

Focus Software Limited  
Annual Report and financial statements  
for the year ended 31 December 2012

Registered number 3342894



# **Focus Software Limited**

## **Annual Report and financial statements for the year ended 31 December 2012**

### **Contents**

	<b>Page</b>
Directors and advisors for the year ended 31 December 2012	1
Directors' report for the year ended 31 December 2012	2
Independent auditors' report to the members of Focus Software Limited	6
Income statement for the year ended 31 December 2012	8
Statement of comprehensive income for the year ended 31 December 2012	9
Statement of financial position as at 31 December 2012	10
Statement of changes in equity for the year ended 31 December 2012	11
Statement of cash flows for the year ended 31 December 2012	12
Notes to the financial statements for the year ended 31 December 2012	13

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# **Focus Software Limited**

## **Directors and advisors for the year ended 31 December 2012**

### **Directors**

M J Clements ACA  
R J Stevenson

### **Secretary**

M J Clements ACA

### **Registered office**

Cranford House  
Kenilworth Road  
Blackdown  
Leamington Spa  
Warwickshire  
CV32 6RQ

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Exchange House  
Central Business Exchange  
Midsummer Boulevard  
Central Milton Keynes  
MK9 2DF

# Focus Software Limited

## Directors' report for the year ended 31 December 2012

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2012. The comparatives cover the 9 months ended 31 December 2011. The Company has changed its year end in order to align with that of Standard Life plc, which acquired the Focus Solutions Group in January 2011.

### Principal activities

The principal activity of the Company during the year was the development of focus 360° and focus technology software. Income is derived from the charging of royalties related to the sale of software licences to another group company.

### Business review

As shown in the Company's income statement on page 8, the Company's profits after taxation have increased by 59% in the year over the prior period to £3,206,771 (2011: £2,019,700). This represents a 19% increase in profits on a pro-rata basis.

The statement of financial position on page 10 shows the Company's financial position at the year end.

### Key performance indicators

Given the straightforward nature of the business, gross and net profits are the principal metrics measured. The Company's directors are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

		Year ended 31 December 2012	9 months ended 31 December 2011
Gross profit	£	5,458,273	3,305,811
Gross profit margin	%	95	96
Net profit before taxation	£	3,839,704	2,392,992
Net profit margin	%	67	69

# **Focus Software Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Future prospects**

The Company continues to invest in its focus 360° software suite. The acquisition of the parent company by Standard Life plc in January 2011 has provided the business with access to greater funding thus securing future investment.

### **Results and dividends**

The profit for the year after taxation was £3,206,771 (2011: £2,019,700). The Directors do not recommend the payment of a dividend (2011: £nil).

### **Directors and their interests**

The following are directors of the Company and held office during the year, and up to the date of signing the financial statements, as stated below:

M J Clements ACA  
R J Stevenson

### **Directors' indemnities**

The Company's ultimate parent, Standard Life plc, has made qualifying third party indemnity provisions for the benefit of the Company's directors. These remain in force at the date of this report.

### **Going concern**

After making enquiries, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements.

### **Environmental policies**

The Company acknowledges the importance of environmental matters and where possible uses environmental friendly policies in all its offices, such as recycling, energy efficient lighting and equipment and encourages environmentally friendly travel.

### **Employees and social responsibility**

The Company's policy is to consult and discuss with employees on matters which are likely to affect their interests, including information about the Company's performance and plans. This is accomplished through weekly communications briefings, individual performance reviews and regular team or company briefings.

The Company is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disabilities. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged. Employees are kept informed regarding the Company's affairs and are consulted on a regular basis through meetings, wherever feasible and appropriate.

### **Charitable and political contributions**

During the year under review, the Company made charitable contributions totalling £nil (2011: £nil) to various charities. There were no political donations (2011: £nil).

### **Trade payables payment policy**

The Company recognises the importance of good relationships with its suppliers and agrees appropriate terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the suppliers. The average number of days' credit taken on the Company's outstanding balance at the year end is 25 days (2011: 12 days).

### **Research and development**

The Company has continued to develop new software during the year and has capitalised costs of £2,547,319 (2011: £1,220,795).

# Focus Software Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Financial instruments

The Company's financial instruments comprise cash and various items, such as trade payables, that arise directly from its operations. The main purpose of these financial instruments is to fund the Company's operations as well as to manage working capital, liquidity and invest surplus funds.

It is, and has been throughout the year under review, the Company's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken. The Company faces few risks pertaining to financial instruments.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties although these are not considered to be any more severe than for comparable companies adopting similar strategies. The Company has instituted a formal risk assessment review which is controlled at Board level. The key business risks affecting the Company can be categorised as business risks, financial risks, compliance risks and operational risks.

The Company's financial risk management policy is disclosed in note 12 of the financial statements.

