy position** Market median.	The performance period is one financial year and awards may be made annually. The performance conditions for the annual bonus and the weighting between them are set at the beginning of the financial year. The bonus is paid in cash except for new Executive Directors appointed after the 2014 AGM, where bonus earned in excess of 100% of base salary will be deferred into Anite plc shares to be held for three years under the new Deferred Annual Bonus Plan. Bonus payments are not pensionable. Clawback conditions apply to bonus payments.	The maximum annual bonus level is 125% of base salary for Executive Directors. Bonus will begin to pay out for "threshold" performance. At "target" adjusted profit before tax performance, 50% of the annual salary can be earned under the profit before tax element. At "overperformance" adjusted profit before tax performance, 105% of the annual salary can be earned under the profit before tax element. Up to a further 20% of salary can be earned for achievement of personal objectives which may be subject to a minimum "threshold" adjusted profit before tax performance. The Remuneration Committee has discretion in relation to the payment of any bonus for personal objectives taking into account the overall financial and operating performance of the Company during that financial year.	Performance targets will be set by the Committee annually based on a range of financial and strategic measures, including but not limited to: – Adjusted profit before tax growth targets (maximum 105% of salary). – Agreed personal objectives (maximum 20% salary). While the exact targets cannot be disclosed for reasons of commercial sensitivity, they are tied to the strategic objectives and key performance indicators of the Group. The Committee believes these targets are appropriately stretching and if delivered will represent value creation for shareholders. As well as determining the measures and targets, the Committee will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant year. The Committee has the discretion to adjust weightings or targets for any exceptional events that may occur during the year. Further details on the measures for FY2015 are set out in the Annual Report on Remuneration on page 53.

Objective and link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Deferred Annual Bonus Plan Deferral of annual bonus provides a link of the bonus deferred to the share price over the deferral period and amounts deferred in shares are also forfeitable on a Director's voluntary cessation of employment which provides an effective lock-in. **Policy position** In line with market practice.	The Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided as an award of shares (in the form of nil cost options) under the Deferred Annual Bonus Plan. The main terms of these awards are: – minimum deferral period of three years; and – the participants' continued employment at the end of the deferral period. The Committee may award dividend equivalents on those shares to plan participants to the extent that they vest.	The annual bonus will continue to be paid in cash for the current Executive Directors – Christopher Humphrey and Richard Amos. For new Executive Directors, any bonus paid over 100% of salary will be deferred into Company shares for a three year period.	None.
Anite Long-Term Incentive Plan ("LTIP") The long-term incentive arrangements are structured so as to encourage and reward delivery of the Company's longer-term strategic objectives, provide reward for delivery of superior performance and to align the interests of the Executive Directors with the interests of shareholders. **Policy position** Median to upper quartile.	Annual awards of performance shares (or nil-cost options) are made subject to continued employment and satisfaction of challenging performance conditions which are met over a three year period under the new 2014 LTIP – subject to approval by shareholders at the 2014 AGM. The shares will vest at the end of the three year performance period, with 50% being released immediately. A further 25% of vested shares will be released one year later, and the final 25% released five years from the grant date. The Committee may award dividend equivalents on those shares to plan participants to the extent that they vest. Should the individual leave between years three and five, all vested shares will be released immediately on cessation of employment. Clawback conditions apply to LTIP awards.	The maximum value of awards is 200% of base salary. In exceptional circumstances an award of 250% of base salary may be made. At "threshold" performance 25% of each element of the award can be earned rising to 100% at maximum performance.	50% of awards made under the LTIP are based on the Group's relative Total Shareholder Return ("TSR") against the FTSE techMARK index. 50% of awards made under the LTIP are based on the Group's adjusted earnings per share ("EPS")[2]. Further details on the measures for the FY2015 award are set out in the Annual Report on Remuneration on page 53.
Shareholding requirement			
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	The Committee operates a system of shareholder guidelines to encourage long-term share ownership by the Executive Directors. The Executive Director will have five years to build up to this holding level and it has to be maintained throughout the Executive Director's employment with the Group.	The shareholding requirement is 200% of salary. The Committee has discretion to increase the shareholding requirement.	Not applicable.

1 "Adjusted profit" is defined for FY2015 as profit before tax from continuing operations before share-based payments, amortisation of acquired intangible assets and restructuring costs.
2 "Adjusted Earnings per share" is based on earnings for continuing operations before share-based payments, amortisation of acquired intangible assets and restructuring costs.

Directors' Remuneration report continued
Directors' Remuneration Policy continued

Notes to the future policy table

Performance measures and targets

1. Rationale for the Annual Bonus Plan

The Annual Bonus Plan measures were selected as the Committee believes they provide direct alignment with the short-term operational targets of the Company. The Committee is of the opinion that the performance targets are commercially sensitive and that prospective disclosure would not be in the shareholders' interests. Except in circumstances where elements remain commercially sensitive, actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts.

From FY2015, the Deferred Annual Bonus Plan (subject to shareholder approval at the 2014 AGM) will run in conjunction with the annual bonus arrangements as described below.

Other elements of the annual bonus structure will remain as per the current scheme.

2. Rationale for the new Deferred Annual Bonus Plan

Key changes are proposed to the existing annual bonus structure to enable new Executive Directors (appointed after the 2014 AGM) to build up their shareholding in the Company and align their interests with those of shareholders:

- a bonus deferral is to be introduced for new Executive Directors whereby any bonus earned over 100% of salary (maximum opportunity for Executive Directors is 125% of salary) will be deferred into shares (in the form of nil cost options) for three years and will vest based on continued employment.

This structure brings Anite's annual bonus structure for new Executive Directors in line with prevailing market practice and ensures that new Executive Directors are aligned with the long-term performance of the Company.

Given the shareholding of the current CEO and CFO in addition to the proposed holding period on the new LTIP and increased shareholding requirement (please see the following section for further details), the Committee feel that the current Executive Directors have sufficient alignment with the long-term development of the business. Therefore the existing annual bonus structure will be retained for the current Executive Directors.

3. Rationale for the Anite Long-Term Incentive Plan 2014

The Company is fully focused on creating shareholder value through the creation of a specialist telecoms test and measurement business focusing on leading edge wireless markets. Furthermore, taking into account recent feedback from our shareholders, the Remuneration Committee completed a thorough review of the Company's current remuneration framework with respect to Executive Directors and other senior executives.

Following this review, the Committee has decided to replace the current long-term incentive structure of a matching share award under the SMP (which is currently either front-loaded or granted on an annual basis) and annual conditional share award under the PSP with one annual share award of comparable value under the provisions of the 2014 LTIP.

The current PSP provides an annual opportunity of 100% of salary for the Executive Directors and c.120% of salary opportunity per year under the SMP (30% per annum investment grossed up for tax and a two times match on the investment by the Company). Taking this into consideration, the proposal is for annual awards of 200% of salary maximum for both the CEO and CFO under the new LTIP.

Historical awards under the SMP, PSP and other employee share plans made before the adoption of the Directors remuneration policy will continue to pay out in accordance with the respective rules for each award.

Please see the notice of the AGM for further details of the new LTIP.

The PSP and SMP are due to expire in April 2015 and will not be renewed and no further awards will be made under these plans in 2014.

4. Other Remuneration Committee discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Alignment with the strategic aims

The LTIP is intended to directly support the achievement of the key long-term performance indicators of the Company, relative TSR against the FTSE techMARK, and Group adjusted EPS, which support the business strategy and will drive high and sustained performance that will lead to the creation of value for shareholders.

The performance conditions are set at stretching levels to ensure payouts to Executive Directors are only provided when the Company delivers strong performance.

Alignment of interests with shareholders

One of the main criteria of success by which shareholders will judge the executive team is the long-term sustainable increase in TSR. The LTIP provides a direct relationship between returns to shareholders and value delivered to participants.

TSR is easy to communicate to shareholders and participants and also to explain the basis of the value received by participants as a proportion of the value delivered to shareholders.

The condition of Group adjusted EPS provides a strong link to overall Group performance and is in line with prevailing governance best practice. Furthermore the use of Group adjusted EPS allows for a simple target setting/calibration process which is easy to communicate to shareholders and participants.

Changes to remuneration policy from previous policy

There have been no changes to the operation, maximum or performance measures in relation to the salary, pension and other benefits.

Although no PSP or SMP awards will be granted in FY2015, other outstanding awards granted under these plans will vest in accordance with the rules of these plans as previously approved by shareholders.

Details of increases in salary levels for Executive Directors can be found on page 65.

The introduction of Anite's 2014 LTIP and the new Deferred Annual Bonus Plan are detailed above. In addition to the adoption of these two plans, subject to shareholder approval at the 2014 AGM, the other key change is for the introduction of greater shareholding requirements such that the Executive Directors must now build up and retain a shareholding of 200% of salary (currently 100%).

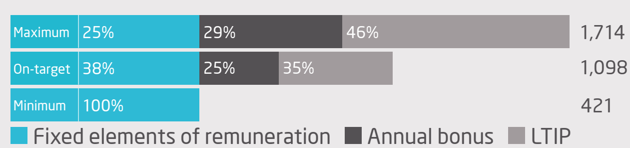
Illustrations of application of remuneration policy

The policy of the Committee is to align Executive Directors' interests with those of shareholders and to give the Executive Directors incentives to perform at the highest levels. To achieve this it seeks to ensure that a significant proportion of the remuneration package varies with the performance of the Company and that targets are aligned with the Company's stated business objective.

The composition and total value of the Executive Directors' remuneration packages for FY2015 at minimum, on-target and maximum performance scenarios are set out in the charts below.

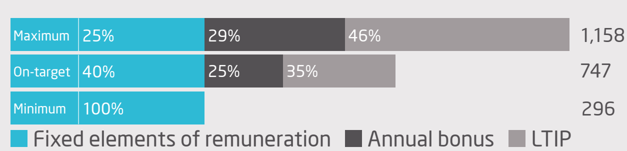
CEO – Value of package £000

Christopher Humphrey



CFO – Value of package £000

Richard Amos



Assumptions used in determining the level of pay-out under given scenarios are as follows:

Element	Minimum	On-target	Maximum
Fixed elements	2015 base salary, benefits[1] and pension		
Annual variable element (bonus plan)	0%	70% of base salary (50% based on adjusted profit and 20% on personal objectives)	100% of maximum award[2]
Long-Term Incentive Plan	0%	50% of maximum award	100% of maximum award[3]

1 Based on FY2014 benefit payments.
2 Equating to 125% of salary.
3 Equating to 200% of salary.

Directors' Remuneration report continued
Directors' Remuneration Policy continued

Future policy table – Non-Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measures and assessment
The Company sets fee levels necessary to attract and retain experienced and skilled Non-Executive Directors to advise and assist with establishing and monitoring the strategic objectives of the Company.	Fee levels are sufficient to attract individuals with appropriate knowledge and experience. The Chairman is paid a fixed fee set by the Remuneration Committee. Non-Executive Directors are paid a base fee and additional fees for chairmanship of Committees. Objective research on companies within the Company's peers – based on market sector, size and business complexity of companies of within the FTSE 250, FTSE techMARK and FTSE Small Cap, is taken into account in determining fee levels. In addition to fees, Non-Executive Directors are entitled to reimbursement of reasonable business expenses. Fees are reviewed periodically with any changes generally effective from 1 May. Any increases in fees will be determined based on time commitment and take into consideration level of responsibility and fees paid in other companies of comparable size and complexity. Non-Executive Directors do not receive any bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme.	The Chairman's and other Non-Executive Director fees for FY2014 are set out in the Annual Report on Remuneration on page 60. The previous column sets out the factors that will be taken into consideration in determining the fees. In the normal course of events, increases in the Non-Executive Directors' fees will not exceed the average increase for employees.	None.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new Executive Director would be assessed following the same principles as for the Executive Directors, as set out in the remuneration policy table.

The fees and benefits applicable to the appointment of any new Chairman or Non-Executive Director will be in accordance with the policy table set out on page 54.

The Committee is mindful on recruitment of guidelines and shareholder sentiment regarding one-off or enhanced short- or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The table below summarises our key policies with respect to recruitment remuneration:

Element	Policy
Base salary and benefits	The salary level will be set taking into account a number of factors including market practice, the individuals' experience and responsibilities and other pay structures within Anite and will be consistent with the salary policy for existing Executive Directors. The Executive Director shall be eligible to receive benefits in line with Anite's benefits policy as set out in the remuneration policy table.
Pension	The Executive Director will be able to participate in the GFRP or elect to receive a payment in lieu of pension benefits.
Annual bonus	The Executive Director will be eligible to participate in the Annual Bonus Plan and Deferred Annual Bonus Plan as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable in the remuneration policy table at the Committee's discretion.
Long-Term incentives	The Executive Director will be eligible to participate in the Anite LTIP as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under the Plan rules at the Committee's discretion.
Maximum variable remuneration	The maximum annual variable remuneration that an Executive Director can receive is limited to 375% (425% if the maximum sign-on compensation set out below is provided). This limit excludes any buy out or replacement awards.
Sign-on compensation	The Committee's policy is not to provide sign-on compensation. However, in exceptional circumstances where the Committee decides to provide this type of compensation it will endeavour to provide the compensation in equity, subject to a holding period during which cessation of employment will generally result in forfeiture and subject to the satisfaction of performance targets. The maximum value of this one-off compensation will be proportionate to the overall remuneration offered by the Company and in all circumstances is limited to 50% of salary.
Share buy-outs/ replacement awards	The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buy-out, the value of any incentives that will be forfeited on cessation of a Director's previous employment will be calculated taking into account the following: – the proportion of the performance period completed on the date of the Director's cessation of employment; – the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and – any other terms and condition having a material effect on their value ("lapsed value"). The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation policies	In instances where the new executive is relocated from one work-base to another, the Company will provide compensation to reflect the cost of relocation for the executive in cases where they are expected to spend significant time away from their normal residence or country of domicile. The level of the relocation package will be assessed on a case by case basis.

Directors' Remuneration report continued
Directors' Remuneration Policy continued

Service contracts and payment for loss of office

Service contracts

Each of the Executive Directors has a service contract with the Company which is terminable by the Company on not more than 12 months' notice and by the Director on 12 months' notice. The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment. Their appointment is usually for a term of three years subject to annual re-election by the shareholders, at the Company's AGM. When setting notice periods, the Committee has regard for market practice and corporate governance best practice.

Executive Director	Date of contract	Unexpired term	Notice period by Company or Director
Christopher Humphrey	3 February 2003	Rolling one year contract	12 months
Richard Amos	2 November 2009	Rolling one year contract	12 months

Non-Executive Director	Date of letter of appointment	Expiry of current term	Unexpired term at the date of this report
Clay Brendish	4 October 2005	7 October 2014	3 months
David Hurst-Brown	23 August 2004	23 August 2016	2 years 2 months
Nigel Clifford	1 April 2009	31 March 2015	9 months
Paul Taylor	5 October 2009	5 October 2015	1 year 3 months
Patrick De Smedt	26 September 2013	25 September 2016	2 years 3 months

All service contracts and letters of appointment are available for viewing at the Company's registered office.

When determining any loss of office payment for a departing Director the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Payment for loss of office

The table below sets out, for each element of total remuneration, the Company's policy on payment for loss of office in respect of Executive Directors and any discretion available to the Committee.

Element	Cessation of employment
Base salary, benefits and pension	Salary, benefits and pension contributions/salary supplement will normally be paid over the notice period. The Company has discretion to make a lump sum payment on termination of the salary, value of benefits and pension amounts payable during the notice period. In all cases the Company will seek to mitigate any payments due. Mr Humphrey is entitled to legacy contract provisions which, except for dismissal for gross misconduct, will be honoured in full. The Company has the obligation to pay Mr Humphrey six months' salary and contractual benefits within seven days of termination, and six months' salary payable in equivalent number of monthly instalments. These monthly payments cease if Mr Humphrey commences employment with a new employer during the payment period. These legacy contractual provisions were agreed many years ago at a time when it was believed to be in shareholders' interests that the maximum obligations of each party in the event of termination were transparent and agreed in advance to provide certainty. In the event of termination without cause, the Company has the right to pay Mr Amos 12 month's salary payable in equivalent number of monthly instalments. Payments cease if Mr Amos commences employment with a new employer during the payment period.

Element	Cessation of employment
Annual Bonus Plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the executive may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct. Where an Executive Director's employment is terminated during a performance year, a pro-rata annual bonus award for the period worked in that performance year may be payable at the Committee's discretion subject to an assessment based on performance achieved over the period and provided the individual is a "good leaver". The good leaver definition is the same as for the LTIP set out below. Mr Humphrey is entitled to legacy contract provisions which, except for dismissal for gross misconduct, will be honoured in full. The Company has the obligation to pay Mr Humphrey the annual bonus he would have received had he continued to be employed from the date of termination until the expiry of the notice period. These legacy contractual provisions were agreed many years ago at a time when it was believed to be in shareholders' interests that the maximum obligations of each party in the event of termination were transparent and agreed in advance to provide certainty. **Committee discretion** The Committee has discretion to determine whether an individual is a good leaver and therefore whether a pro-rated bonus will be payable for the year of cessation.
Deferred Annual Bonus Plan	Where an Executive Director's employment is terminated as a good leaver prior to the end of the deferral period, awards will be pro-rated for time in respect of each subsisting deferred share award. For bad leavers, awards any unvested deferred share awards will lapse. **Committee discretion** The Committee has discretion to determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders. The Committee will retain discretion as to whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's policy is generally to pro-rate to time. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Long-Term Incentive Plan ("LTIP")	The treatment of awards granted under the LTIP is governed by the rules, as approved by shareholders. On termination of employment before the measurement date, all unvested awards will lapse, unless the following circumstances apply which deem the participant a "good leaver": – Death; – Injury, ill-health or disability; – Retirement; – Redundancy; or – Any other circumstances if the Committee decides in any particular case. Awards will vest for a good leaver on the normal vesting date. The number of awards vesting for a good leaver will be dependent upon the proportionate satisfaction of the performance conditions at vesting of the award and time pro-ration based on time elapsed from the date of grant and the cessation of employment. Anyone who is not a good leaver will be a bad leaver. Where a bad leaver ceases to be employed prior to the awards becoming exercisable all unvested awards will lapse (including accrued unvested nil-cost options). **Committee discretion** The Committee will have discretion to determine that an Executive Director is a good leaver in exceptional circumstances and will provide a full explanation to shareholders, if possible in advance, of the basis for its determination.

Notes
1 There are no contractual provisions agreed prior to 27 June 2012 that impact on any payment for loss of office other than those stated in the table above.
2 Similar provisions apply to the outstanding awards granted under the SMP and PSP.

Directors' Remuneration report continued
Directors' Remuneration Policy continued

Payments for a change of control
The table below sets out, for each element of total remuneration, the Company's policy on payment on a change of control in respect of Executive Directors and any discretion available to the Committee.

Element	Change of control
Annual Bonus Plan	The extent to which the performance requirements are satisfied will determine the annual bonus which is earned. Excludes a reorganisation or reconstruction where ownership does not materially change. **Committee discretion** The Committee will take into account such factors as it considers relevant in relation to the bonus plan payment for the year in which the event occurs, including the proportion of the bonus plan year elapsed at the date of the event.
Deferred Annual Bonus Plan	The number of shares subject to subsisting deferred share awards on a change of control will vest in full. **Committee discretion** None.
Long-Term Incentive Plan ("LTIP")	The treatment of awards granted under the LTIP is governed by the rules, as approved by shareholders. If a change of control occurs the level of awards that vest will be dependent upon the proportionate satisfaction of the performance conditions at the point of the change of control and time pro-ration based on time elapsed from the date of grant and the change of control. **Committee discretion** The Remuneration Committee will retain their discretion to disapply time pro-ration in circumstances that it feels are fair and appropriate. The application of discretion will be considered to each individual award and will not be applied in aggregate to all outstanding awards.

Notes
1 There are no contractual provisions agreed prior to 27 June 2012 that impact on any payment for loss of office other than those stated in the table above.
2 Similar provisions apply to the outstanding awards granted under the SMP and PSP.

Consideration of employment conditions elsewhere in Anite when developing policy
In setting the remuneration policy for Directors, the pay and conditions of other employees of Anite are taken into account, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Company. No comparison metrics were used. Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when drawing up the policy report.

Consideration of shareholder views
The Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

For this year, views of major shareholders were sought with regards to the adoption of the new Anite Long-Term Incentive Plan 2014 and the Deferred Annual Bonus Plan.

Annual Report on Remuneration

This section of the report illustrates how the Company has implemented its remuneration policy

Single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 30 April 2014. Comparative figures for 2013 have also been provided. Figures shown below have been calculated in accordance with the new remuneration disclosure regulations (The Large- and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013).

	Salary £		Taxable benefits[1] £		Annual bonus £		Long-term incentives[2,3] £		Pensions[4] £		Total £	
Year ended 30 April	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Christopher Humphrey	386,250	375,000	23,510	11,230	–	283,551	260,267	5,630,400	–	–	670,027	6,300,181
Richard Amos	257.500	250,000	4,515	4,408	–	189,034	368,192	2,466,334	25,750	25,000	655,957	2,934,776
Total	643,750	625,000	28,025	15,638	–	472,585	628,459	8,096,734	25,750	25,000	1,325,984	9,234,957

1 Taxable benefits include medical insurance, death in service life assurance, permanent health insurance, car fuel expenses and professional subscriptions for each Director. In addition Mr Humphrey has a London flat provided on an annual lease (since December 2013) to which he contributes to the rent and pays all running costs. The balance of the rent for the period of £13,000 paid by the Company is included as a benefit in kind.

2 The value shown in the 2014 long-term incentives is the LTIP award granted in 2011 which will vest on 2 July 2014. This value comprises both the PSP and the SMP awards which vest on this date together with the value of dividends earned over this period on the vested amounts. The PSP award will vest at 66.4% of its maximum value and is valued using the average share price for the three months ending on 30 April 2014 of 83.89p. The SMP award will vest at 66.4% of its maximum value and is valued using the average share price for the three months ending on 30 April 2014 of 83.89p. The SMP is a rolling three-year plan and the value of the vested awards represented one year's award for Mr Amos.

3 The long-term incentives for 2013 comprise the full vesting of the 2010 PSP and 2010 SMP (including matching awards). The SMP allowed executives the opportunity to invest up to maximum of 90% equivalent of salary in shares they hold in advance over a rolling three-year period (30% per annum) the grant made on 7 July 2010, Mr Humphrey and Mr Amos invested 90% and 60% respectively in the SMP and matching awards were granted at 2:1 on a grossed up for tax basis.

4 Mr Humphrey makes his own pension arrangements and the Group makes no payment in this respect. Mr Amos belongs to the Anite Group Flexible Retirement Plan and the Company contributes 10% of his base salary on the basis that he contributes a minimum of 5%.

The table above has been subject to audit.

Additional details on variable pay in single figure table

Annual bonus for year ending 30 April 2014

Under the terms of the annual bonus, for the year ended 30 April 2014, a bonus of up to 125% of salary could be earned – 105% for profit achievement compared to a stretching profit before tax target set as part of the annual budget and strategy work and 20% for achieving personal objectives that were agreed at the beginning of the new financial year.

					Christopher Humphrey		Richard Amos	
Measure	Weighting	Threshold performance required	Maximum performance required	Percentage of maximum performance achieved	% of maximum bonus received	Annual bonus received £000s	% of maximum bonus received	Annual bonus received £000s
PBT growth	84%	£36.8m	£43.5m	47%	0%	£0	0%	£0
Personal objectives	16%	£34.8m	–	–	0%	£0	0%	£0
Total	100%			–	0%	£0	0%	£0

The actual performance for the year ended 30 April 2014 resulted in the adjusted profit before tax of £20.4m (including the discontinued adjusted profit of Anite Travel of £5.5m) which was below the minimum threshold performance required and therefore no bonus is payable for this year's performance.

The personal objectives set by the Committee for year ended 30 April 2014 included strategic, customer-facing and investor-based objectives for Mr Humphrey and more operationally based objectives for Mr Amos. However because the minimum profit threshold had not been achieved no personal objective bonus is payable.

No discretion was exercised by the Committee in relation to the outcome of the annual bonus awards.

The table above has been subject to audit.

Directors’ Remuneration report continued
Annual Report on Remuneration continued

Vesting of 2011 PSP and SMP awards
Based on the results to 30 April 2014 100% of the profit targets required under the 2011 PSP and SMP schemes were achieved. The Company’s TSR performance placed it between the median and upper quartile of the comparator group (FTSE All-Share Software and Computer Services sector) and 32.8% of the element of the award will vest. In total 66.4% of the total of both these awards will vest.

Condition	Weighting	Threshold performance required	Maximum performance required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
TSR	50%	Median	Upper Quartile	25%–100%	Median-upper	32.8%
PBIT of Wireless division (sum of PBIT in three financial years)	37.5%	£54.0m	£64.0m	25%–100%	£75.0m	100%
PBIT of Wireless division (in any one year)	12.5%	£23.4m	£23.4m	100%	£29.1m	100%

Between threshold and maximum, vesting takes place on a straight-line basis.

The above table has been subject to audit.

Non-Executive Directors
The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 30 April 2014. Comparative figures for 2013 have also been provided. Figures shown below have been calculated in accordance with the new remuneration disclosure regulations (The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013).

	Total Fees £	
Year ended 30 April	2014	2013
Clay Brendish	139,000	139,000
David Hurst-Brown	42,917	47,000
Nigel Clifford	40,000	40,000
Paul Taylor	45,000	45,000
Patrick De Smedt (joined 26 September 2013)	27,959	-
Total	294,876	271,000

Non-Executive Directors are not entitled to receive taxable benefits as part of their remuneration.

No fee increases were awarded for the 2013/14 or 2014/15 financial years. Mr Hurst-Brown’s fees were reduced when he stepped down as Chairman of the Remuneration Committee and as Senior Independent Director in September 2013.

The above table has been subject to audit.

Long-term incentives awarded in the 2014 financial year
On 8 July 2013, the Committee made awards to Christopher Humphrey and Richard Amos under the PSP and SMP, as follows:

Director	Number of options granted under the PSP	Face value of the award	Award as % of salary	Number of options granted under the SMP	% of salary invested	Face value of the award	Award as % of salary
Christopher Humphrey	288,246	£386,250	100%	951,954	90%	£1,311,793	340%
Richard Amos	192,164	£257,500	100%	423,091	60%	£583,019	226%

Under the SMP Executive Directors could invest shares they held up to a level of 90% equivalent of base salary in any rolling three-year period (i.e. an average annual level of co-investment of 30% per annum, with the opportunity to invest a higher amount in any of the three financial years). These investment shares were matched on a ratio of two for one (grossed up for tax) and have to be held by the executives throughout the performance period.

In accordance with the rules of these plans, the face value of the PSP award is calculated using the mid-market share price at the close of business on 5 July 2013 (134.0p), and the face value of the SMP award is calculated using the mid-market share price at the close of business on 8 July 2013 (137.80p). The PSP and SMP awards are granted in the form of nil-cost options and are exercisable for no consideration.

The table at the bottom of page 60 has been subject to audit.

PSP and SMP 2013 Awards performance conditions

a) Half of the award will be based on the Company's relative TSR compared with the FTSE techMARK index.
b) Half of the award will be based on the sum of the PBIT of the Wireless division in each of the three financial years of the performance period (2014, 2015 and 2016).

Proportion of award vesting	TSR	PBIT of Wireless division
0%	–	Less than £115.0m
15%	–	£115.0m
15%–25%	–	Between £115.0m and £120.0m
25%	Median	£120.0m
25%–100%	Between median and upper quartile	Between £120.0m and £135.0m
100%	Upper quartile or above	£135.0m or above

Performance to date

If 30 April 2014 were the end of the performance period:

1) The Company's TSR over the performance period to date would have placed it below the median of the comparator group, which would result in 0% of this element of the award vesting.
2) Total PBIT of the Wireless division for 2014, 2015 and 2016 to date is £16.8m and represents 12.4% of the proportion of the maximum PBIT target to be achieved over the performance period.

Payments to past Directors

There were no payments made to former Directors during the year.

Payments for loss of office

There were no payments made for loss of office during the year.

Consideration by the Directors of matters relating to Directors' remuneration

Remit of the Committee

The principal function of the Committee is to make recommendations to the Board on the remuneration policy for Executive Directors. It is also responsible for setting the individual remuneration packages for the Chairman (in his absence), for certain other members of the executive management, and for monitoring and approving the operation of all share-based incentive arrangements. The Committee also determines the terms and conditions of employment of the Executive Directors.

The Committee operates within agreed terms of reference which are posted on the Company's website.

Members of the Committee

The following Independent Non-Executive Directors were members of the Committee during FY2014.

Member	Appointed	Meetings attended	Number of meetings
Patrick De Smedt (Chairman)	September 2013	3	3
David Hurst-Brown (resigned 26 September 2013)[1]	August 2004	2	2
Clay Brendish	April 2007	5	5
Paul Taylor	October 2009	5	5
Nigel Clifford	March 2009	5	5

Note: There were other short notice meetings held telephonically during the year not included above.

1 David Hurst-Brown had been a member of the Remuneration Committee for more than nine years and as such was not considered independent under the UK Corporate Governance Code. He therefore stepped down as Chairman and as a member of the Committee on 26 September 2013 and Patrick De Smedt was appointed as Chairman to the Committee in his place.

Directors' Remuneration report continued
Annual Report on Remuneration continued

External advisers

Following his appointment, Patrick De Smedt as Chairman of the Committee undertook a review of advisers to the Committee. PricewaterhouseCoopers ("PwC") are now the Committee's sole independent advisers on executive remuneration and employee share schemes. PwC were appointed by the Committee and they are considered independent and objective. PwC are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to Executive remuneration consulting in the UK. Total fees paid to PwC during the year amounted to £28,000. Fees were determined based on the scope and nature of the projects carried out for the Committee during the year. PwC did not provide any other services to the Company during the year.

The Company Secretary provides the Committee with information and assistance. The Chief Executive regularly attends meetings, by invitation, to provide his insight on business objectives, the individual performance of his direct reports and pay and conditions throughout the Group. No individual is present when their own remuneration is being specifically discussed.

Directors' interests in shares

The table below shows, in relation to each Director, the total number of shares and share options in which he is interested as at 30 April 2014.

Director	Share ownership requirements (% of salary)	Number of shares owned outright[1]	Vested but unexercised share options	Share options subject to performance conditions	Unvested SAYE options	SAYE options exercised in the financial year	Share ownership requirement met
Christopher Humphrey	100%	1,801,018	5,754,378	1,975,219	51,905	–	Yes
Richard Amos	100%	487,061	1,840,548	1,440,614	15,270	–	Yes
Clay Brendish	–	319,472	–	–	–	–	–
David Hurst-Brown	–	230,000	–	–	–	–	–
Nigel Clifford	–	41,166	–	–	–	–	–
Paul Taylor	–	27,250	–	–	–	–	–
Patrick De Smedt	–	19,969	–	–	–	–	–

1 In the period from 1 May to 30 June 2013 the only changes in the interests of the Directors related to the monthly investment by the Executive Directors in the share incentive plan. During this period, Mr Humphrey acquired 642 shares and Mr Amos 642 shares.

The above table has been subject to audit.

Share ownership guidelines

To provide a further alignment of interest with shareholders, the Executive Directors participating in the PSP and SMP, when exercising an award, are required to retain in shares an amount equal in value to 50% of the after-tax gain made until they have built up a shareholding equal to 100% of base salary (this will increase to 200% of salary upon approval of the new remuneration policy). Both Executive Directors held in excess of 100% of salary in shares at the date of this report.

The use of new issue or treasury shares to satisfy awards made under the share plans is subject to a 15% dilution limit in any ten-year period (this will decrease to 10%, in line with corporate governance best practice upon approval of the new remuneration policy). The current potential dilution is well below this level. The Committee, aware of shareholders' views in connection with this matter, continues to take active steps to control the dilutive effect of the Company's share incentives and is currently working under an informal dilution limit of 10%. The actual potential dilution is currently 4.5% (2013: 5.4%) and of this only 0.28% have to be settled by new issue shares, the balance can be settled by either market purchase or new issue shares.

Directors' share options

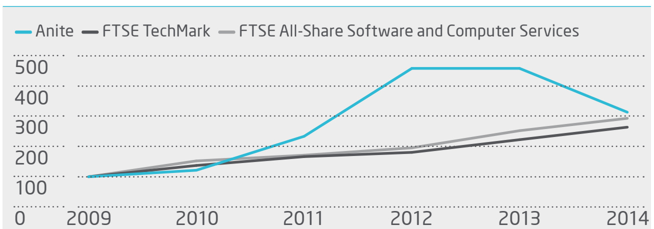
To provide further context on the shareholding of Directors, options in respect of ordinary shares for Directors who served in the year are as below:

	Options at 1 May 2013	Options awarded during year	*Options vested during year*	Options exercised in year	Options at 30 April 2014	Option price	Share price at date of award	Date of grant	Vesting/first exercisable date	Expiry date
Christopher Humphrey										
ESOS	149,912	–	–	149,912	–	56.5p	56.5p	23/01/2004	23/01/2007	22/01/2014
ESOS	187,500	–	–	–	187,500	48.5p	48.5p	16/08/2004	16/08/2007	15/08/2014
PSP	228,042	–	–	–	228,042	0.0p	37.0p	18/08/2008	18/08/2011	17/08/2018
PSP	304,794	–	–	–	304,794	0.0p	27.0p	23/12/2008	23/12/2011	22/12/2018
PSP	830,350	–	–	–	830,350	0.0p	28.0p	10/07/2009	10/07/2012	09/07/2019
PSP	861,111	–	*861,111*	–	861,111	0.0p	36.0p	07/07/2010	07/07/2013	06/07/2020
PSP dividend	–	24,259	*24,259*	–	24,259	0.0p	134.0p	07/07/2013	07/07/2013	06/07/2020
PSP	448,322	–	–	–	448,322	0.0p	74.5p	30/06/2011	30/06/2014	29/06/2021
PSP	286,697	–	–	–	286,697	0.0p	130.8p	04/07/2012	04/07/2015	03/07/2022
PSP	–	288,246	–	–	288,246	0.0p	134.0p	08/07/2013	08/07/2016	07/07/2023
SMP	3,207,818	–	*3,207,818*	–	3,207,818	0.0p	35.5p	07/07/2010	07/07/2013	06/07/2020
SMP dividend	–	90,370	*90,370*	–	90,370	0.0p	134.0p	07/07/2013	07/07/2013	06/07/2020
SMP	–	951,954	–	–	951,954	0.0p	137.8p	08/07/2013	08/07/2016	07/07/2023
Share option award	20,134	–	–	–	20,134	0.0p	74.5p	30/06/2011	30/06/2012	29/06/2016
SAYE	41,466	–	–	–	41,466	22.5p	28.3p	31/07/2009	01/09/2014	01/03/2015
SAYE	10,439	–	–	–	10,439	59.1p	73.8p	01/08/2011	01/09/2016	01/03/2017
Total	6,576,585	1,354,829	*4,183,558*	149,912	7,781,502					
Richard Amos										
PSP	513,889	–	*513,889*	–	513,889	0.0p	36.0p	07/07/2010	07/07/2013	06/07/2020
PSP dividend	–	14,477	*14,477*	–	14,477	0.0p	134.0p	07/07/2013	07/07/2013	06/07/2020
PSP	281,879	–	–	–	281,879	0.0p	74.5p	30/06/2011	30/06/2014	29/06/2021
PSP	191,131	–	–	–	191,131	0.0p	130.8p	04/07/2012	04/07/2015	03/07/2022
PSP	–	192,164	–	–	192,164	0.0p	134.0p	08/07/2013	08/07/2016	07/07/2023
SMP	1,276,229	–	*1,276,229*	–	1,276,229	0.0p	35.5p	07/07/2010	07/07/2013	06/07/2020
SMP dividend	–	35,953	*35,953*	–	35,953	0.0p	134.0p	07/07/2013	07/07/2013	06/07/2020
SMP	352,349	–	–	–	352,349	0.0p	74.5p	30/06/2011	30/06/2014	29/06/2021
SMP	–	423,091	–	–	423,091	0.0p	137.8p	08/07/2013	08/07/2016	07/07/2023
SAYE	15,270	–	–	–	15,270	59.1p	73.8p	01/08/2011	01/09/2016	01/03/2017
Total	2,630,747	665,685	*1,840,548*	–	3,296,432					

The closing price of an ordinary share of Anite plc as at 30 April 2014 was 82.25p. The highest and lowest share prices during the financial year were 139.92p and 76p respectively. Mr Humphrey exercised 149,912 options (cost 56.5p) at a share price of 90p during the year, resulting in a taxable gain of £50,220; he retained 149,912 shares, after settling the cost of the options and the tax and NI due himself. The shares were added to his Company shareholding.

Directors' Remuneration report continued
Annual Report on Remuneration continued

Performance Graph



This graph shows the value by 30 April 2014 of £100 invested in Anite plc on 30 April 2009 compared with the value of £100 invested in the FTSE All-Share Software and Computer Services index, and the FTSE TechMARK All Share Index. The other points plotted are the values at intervening financial year ends.
Source: Thomson Reuters DataStream

The table below sets out the details of remuneration of the CEO over the past five financial years.

Year	CEO Single figure of total remuneration £	Annual bonus pay out % against maximum opportunity %	PSP vesting rates against shares awarded %	SMP vesting rates against shares awarded %
2014	670,027	0%	66%	–
2013	6,300,181	76%	100%	100%
2012	1,849,479	100%	100%	–
2011[1]	1,010,579	100%	27%	–
2010	342,669	0%	0%	0%

1 The single figure of remuneration and the vesting level of the long-term incentive award that vested in during the 2011 financial year relates to the award made to Christopher Humphrey in December 2008 when he was appointed to the role of CEO. The single figure of remuneration in 2011 does not include the value of the PSP award made to Mr Humphrey in his prior role, which part vested during the 2011 financial year. The vesting level of this award was 33.35% (£132,834).

Percentage change in CEO remuneration

The table below compares the percentage increase in the CEO's pay (including salary, fees, benefits and annual bonus) with Anite's UK employee workforce[1].

	% increase in remuneration in 2014 compared with 2013	
	CEO	Employees
Salary and fees	3%	3%
Taxable benefits[2]	109%	4%
Annual bonuses	(100%)	(100%)

1 UK employees have been selected as the most appropriate comparator pool, given our headquarters is in the UK.
2 The increase in the CEO benefits represents the usage of a company flat during 2013/14 as detailed above.

Relative importance of the spend on pay

The table below sets out the relative importance of the spend on pay in the year ended 30 April 2014 and 30 April 2013 compared with distributions to shareholders by way of dividend.

	2014	2013	% change
Total spend on employee pay[1]	£42.00m	£42.75m	(1.75%)
Dividends paid[2]	£5.27m	£5.27m	0%

1 The total spend on employee pay includes Executive Directors. The total includes the cost of wages and salaries, bonuses, social security costs, share-based payments and pension costs.
2 The dividends paid include the proposed final dividend for the relevant year.

External Directorships

Executive Directors are not permitted to hold external Non-Executive Directorships or offices without the approval of the Board. Christopher Humphrey serves as a Non-Executive Director of the Vitec Group plc (appointed 1 December 2013) for which he has received and retained fees of £17,000.

Implementation of policy in coming year

During FY2014, the Committee received advice from PwC on the future structure of executive remuneration. The review found that the use of a share matching plan was not in line with market practice, and that the award levels under the PSP were below the market. The outcome of the review is a new remuneration policy for Executive Directors which will come into effect from the AGM in September 2014. The key elements of the new remuneration package are as follows:

- **Base salary** – base salary will be increased by 3% for the Executive Directors (Christopher Humphrey £397,840, Richard Amos £265,225).
- **Pension** – Mr Humphrey makes his own pension arrangements and the Group makes no payment in this respect. Mr Amos belongs to the GFRP and the Company contributes 10% of his base salary on the basis that he contributes a minimum of 5%.
- **Annual bonus** – a deferral element will be introduced for new Executive Directors only whereby any bonus earned above 100% of salary will be deferred into Anite plc shares, to be held for three years. The same weightings will apply as per the previous financial year. Further details are set out on page 53 of this report.
- **Long-term incentive** – the existing PSP and SMP will not be renewed. The maximum opportunity levels under the new LTIP will be increased to compensate for the removal of the SMP. The maximum long-term incentive opportunity level for the CEO and CFO will be increased to 200% of base salary. The performance conditions attaching to the new LTIP will be more closely aligned to the Group strategy – 50% of performance will be based on Group adjusted EPS and the remaining 50% of the award will be based on relative TSR vs FTSE techMARK.

The views of our shareholders are extremely important to us and as part of the process for putting forward the new LTIP to our shareholders for approval at our 2014 AGM, we have sought the views of our top seven shareholders as well as the ABI and ISS to receive their feedback to the proposed LTIP.

The Committee will seek approval of this new remuneration policy at the 2014 AGM.

Statement of shareholder voting to approve the Remuneration Report at the 2013 AGM

Total voting shares	Votes for (as a %, not including abstentions)	Votes against (as a %, not including abstentions)
174,824,081	97.97%	2.03%

This report has been approved by the Board and has been signed on its behalf by:

Patrick De Smedt
Remuneration Committee Chairman
1 July 2014

Directors' report

The Directors present their Annual Report and Accounts to shareholders for the year ended 30 April 2014.

The required information relating to the review of the year's operations, business model, key risks, strategy, trading outlook and future developments is contained in the Strategic report on pages 1 to 31 and the Corporate Governance report starting on page 32 of this report.

Where the Annual Report contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking statements or information.

Dividends

An interim dividend of 0.375p per share (2013: 0.375p) was paid on 14 February 2014.

The Board are proposing a final divided of 1.265p per share (2013: 1.265p per share) bringing the total dividend for the year to 1.84p (2013: 1.84p). The dividend will be paid on 28 October 2014 to shareholders on the register at 3 October 2014.

Research and development

The total expenditure in the year within continuing operations was £21.9m (2013: £18.5m), of which £19.7m was expensed in the income statement (2013: £17.7m) and £2.2m (2013: £0.8m) was in respect of the amortisation of acquired intangible assets. The total cash spend in the year was £20.8m (2013: £18.9m). This expenditure was incurred on product development and enhancement in our Wireless division.

Acquisitions and disposals

On 1 July 2013, Anite acquired Genetel SAS, a French distributor, for a total net cash consideration of £1.1m plus £0.5m costs paid on completion. Further details are given in note 13 to the accounts on page 102.

Share capital

During the year, the Company allotted 249,912 ordinary shares with a nominal value of 11.25p each in respect of the exercise of options under Anite's share option plans.

The Company's authorised ordinary share capital as at 30 April 2014 comprised 355,555,556 ordinary shares of 11.25p each and the issued ordinary share capital comprised 300,645,388 (2013: 300,395,476) ordinary shares of 11.25p each. Details are set out in note 27 on pages 115 and 116.

Purchase of own shares

The Company obtained shareholder authority at the last AGM (held on 13 September 2013) to purchase up to 30,039,548 ordinary shares with a nominal value of 11.25p each (being 10% of the issued ordinary share capital of the Company as at 30 June 2013). The authority remains outstanding until the conclusion of the next AGM on 12 September 2014.

The Company may not pay less than the nominal value (currently 11.25p each) for each ordinary share purchased (exclusive of expenses) and may not pay more per ordinary share than the higher of: (i) 5% over the average of the middle market closing price of the ordinary shares, based on the Daily Official List of the London Stock Exchange, for the five business days immediately before the day of purchase (exclusive of expenses); and (ii) the price of the last independent trade and the highest current independent bid on trading venues where the purchases are carried out (exclusive of expenses).

The Company did not purchase any shares for treasury or for cancellation during the year.

The Company will put a resolution to shareholders at the 2014 AGM to give it authority to purchase up to 30,064,538 ordinary shares with a nominal value of 11.25p each (being 10% of the issued ordinary share capital of the Company as at 30 June 2014).

Restriction on share transfers

There are no specific restrictions on the transfer of securities in the Company, which is governed by the articles and prevailing legislation. In accordance with the Listing Rules of the Financial Conduct Authority certain employes are required to seek approval of the Company prior to dealing in its shares.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transfer of securities or may result in restriction of voting rights.

Directors

Details of the persons who were Directors during the year together with their biographical details can be found in the Corporate Governance report on pages 34 and 35.

The Company's Articles of Association require that one-third of the Directors must retire at each AGM and that each Director must offer himself for re-election at least once every three years. As Mr Patrick De Smedt joined the Company after the last AGM, in accordance with the Articles he is also required to offer himself for reappointment at the next AGM. However, in line with the UK Corporate Governance Code all the Directors will offer themselves for re-election at the 2014 AGM.

The Board is satisfied that each of the Directors standing for re-election continues to perform effectively and demonstrates commitment to his role, including commitment of time to Board and Committee meetings and his other duties.

Directors' interests

The beneficial interests of the Directors holding office at 30 April 2014, and their immediate families, in the capital of the Company are as set out in the Remuneration Committee report on page 62. No Director has, or had during the period under review, any interest in any contract of significance with the Company or any of its subsidiaries other than their own employment contracts.

Indemnities and insurance

Directors and officers of the Company and its subsidiaries benefit from Directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, Directors of the Company are indemnified in accordance with the Company's Articles of Association to the maximum extent permitted by law. All Directors have deeds of indemnity that are in force as at the date of this report. These indemnities are available for inspection by shareholders at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Neither the insurance nor the indemnities provide cover where the relevant Director or officer has acted fraudulently or dishonestly.

Articles of Association

No changes to the Articles of Association are proposed at the 2014 AGM. A copy of the current Articles of Association can be inspected at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Major shareholders

As at 30 June 2014, the Company had been notified under the transparency regime in accordance with Disclosure and Transparency Rule 5.

Percentage of issued capital

	%
Aberdeen Asset Management	12.09
RWC Focus Asset Management Limited	9.61
Prudential plc	7.29
Aberforth Partners LLP	5.72
BlackRock Inc	5.07
Hawksford Jersey Ltd (as Trustee of the Anite Employee Share Ownership Plan)	4.64

Directors' report continued

Corporate Governance

Details of the Group's compliance with the provisions set out in the UK Corporate Governance Code can be found in the Corporate Governance report set out on page 33.

Political donations

The Group did not make any political donations (2013: £nil).

Financial risk policies

A summary of the Group's treasury policies and objectives relating to financial risk management, including exposure to associated risks, is set out in note 24 on pages 109 to 113.

Corporate social responsibility ("CSR") statement

The Group is committed to operating in a socially and environmentally responsible manner and structures its policies, initiatives and practices accordingly as set out below and on page 22.

Environmental matters

Environmental policy

The Group supports the protection of a sustainable environment. As a predominantly software and services business, the Group's activities, which are mainly office-based, do not produce harmful waste or emissions. The Group is a constituent of the FTSE4Good index of ethically sustainable companies. While our operations, by their nature, have minimal impact on the environment, we do recognise our responsibilities in this respect and the Group is therefore committed to:

- complying with the relevant environmental legislation, regulations and industry standards of the countries in which it conducts business;
- reducing the output of emissions that may have an adverse impact on the environment. An example of this is reducing air travel where possible through the use of video conferencing facilities that have been set up in our principal offices;
- minimising the consumption of energy and water used in our facilities;
- reducing waste and, wherever practicable, reusing and recycling consumables (e.g. paper, toner cartridges and computer equipment) and disposing of non-recyclable items in an environmentally acceptable manner; and
- where practicable, purchasing environmentally sound goods and services. The manufacturers of goods sold by the Group are principally based in the UK, USA and Finland, where employment conditions and standards are enforced by law. Our Handset Testing business, where the majority of third party hardware/product supplies are made, looks for membership of EICC (Electronic Industry Citizen Coalition) at a box build level and IPC 610/J Standards 1–3 for sub tier suppliers and compliance to EICC (Electronic Industry Code of Conduct).

In order to achieve these objectives, the Company is building awareness and promoting initiatives to encourage employees to become fully engaged.

Greenhouse gas emissions

Pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations"), we are required to disclose details of Global Greenhouse Gas ("GHG") emissions in our Annual Report.

	2014		Baseline year 2013	
Greenhouse gas emission source	Tonnes CO_2e	Tonnes CO_2e/£000	Tonnes CO_2e	Tonnes CO_2e/£000
Scope 1	1,029	7.93	1,051	7.93
Scope 2	1,351	10.41	1,619	12.22
Total gross emissions	2,380	18.34	2.670	20.15
Intensity ratio using turnover		129.76		132.51

Baseline year
Anite has recorded GHG emissions data since 1 May 2012 but has not previously reported this information. For the first disclosure under the Regulations, we are presenting information covering the 12 months from 1 May 2013 to 30 April 2014, using the data collected in the period 1 May 2012 to 30 April 2013 as the comparative. This comparative period represents the baseline period, against which future emissions will be measured. For subsequent years, we intend to collect and present emissions data over the same period, 1 May to 30 April, being our financial year.

Consolidation approach
We have followed the operational control approach as defined in the GHG Protocol (Corporate Accounting & Reporting Standard), representing the position when the organisation or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation.

Boundary summary
All entities and facilities either owned or under operational control of the Group have been included. Leased properties have been included to the extent that we have operational control over the management of the premises. Emissions data from serviced offices, where the charges are included in the rental cost, has been excluded. These are generally our smaller representative offices and are not material in size.

Consistency with financial statements
All subsidiaries are 100% owned by the Group and therefore are included in our financial statements. For the purposes of emissions data reporting, all operations, both continuing and discontinued, are included.

Assessment methodology
Anite has reported Scope 1 (car and generator fuel, refrigeration and air conditioning) and Scope 2 (purchased electricity) emissions only. Scope 3 emissions such as commuting and air travel have been excluded in this first reporting period.

We have used the methodology issued by DEFRA and utilising the DEFRA 2013 conversion factors in the calculation of the tonnes of CO_2e.

Intensity ratio
The intensity ratio represents annual emissions in relation to a quantifiable factor associated with the business, to provide a comparative measure over time. Anite has chosen tonnes of CO_2e per £000 of revenue as its intensity ratio.

Change of control

All the Company's employee share schemes contain provisions relating to a change of control of the Company following a takeover bid. Under these provisions, a change of control of the Company would normally be a vesting event, facilitating the exercise or transfer of awards, subject to any relevant performance conditions being satisfied or waived at the discretion of the Remuneration Committee.

The Company is not party to any other significant agreements that take effect, alter or terminate upon a change of control following a takeover bid other than with regard to the Company's revolving credit facility agreement, which provides that, on a change of control, the majority lenders have the ability to cancel and seek repayment of all outstanding loans.

Directors' report continued

Post balance sheet events

We disposed of our Travel business on 29 May 2014. The results of the Travel business are shown as discontinued operations in these financial statements and the assets and liabilities shown as "held for sale" in the Balance sheet as at 30 April 2014. Further details are included in note 5 to the consolidated financial statements.

Going concern

The Directors believe that the Group has a robust business model, has good free cash flow generation and is compliant with all its banking covenants. In making their assessment of going concern, the Directors consider the budgets, including the Wireless R&D commitments, three-year plans and cash forecasts for the following 18 months, together with the forecast covenant positions and take into account the principal risks faced by the Group as set out on pages 29 to 31. In addition, the Directors take into account the availability of additional banking facilities (as set out in note 24(j)). After considering the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Anite continues to adopt the going concern basis in preparing the consolidated financial statements.

Disclosure of information to auditors

At the date of this report, as far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are not aware. Each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Reappointment of auditors

The Board has considered and recommends the reappointment of Deloitte LLP as auditors.

Deloitte LLP have expressed their willingness to continue in office as auditors, and a resolution proposing their reappointment will be proposed at the forthcoming AGM being held on 12 September 2014.

Annual General Meeting

The 2014 Annual General Meeting will be held at 2.00pm on Friday 12 September 2014 at the Aviator Hotel, Farnborough Road, Farnborough, Hampshire, GU14 6EL.

By Order of the Board and signed by:

Neil Bass
Company Secretary
1 July 2014

Statement of Directors' responsibilities

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRS as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that comply with that law and those regulations. 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.

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Christopher Humphrey
Chief Executive
1 July 2014

Richard Amos
Group Finance Director
1 July 2014

Independent auditor's report to the members of Anite plc

Opinion on financial statements of Anite plc

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 30 April 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations.

The financial statements comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated balance sheet, the Consolidated cash flow statement, and the related notes 1 to 32, the Company balance sheet, Company statement of changes in equity and Company cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Going concern

As required by the Listing Rules we have reviewed the Directors' statement on page 70 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Revenue Recognition Revenue recognition is a key area of focus for the audit of Anite plc because there are a number of areas of judgement. Our work focuses on three principal areas: – the appropriate valuation of revenue recognised during the year, particularly the assessment of fair values for the purpose of unbundling multi-element transactions; – the correct application of cut-off, in particular within the Handset Testing business where a number of significant contracts are concluded and delivered close to the year-end; and – the underlying assumptions used in determining the percentage completion of software development contracts in the Anite Travel business.	We assessed the design and implementation of controls in the revenue business cycle to understand the process and how management mitigate risks of material missatement. We assessed the appropriateness of the Directors' judgements in determining the fair value of each element of contracts by reference to standalone selling prices of the different components of transactions, application of discounts, maintenance and renewal rates and therefore revenue recognised in the period. This work covered contracts in each division and included whether it was appropriate to recognise revenue on sales of test cases sold as a bundle with both validated and unvalidated test cases. For cut-off, for a sample of contracts, we considered and tested the evidence available to confirm the point of recognition, such as authorised purchase orders, delivery documentation and the terms of the contract, such as whether FCA, "Free Carrier Access" or physical delivery to the customer site or country applied to the transaction. Within Anite Travel we tested a sample of software development contracts and recalculated the percentage of completion, and therefore revenue recognised, based on the underlying contract terms, budgeted hours and actual hours incurred at the year-end. We have also considered the historical forecasting and budgeting accuracy in relation to the reliability of budgeted hours used in calculating the percentage of completion and we corroborated the amounts recognised by reference to customer correspondence, payments and payment profiles and by discussions with those involved with the projects.
Inventory obsolescence and provisioning Anite plc has £10.0m of inventory which is principally held in the Handset Testing business and comprises a range of products notably the Anite 8960 (a 2G/3G product) and Anite 9000 v2.4. The valuation of the provision that needs to be held against obsolete inventory is a key management judgement taking into account forecast sales volumes and prices, the Group's planned product launches and current inventory levels.	We assessed the design and implementation of controls over the inventory business cycle to understand the process and how management mitigate risks of material missatement. We considered the underlying assumptions and estimates in relation to the inventory provisions, including current inventory levels achievability of forecast sales of the products with reference to historical forecasting accuracy and contracted sales. We also tested existence by attendance at stock counts and net realisable value by reference to most recent sales prices.
Impairment of goodwill and intangible assets Following the disposal of the Travel business, Anite plc has £88.0m of goodwill and intangible assets split between the two principal operating businesses, Handset Testing and Network Testing. Management perform an annual impairment test which requires significant judgement and is based on assumptions about medium-term future profitability and cash flows, discount rates and long-term expected growth rates. The Cash Generating Unit ("CGU") most sensitive to variation in assumptions is the Wireless NEMO CGU as disclosed in note 12 to the financial statements.	We assessed management's assumptions used in the impairment model for goodwill and intangible assets, described in note 12 to the financial statements, specifically including the cash flow projections, discount rates and growth rates applied. Our procedures included reviewing forecast cash flows with reference to historical trading performance, using our valuation specialists to challenge the discount rates applied by benchmarking key assumptions such as growth rates and discount rates to external macro-economic and market data, and confirming the underlying calculations of the impairment model. We have rerun the sensitivities applied by management, applied further sensitivities based on the findings of our review, and considered the reasonableness of management's conclusion in the light of our findings.

The Audit Committee's consideration of these risks is set out on page 44.

Independent auditor's report to the members of Anite plc continued

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The group has three principal locations supporting their international operations: The Group functions and the Handset Testing business at Fleet, Hampshire; the Travel business in Slough, Berkshire; and the Network Testing business in Oulu, Northern Finland. Fleet, Slough and Oulu are also the locations of the principal finance functions. In each of these locations we carried out a full scope audit. In Slough and Fleet, the Group audit team performed the audit work and in Finland we instructed Deloitte Finland to perform the audit work. We included Deloitte Finland in our team briefing, and initial risk assessment discussions, including assessment of the risk of fraud. In addition, the Group audit partner and manager met local management and reviewed work as part of the year-end close process.

These principal business units, together with the head office, account for 88% of the Group's net assets, 89% of the Group's revenue and 85% of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at these locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality. Desk top reviews were performed at entities/locations not covered by our full scope audit work.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We have considered a number of benchmarks in order to guide our determination of our materiality. We determined materiality to be £1.0 million (2013: £1.5 million), which is approximately 4.8% of adjusted profit before tax and 7.0% of profit before tax for both continuing and discontinued operations.

The profit and adjusted profit before tax measures from both continuing and discontinued operations has been considered as, on 29 May 2014, subsequent to the year end, the Group announced the sale of their Travel business. In accordance with the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, this division has been accounted for as a discontinued operation in the Statement of Comprehensive Income and the associated assets and liabilities as held for sale in the Statement of Financial Position. However, the Group reported the results of the Travel business in all external and internal reporting prior to the sale of the Travel business as a continuing operation.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also agreed to report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities, 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 Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

Independent auditor's report to the members of Anite plc continued

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Lee-Amies FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
1 July 2014

Consolidated income statement

	Note	2014 £000	2013 £000
Continuing operations			
Revenue	3(a)	109,216	113,113
Variable cost of sales		(29,504)	(26,910)
Net revenue		79,712	86,203
Fixed cost of sales		(16,866)	(13,891)
Gross profit		62,846	72,312
Distribution costs		(13,120)	(12,326)
Research and development		(21,865)	(18,501)
Administrative expenses		(18,545)	(19,210)
Operating expenses	3(e)	(53,530)	(50,037)
Operating profit before share-based payments, amortisation of acquired intangible assets and restructuring costs	3(b)	15,324	29,651
Share-based payments	9	(188)	(3,200)
Amortisation of acquired intangible assets	14	(4,832)	(3,014)
Restructuring costs	4	(988)	(1,162)
Operating profit	3(b)	9,316	22,275
Finance income	6	25	102
Finance charges	6	(469)	(324)
Profit from continuing operations before tax		8,872	22,053
Tax expense	10	(1,090)	(6,481)
Profit from continuing operations		7,782	15,572
Profit from discontinued operations	5(b)	4,489	3,760
Profit for the year	7	12,271	19,332
Profit attributable to equity holders of the parent		12,271	19,332
Continuing and discontinued operations			
Earnings per share – basic	11	4.3p	6.8p
– diluted		4.1p	6.3p
Continuing operations			
Earnings per share – basic	11	2.7p	5.5p
– diluted		2.6p	5.1p

Consolidated statement of comprehensive income

	Note	2014 £000	2013 £000
Retained profit for the year		12,271	19,332
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(2,554)	2,566
Tax credit taken directly to other comprehensive income	10	721	298
Total comprehensive income attributable to equity holders of the parent		10,438	22,196

Consolidated statement of changes in equity

	Issued share capital £000	Share premium account £000	Own shares £000	Merger reserve £000	Capital redemption reserve £000	Other reserves[1] £000	Retained earnings £000	Total £000
Balance at 1 May 2012	**33,702**	**25,628**	**(9,982)**	**722**	**2,741**	**(11,488)**	**50,778**	**92,101**
Changes in equity for the year to 30 April 2013								
Total comprehensive income for the year	–	–	–	–	–	2,864	19,332	22,196
Issue of share capital	142	273	–	–	–	–	–	415
Purchase of own shares into employee benefit trust	–	–	(3,957)	–	–	–	–	(3,957)
Sale of own shares from employee benefit trust	–	–	1,582	–	–	–	(1,211)	371
Transfer of SIP shares to employees	–	–	693	–	–	–	(693)	–
Recognition of equity-settled share-based payments after tax	–	–	–	–	–	–	2,967	2,967
Dividend paid	–	–	–	–	–	–	(4,881)	(4,881)
Balance at 30 April 2013	**33,844**	**25,901**	**(11,664)**	**722**	**2,741**	**(8,624)**	**66,292**	**109,212**
Changes in equity for the year to 30 April 2014								
Total comprehensive income for the year	–	–	–	–	–	(1,833)	12,271	10,438
Issue of share capital	29	106	–	–	–	–	–	135
Redemption of preference shares	(50)	–	–	–	50	–	–	–
Purchase of own shares into employee benefit trust	–	–	(3,469)	–	–	–	–	(3,469)
Sale of own shares from employee benefit trust	–	–	2,131	–	–	–	(2,131)	–
Transfer of SIP shares to employees	–	–	41	–	–	–	(41)	–
Recognition of equity-settled share-based payments after tax	–	–	–	–	–	–	201	201
Dividend paid	–	–	–	–	–	–	(5,272)	(5,272)
Balance at 30 April 2014	**33,823**	**26,007**	**(12,961)**	**722**	**2,791**	**(10,457)**	**71,320**	**111,245**

1 Other reserves comprise net exchange differences arising on the translation of foreign operations, along with the related tax impact.

Consolidated balance sheet

	Note	2014 £000	2013 £000
Non-current assets			
Goodwill	12	54,496	61,777
Other intangible assets	14	34,048	36,943
Property, plant and equipment	15	12,841	12,834
Deferred tax assets	25	2,198	4,837
		103,583	116,391
Current assets			
Inventories	17	10,096	11,975
Trade and other receivables	18	41,627	47,626
Derivative financial assets	19	53	30
Current tax assets		1,463	846
Cash and cash equivalents	20	16,993	16,658
Assets classified as held for sale	5(c)	13,499	-
		83,731	77,135
Total assets		187,314	193,526
Current liabilities			
Trade and other payables	21	(42,084)	(46,637)
Bank borrowings	22	(10,938)	(17,559)
Current tax payable		(6,555)	(8,549)
Provisions	26	(4,978)	(4,266)
Liabilities directly associated with assets classified as held for sale	5(c)	(6,292)	-
		(70,847)	(77,011)
Non-current liabilities			
Deferred tax liabilities	25	(4,915)	(6,243)
Provisions	26	(307)	(1,060)
		(5,222)	(7,303)
Total liabilities		(76,069)	(84,314)
Net assets		111,245	109,212
Equity			
Issued share capital	27(a)	33,823	33,844
Share premium account		26,007	25,901
Own shares	27(e)	(12,961)	(11,664)
Merger reserve		722	722
Capital redemption reserve		2,791	2,741
Other reserves		(10,457)	(8,624)
Retained earnings		71,320	66,292
Total equity		111,245	109,212

The financial statements of Anite plc (Company no. 01798114) were approved by the Board on 1 July 2014 and signed on its behalf by:

Christopher Humphrey
Chief Executive

Richard Amos
Group Finance Director

Consolidated cash flow statement

	Note	2014 £000	2013 £000
Profit for the year			
Continuing operations		7,782	15,572
Discontinued operations		4,489	3,760
		12,271	19,332
Adjustments for:			
Tax charge – continuing and discontinued	10	2,355	7,321
Net finance charges – continuing and discontinued	6	416	169
Charged to operations discontinued in a prior period	5(b)	34	–
Depreciation of property, plant and equipment	15	5,387	3,407
Amortisation of intangible assets	14	3,575	2,673
Amortisation of acquired intangible assets	14	4,832	3,014
Loss on disposal of property, plant and equipment		46	17
Share-based payments charge – continuing and discontinued	9	435	3,437
Decrease in provisions – continuing operations		(1,436)	(1,941)
Decrease in provisions – discontinued operations		(500)	–
Operating cash flows before movements in working capital		27,415	37,429
Decrease/(increase) in inventories		1,922	(736)
Decrease/(increase) in receivables		1,468	(10,148)
Increase in payables		2,164	4,459
Decrease/(increase) in working capital		5,554	(6,425)
Cash generated from operations		32,969	31,004
Interest received		12	100
Interest paid		(550)	(168)
Income taxes paid		(3,616)	(7,120)
Net cash generated from operating activities		28,815	23,816
Cash flow from investing activities			
Acquisitions of subsidiaries	13	(2,774)	(26,562)
Net bank balance acquired with subsidiary undertakings	13	905	1,555
Purchase of property, plant and equipment		(6,372)	(4,439)
Purchase of software licences	14	(885)	(1,024)
Expenditure on capitalised product development	14	(3,802)	(3,382)
Net cash used in investing activities		(12,928)	(33,852)
Cash flow from financing activities			
Issue of ordinary share capital		135	415
Purchase of own shares into employee benefit trust		(3,470)	(3,957)
Proceeds from sale of own shares from employee benefit trust		–	371
Dividend paid to Company's shareholders	28	(5,272)	(4,881)
(Repayment)/drawdown of bank loans		(6,668)	17,559
Net cash (used in)/generated from financing activities		(15,275)	9,507
Net increase/(decrease) in cash and cash equivalents	23	612	(529)
Effect of exchange rate changes		(277)	240
Cash and cash equivalents at 1 May		16,658	16,947
Cash and cash equivalents at 30 April	20	16,993	16,658

Notes to the accounts

1 Corporate information

Anite plc (the "Company") is a public limited company incorporated and domiciled in England and Wales whose ordinary shares are publicly traded on the London Stock Exchange. The consolidated financial statements for the year ended 30 April 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activities of the Company's principal subsidiaries are described in note 16.

The Group's consolidated financial statements were authorised for issue by the Directors on 1 July 2014.

2 Summary of significant accounting policies

2(a) Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. The Directors continue to adopt the going concern basis of accounting as explained on page 70 in the Governance section.

The Group has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, therefore the Group financial statements comply with Article 4 of EU IAS regulations.

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The following new standards, amendments to standards and interpretations are mandatory for the first time in the current period and have been adopted by the Group with no significant impact on its financial performance or position.

IFRS 10	"Consolidated Financial Statements"
IFRS 11	"Joint Arrangements"
IFRS 12	"Disclosures of Involvement with Other Entities"
IFRS 13	"Fair Value Measurement"
IAS 27	"Separate Financial Statements"
IAS 28	"Investments in Associates and Joint Ventures"
Amendment to IFRIC 20	"Stripping Costs in the Production Phase of a Surface Mine"
Amendment to IFRS 1	"Government Loans"
Amendment to IFRS 7	"Offsetting Financial Assets and Financial Liabilities"
Amendment to IAS 1	"Presentation of Financial Statements"
Amendment to IAS 19	"Employee Benefits"
Amendment to IAS 32	"Offsetting Financial Assets and Financial Liabilities"
Annual Improvements (2009/11)	"Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 & IAS 34"

2(b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and entities controlled by the Company, all of which are made up to 30 April each year. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

The results of companies acquired are consolidated from the date on which control passes to the Group and cease to be consolidated from the date on which control is transferred from the Group. All intra Group transactions balances, income and expenses are eliminated on consolidation.

2(c) Business combinations

The acquisition of subsidiaries is accounted for under the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period to reflect the new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed on the acquisition date and is subject to a maximum of one year.

Where an acquisition includes a contingent consideration arrangement, this is measured at its fair value on the date of acquisition. Subsequent changes to the fair value that are made within the measurement period are adjusted against the cost of acquisition.

2(d) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition.

2 Summary of significant accounting policies continued

Goodwill is recognised as an asset and reviewed for impairment at least annually (see note 2(g)). Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal or closure of a previously acquired business, the amount of goodwill attributable is included in determining the profit or loss on disposal or closure.

2(e) Intangible assets

i) Software licences

Software licences are initially measured at cost. Cost includes the purchase price of the assets and the directly attributable costs of bringing the asset into its intended use. After initial recognition, the intangible asset is carried at cost less accumulated amortisation less any accumulated impairment losses. Amortisation is charged evenly over the assets' estimated useful life which is typically three years.

ii) Separately identifiable intangible assets arising on business combinations

Intangible assets acquired in a business combination are recognised at their fair value on the date of acquisition. Following initial recognition the intangible asset is carried at cost less accumulated amortisation less any accumulated impairment losses. The useful lives of assets such as customer lists and relationships, technology and R&D are assessed over the period that benefits are expected to accrue to the Group. The useful economic lives are reviewed regularly to ensure the recoverability of these intangible assets.

The amortisation period ranges from five to ten years and is based on equal annual instalments over the assets' estimated useful life. Amortisation of acquired intangible assets is charged as a separate line item in the income statement.

iii) Research and development expenditure

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised only when its future recoverability can be reasonably assured and both its technical feasibility and commercial viability can be demonstrated. The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

The intangible asset is carried at cost less accumulated amortisation less any accumulated impairment losses. Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimate to be three to five years.

2(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets and freehold properties at rates calculated to write off the cost over the estimated useful lives, on a straight-line basis, as follows:

Freehold properties	2% per annum of cost excluding land
Short leasehold properties	Length of lease
Office equipment and fixtures and fittings	10% to 50% per annum of cost
Vehicles	25% per annum of cost
Computer equipment	33% per annum of cost

Costs relating to short leasehold properties, office equipment and fixtures and fittings and vehicles are included in the "plant, fixtures, equipment and motor vehicles" category (see note 14).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

2(g) Impairment of assets

Goodwill is tested at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Tangible and intangible assets with finite useful lives are tested for impairment at each reporting date where there is an indication that an asset may be impaired.

When an impairment test is performed, the recoverable amount is assessed by reference to the higher of the net present value of the expected cash flows (value in use) of the relevant cash-generating unit ("CGU") or asset and the fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the event that an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

2(h) Other investments

Other investments are stated at cost less provision for any impairment.

Notes to the accounts continued

2 Summary of significant accounting policies continued

2(i) Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value, after making allowance for slow-moving and obsolete items.

Cost represents the expenditure incurred in acquiring the inventories and bringing them to their present location and condition. The cost is calculated on a FIFO basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2(j) Financial instruments

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

i) Trade and other receivables

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

ii) Cash and cash equivalents

For the purpose of preparation of the statement of cash flows and the balance sheet, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary's cash management are included in cash and cash equivalents where they have a legal right of set-off.

iii) 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.

iv) Equity instruments

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

v) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Subsequent measurement is made at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

vi) Trade payables

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

2(k) Derivative financial instruments and hedge accounting

The Group may use derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Derivative financial instruments, if used by the Group, are for hedging purposes to alter the risk profile of an existing underlying exposure to the Group.

Cash flow hedge

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised directly in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Fair value hedge

For an effective hedge of an exposure to changes in fair value, the gain or loss attributable to the change in fair value of the hedged item as a result of the underlying risk being hedged is recognised in the income statement. Any gain or loss on the hedging instrument that is similarly attributable to the change in fair value of the hedged risk is recognised in the income statement under the same line item.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other reserves; the gain or loss relating to the ineffective portion is recognised immediately in the income statement under the heading of "other gains and losses".

2 Summary of significant accounting policies continued

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 host contracts.

2(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within finance charges.

Provisions are not recognised for future operating losses.

2(m) Leasing

The Group does not hold finance leases. All leasing transactions 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.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2(n) Foreign currency

The Company's functional currency, and the currency in which these consolidated financial statements are presented, is pounds Sterling.

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in other reserves. Exchange gains and losses arising on the translation of the Group's net investment in foreign entities are also recognised in other reserves. On disposal of a foreign entity the cumulative translation differences are recycled to the income statement and recognised as part of the gain or loss on disposal.

2(o) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from customers for software and hardware products and related services supplied by the Group, net of discounts, VAT and other sales related taxes.

The Group earns its revenue from continuing operations from the following main sources:

1. Sales of software licences and software product with associated hardware.
2. Sales of maintenance and support of previously sold software and hardware.

The Group's discontinued operations also earned revenue from the following sources:

3. Sales of software development effort, implementation and systems integration services. These are sold either on a "time and materials" or "fixed price" basis.
4. Sales of managed services, such as application hosting, whereby the Group contracts to provide an agreed service for a fixed period of time.

Whenever possible the individual performance obligations of the contract are unbundled so that the transaction price is allocated to the separate performance obligations of the contract based on their stand-alone selling prices. Revenue is recognised when there is persuasive evidence that an arrangement exists; the Company's fee is fixed or determinable; delivery/control is passed to the customer to satisfy the performance obligations and it is probable that the resulting future economic benefits will flow to the Company.

Revenue from the sale of software relates mainly to sales of perpetual licences, which provide the customer with the right to use the Group's products for an unlimited period. Revenue from the sale of perpetual licences and software products (including associated hardware and other third-party product) is normally recognised on delivery unless there are any acceptance criteria specified in the contract; in which case part or all of the revenue, depending on the scale of the acceptance conditions, is deferred until all the acceptance conditions have been satisfied.

Revenue from any fixed term software licences or software rental is recognised evenly over the period of the licence.

Notes to the accounts continued

2 Summary of significant accounting policies continued

For other software revenue:

- Revenue from the sale of test case software in our Handset business, where validation by the various standards bodies may be required, is recognised on delivery with an amount deferred until final validation is received.
- Revenue from software development, training, implementation and any other services contracted on a time and materials basis is recognised in line with when the work is performed at the rate contracted.
- Software development done on a fixed price basis is recognised on a percentage completion basis over the life of the contract. The percentage of completion is determined using management's estimates of the labour hours required to complete the contract at the contractual rate. Provision is made for any expected losses on contracts yet to be completed.

Where associated services (e.g. significant software development) are essential to the functionality of the software then the software licence and services are bundled and recognised on a percentage completion basis based on project milestones over the period of the contract.

Maintenance and support revenue is generally recognised on a straight-line basis over the life of the related agreement, taking into account any free maintenance periods.

Managed services revenue is recognised over the life of the contract.

All finance income is recognised in the income statement in the period in which it arises.

2(p) Cost of sales and net revenue

Cost of sales is split into variable and fixed cost elements. Variable cost of sales represents the costs that are incurred as a direct result of the sale and include costs of inventory, third party products and transportation. Fixed cost of sales represents the costs that are apportioned to gross profit and typically include the salary and related overhead costs of staff engaged in the delivery of the revenue.

Net revenue is defined as revenue less the variable cost of sales.

2(q) Taxation

The tax expense represents the sum of tax currently payable and deferred 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2(r) Employee benefits

i) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Group has no defined benefit schemes.

2 Summary of significant accounting policies continued

ii) Share-based compensation

The Group has applied the requirements of IFRS 2 "Share-based Payments".

The Group operates several equity-settled share-based payment plans for its employees. The Group does not operate separate cash-settled share-based payment plans; however the employers' NIC liability arising on the outstanding awards is treated as such an arrangement for accounting purposes. The Group holds a provision for this NIC liability with any movement in the period being charged or credited to share-based payments in the income statement. The provision is based on the share price at the balance sheet date and is therefore subject to volatility caused by movements in the share price.

The Group operates an Inland Revenue approved employee share option scheme ("SAYE"), which allows employees the ability to purchase the Group's ordinary shares at a discount to the current market value. The fair value of the estimated number of shares expected to vest is recognised as an expense on a straight-line basis over the vesting period.

The Group has granted executive options ("other share-based"), which include approved option plans and long-term incentive plans. The fair value of the awards granted is recognised as an expense on a straight-line basis over the vesting period.

2(s) Adoption of new standards and interpretations

At the date of approval of these financial statements, the following standards, interpretations and amendments were issued but not yet mandatory for the Group and early adoption has not been applied:

IFRS 14	"Regulatory deferral accounts" covering reporting requirements for regulatory deferral account balances.
IFRS 15	"Revenue from contracts with customers" establishing principles for the reporting of revenue and cash flows.
Amendment to IFRIC 21	"Levies"
Annual Improvements (2010/12)	"Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 & IAS 38"
Annual Improvements (2011/13)	"Amendments to IFRS 1, IFRS 3, IFRS 13 & IAS 40"

With the exception of IFRS 15, the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application. The principles of IFRS 15 will be considered in the forthcoming period and the impact on the Group's disclosures will be disclosed prior to the effective date, which for Anite is the year ending 30 April 2018.

2(t) Critical accounting estimates, assumptions and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain estimates and assumptions that affect items reported. It also requires management to exercise its judgement in the process of applying the Group's accounting policies and make estimates about the future. The areas requiring a higher degree of judgement, or areas where estimates and assumptions are significant to the consolidated financial statements, are discussed below:

i) Goodwill

The determination of whether or not goodwill has been impaired requires an estimate to be made of the "value in use" of the CGU to which goodwill has been allocated. The value in use calculation includes estimates and assumptions, which are disclosed in note 12.

ii) Intangible assets

The assessment of commercial viability relies on estimates regarding the expected future cash generation of new products and the technical feasibility of the development involves a degree of judgement as to when this is achieved.

The assessment of the value of acquired intangibles involves assumptions and estimates of the expected future cash generation of the acquired business.

iii) Revenue recognition

Management has exercised a degree of judgement in setting the criteria used for determining when revenue that involves several deliverable elements should be recognised on a bundled or unbundled basis. For revenue recognised on an unbundled basis management determines the fair values of the individual elements based on the standalone selling prices of the elements and where this is not available, uses the residual method to determine the fair value of the undelivered elements.

For the delivery of hardware and software products there is also judgement involved in determining the point in time of when risks and rewards have transferred to the customer, in particular in assessing whether the contractual terms for delivery of the goods have been met.

The Group undertakes fixed price contracts that require estimates of the total revenue and total costs expected on each contract along with judgement in determining whether a contract's outcome can be estimated reliably.

Notes to the accounts continued

2 Summary of significant accounting policies continued

iv) Taxation

In recognising income tax assets and liabilities, estimates are made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made.

v) Employee benefits – share-based compensation

The calculation of the fair value on date of grant used in share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant, and estimates of the most appropriate inputs to the valuation model, including volatility and dividend yield. These assumptions are detailed in note 9.

The total amount of this fair value to be expensed rateably over the vesting period is determined using assumptions about the non-market vesting conditions that determine the number of shares that the employee will ultimately receive.

The provision made for the NIC liability on share-based compensation is based on assumptions of likely vesting and the share price.

3 Revenue and segmental information

3(a) Revenue from operations

	Note	2014 £000	2013 £000
Own product software licences		47,757	58,634
Hardware and other third-party product		29,906	27,174
Software maintenance and support		31,553	27,305
Revenue from continuing operations	3(b)	109,216	113,113
Finance income	6	25	102
Total revenue from continuing operations		109,241	113,215
Revenue from discontinued operations	5	20,542	19,396
Finance income	6	28	59
Total revenue		129,811	132,670

The Group has no customer that accounted for greater than 10% of its total revenue from continuing and discontinued operations.

3(b) Operating segments – primary basis

The Group is organised into three operating segments: Handset Testing, Network Testing and Group. The Travel operating segment has been classed as a discontinued operation and has not been included in the disclosure of operating segments. With the exception of Group, which performs the head office function, both Handset Testing and Network Testing derive their revenue from the development and support of products, mainly software, relating to its relevant industry sector.

The key profit metric that represents the measure of profit reviewed by the chief operating decision maker is "segment adjusted operating profit".

3 Revenue and segmental information continued

Operating segment information under the primary reporting format is as disclosed in the tables below:

Year ended 30 April 2014	Handset Testing £000	Network Testing £000	Total Wireless £000	Group £000	Total £000
External revenue	77,353	31,863	109,216	–	109,216
Internal revenue	–	–	–	1,696	1,696
Total segment revenue	77,353	31,863	109,216	1,696	110,912
Segment adjusted[1] profit/(loss) before tax	10,804	6,007	16,811	(1,931)	14,880
Net finance charges	–	–	–	444	444
Segment adjusted[1] operating profit/(loss)	10,804	6,007	16,811	(1,487)	15,324
Share-based payments	(118)	(173)	(291)	103	(188)
Amortisation of acquired intangible assets	(2,191)	(2,641)	(4,832)	–	(4,832)
Restructuring costs	(484)	–	(484)	(504)	(988)
Segment operating profit/(loss)	8,011	3,193	11,204	(1,888)	9,316
Finance income					25
Finance charges					(469)
Profit/(loss) from continuing operations before tax					8,872
Tax expense					(1,090)
Profit/(loss) from continuing operations					7,782
Profit from discontinued operations					4,489
Profit/(loss) for the period					12,271

Year ended 30 April 2013	Handset Testing £000	Network Testing £000	Total Wireless £000	Group £000	Total £000
External revenue	87,031	26,082	113,113	–	113,113
Internal revenue	–	–	–	2,129	2,129
Total segment revenue	87,031	26,082	113,113	2,129	115,242
Segment adjusted[1] profit/(loss) before tax	26,315	5,567	31,882	(2,453)	29,429
Net finance charges	–	–	–	222	222
Segment adjusted[1] operating profit/(loss)	26,315	5,567	31,882	(2,231)	29,651
Share-based payments	(800)	(50)	(850)	(2,350)	(3,200)
Amortisation of acquired intangible assets	(554)	(2,460)	(3,014)	–	(3,014)
Restructuring costs	–	–	–	(1,162)	(1,162)
Segment operating profit/(loss)	24,961	3,057	28,018	(5,743)	22,275
Finance income					102
Finance charges					(324)
Profit/(loss) from continuing operations before tax					22,053
Tax expense					(6,481)
Profit/(loss) from continuing operations					15,572
Profit from discontinued operations					3,760
Profit/(loss) for the period					19,332

1 Segment adjusted operating profits are stated prior to the adjusting items of share-based payments, amortisation of acquired intangible assets and restructuring costs.

Notes to the accounts continued

3 Revenue and segmental information continued

3(c) Other information

Year ended 30 April 2014	Handset Testing £000	Network Testing £000	Total Wireless £000	Group £000	Total £000
Total assets	74,983	72,896	147,879	25,936	173,815
Including:					
Non-current asset additions in the year	8,942	1,780	10,722	100	10,822
Non-current assets acquired in the year	353	1,811	2,164	-	2,164
Adjusted EBITDA calculation					
Segment adjusted operating profit/(loss)	10,804	6,007	16,811	(1,487)	15,324
Depreciation	4,485	403	4,888	249	5,137
Amortisation of intangible assets	2,888	618	3,506	37	3,543
Adjusted EBITDA	18,177	7,028	25,205	(1,201)	24,004

Year ended 30 April 2013	Handset Testing £000	Network Testing £000	Total Wireless £000	Group £000	Total £000
Total assets	77,693	73,719	151,412	27,295	178,707
Including:					
Non-current asset additions in the year	7,459	859	8,318	367	8,685
Non-current assets acquired in the year	29,007	-	29,007	-	29,007
Adjusted EBITDA calculation					
Segment adjusted operating profit/(loss)	26,315	5,567	31,882	(2,231)	29,651
Depreciation	2,661	315	2,976	210	3,186
Amortisation of intangible assets	2,144	444	2,588	49	2,637
Adjusted EBITDA	31,120	6,326	37,446	(1,972)	35,474

3(d) Geographic segment – secondary basis

The operating segments operate in four principal geographic areas, as set out below.

The following analysis of the Group's revenue is based on the geographic location of customers irrespective of the origin of the goods or services. The corresponding segment assets are based on the geographic location of the assets.

	Revenue Continuing operations		Revenue Discontinued operations		Revenue Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
United Kingdom	3,455	4,732	13,879	12,892	17,334	17,624
EMEA – excluding United Kingdom	22,568	25,735	6,441	6,252	29,009	31,987
The Americas	31,057	46,073	-	-	31,057	46,073
Rest of the World	52,136	36,573	222	252	52,358	36,825
	109,216	113,113	20,542	19,396	129,758	132,509

3 Revenue and segmental information continued

	Non-current assets 2014 £000	Non-current assets 2013 £000
United Kingdom	11,176	17,340
EMEA – excluding United Kingdom	87,027	90,784
The Americas	2,986	3,271
Rest of the World	196	159
	101,385	111,554

3(e) Operating expenses

	Continuing operations 2014 £000	Continuing operations 2013 £000	Discontinued operations 2014 £000	Discontinued operations 2013 £000	Total 2014 £000	Total 2013 £000
Distribution costs						
– amortisation of acquired intangible assets	2,679	2,223	–	–	2,679	2,223
– other underlying operating expenses	10,441	10,103	1,082	1,019	11,523	11,122
	13,120	12,326	1,082	1,019	14,202	13,345
Research and development						
– amortisation of internally generated assets	2,679	2,161	–	–	2,679	2,161
– other underlying operating expenses	17,033	15,549	–	–	17,033	15,549
	19,712	17,710	–	–	19,712	17,710
– amortisation of acquired intangible assets	2,153	791	–	–	2,153	791
	21,865	18,501	–	–	21,865	18,501
Administrative expenses						
– share-based payments	188	3,200	247	237	435	3,437
– restructuring costs	988	1,162	–	–	988	1,162
– other underlying operating expenses	17,369	14,848	3,823	3,195	21,192	18,043
	18,545	19,210	4,070	3,432	22,615	22,642
Total operating expenses	53,530	50,037	5,152	4,451	58,682	54,488
Analysed as:						
– amortisation of acquired intangible assets (note 14)	4,832	3,014	–	–	4,832	3,014
– restructuring costs (note 4)	988	1,162	–	–	988	1,162
– share-based payments (note 9)	188	3,200	247	237	435	3,437
One-off and non-trading operating expenses excluded from adjusted profit	6,008	7,376	247	237	6,255	7,613
– amortisation of internally generated assets (note 14)	2,679	2,161	–	–	2,679	2,161
– other underlying operating expenses	44,843	40,500	4,905	4,214	49,748	44,714
Total operating expenses	53,530	50,037	5,152	4,451	58,682	54,488

Notes to the accounts continued

4 Restructuring costs

Restructuring costs primarily relate to the costs incurred on the acquisition of and subsequent integration into the Group of new businesses.

	2014 £000	2013 £000
Costs incurred on the acquisition and integration of Genetel	492	–
Costs incurred on the acquisition and integration of Propsim	12	1,154
Reorganisation and redundancy costs	484	–
Net property provision established	–	8
	988	1,162

5 Discontinued operations

5(a) Accounting treatment

On 29 May 2014, the Group completed its disposal of the Anite Travel division with the sale of its 100% interest in the ordinary share capital of Anite Travel Limited and its subsidiary Anite Travel Systems Pty Limited.

The Group has treated the Travel division as a discontinued operation in the consolidated income statement for the year ended 30 April 2014. The results of the Travel division, including the results from businesses discontinued in prior periods, are shown below:

5(b) Profit after tax relating to discontinued operations

	2014 £000	2013 £000
Profit after tax for the year from Anite Travel		
Revenue	20,542	19,396
Cost of sales	(10,130)	(10,398)
Gross profit	10,412	8,998
Operating expenses	(4,905)	(4,214)
Adjusted operating profit	5,507	4,784
Share-based payments	(247)	(237)
Operating profit	5,260	4,547
Net finance income	28	53
Profit before tax	5,288	4,600
Tax expense	(1,265)	(840)
Profit after tax from Anite Travel	4,023	3,760
Profit after tax for the year from other discontinued operations		
Release of provision in relation to previously discontinued operations	500	–
Charge in respect of previously discontinued operations	(34)	–
Profit after tax for the year from other discontinued operations	466	–
Total	4,489	3,760

5 Discontinued operations continued

5(c) Assets classified as held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2014 £000
Assets classified as held for sale	
Goodwill	6,200
Other intangible assets	32
Property, plant and equipment	845
Deferred tax assets	420
Trade and other receivables	6,002
Total assets classified as held for sale	13,499
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	(4,473)
Current tax payable	(1,238)
Provisions	(581)
Liabilities directly associated with assets classified as held for sale	(6,292)
Net assets of disposal group	7,207

During the year Anite Travel contributed £5,601,000 (2013: £4,032,000) to the Group's cash generated from operating activities and paid £198,000 (2013: £245,000) in respect of investing activities.

6 Net finance charge

	2014 £000	2013 £000
Finance income – continuing operations		
Interest receivable and similar income	11	26
Interest on short-term deposits	14	76
Total finance income	25	102
Finance charges – continuing operations		
Bank loans and overdrafts	(387)	(151)
Other loans/commitment fees	(74)	(149)
Other interest	(8)	–
Unwinding of discount on provisions[1]	–	(24)
Total finance charges	(469)	(324)
Net finance charge – continuing operations	(444)	(222)
Finance income – discontinued operations	28	53
Net finance charge – continuing and discontinued operations	(416)	(169)

1 The unwinding of discount on provisions (note 26) relates to property provisions.

Notes to the accounts continued

7 Profit for the year

Profit for the year is stated after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Depreciation of property, plant and equipment	5,137	3,186	250	221	5,387	3,407
Amortisation of intangible software licences	864	476	32	36	896	512
Amortisation of acquired intangible assets	4,832	3,014	–	–	4,832	3,014
Amortisation of internally generated assets	2,679	2,161	–	–	2,679	2,161
Loss on disposal of property, plant and equipment	46	17	–	–	46	17
Restructuring costs	988	1,162	–	–	988	1,162
Research and development costs (excluding amortisation of intangible assets)	17,033	15,549	–	–	17,033	15,549
Cost of inventories recognised as expense	25,550	23,217	–	–	25,550	23,217
Cost of write-down of inventories recognised as expense	59	207	–	–	59	207
Reversal of write-down of inventories	(341)	(381)	–	–	(341)	(381)
Staff costs	31,086	32,444	10,920	10,307	42,006	42,751
Net charge/(credit) arising from movements in the provision for doubtful debts	1,680	(464)	20	(45)	1,700	(509)
Foreign exchange losses	438	477	22	8	460	485
Net charge/(credit) arising from movements in the property provision	162	(86)	–	–	162	(86)

The reversal of the write-down of inventories arises as a result of the sales of older product lines in the year exceeding management's expectations.

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

	2014 £000	2013 £000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	117	115
Fees payable to the Company's auditor and their associates for other services to the Group		
– the audit of the Company's subsidiaries	128	143
Total audit fees	245	258
– other assurance services: Half-year review	46	49
– other non-audit services	18	–
Total non-audit fees	64	49
Total auditor's remuneration	309	307

Total fees payable to other auditors in relation to the statutory audits of subsidiary companies amount to £19,000 (2013: £15,000); non-audit fees payable to other auditors in relation to tax and other services were £11,000 (2013: £36,000).

8 Staff costs

The average number of persons employed (including Executive Directors) was as follows:

	Continuing operations		Discontinued operations		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
United Kingdom	224	203	161	159	385	362
EMEA – excluding United Kingdom	123	74	1	1	124	75
The Americas	62	58	–	–	62	58
Rest of the World	41	40	3	3	44	43
	450	375	165	163	615	538

The amount charged in arriving at the operating profit for the year in respect of all employees was as follows:

	Continuing operations		Discontinued operations		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Wages and salaries	25,981	25,156	9,318	8,784	35,299	33,940
Redundancy costs	571	–	–	–	571	–
Social security costs	1,997	1,832	987	982	2,984	2,814
Share-based payments	188	3,200	247	237	435	3,437
Pension costs	2,349	2,256	368	304	2,717	2,560
	31,086	32,444	10,920	10,307	42,006	42,751

Pension arrangements

The Group has several defined contribution Group personal pension plans. The contributions payable by the Group in respect of the year to these schemes are charged to the profit and loss account on an accruals basis. The pension costs for both years are related to defined contribution schemes only. The Group does not operate any defined benefit pension schemes.

Key management remuneration

Key management personnel, as disclosed under IAS 24 "Related Party Disclosures", have been identified as the Board of Directors.

Details of the Board of Directors' remuneration for those who served during the year are as follows:

	2014 £000	2013 £000
Short-term employee benefits	697	1,409
Share-based payments	845	905
	1,542	2,314

Notes to the accounts continued

9 Share-based payments

Equity-settled share-based payment arrangements

The Group operates several share option plans including SAYE and other share-based schemes, the terms of which are summarised below:

	Contractual life	Vesting conditions	Share price at grant date
SAYE	Granted over either three or five years with six months to exercise following maturity, after which the options expire.	Savings over the period (three or five years) until maturity date. No performance conditions.	Closing mid-market quotation on day preceding date of invitation or average of three days preceding date of invitation, less 20% discount.
Approved Share Option Plan ("ASOP") and Long Term Incentive Plan ("LTIP")	Ordinarily exercisable between three and ten years from the date of grant, following which the options expire. The option holders must be in continued employment during this period. If the options remain unexercised after a period of ten years from the date of grant, the options expire.	Options vest as soon as one year profit performance target is met.	Closing mid-market quotation on day preceding date of grant or average of three days preceding date of grant.
Performance Share Plan ("PSP")/Share Matching Plan ("SMP")	Both plans – conditional award vests on third anniversary, subject to performance conditions being met in part or in full.	Both plans – conditional award vests on third anniversary, subject to performance conditions being met in part or in full. Award holders under the SMP must be still employed or good leavers. These award holders must acquire "invested shares" which the Company matches on a two for one grossed up basis.	PSP – Closing mid-market quotation on the dealing date before the date of grant. SMP – Closing mid-market quotation on the dealing date ending on the date of grant.
Share Incentive Plan ("SIP")	Leavers can keep matching shares held for three years or more. Full tax relief available after five years.	Employees keep shares they have purchased ("partnership shares"). Shares matched by the Company ("matched shares") on a one for one basis may be retained by good leavers. Bad leavers may retain matched shares only if held for three years or more. Matched shares vest in full for employees after five years. No performance conditions.	Shares are market purchased on a monthly basis.
Management Incentive Plan ("MIP")	A conditional award using market purchase shares is made over a performance period agreed prior to the time of grant, subject to performance conditions being met in part or in full.	Vesting takes place for meeting loyalty and performance conditions based on achieving predetermined divisional financial performance measures over a period of between one and three years.	Closing mid-market quotation on day preceding date of grant.
Management Matching Plan ("MMP")	A conditional award enabling invited senior executives to investing vesting MIP options for a further three years, on a 3:1 investment basis	Vesting takes place for meeting performance conditions and continued employment over three years. No sale of invested MIP shares can take place in the performance period.	Closing mid-market quotation on day preceding dated of grant.

9 Share-based payments continued

Details of relevant share options outstanding during the year are as follows:

	2014 SAYE		2014 Other share-based		2013 SAYE		2013 Other share-based	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at 1 May	2,180,198	57p	21,026,346	1p	3,327,787	33p	22,917,296	3p
Granted during the year	–	–	8,725,149	0p	533,592	104p	2,328,251	0p
Exercised during the year	(1,067)	59p	(2,945,384)	0p	(1,650,504)	23p	(3,214,935)	12p
Lapsed during the year	(89,610)	81p	(2,419,748)	0p	(30,677)	86p	(1,004,266)	0p
Outstanding at 30 April	2,089,521	56p	24,386,363	1p	2,180,198	57p	21,026,346	1p
Exercisable at 30 April	–	–	12,135,467	4p	–	–	4,606,132	26p
Weighted average fair value of options/shares granted in the year	–		122.8p		40.0p		123.2p	
Weighted average share price on date of exercise	134.6p		129.5p		132.3p		123.8p	
Weighted average remaining contractual life (years)	1.4		6.1		2.4		7.0	
Exercise price	22.5p-104.0p		0.0p-48.5p		22.5p-104.0p		0.0p-56.5p	

	SAYE			Other share-based		
	Outstanding options at 30 April 2014	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options at 30 April 2014	Weighted average remaining contractual life	Weighted average exercise price
Exercise price range						
0p	–	–	–	24,118,863	6.2	–
1p-40p	756,616	0.8	23p	–	–	–
41p-104p	1,332,905	1.7	75p	267,500	0.3	48p
	2,089,521	1.4	56p	24,386,363	6.1	1p

The fair values for the above options were calculated using the Black-Scholes and stochastic option pricing models. The inputs into these models were as follows:

	2014		2013	
	SAYE	Other share-based	SAYE	Other share-based
Grant date	31 Jul 2009-31 Jul 2013	15 Jul 2003-20 Jan 2014	31 Jul 2009-31 Jul 2012	15 Jul 2003-7 Feb 2013
Model used	Black-Scholes	Stochastic	Black-Scholes	Stochastic
Weighted average share price at grant	70p	82p	60p	55p
Expected volatility	34.0%-48.5%	0.0%-56.7%	34.0%-48.5%	0.0%-59.0%
Expected life	3.25-5.25 years	1.00-3.00 years	3.25-5.25 years	1.22-3.00 years
Risk free rate	0.2%-3.1%	0.0%-5.5%	0.2%-3.1%	0.0%-5.5%
Expected dividend yield	1.2%-3.6%	0.0%-3.5%	1.2%-3.6%	0.0%-3.5%

Notes to the accounts continued

9 Share-based payments continued

Expected volatility was determined by calculating the historical volatility of the Company's share price over the following periods (expected life) up to grant date: other share-based schemes – three years and SAYE – three and five years for three and five-year contracts respectively.

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.

Cash-settled share-based payment arrangements

The Group does not operate separate cash-settled share-based payment arrangements; however, the employers' NIC liability arising on the outstanding awards is treated as such an arrangement for accounting purposes.

The employers' NIC liability on the outstanding awards at 30 April 2014 was £1,358,000 (2013: £2,870,000), which is fully provided for in the accounts. The provision is based on the share price at the balance sheet date and is therefore subject to volatility caused by movements in the share price.

The Group recognised the following total expense in relation to both equity-settled and cash-settled share-based payment arrangements during the year.

	2014 £000	2013 £000
Equity-settled	1,338	1,974
Cash-settled	(1,150)	1,226
Share-based payment charge on continuing operations	188	3,200
Discontinued operations	247	237
Total share-based payment charge	435	3,437

10 Income tax expense

	Continuing operations		Discontinued operations		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Current tax						
UK corporation tax	775	3,748	1,244	774	2,019	4,522
Foreign tax	1,660	3,464	–	3	1,660	3,467
	2,435	7,212	1,244	777	3,679	7,989
Adjustments in respect of prior years						
UK corporation tax	(61)	342	(5)	(14)	(66)	328
Foreign tax	5	33	–	–	5	33
	(56)	375	(5)	(14)	(61)	361
Total current tax expense	2,379	7,587	1,239	763	3,618	8,350
Deferred tax						
UK	465	(385)	26	77	491	(308)
Foreign	(1,754)	(721)	–	–	(1,754)	(721)
Total deferred tax (credit)/expense (note 25)	(1,289)	(1,106)	26	77	(1,263)	(1,029)
Total income tax expense	1,090	6,481	1,265	840	2,355	7,321

10 Income tax expense continued

UK corporation tax is calculated at 22.84% (2013: 23.92%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	2014 £000	2013 £000
(Credited)/charged to equity		
Deferred tax relating to the translation adjustment to acquired intangibles	(135)	19
UK corporation tax relating to foreign exchange	(586)	(317)
Income tax relating to components of other comprehensive income	(721)	(298)
Deferred tax relating to share-based payments	1,825	(40)
Current tax relating to share-based payments	(441)	(715)
	663	(1,053)

Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £000	2013 £000
Profit before tax		
Continuing operations	8,872	22.053
Tax on Group profit at standard UK corporation tax rate of 22.84% (2013: 23.92%)	2,026	5,275
Effects of:		
Impairments and sale/closure of discontinued operations	106	–
Disallowed expenses and non-taxable income (net)	43	401
Ineligible depreciation	22	23
Change in tax rates	(756)	6
Short-term timing differences	65	(201)
Tax losses carried forward	71	127
Utilisation of tax losses	(296)	(169)
(Lower)/higher tax rates on overseas earnings	(164)	651
Deferred tax not provided	37	13
Adjustments to current tax charge in respect of previous periods	(56)	347
Other	(8)	8
Income tax expense for year	1,090	6,481
Tax rate for continuing operations	12.3%	29.4%

The Group earns its profits in the UK and overseas. The tax rate used for tax on profit on ordinary activities is 22.84% (2013: 23.92%), being the standard rate for UK corporation tax, as the Group's head office is in the UK. As a result of the reduction in the prospective rate of UK and Finnish corporate taxes, the tax charge for the year was decreased by £756,000 (2013: £6,000 increase).

Some components of the Group's overseas profits are likely to be taxed at an effective rate that is higher than the UK rate. Other components, due to the availability of losses brought forward in certain countries, are likely to be taxed at a lower rate.

Notes to the accounts continued

11 Earnings per share

The calculations of earnings per share ("EPS") are based on the Group profit for the year, adjusted profit[1] and weighted average number of shares in issue:

	Basic		Diluted	
	2014	2013	2014	2013
EPS summary				
EPS for continuing and discontinued operations	4.3p	6.8p	4.1p	6.3p
EPS for discontinued operations	1.6p	1.3p	1.5p	1.2p
EPS for continuing operations	2.7p	5.5p	2.6p	5.1p
Adjusted EPS[2]	4.0p	7.6p	3.9p	7.1p

	2014 Pence per share	2013 Pence per share	2014 £000	2013 £000
Profit for the year	4.3	6.8	12,271	19,332
Profit from discontinued operations	(1.6)	(1.3)	(4,489)	(3,760)
Profit for the year from continuing operations	2.7	5.5	7,782	15,572
Reconciliation to adjusted profit:				
Amortisation of acquired intangible assets (net of tax)	0.9	0.7	2,517	2,108
Share-based payments (net of tax)	0.1	1.0	375	2,865
Restructuring costs (net of tax)	0.3	0.4	856	1,162
Adjusted profit[1]	4.0	7.6	11,530	21,707

1 Profit from continuing businesses before amortisation of acquired intangible assets, share-based payments and restructuring costs.
2 Earnings per share on adjusted profit[1] have been included to give a clearer understanding of the results of the continuing businesses.

Number of shares (000)	2014	2013
Weighted average number of shares in issue used to calculate basic earnings per share	285,390	285,488
Effect of dilutive ordinary shares		
– SAYE and share option schemes	13,132	20,389
Number of shares used to calculate diluted earnings per share	298,522	305,877

12 Goodwill

	Total £000
Cost	
At 1 May 2012	59,395
Acquisition of Propsim	5,904
Exchange movement	1,593
At 30 April 2013	66,892
Acquisition of Propsim	353
Transfer to assets classified as held for sale	(6,200)
Exchange movement	(1,434)
At 30 April 2014	**59,611**
Accumulated impairment losses	
At 1 May 2012	5,115
Exchange movement	–
At 30 April 2013	5,115
Exchange movement	–
At 30 April 2014	**5,115**
Net book value at 30 April 2014	**54,496**
Net book value at 30 April 2013	61,777

Goodwill is subject to annual impairment testing or more frequently if there are indications that goodwill might be impaired.

Impairment tests

The carrying amount of goodwill for each CGU, the basis of determination and key assumptions for the goodwill impairment calculations are as follows:

		Wireless Handsets	Wireless Nemo
Carrying amount of goodwill	£000	5,982	48,514
Basis on which the CGU's recoverable amount has been determined		Value in use	Value in use
Key assumptions:			
Discount rate	%	13.0	11.6
Includes a risk factor of		2.0	0.6
Long-term growth rate after five years	%	0.0	0.0
Period over which cash flows are projected	years	5	5

The discount rate is based on the weighted average cost of capital ("WACC") for the Group as adjusted for risk. The WACC is derived by taking the results from calculations using the Capital Asset Pricing Model, using data from leading market data providers, which gives an average value of 11% (2013: 11%).

The risk adjustments relate to management's view of the sensitivity to market and operational risks within the relevant business segments and are based on past experience.

The period over which the cash flows are projected is set at five years. The cash flow projections are based on the approved budgets for the next financial year, the Group's three-year strategic plan for years two and three and an extrapolation using reduced growth rates in years four and five.

The long-term growth rate has been set at zero for each CGU. Management is sensitive to the technology risk within the software industry and does not deem it appropriate to forecast growth for products more than five years into the future.

Notes to the accounts continued

12 Goodwill continued

Sensitivity to changes in key assumptions

Wireless Nemo - Management has based its determination of the unit's recoverable amount on the key assumptions listed above. At 30 April 2014, the recoverable amount of Wireless Nemo exceeded its carrying amount. Management has determined that a 20% perpetual reduction in the operating cash flows would represent a reasonably possible change and would have the effect of reducing the headroom to £9.8m. A 3% increase in the discount rate is also a reasonably possible change and would reduce the headroom to £4.1m.

Wireless Handsets - Management has based its determination of the unit's recoverable amount on the key assumptions listed above. At 30 April 2014, the recoverable amount of Wireless Handsets exceeded its carrying amount. Management has determined that a 20% perpetual reduction in the operating cash flows would represent a reasonably possible change and would have the effect of reducing the headroom to £21.8m. A 3% increase in the discount rate is also a reasonably possible change and would reduce the headroom to £21.5m.

13 Acquisitions

On 1 July 2013, Anite plc acquired 100% control of Genetel SAS, a full service distributor of network testing products to French-speaking markets. The acquisition enables Anite plc to strengthen its position in the French network testing market as LTE 4G networks roll-out across Europe.

Recognised amounts of assets acquired and liabilities assumed are:

	Fair value £000
Intangible assets – customer-related	1,438
Intangible assets – other	165
Fixed assets	32
Inventory	43
Trade and other receivables	1,793
Net cash	905
Trade and other payables	(1,861)
Deferred tax liability	(479)
Total	**2,036**
Consideration	
Cash	2,036

Genetel contributed £1.9m to Group revenue and £0.3m to Group operating profit for the period between 1 July 2013 and the balance sheet date.

The total amount paid in the period, disclosed in the cash flow statement under the heading of "acquisition of subsidiary undertakings", includes both the £2,036,000 consideration paid for the acquisition of Genetel and £738,000 purchase price adjustment relating to the acquisition of the Propsim Channel Emulation business that completed on 31 January 2013. The initial accounting for both the Genetel and Propsim acquisitions is now complete.

Acquisition and integration costs of £504,000 have been expensed in the consolidated income statement of Anite plc during the period under the heading "restructuring costs".

14 Other intangible assets

	Brands £000	Customer lists and relationships £000	Technology £000	R&D £000	Separately identified acquired intangible assets £000	Capitalised development costs £000	Software licences £000	Total £000
Cost								
At 1 May 2012	–	21,235	5,215	2,456	28,906	18,135	3,468	50,509
Additions	–	–	–	–	–	3,382	1,024	4,406
Acquisition of Propsim	837	3,060	18,451	–	22,348	–	–	22,348
Exchange movement	(13)	870	(293)	56	620	37	51	708
At 30 April 2013	824	25,165	23,373	2,512	51,874	21,554	4,543	77,971
Additions	–	–	–	–	–	3,802	885	4,687
Acquisition of Genetel	–	1,438	–	–	1,438	–	165	1,603
Transfer to assets classified as held for sale	–	–	–	–	–	–	(651)	(651)
Disposals	–	–	–	–	–	(15,320)	(90)	(15,410)
Exchange movement	(20)	(816)	(433)	(48)	(1,317)	(49)	(64)	(1,430)
At 30 April 2014	**804**	**25,787**	**22,940**	**2,464**	**51,995**	**9,987**	**4,788**	**66,770**
Amortisation								
At 1 May 2012	–	11,515	5,215	1,233	17,963	14,169	2,485	34,617
Amortisation	21	2,201	457	335	3,014	2,161	512	5,687
Exchange movement	–	656	(4)	25	677	11	36	724
At 30 April 2013	21	14,372	5,668	1,593	21,654	16,341	3,033	41,028
Amortisation	82	2,597	1,809	344	4,832	2,679	896	8,407
Transfer to assets classified as held for sale	–	–	–	–	–	–	(620)	(620)
Disposals	–	–	–	–	–	(15,320)	(90)	(15,410)
Exchange movement	(2)	(543)	(50)	(27)	(622)	(16)	(45)	(683)
At 30 April 2014	**101**	**16,426**	**7,427**	**1,910**	**25,864**	**3,684**	**3,174**	**32,722**
Net book value at 30 April 2014	**703**	**9,361**	**15,513**	**554**	**26,131**	**6,303**	**1,614**	**34,048**
Net book value at 30 April 2013	803	10,793	17,705	919	30,220	5,213	1,510	36,943

Disposals include the writing-off of cost and accumulated amortisation of assets no longer in use.

Notes to the accounts continued

15 Property, plant and equipment

	Freehold land and buildings £000	Computers £000	Plant, fixtures, equipment and motor vehicles £000	Total £000
Cost				
At 1 May 2012	5,282	22,591	2,803	30,676
Additions	42	3,716	770	4,528
Transfers	–	54	(54)	–
Acquisition of Propsim	–	50	705	755
Disposals	–	(622)	(1,299)	(1,921)
Exchange movement	–	15	52	67
At 30 April 2013	5,324	25,804	2,977	34,105
Additions	149	5,309	881	6,339
Transfers	(189)	446	(257)	–
Acquisition of Genetel	–	–	32	32
Transfer to assets classified as held for sale	–	(1,222)	(1,850)	(3,072)
Disposals	–	(599)	(53)	(652)
Exchange movement	(14)	(148)	(116)	(278)
At 30 April 2014	**5,270**	**29,590**	**1,614**	**36,474**
Accumulated depreciation and impairment				
At 1 May 2012	558	17,870	1,281	19,709
Charge for the year	80	2,816	511	3,407
Transfers	–	18	(18)	–
Disposals	–	(619)	(1,285)	(1,904)
Exchange movement	(1)	14	46	59
At 30 April 2013	637	20,099	535	21,271
Charge for the year	131	4,474	782	5,387
Transfers	(113)	14	99	–
Transfer to assets classified as held for sale	–	(984)	(1,243)	(2,227)
Disposals	–	(555)	(51)	(606)
Exchange movement	(4)	(175)	(13)	(192)
At 30 April 2014	**651**	**22,873**	**109**	**23,633**
Net book value at 30 April 2014	**4,619**	**6,717**	**1,505**	**12,841**
Net book value at 30 April 2013	4,687	5,705	2,442	12,834

Disposals include writing-off the cost and accumulated depreciation of assets no longer in use.

The Directors consider the fair value of the freehold land and buildings to approximate to the book value.

16 Investments

The Group's principal subsidiary undertakings are as follows:

Company name	Principal activity of the company	Ownership percentage by the Group at 30 April 2014	Place of incorporation/ registration
Held directly by the Company			
Anite Holdings International Limited	Holding company	100%	England & Wales
Anite Properties plc	Property holding company	100%	England & Wales
Anite Systems Holdings Limited	Holding company	100%	England & Wales
Anite Telecoms Holdings Limited	Holding company	100%	England & Wales
Anite Financial Management Limited	Investment holding company	100%	England & Wales
Anite Travel Limited	Travel software solutions and managed services	100%	England & Wales
Held indirectly by the Company			
Anite Travel Systems GmbH	Travel software solutions and managed services	100%	Germany
Anite Travel Systems Pty Ltd	Travel software solutions and managed services	100%	Australia
Anite Finland Oy	Telecoms testing technologies for wireless devices	100%	Finland
Anite Telecoms Limited	Telecoms testing technologies for wireless devices	100%	England & Wales
Anite Telecoms Oy	Telecoms testing technologies for wireless devices	100%	Finland
Anite Telecoms India Pvt Ltd	Telecoms testing technologies for wireless devices	100%	India
Anite Telecoms Inc	Telecoms testing technologies for wireless devices	100%	USA
Anite Telecoms KK	Telecoms testing technologies for wireless devices	100%	Japan
Anite Telecoms Korea Limited	Telecoms testing technologies for wireless devices	100%	Korea
Anite Singapore Pte Ltd	Telecoms testing technologies for wireless devices	100%	Singapore
Anite Wireless Trading (Beijing) Ltd	Telecoms testing technologies for wireless devices	100%	China
Anite France SAS	Telecoms testing technologies for wireless devices	100%	France
Reilrop B.V.	Holding company	100%	The Netherlands[1]

1 Principal place of business in England.

All companies listed above have been included in the consolidated accounts. The results of Anite France SAS have been consolidated from acquisition on 1 July 2013. The results of Anite Travel Limited and Anite Travel Systems Pty Ltd have been classified as discontinued operations.

Unless otherwise stated, the country of incorporation is also the country in which each company has its principal place of business.

17 Inventories

	2014 £000	2013 £000
Electronic components	10,096	11,975

Inventories are stated at lower of cost and net realisable value.

The amount of inventory expected to be realised after a period of one year is estimated at £1.1m.

Notes to the accounts continued

18 Trade and other receivables

	2014 £000	2013 £000
Current assets		
Trade receivables	36,011	37,939
Less: provision for impairment of trade receivables	(1,864)	(526)
Trade receivables net of provision	34,147	37,413
Other receivables	1,694	1,561
Prepayments	3,624	3,013
Accrued income	2,162	5,639
	41,627	47,626

The amounts presented in the table above are net of provision for doubtful recoverability and foreseeable losses.

The Group's policy is to ensure that all credit trade customers are subject to credit verification procedures and where appropriate, parent guarantee and letters of credit, especially for overseas customers, are used so that the Group is exposed to a minimum level of bad debts. In addition, the majority of trade receivables in the Handset Testing division are covered by credit insurance which provides cover for non-payment of debts.

In Wireless, the top four customers represent 24% (2013: 25%) of the Group's trade receivables.

Overall, the Group has no customer that accounted for 9% or more of the accounts receivable at 30 April 2014 (2013: 9%) and therefore there is no significant concentration of credit risk since the risk is spread over a large number of unrelated counterparties.

The average credit period for trade receivables is 64 days (2013: 71 days). In the United Kingdom trade receivables are typically on 30 days' credit terms whilst, in certain cases, a schedule of payments or extended payments have been agreed. In other geographical areas, especially Europe, trade receivables can be based on longer credit terms of up to 90 days before the debt falls due for payment. Interest may be charged on any outstanding balance that is 30 days overdue. At 30 April 2014 and 2013, the trade receivables were non-interest bearing.

The Group has provided for all debts that, individually, are deemed doubtful at their estimated irrecoverable amount. With the exception of debts for which the revenue has yet to be recognised or where the monies are received prior to the reporting date, the Group applies a collective assessment of impairment for debts with similar credit risk characteristics. These characteristics are determined on the basis of the Group's historical loss experience within the industry and provide, in varying percentages, for debts that are overdue the agreed payment terms. The reason for the policy is because overdue receivables carry an increased risk of not being recoverable. The table below shows the movements in the provision for impairment of trade receivables:

	2014 £000	2013 £000
At 1 May	526	983
Provision acquired	-	67
Provision transferred to assets held for sale	(50)	-
Charge for the year through income statement	1,820	10
Released in the year	(120)	(519)
Utilised for bad debt written off	(312)	(15)
At 30 April	1,864	526

18 Trade and other receivables continued

The ageing of the individually impaired trade receivables is as follows:

	2014 £000	2013 £000
One to two months overdue	–	–
Two to three months overdue	300	7
More than three months overdue	1,564	519
	1,864	526

Ageing of trade receivables (excluding those that have been impaired):

	2014 £000	2013 £000
Neither past due nor impaired	24,091	19,126
Past due but not impaired		
Less than one month overdue	3,149	9,504
One to two months overdue	2,074	4,227
Two to three months overdue	1,473	1,563
More than three months overdue	3,360	2,993
	34,147	37,413

The neither past due nor impaired and the past due but not impaired balances are due from customers with good credit ratings. There is no known reason why these amounts will not be recovered in due course.

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

The trade receivables do not include any advances or retentions at 30 April 2014 (2013: £nil).

19 Derivative financial assets

Details of the significant accounting policies and methods adopted, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of derivative financial instrument are disclosed in note 2 to the financial statements.

Derivative financial assets are carried at fair value. The fair values are derived from inputs that are observable for the asset either directly or indirectly and relevant for the term, currency and instrument and are therefore Level 2 as described in IFRS 7. The fair values of the Group's derivative financial assets are as follows:

	2014 £000	2013 £000
Derivative financial assets		
Foreign currency contracts	53	30

The derivative financial instruments mature within the next two months.

Notes to the accounts continued

20 Cash and cash equivalents

	2014 £000	2013 £000
Cash at bank and in hand	16,969	13,134
Term and overnight deposits	24	3,524
	16,993	16,658

Note: €400,000 (2013: €400,000) of the cash at bank and in hand is held as security against forward currency exchange contracts. These contracts expire within two months (2013: two months) of the balance sheet date.

Cash at bank and in hand is invested on a floating rate basis and is therefore subject to cash flow interest risk. The Group has the legal right of set-off for certain of its overdraft and cash balances under an offsetting arrangement within its banking facilities.

Term and overnight deposits comprise money market deposits, which attract interest rates based on market rates, placed on overnight deposit. The Directors consider that the carrying amounts of cash and cash equivalents approximate to their fair values.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the above amounts.

21 Trade and other payables

	2014 £000	2013 £000
Trade creditors	9,296	8,268
Other taxes and social security	827	2,026
Deferred income	23,383	21,644
Accruals	8,058	13,755
Other creditors	520	944
	42,084	46,637

Trade and other payables principally comprise trade purchases and non-operating costs.

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

The trade and other payables do not include any retentions at 30 April 2014 (2013: £nil).

22 Bank borrowings

	2014 £000	2013 £000
Bank loan	10,938	17,559
The borrowings are repayable as follows:		
On demand or within one year	10,938	17,559

The bank loan represents borrowings under the Group's multicurrency revolving facility agreement. A repayment of £6,500,000 was made during the year with the balance being repaid in full on 30 May 2014.

The loan comprised two elements:
a) Sterling borrowings of £6,000,000 (2013: £12,500,000); and
b) Euro borrowings of €6,000,000 (2013: €6,000,000).

The bank loan carried a weighted average floating interest rate of 2.29% (2013: 2.28%) and exposes the Group to cash flow interest rate risk.

During the year, the Group assumed liability for a bank loan of £168,000 held by Genetel SAS that was repaid shortly after the acquisition.

23 Net cash/(debt)

	Note	2014 £000	2013 £000
Cash and cash equivalents	20	16,993	16,658
Bank borrowings	22	(10,938)	(17,559)
Net cash/(debt)		6,055	(901)

A reconciliation of the movement in net cash/(debt) for the year is as detailed below:

	2014 £000	2013 £000
Net (debt)/cash at 1 May	(901)	16,947
Net increase/(decrease) in cash and cash equivalents	612	(529)
Decrease/(increase) in bank borrowings	6,668	(17,559)
Exchange movement	(324)	240
Net cash/(debt) at 30 April	6,055	(901)

24 Financial risk management

24(a) Capital risk management

The Group manages its capital structure to ensure that the entities in the Group will be able to continue as a going concern while maximising the returns to the shareholders through the optimisation of the net debt and equity balance.

The Group's capital structure is as follows:

	Note	2014 £000	2013 £000
Net debt	23	-	901
Total equity		111,245	109,212
Capital employed		111,245	110,113

The Group has a credit facility agreement under which the Group is subject to certain financial covenants relating to leverage and interest cover and also the requirement that the maximum pre-agreed level of overdrafts and ancillary facilities granted to the Group companies that are guarantors of the credit facility are not exceeded. The Group has complied with these covenants and requirements.

24(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, liability and equity are disclosed in note 2.

Notes to the accounts continued

24 Financial risk management continued

24(c) Categories of financial instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories:

	Note	2014 £000	2013 £000
Fair value through profit and loss – held for trading			
Foreign currency contracts	19	53	30
Assets held for sale	5(c)	13,499	–
Loans and receivables			
Cash and cash equivalents	20	16,993	16,658
Trade receivables	18	34,147	37,413
Accrued income	18	2,162	5,639
Other receivables	18	1,694	1,561
Financial assets		55,049	61,301
Fair value through profit and loss – held for trading			
Liabilities directly related to assets held for sale	5(c)	6,292	–
Amortised cost			
Bank borrowings	22	10,938	17,559
Trade creditors	21	9,296	8,268
Accruals	21	8,058	13,755
Other creditors	21	520	944
Financial liabilities		35,104	40,526

24(d) Financial risk management

The Group's financial assets and liabilities mainly comprise cash and liquid resources, foreign currency contracts and various items, such as trade receivables and payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk (primarily exposure to changes in interest rates and foreign currency risks), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

24(e) Market risk – interest rate

The Group finances its operations and acquisitions through a mixture of retained reserves and bank facilities. The Group seeks to minimise overall net interest expense and, where there are surplus funds, to obtain a fair market rate of return. The Group operates a cash-pooling arrangement for all its UK operating companies and endeavours to balance liquidity requirements with achieving a market rate of return on cash through the use of short-term money market deposits or other term deposits.

The financial assets and liabilities that are interest-bearing and expose the Group to interest rate risk are as follows:

i) *Cash and cash equivalents (note 20).* The weighted average floating interest rate for these financial assets which were based on Sterling market rates, was 0.37% (2013: 0.46%).

ii) *Bank borrowings (note 22).* The weighted average floating interest rate for bank borrowings was 2.29% (2013: 2.28%). Sterling denominated borrowings are linked to Sterling LIBOR and Euro denominated borrowings are linked to EURIBOR, in each case plus a margin. During the period, the margin remained constant at 1.85% (2013: 1.85%).

The contractual interest rate on the overdrawn balance is based on 2.5% per annum over the bank's base rate for its Sterling accounts and 1% per annum over the bank's relevant short-term offered rate for any other currency accounts.

24 Financial risk management continued

Interest rate sensitivity analysis

The sensitivity analysis below has been determined, based on the exposure to interest rates for both financial assets and liabilities as listed above at the balance sheet date.

With all other variables held constant, the table below demonstrates the sensitivity to a 0.5% change in interest rates applied to the major currencies of net variable rate assets/liabilities. 0.5% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates in the next 12 months.

	£-denominated		US$-denominated		€-denominated	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Cash and cash equivalents	6,930	5,212	2,908	3,619	6,712	6,469
Bank borrowings	(6,000)	(12,500)	-	–	(4,938)	(5,059)
Net variable rate assets/(liabilities)	930	(7,288)	2,908	3,619	1,774	1,410

	£ interest rate		US$ interest rate		€ interest rate	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Profit before tax – gain/(loss)						
+0.5% change in interest rate	5	(36)	15	18	9	7
-0.5% change in interest rate	(5)	36	(15)	(18)	(9)	(7)

The fair value of financial assets and liabilities is not materially different from the book value recorded at 30 April 2014 and 2013.

24(f) Market risk – foreign currency

The Group is subject to a cross-border transactional currency exposure in respect of trading outside of each operating company's functional currency. Where possible, currency receivables and payables are matched, creating a natural hedge. Any surplus cross-border transactional exposure is identified and a proportion is hedged using appropriate derivative instruments. The proportion of forecast cash flows that will be hedged is reviewed regularly in the light of experience. The policy is that any surplus foreign currency is converted into Sterling at the earliest opportunity.

The Group has overseas subsidiaries whose revenue and expenses are denominated in their local currencies. Currently the Group hedges its investments in overseas subsidiaries through natural hedges and does not use derivative financial instruments.

Foreign currency sensitivity analysis

The Group has Euro-denominated investments in Nemo and Propsim that are partly hedged through foreign currency borrowings, consequently any foreign exchange movements will create a gain or loss on the value of the investment. With all other variables held constant, the effect of a 10% appreciation and depreciation of the Euro against Sterling applied to the investment will be either a gain of £10.6m (2013: £11.0m) or a loss of £8.7m (2013: £9.0m) in other reserves, respectively.

The sensitivity analysis below is based on a 10% appreciation/depreciation of the Euro and US Dollar against Sterling, applied to the net monetary assets or liabilities of the Group at the balance sheet date that are not denominated in the functional currency of the operating unit involved.

	£-denominated		US$-denominated		€-denominated	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Monetary assets	1,188	1,284	9,328	13,228	4,575	6,399
Monetary liabilities	(1)	(19)	(7,617)	(3,822)	(15,891)	(15,224)
Net monetary assets/(liabilities)	1,187	1,265	1,711	9,406	(11,316)	(8,825)

Notes to the accounts continued

24 Financial risk management continued

	£ currency impact 2014 £000	£ currency impact 2013 £000	US$ currency impact 2014 £000	US$ currency impact 2013 £000	€ currency impact 2014 £000	€ currency impact 2013 £000
Profit before tax – gain/(loss)						
10% appreciation	132	141	190	1,045	(1,257)	(981)
10% depreciation	(108)	(115)	(156)	(855)	1,029	802

24(g) Other price risks

The Group has a limited exposure to commodity price risks through its reliance on precious metals used in the manufacture of hardware components. In management's opinion, this does not represent a material area of risk to the Group due to the high gross margins and therefore no steps have been taken to hedge the exposure.

24(h) Forward foreign exchange contracts

Anite's strategy is to hedge a proportion of the forecast future cash flows for a period of up to three months, creating a cash flow movement to offset the translational movement. The proportion of forecast cash flows that will be hedged is reviewed periodically in the light of experience.

At 30 April 2014 the Group had the following outstanding contracts (2013: fair value £30,000):

Maturity date	Note	Weighted-average fixed rate	Total € contract value €000	Total US$ contract value €000	Total fair value £000
Forward contracts to sell US Dollars and receive Euro					
Up to June 2014	19	1.3696	5,914	8,100	53

24(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's maximum exposure to credit risk is as follows:

	Note	2014 £000	2013 £000
Cash and cash equivalents	20	16,993	16,658
Derivative financial instruments	19	53	30
Accrued income	18	2,162	5,639
Trade receivables	18	34,147	37,413
		53,355	59,740

The credit risk on cash and derivative financial instruments is limited because the counterparties to these assets are highly rated financial institutions. In addition, the Group has further mitigated this risk by spreading cash deposits over a range of financial institutions, with no more than £10.0m being deposited with any one counterparty.

The Group's policy to mitigate potential credit risks and the concentration of credit risks of trade receivables is detailed in note 18 – Trade and other receivables.

24(j) Liquidity risk

The Group's objective is to maintain a balance and continuity of funding and flexibility through the use of internally generated cash resources, bank overdrafts and other bank facilities. At the balance sheet date, the Group holds cash and cash equivalents of £17.0m and has net cash of £6.1m having drawn down £10.9m of its £20.0m facility. On 29 May 2014, the Group disposed of its Travel business receiving proceeds of £43.3m, which has been used to repay the outstanding debt with the balance held as surplus cash. See note 31, Events after the balance sheet date, for further details of the cash proceeds.

The Group's UK overdraft facility was renewed during the year at £10.0m (net), (2013: £5.0m (net)). The net amount drawn down under this facility at 30 April 2014 and 2013 was £nil.

24 Financial risk management continued

The Group has a five-year facility with Lloyds Bank plc and Barclays Bank PLC, maturing in October 2016. This facility consists of a revolving credit facility of £20.0m, of which £10.9m is drawn (2013: £17.6m) and total undrawn facilities including the overdraft facility were £19.1m (2013: £7.4m). The revolving credit facility incurs commitment fees at market rates.

This facility is available to be drawn to support the general corporate purposes for the Group including working capital requirements.

Maturity profile

The Group's undiscounted cash flows are payable on demand.

25 Deferred tax assets/(liabilities)

	Accelerated tax depreciation £000	Development costs £000	Intangible assets £000	Share-based payments £000	Short-term timing differences £000	Tax losses £000	Total £000
At 1 May 2012	1,227	(774)	(2,527)	3,630	406	–	1,962
Acquisition of subsidiary	–	–	(5,475)	–	–	1,057	(4,418)
Credit/(charge) to income statement for the year	52	(206)	843	281	181	(122)	1,029
Credit/(charge) to equity for the year	–	–	(19)	40	–	–	21
At 30 April 2013	1,279	(980)	(7,178)	3,951	587	935	(1,406)
Acquisition of subsidiary	–	–	(464)	–	–	–	(464)
Credit/(charge) to income statement for the year	48	(7)	2,228	(187)	(248)	(571)	1,263
Credit/(charge) to equity for the year	–	–	135	(1,825)	–	–	(1,690)
Reclassified as held for sale	(278)	–	–	(141)	(1)	–	(420)
At 30 April 2014	**1,049**	**(987)**	**(5,279)**	**1.798**	**338**	**364**	**(2,717)**

Deferred tax is recognised at the latest enacted rate. For UK temporary differences, this is 21% (2013: 23%). Certain deferred tax assets and liabilities have been offset to the extent permitted by IAS 12. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes.

	2014 £000	2013 £000
Deferred tax assets	2,198	4,837
Deferred tax liabilities	(4,915)	(6,243)
	(2,717)	(1,406)

	2014 £000	2013 £000
Deferred tax assets not recognised		
Income losses carried forward	4,862	5,787
Capital losses carried forward	24,582	26,922
Surplus ACT carried forward	2,453	2,453
	31,897	35,162

Deferred tax assets in respect of losses carried forward in certain companies have not been recognised because at present it is not envisaged that there will be sufficient taxable profits in those companies from which future reversal of these reliefs can be deducted. The unutilised reliefs may be carried forward for various periods. The gross temporary differences relating to these unprovided deferred tax assets are as follows:

Notes to the accounts continued

25 Deferred tax assets/(liabilities) continued

	2014 £000	2013 £000
Temporary differences in respect of which no deferred tax asset has been recognised		
Income losses carried forward	20,326	22,967
Capital losses carried forward	117,056	117,056
	137,382	140,023

Deferred tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. No provision is required since the Group is in a position to control the timing of the reversal of these differences and either it is probable that such differences will not reverse in the foreseeable future or no tax is payable on the reversal.

	2014 £000	2013 £000
Temporary differences in respect of which no deferred tax liability has been recognised		
Undistributed earnings of subsidiaries	30,758	30,058

26 Provisions

	National insurance £000	Warranties £000	Property provision £000	Other provisions £000	Total £000
At 1 May 2013	–	3,210	713	1,403	5,326
Transferred from accruals	2,508	–	–	–	2,508
Release of provision – continuing operations	(1,150)	–	(25)	(337)	(1,512)
Release of provision – discontinued operations	–	(500)	–	–	(500)
Transferred to classified as held for sale	–	–	(581)	–	(581)
Established during the year	–	–	187	–	187
Utilised during the year	–	–	(111)	–	(111)
Exchange movement	–	–	–	(32)	(32)
At 30 April 2014	1,358	2,710	183	1,034	5,285

	2014 £000	2013 £000
Analysed as:		
Current liabilities	4,978	4,266
Non-current liabilities	307	1,060
	5,285	5,326

The national insurance provision relates to the Group's liability to pay employers' national insurance contributions on the exercise of share options. The amount and timing of these outflows depends on the share price on the date of exercise, the date of the exercise and the rate of national insurance at the time. The provision relating to shares that are not currently exercisable is classified as non-current. The current provision relating to share options that are exercisable is expected to be utilised within one year.

The warranty provision has been made to cover any potential claims made by disposed businesses during the contractual warranty period. The amount and timing of these outflows depends on the nature of any claim that may arise. It is expected to be utilised within one year.

The property provision is in respect of dilapidation provisions on buildings currently occupied by the Group. The amount and timing of these outflows depend on the Group's future requirements for office space. It is expected to be utilised in one to nine years.

Other provisions include contractual provisions that are expected to be utilised in one to two years. In the event of a claim under one of these contractual provisions, the Group has recognised an asset of £250,000 in respect of an expected reimbursement from a third party.

27 Share capital

27(a) Issued share capital

	Ordinary shares of 11.25p each		Deferred redeemable shares of £1 each	
	Number	£000	Number	£000
Allotted, issued and fully paid:				
At 30 April 2013	300,395,476	33,794	50,000	50
Issued during the year	249,912	29	–	–
Redeemed during the year	–	–	(50,000)	(50)
At 30 April 2014	**300,645,388**	**33,823**	**–**	**–**

27(b) Deferred redeemable share capital

The deferred redeemable shares were originally issued to Keymont Trust Limited, a company dissolved in 1988. Efforts to trace their successors, heirs or assignees over the past 15 years have been unsuccessful. The deferred redeemable shares of £1 each were redeemed in accordance with Article 32 of the Articles of Association for 1p and the funds for the redemption of the shares of £500 have been placed in a segregated account of the Company for the benefit of the redeemable shareholders, their heirs, successors or assignees. Should no validated claim be received during this financial year the funds held will be donated to charity.

27(c) Shares issued during the year

A total of 249,912 ordinary shares were issued at a weighted average exercise price of 53.9p each in respect of the exercise of options under the Approved Share Option Scheme.

27(d) Outstanding awards

As at 30 April 2014, the following awards over the Company's ordinary shares had been granted and were still outstanding pending successful completion of the performance criteria:

	SIP	Executive Share Option Grants/Awards	SAYE Option Schemes	Total
Outstanding at 1 May 2013	1,111,415	19,914,931	2,180,198	23,206,544
Granted during the year	128,423	8,596,453	–	8,724,876
Exercised during the year	(69,675)	(2,875,436)	(1,067)	(2,946,178)
Lapsed during the year	–	(2,419,748)	(89,610)	(2,509,358)
Outstanding at 30 April 2014	**1,170,163**	**23,216,200**	**2,089,521**	**26,475,884**
Subscription price	0.0p	0.0p-56.5p	22.5p-104.0p	
Dates exercisable	May 2014 onwards	May 2014–July 2023	September 2014–August 2018	
Weighted average exercise price	0p	1p	56p	

27(e) Own shares reserve

The own shares reserve represents the cost of shares in Anite plc purchased in the market for the following trusts of the Company:

i) Employee Benefit Trust ("EBT"). The EBT purchases shares in the Group for the benefit of employees under the various Group share option schemes, where market purchase shares are to be used to satisfy the awards. All of the shares held at 30 April 2014 will continue to be held until the performance conditions of all the relevant share plan awards are fulfilled. Shares sold during the year were to satisfy awards that vested and were exercised by employees. Further details of the various employee share schemes in operation are given in note 9.

ii) SIP. The Company's SIP is used to satisfy the awards under the terms of the SIP scheme. These shares will be held until the conditions of the SIP are fulfilled.

Notes to the accounts continued

27 Share capital continued

The movements in the number and weighted average cost of shares held under the EBT and SIP schemes are as follows:

	EBT		SIP		Total	
	Number	£000	Number	£000	Number	£000
Held at 1 May 2013	14,086,990	10,987	1,111,415	677	15,198,405	11,664
Purchased during the year	2,481,779	3,334	128,423	136	2,610,202	3,470
Released during the year	(2,626,592)	(2,132)	(69,675)	(41)	(2,696,267)	(2,173)
Held at 30 April 2014	**13,942,177**	**12,189**	**1,170,163**	**772**	**15,112,340**	**12,961**

28 Dividends

Dividends paid during the year are set out below:

	Payment date	2014 pence per share	2014 £000	2013 pence per share	2013 £000
For the year ended 30 April 2012					
Final dividend	23 October 2012			1.125	3,233
For the year ended 30 April 2013					
Interim dividend	15 February 2013			0.575	1,648
Final dividend	29 October 2013	1.265	3,624		
For the year ended 30 April 2014					
Interim dividend	14 February 2014	0.575	1,648		
			5,272		4,881

At the AGM on 12 September 2014, a final dividend in respect of the year ended 30 April 2014 of 1.265p per share (expected total £3.6m) is to be proposed.

29 Commitments

29(a) Capital commitments

At both 30 April 2014 and 2013, the Group had no capital commitments.

29(b) Operating lease arrangements

	2014 £000	2013 £000
Lease payments under operating leases recognised as an expense in the year	1,822	1,697

The Group has total outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Leases expiring in one year	1,382	2,030	7	18
Leases expiring in two to five years inclusive	3,066	5,027	-	14
Leases expiring after five years	1,323	3,101	-	-
	5,771	10,158	7	32

30 Contingent liabilities

There are contingent liabilities that arise in the normal course of business in respect of indemnities, warranties, guarantees and legal claims. However, the Directors consider that none of these claims is expected to result in a material loss to the Group. There has been no change in the Directors' assumptions in regard to contingent liabilities since the year ended 30 April 2013.

Following the disposal of the Travel business, Anite plc will continue to guarantee performance obligations of Travel for a specific ongoing implementation. This guarantee will expire on 30 April 2016 and the maximum contingent liability under it is £5.0m.

31 Events after the balance sheet date

On 29 May 2014, the Group sold its Travel business through the divestment of the entire issued share capital of Anite Travel Limited for a total cash consideration of £45.0m. The consideration is subject to completion adjustments and £1.7m will be held in escrow at completion, subject to the satisfactory resolution of certain commercial considerations.

For the financial year ending 30 April 2015, the Group's estimated profit on disposal will be at least £30.0m after disposal costs of approximately £2.4m and a further £0.6m in respect of the settlement of certain contractual commitments that existed in Anite plc in respect of the Travel business.

32 Related party transactions

32(a) Key management personnel

The details of key management remuneration are disclosed in the Remuneration report. The key management personnel are deemed to be the members of the Board of Directors of the Company, which has responsibility for planning, directing and controlling the activities of the Company. Transactions with key management personnel are disclosed in the Remuneration report.

32(b) The Board is not aware of any related party transactions that should be disclosed

i) No guarantees have been provided to any related parties.
ii) Transactions between Anite plc and its subsidiaries, which are related parties, have been eliminated on consolidation.

Five-year summary

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Revenue					
Revenue – continuing operations	109,216	113,113	102,467	73,691	55,779
Revenue – discontinued and disposed operations	20,542	19,396	20,079	20,003	22,991
Total revenue	129,758	132,509	122,546	93,694	78,770
Results					
Adjusted operating profit – continuing operations	15,324	29,651	24,150	13,454	6,281
Operating profit/(loss) – continuing operations	9,316	22,275	17,898	9,785	(7,087)
Profit/(loss) attributable to equity holders of Anite plc	12,271	19,332	18,466	9,435	(3,427)
Assets employed					
Non-current assets	103,583	116,391	85,628	89,661	88,938
Current assets	70,232	77,135	60,247	75,038	74,896
Assets classified as held for sale	13,499	–	–	–	–
Current liabilities	(64,555)	(77,011)	(50,306)	(75,978)	(42,845)
Liabilities related to assets classified as held for sale	(6,292)	–	–	–	–
Non-current liabilities	(5,222)	(7,303)	(3,468)	(7,021)	(43,039)
	111,245	109,212	92,101	81,700	77,950
Key statistics:					
Earnings per share					
Adjusted – basic	4.0p	7.6p	6.0p	3.0p	1.2p
– diluted	3.9p	7.1p	5.6p	2.8p	1.1p
Proposed dividend per share history					
Dividend per share – interim	0.575p	0.575p	0.375p	0.315p	0.30p
– final	1.265p	1.265p	1.125p	0.735p	0.65p
Total dividend per share	1.84p	1.84p	1.50p	1.05p	0.95p

Company balance sheet

	Note	2014 £000	2013 £000
Non-current assets			
Intangible assets	2	49	60
Property, plant and equipment	3	217	305
Investments in subsidiaries	4	203,120	203,440
Deferred tax assets	5	1,975	3,719
		205,361	207,524
Current assets			
Trade and other receivables	6	429	275
Amounts owed by Group undertakings	7	36,100	35,079
Current tax receivable		196	548
Cash and cash equivalents	8	4,781	3,517
		41,506	39,419
Total assets		246,867	246,943
Current liabilities			
Trade and other payables	10	(2,632)	(6,444)
Bank borrowings	9	(10,938)	(17,559)
Bank overdrafts	8	-	(3,571)
Amounts owed to Group undertakings	7	(84,094)	(85,256)
Provisions	11	(1,234)	-
		(98,898)	(112,830)
Non-current liabilities			
Provisions	11	(124)	-
		(124)	-
Total liabilities		(99,022)	(112,830)
Net assets		147,845	134,113
Equity			
Issued share capital	12	33,823	33,844
Share premium account		26,007	25,901
Own shares		(12,961)	(11,664)
Merger reserve		39,029	39,029
Capital redemption reserve		2,791	2,741
Retained earnings		59,156	44,262
Total equity		147,845	134,113

The financial statements of Anite plc (Company no. 01798114) were approved by the Board on 1 July 2014 and signed on its behalf by:

Christopher Humphrey
Chief Executive

Richard Amos
Group Finance Director

Company statement of changes in equity

	Issued share capital £000	Share premium account £000	Own shares £000	Merger reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 1 May 2012	33,702	25,628	(9,982)	39,029	2,741	56,087	147,205
Changes in equity for the year to 30 April 2013							
Total comprehensive income for the year	–	–	–	–	–	(7,711)	(7,711)
Issue of share capital	142	273	–	–	–	–	415
Purchase of own shares into employee benefit trust	–	–	(3,957)	–	–	–	(3,957)
Sale of own shares from employee benefit trust	–	–	1,582	–	–	(1,211)	371
Transfer of SIP shares to employees	–	–	693	–	–	(693)	–
Recognition of equity-settled share-based payments after tax (Company)	–	–	–	–	–	1,585	1,585
Recognition of equity-settled share-based payments after tax (Subsidiaries)	–	–	–	–	–	1,086	1,086
Dividend paid	–	–	–	–	–	(4,881)	(4,881)
Balance at 30 April 2013	33,844	25,901	(11,664)	39,029	2,741	44,262	134,113
Changes in equity for the year to 30 April 2014							
Total comprehensive income for the year	–	–	–	–	–	22,056	22,056
Issue of share capital	29	106	–	–	–	–	135
Purchase of own shares into employee benefit trust	–	–	(3,469)	–	–	–	(3,469)
Sale of own shares from employee benefit trust	–	–	2,131	–	–	(2,131)	–
Redemption of preference shares	(50)	–	–	–	50	–	–
Transfer of SIP shares to employees	–	–	41	–	–	(41)	–
Recognition of equity-settled share-based payments after tax (Company)	–	–	–	–	–	(257)	(257)
Recognition of equity-settled share-based payments after tax (Subsidiaries)	–	–	–	–	–	539	539
Dividend paid	–	–	–	–	–	(5,272)	(5,272)
Balance at 30 April 2014	**33,823**	**26,007**	**(12,961)**	**39,029**	**2,791**	**59,156**	**147,845**

Company cash flow statement

	Note	2014 Total £000	2013 Total £000
Operating activities			
Profit/(loss) for the year		22,056	(7,711)
Adjustments for:			
Tax credit		(257)	(775)
Share-based payment (credit)/expense		(412)	2,271
Finance charges		1,697	1,335
Amortisation of intangible assets	2	37	49
Depreciation of property, plant and equipment	3	162	121
Exchange differences arising on translation of amount due to subsidiary undertakings		(1,502)	1,563
Impairment of investments in subsidiaries	4	858	-
Reversal of impairment on amounts due from subsidiaries		(14)	(30)
Loss on disposal of property, plant and equipment		-	1
Dividend income from subsidiary undertakings		(24,653)	(1,666)
Decrease in provisions		(1,150)	(1,184)
Operating cash flows before movements in working capital		(3,178)	(6,026)
(Increase)/decrease in receivables		(124)	432
Increase/(decrease) in payables		157	(198)
Cash used in operations		(3,145)	(5,792)
Interest (paid to)/received from subsidiary undertakings		(752)	300
Interest received		87	107
Interest paid		(606)	(225)
Income taxes paid		(1,300)	(4,000)
Net cash used in operating activities		(5,716)	(9,610)
Cash flow from investing activities			
Dividend income from subsidiary undertakings		24,653	1,666
Purchase of property, plant and equipment		(74)	(308)
Purchase of software licences		(26)	(61)
Net cash generated from investing activities		24,553	1,297
Cash flow from financing activities			
Issue of ordinary share capital		135	415
(Repayment)/drawdown of bank loans		(6,500)	17,559
Purchase of own shares into employee benefit trust		(3,469)	(3,957)
Proceeds from sale of own shares from employee benefit trust		-	371
Dividend paid to Company's shareholders		(5,272)	(4,881)
Movement in amounts due to/(from) Group undertakings[1]		1,104	(1,982)
Net cash (used in)/generated from financing activities		(14,002)	7,525
Net increase/(decrease) in cash and cash equivalents		4,835	(788)
Cash and cash equivalents at 1 May		(54)	734
Cash and cash equivalents at 30 April	8	4,781	(54)

1 Movement in amounts due to/from Group undertakings is primarily due to cash transfers and group relief receipts from subsidiary undertakings.

Notes to the Company accounts

1 Basis of preparation and accounting policies

1(a) Basis of preparation

Anite plc has presented separate financial statements in accordance with IFRS as adopted by the EU, as permitted by the Companies Act 2006.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes when the consolidated income statement has been presented. There are no other recognised gains or losses other than the profit for the year.

1(b) Accounting policies

The accounting policies as set out in note 2 to the consolidated financial statements have been applied in the preparation of these Company financial statements.

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

2 Intangible assets

	Software licences £000
Cost	
At 1 May 2012	219
Additions	61
At 30 April 2013	280
Additions	26
Disposals	(62)
At 30 April 2014	**244**
Amortisation	
At 1 May 2012	171
Amortisation	49
At 30 April 2013	220
Amortisation	37
Disposals	(62)
At 30 April 2014	**195**
Net book value at 30 April 2014	**49**
Net book value at 30 April 2013	60

3 Property, plant and equipment

	Computers £000	Plant, fixtures, equipment and motor vehicles £000	Total £000
Cost			
At 1 May 2012	598	1,141	1,739
Additions	266	42	308
Disposals	(162)	(1,124)	(1,286)
At 30 April 2013	702	59	761
Additions	74	–	74
Disposals	(60)	–	(60)
At 30 April 2014	**716**	**59**	**775**
Accumulated depreciation and impairment			
At 1 May 2012	479	1,141	1,620
Charge for the year	112	9	121
Disposals	(161)	(1,124)	(1,285)
At 30 April 2013	430	26	456
Charge for the year	148	14	162
Disposals	(60)	–	(60)
At 30 April 2014	**518**	**40**	**558**
Net book value at 30 April 2014	**198**	**19**	**217**
Net book value at 30 April 2013	272	33	305

Disposals include writing off the cost and accumulated depreciation of assets no longer in use.

4 Investments in subsidiaries

	2014 £000	2013 £000
Cost		
At 1 May	278,519	252,433
Additions	–	25,000
Adjustments under IFRIC 11[1]	538	1,086
At 30 April	**279,057**	278,519
Provisions for impairment		
At 1 May	75,079	75,079
Impairments	858	–
At 30 April	**75,937**	75,079
Net book value	**203,120**	203,440

1 This relates to capital contributions made by the Company to its subsidiaries equal to the share-based payments recognised by these subsidiaries in their accounts.

Notes to the Company accounts continued

5 Deferred tax assets

	Accelerated tax depreciation £000	Share-based payments £000	Other short-term timing differences £000	Total £000
At 1 May 2012	97	2,619	311	3,027
(Debit)/credit to income statement for the year	(2)	186	251	435
Credit to equity for the year	–	257	–	257
At 30 April 2013	95	3,062	562	3,719
(Debit)/credit to income statement for the year	2	(63)	(379)	(440)
Charge to equity for the year	–	(1,304)	–	(1,304)
At 30 April 2014	**97**	**1,695**	**183**	**1,975**

There are no deferred liabilities that have been offset as permitted by IAS 12.

6 Trade and other receivables

	2014 £000	2013 £000
Amounts falling due within one year:		
Trade receivables	29	8
Other receivables	69	31
Prepayments	331	236
	429	275

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

The trade receivables do not include any advances or retentions at 30 April 2014 and 2013.

7 Amounts owed by/(to) group undertakings

The Directors consider that the carrying amount of amounts owed by and to Group undertakings approximates their fair value. The provision for impairment of amounts owed by Group undertakings was £16.9m (2013: £16.9m). See note 17(h) for further details.

8 Cash and cash equivalents

	2014 £000	2013 £000
Cash at bank and in hand	4,764	–
Overdrafts	–	(3,571)
Overnight bank deposits	17	3,517
	4,781	(54)

Cash at bank and in hand was invested on a floating rate basis and was therefore subject to cash flow interest risk. The Company has the legal right of set off for certain of its overdraft and cash balances under a master netting arrangement within its banking facilities.

Term and overnight bank deposits comprise money market deposits, which attract interest rates based on market rates, fixed for periods of up to six months. The Directors consider that the carrying amounts of cash and cash equivalents approximate to their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise the above amounts.

8 Cash and cash equivalents continued

The carrying value of the Company's cash and cash equivalents and overdrafts are denominated in the following currencies:

	2014 £000	2013 £000
Euro	308	1,330
Sterling	4,473	(1,384)
	4,781	(54)

9 Bank borrowings

	2014 £000	2013 £000
Bank loan	10,938	17,559
The borrowings are repayable as follows:		
On demand or within one year	10,938	17,559

The bank loan represents borrowings under the Group's multicurrency revolving facility agreement. A repayment of £6,500,000 was made during the year with the balance being repaid in full on 30 May 2014.

The loan comprised two elements:
- Sterling borrowings of £6,000,000 (2013: £12,500,000); and
- Euro borrowings of €6,000,000 (2013: €6,000,000).

The bank loan carried a weighted average floating interest rate of 2.29% (2013: 2.28%) and exposes the Group to cash flow interest rate risk.

10 Trade and other payables

	2014 £000	2013 £000
Trade creditors	255	350
Other taxes and social security	74	489
Other creditors	26	111
Accruals	2,277	5,494
	2,632	6,444

Trade and other payables principally comprise trade purchases and other operating costs.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the Company accounts continued

11 Provisions

	NI on Options £000
At 1 May 2013	–
Reclassification from accruals	2,508
Release of provision credited to income statement	(1,150)
At 30 April 2014	1,358
Classified as:	
Current liabilities	1,234
Non-current liabilities	124
	1,358

The national insurance provision relates to the Group's liability to pay employers' national insurance contributions on the exercise of share options. The amount and timing of these outflows depends on the share price on the date of exercise, the date of the exercise and the rate of national insurance at the time. The provision relating to shares that are not currently exercisable is classified as non-current. The current provision relating to share options that are exercisable is expected to be utilised within one year.

12 Share capital

The movements on share capital are disclosed in note 27 to the consolidated financial statements.

13 Share-based payments

The Company operates several share option plans including SAYE and other share-based schemes. The terms are disclosed in note 10 to the consolidated financial statements.

Details of the share options outstanding during the year are as follows:

	2014 SAYE		2014 other share-based		2013 SAYE		2013 other share-based	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at 1 May	271,566	47p	11,071,571	2p	414,161	28p	12,610,687	4p
Granted during the year	–	–	2,394,514	–	47,072	104p	653,251	–
Exercised during the year	–	–	(219,859)	–	(181,014)	23p	(2,185,701)	13p
Lapsed during the year	–	–	–	–	(8,653)	104p	(6,666)	–
Outstanding at 30 April	271,566	47p	13,246,226	2p	271,566	47p	11,071,571	2p
Exercisable at 30 April	–		8,106,455		–		1,630,595	
Weighted average fair value of awards granted during year	–		107.3p		41.8p		113.7p	
Weighted average share price on date of exercise	–		90.0p		133.2p		118.1p	
Weighted average remaining contractual life (years)	1.4		5.6		2.4		6.4	
Exercise price	22.5p-104.0p		0.0p-48.5p		22.5p-104.0p		0.0p-56.5p	

13 Share-based payments continued

	SAYE			Other share-based		
	Outstanding options at 30 April 2014	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options at 30 April 2014	Weighted average remaining contractual life	Weighted average exercise price
Exercise price range						
0p	–	–	–	13,038,726	5.7	–
1p–40p	137,114	0.8	22.5p	–	–	–
41p–104p	134,452	2.0	71.9p	207,500	0.3	48.5p
	271,566	1.4	47.0p	13,246,226	5.6	0.8p

The fair values for the above options were calculated using the Black-Scholes and stochastic option pricing models. The inputs into these models are disclosed in note 10 to the consolidated financial statements.

14 Commitments

14(a) Capital commitments

There were no capital commitments at 30 April 2014 and 2013.

14(b) Operating lease arrangements

	2014 £000	2013 £000
Lease payments under operating leases recognised as an expense in the year	–	138

15 Contingent liabilities

The Company has contingent liabilities, which have not been provided for in the accounts; as follows:

(i) Following the disposal of the Travel business, Anite plc will continue to guarantee performance obligations of Travel for a specific ongoing implementation. This guarantee will expire on 30 April 2016 and the maximum contingent liability under it is £5.0m. The nature of this performance guarantee is such that it would only come into effect in the case of a major default by the disposed business in performing its contract. It is not practicable to estimate the amount of the liability.

(ii) Anite plc is a guarantor of the overdraft and syndicated facilities of the Group, totalling £30.0m (2013: £25.0m) of which £10.9m (2013: £17.6m) was drawn down at 30 April 2014. Details of the borrowings are set out in note 22 of the consolidated financial statements.

16 Related party transactions

16(a) Subsidiaries

The Company has outstanding balances with its wholly-owned subsidiaries. The amounts owed by and owed to subsidiaries are disclosed in the balance sheet. These loans are unsecured and interest is calculated based on market rates.

During the year, the Company entered into the following transactions with its subsidiaries:

	2014 £000	2013 £000
Management fees receivable	1,696	2,129
Interest payable	(1,131)	(964)
Dividends received	24,653	1,666
Other costs recharged to subsidiaries	4,234	538
Net cash transfers/intercompany settlement to subsidiaries	(15,055)	(22,736)

16(b) Key management personnel

The key management personnel are deemed to be the members of the Board of Directors of the Company, which has responsibility for planning, directing and controlling the activities of the Company. Transactions with key management personnel are disclosed in the Remuneration Committee report.

Notes to the Company accounts continued

17 Financial risk management

17(a) Capital risk management

The Company manages its capital structure to ensure it is operating as a going concern and maximising the returns of the shareholders through the optimisation of its equity balance.

The Company's capital structure is as follows:

	2014 £000	2013 £000
Bank overdraft	–	3,571
Bank loans	10,938	17,559
Amounts owed to Group undertakings	84,094	85,256
Total equity	147,845	134,113
Capital employed	242,877	240,499

17(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, liability and equity are disclosed in note 2 to the consolidated financial statements.

17(c) Categories of financial instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories:

	Note	2014 £000	2013 £000
Loans and receivables			
Net cash/(bank overdraft)	8	4,781	(54)
Trade receivables	6	29	8
Other receivables	6	69	31
Amounts owed by Group undertakings		36,100	35,079
Financial assets		40,979	35,064
Amortised cost			
Trade creditors	10	255	350
Bank loans	9	10,938	17,559
Other creditors	10	26	111
Accruals	10	2,277	5,494
Amounts owed to Group undertakings		84,094	85,256
Financial liabilities		97,590	108,770

17(d) Financial risk management

The Company's financial assets and liabilities mainly comprise cash and liquid resources and various items, such as trade receivables and payables that arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk (primarily exposure to changes in the interest rate and foreign currency risks), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks, which are summarised in sections e) to i) below.

17 Financial risk management continued

17(e) Market risk – interest rate

The Group finances its operations and acquisitions through a mixture of reserves, bank borrowings and new equity and this policy is reviewed from time to time. The Group borrows in the desired currencies at floating rates of interest and manages the interest rate risk by selectively using interest rate swaps. Any surplus cash is converted into Sterling and is invested in short-term money market and bank deposits at the prevailing rates of interest in order to achieve the market rate of return.

The financial assets and liabilities that are interest-bearing and expose the Company to interest rate risk are as follows:

(i) Cash and cash equivalents (note 8). The weighted average floating interest rate for these financial assets, which were based on Sterling market rates, was 0.37% (2013: 0.46%).

(ii) Bank borrowings (note 9). The weighted average floating interest rate for bank borrowings was 2.29% (2013: 2.28%). Sterling denominated borrowings are linked to Sterling LIBOR and Euro denominated borrowings are linked to EURIBOR, in each case plus a margin. During the period, the margin remained constant at 1.85% (2013: 1.85%).

(iii) Interest bearing intercompany debtors and creditors (note 7). The weighted average of these interest rates (net) is 2.36% (2013: 2.28%). These rates are linked to LIBOR or EURIBOR, in each case plus a margin. The weighted average margin in the period was 1.84% (2013: 1.13%).

Interest rate sensitivity analysis

The sensitivity analysis below has been determined, based on the exposure to interest rates for both financial assets and liabilities, as listed above at the balance sheet date.

The table below demonstrates the sensitivity to a 0.5% change in interest rates, with all other variables held constant, applied to the major currencies of net variable rate assets/liabilities. 0.5% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates in the next 12 months.

	£-denominated		€-denominated	
	2014 £000	2013 £000	2014 £000	2013 £000
Cash and cash equivalents	4,473	(1,384)	308	1,330
Bank loans	(6,000)	(12,500)	(4,938)	(5,059)
Amount due from/(to) Group undertakings	4,424	3,509	(52,418)	(53,686)
Net variable rate assets/(liabilities)	2,897	(10,375)	(57,048)	(57,415)

	£ interest rate		€ interest rate	
	2014 £000	2013 £000	2014 £000	2013 £000
Profit before tax – gain/(loss)				
+0.5% change in interest rate	14	(52)	(285)	(287)
-0.5% change in interest rate	(14)	52	285	287

The fair value of financial assets and liabilities is not materially different from the book value recorded at 30 April 2014 and 2013.

Notes to the Company accounts continued

17 Financial risk management continued

17(f) Market risk – foreign currency

Foreign currency sensitivity analysis

The table below shows the Company's currency exposures in the profit and loss account arising from the monetary assets and monetary liabilities of the Company that are not denominated in Sterling, its functional currency. The sensitivity analysis below is based on a 10% appreciation/depreciation of Euro against Sterling, applied to the net monetary assets or liabilities denominated in this currency at the balance sheet date. The sensitivity analysis includes amounts owed by the Group undertakings.

	€-denominated	
	2014 £000	2013 £000
Monetary assets	308	1,330
Monetary liabilities	(57,356)	(58,745)
Net monetary liabilities	(57,048)	(57,415)

	€ currency impact	
	2014 £000	2013 £000
Profit before tax – gain/(loss)		
10% depreciation	5,206	5,236
10% appreciation	(6,310)	(6,403)

17(g) Other price risks

The Company is not exposed to other price risks apart from interest rate and foreign exchange risk.

17(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company's maximum exposure to credit risk is as follows:

	Note	2014 £000	2013 £000
Cash and cash equivalents	8	4,781	3,517
Trade receivables	6	29	8
Other receivables	6	69	31
Amounts owed by Group undertakings		36,100	35,079
		40,979	38,635

The credit risk on cash and cash equivalents is limited because the counterparties to these assets are highly rated financial institutions. In addition, the Company has further mitigated this risk by spreading cash deposits over a range of financial institutions with no more than £10.0m being deposited with any one counterparty.

The amounts presented in the table above are net of allowances for doubtful recoverability and foreseeable losses.

17 Financial risk management continued

The table below shows the movements in the provision for impairment of amounts owed by Group undertakings:

	Amounts owed by Group undertakings	
	2014 £000	2013 £000
At 1 May	16,896	16,926
Charge for the year	140	122
Release in the year	(154)	(152)
At 30 April	16,882	16,896

The ageing of the individually impaired amounts owed by Group undertakings is as follows:

	Amounts owed by Group undertakings	
	2014 £000	2013 £000
More than 12 months overdue	16,882	16,896

The ageing of the trade receivables and amounts owed by Group undertakings (excluding those that have been impaired) is as follows:

	Trade receivables		Amounts owed by Group undertakings	
	2014 £000	2013 £000	2014 £000	2013 £000
Not past due	29	5	–	8
Past due				
Less than one month overdue	–	3	–	342
One to two months overdue	–	–	(202)	20
Two to three months overdue	–	–	32	180
More than three months overdue	–	–	36,270	34,529
	29	3	36,100	35,071
Balance at 30 April	29	8	36,100	35,079

The credit quality of those debts owed by Group undertakings that are past due but not impaired has been assessed at the reporting date and has not significantly changed. There is no reason why these amounts will not be recovered in due course.

Notes to the Company accounts continued

17 Financial risk management continued

17(i) Liquidity risk

The Company's objective is to maintain a balance and continuity of funding and flexibility through the use of bank overdrafts and bank syndicated facilities. Working capital requirements are mainly funded through dividend income from its subsidiary undertakings.

The Group's UK overdraft facility was renewed during the year at £10.0m (net), (2013: £5.0m (net)). At 30 April 2014, the Company had drawn down £nil (2013: £3.6m) under this facility, which is fully offset by other Group balances in the calculation of the consolidated net overdraft.

The Company is a guarantor of the Group's overdraft and syndicated revolving credit facilities of £20.0m, of which £10.9m was drawn at 30 April 2014 (2013: £17.6m) and total undrawn facilities including the overdraft facility were £19.1m (2013: £7.4m). The Company is also a party to an unlimited omnibus set-off arrangement to secure the liability of the Company and certain Group companies with Lloyds Bank plc.

Maturity profile

The table below summarises the maturity profile of the Company's undiscounted cash flows of the financial liabilities which approximates their fair value and the earliest date on which the Company is required to pay:

	Less than one year	
	2014 £000	2013 £000
Trade payables	255	350
Bank overdraft	-	3,571
Bank loans	10,938	17,559
Amounts owed to Group undertakings	84,094	85,256
	95,287	106,736

Shareholder information

Shareholder enquiries
Equiniti Limited maintains the Company's register of members. If any of your details change, or if you have any queries regarding your shareholding, please contact the registrars at:

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Calls to this number cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

Textphone for shareholders with hearing difficulties: 0871 384 2255 (International: +44 121 415 7028).

Equiniti also offers a range of shareholder information online at www.shareview.co.uk.

Share dealing service
Shareview Dealing, a telephone and internet share dealing service, is provided through Equiniti and is a convenient way to sell your Anite plc shares or add to your holding. Commission is 1.5% of the value of the transaction on the first £50,000, with a minimum charge of £50 and 0.2% thereafter for telephone dealing and 1.5% with a minimum of £45 for internet dealing. For telephone dealing call 08456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate, if you wish to sell, or your debit card number, if you wish to buy.

Anite corporate Individual Savings Account ("ISA")
A stocks and shares ISA is now available to Anite plc shareholders through Equiniti Financial Services Limited. For further details please go to www.shareview.co.uk/dealing or contact Customer Services on 0845 300 0430 (International: +44 121 415 0105).

Multiple accounts on the shareholder register
If you have received two or more copies of this document, it may be because there is more than one account in your name on the shareholder register. This may be caused by either your name or address appearing on each account in a slightly different way. For security reasons, the registrars will not amalgamate the accounts without your written consent, so, if you would like any multiple accounts combined into one account, please write to Equiniti at the above address.

ShareGift
ShareGift is a charity share donation scheme for shareholders, administered by the Orr Mackintosh Foundation. It is especially for those who may wish to dispose of a small parcel of shares, the value of which makes it uneconomic to sell on a commission basis. Further information can be obtained at www.sharegift.org or from Equiniti.

Financial calendar

Annual General Meeting	12 September 2014
Half-year-end	31 October 2014
Preliminary announcement of half-year 2014/15 results	December 2014
Financial year-end	30 April 2015
Preliminary announcement of 2014/15 results	July 2015

Dividend payment timetable

Declared at Annual General Meeting	12 September 2014
Ex-dividend date	1 October 2014
Record date	3 October 2014
Payment date	28 October 2014

Glossary of terms

2G
Second Generation of mobile phone technologies, including GSM and CDMA, introduced data services for mobiles, e.g. SMS text messaging.

3G
Third Generation of mobile phone technologies enabled high-speed downlink/uplink packet access (HSDPA/HSUPA).

3GPP
Third Generation Partnership Project – collaboration of groups of telecommunications associations to make globally applicable mobile phone system specifications.

4G
Fourth Generation mobile technology which provides a comprehensive and secure all IP-based solution whereby facilities such as IP telephony, ultra-broadband internet access, gaming services and streamed multimedia may be provided to users.

5G
A planned evolution to wireless technology after 4G to support the expected massive growth of global mobile data traffic and in the number of wireless connected devices (the Internet of Things).

Capital expenditure
Includes the aggregate of capitalised property, plant and equipment additions, and capitalised software licences.

Carrier Aggregation
A technique defined within the LTE-A standards that allows a mobile device to achieve greater data throughput performance by enabling it to access multiple portions of an operator's spectrum simultaneously.

Channel Emulation
A technique for realistically replicating real-world radio propagation characteristics within wireless test equipment.

Conformance testing (CT)
Tests the individual protocol stack layers in a wireless device to ensure compliance with the latest industry standards.

Customer Experience Monitoring (CEM)
CEM refers to technologies that monitor, analyse and manage a wireless network's performance from the end-user's viewpoint. The goal of CEM is to optimise the customer's quality of experience in order to reduce customer churn.

Development testing (DT)
Supports all phases of wireless device development, from pre-silicon protocol module development through to systems integration and verification.

Drive test
A typical means of collecting information on cellular networks' coverage and quality. A car containing cellular network measurement tools is driven along a pre-defined route.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

EMEA
Europe, Middle East and Africa.

Exabyte
A unit of computer memory or data storage capacity equal to 10^{18} bytes.

GCF
Global Certification Forum – a certification body to give operators confidence in the interworking of new mobile terminals.

Interoperability testing (IOT)
Phase associated with testing to ensure suitable interworking between specific wireless devices and mobile networks.

LTE
Long Term Evolution is the latest standard in mobile air interface technology. It is a project of the Third Generation Partnership Project ("3GPP").

LTE-ADVANCED (LTE-A)
Long Term Evolution Advanced – LTE 4G evolution enabling even higher data rates.

LTE FDD
Frequency Division Duplexing LTE utilising paired spectrum.

LTE TDD (TD-LTE)
Time Division Duplexing LTE.

M2M
Machine-to-machine refers to technologies that allow both wireless and wired systems to communicate autonomously without human intervention.

Multiple-Input Multiple-Output Over-The-Air Testing (MIMO OTA)
A technique for testing that the performance of the latest mobile antenna designs meet customer expectations under challenging real-world conditions.

Net cash
Cash and cash equivalents less bank borrowings.

Performance testing
Measuring how a wireless device performs under difference usage conditions for characterisations such as data download speed, audio quality and battery life.

PTCRB
A certification body to give operators, primarily within the North American market, confidence in the interoperability of new mobile devices.

Smartphone
Mobile phone which incorporates advanced capabilities, including email and internet access.

Spectrum
Government-controlled airwaves that companies license to transmit wireless signals on certain frequency allocations.

Tablet
A lightweight, wireless internet-enabled computer, operated via an integrated touchscreen interface with a similar appearance and operation to a smartphone, but differentiated by its larger size.

Test script
A defined procedure used to verify device functionality.

VoLTE
Voice over LTE is an IMS (IP Multimedia Subsystem)-based specification enabling voice to be carried through an IP cellular system.

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