#### Risks

#### Mitigation

##### Business risks

- UK recovery from recession stalls
- Failure to innovate
- Failure of partnership strategy
- Failure to deliver to customer expectations
- Customer cancellations

- Expansion into other regions
- Continued investment in product development
- Development of alternative suppliers
- Revised project delivery methodology implemented
- Adoption of best practice software development techniques

##### Financial risks

- Company financial performance deteriorates
- Company unable to finance growth
- Market expectations not met

- Rolling forecast reviews and tight control over cost base
- Close contact with parent group

##### Compliance risks

- Health and safety regulations breached
- Failure of accounting systems and internal controls

- Company health and safety policy established
- Investment in training
- Established risk assessment review process

##### Operational and other risks

- Physical disaster and business continuity failure
- Loss of key employees
- Loss of intangible assets

- Business continuity plan in place
- Incentive plans and market testing of staff salaries
- Contractual protection of intellectual property rights

# Focus Software Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to select suitable accounting policies and then apply them consistently and make judgements and accounting estimates that are reasonable and prudent.

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.

### Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 (1) to (4) of the Companies Act 2006, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he 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.

### Re-appointment of independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 30 August 2013 and signed by its order by



M J Clements ACA  
Company Secretary

# **Focus Software Limited**

## **Independent auditors' report to the members of Focus Software Limited**

We have audited the financial statements of Focus Software Limited for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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

### **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 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 and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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



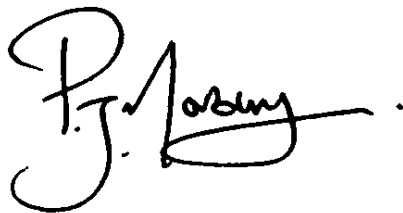
## Focus Software Limited

### Independent auditors' report to the members of Focus Software Limited (continued)

#### Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read 'P. Norbury', followed by a period.

Paul Norbury (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
30 August 2013

# Focus Software Limited

## Income statement for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Revenue	3	5,760,350	3,449,995
Cost of sales	4	(302,077)	(144,184)
<b>Gross profit</b>		<b>5,458,273</b>	<b>3,305,811</b>
Distribution costs	4	(4,952)	(235)
Administrative expenses	4	(1,613,617)	(912,584)
<b>Operating profit</b>		<b>3,839,704</b>	<b>2,392,992</b>
<b>Profit before income tax</b>		<b>3,839,704</b>	<b>2,392,992</b>
Income tax charge	6	(632,933)	(373,292)
<b>Profit for the year/period</b>		<b>3,206,771</b>	<b>2,019,700</b>
<b>Attributable to owners of the Company</b>		<b>3,206,771</b>	<b>2,019,700</b>

All results derive from continuing operations

## Focus Software Limited

### Statement of comprehensive income for the year ended 31 December 2012

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Profit for the financial year/period	3,206,771	2,019,700
Total comprehensive income for the financial year/period	3,206,771	2,019,700
Attributable to owners of the Company	3,206,771	2,019,700

# Focus Software Limited

## Statement of financial position as at 31 December 2012

	Note	31 December 2012 £	31 December 2011 £
<b>Non-current assets</b>			
Intangible assets	7	4,992,783	3,784,240
Property, plant and equipment	8	21,721	24,663
Deferred income tax	10	8,098	615,697
		<b>5,022,602</b>	<b>4,424,600</b>
<b>Current assets</b>			
Trade and other receivables	9	32,476	19,157
Cash and cash equivalents	12	1	1
		<b>32,477</b>	<b>19,158</b>
<b>Total assets</b>		<b>5,055,079</b>	<b>4,443,758</b>
<b>Current liabilities</b>			
Trade and other payables	11	(168,530)	(127,800)
<b>Net current liabilities</b>		<b>(136,053)</b>	<b>(108,642)</b>
<b>Total assets less current liabilities</b>		<b>4,886,549</b>	<b>4,315,958</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	(2,324,667)	(4,960,847)
<b>Net assets/(liabilities)</b>		<b>2,561,882</b>	<b>(644,889)</b>
<b>Equity attributable to owners of the Company</b>			
Ordinary shares	13	100	100
Accumulated profits/(losses)	14	2,561,782	(644,989)
<b>Total equity/(deficit)</b>		<b>2,561,882</b>	<b>(644,889)</b>

The financial statements on pages 8 to 29 were approved and authorised by the Board of Directors on 30 August 2013 and were signed on its behalf by



R J Stevenson  
Director



M J Clements ACA  
Director

## Focus Software Limited

### Statement of changes in equity for the year ended 31 December 2012

	Ordinary shares	Accumulated profits/(losses)	Total
	£	£	£
As at 1 April 2011	100	(2,664,689)	(2,664,589)
Profit for the period	-	2,019,700	2,019,700
As at 31 December 2011	100	(644,989)	(644,889)
Profit for the year	-	3,206,771	3,206,771
<b>As at 31 December 2012</b>	<b>100</b>	<b>2,561,782</b>	<b>2,561,882</b>

# Focus Software Limited

## Statement of cash flows for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	2,554,733	1,230,791
<b>Net cash generated from operating activities</b>		<b>2,554,733</b>	<b>1,230,791</b>
<b>Cash flows from investing activities</b>			
Purchases of intangible assets	7	(2,547,319)	(1,220,795)
Purchases of property, plant and equipment	8	(7,414)	(9,996)
<b>Net cash used in investing activities</b>		<b>(2,554,733)</b>	<b>(1,230,791)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at start of financial year/period		1	1
<b>Cash and cash equivalents at end of financial year/period</b>	12	<b>1</b>	<b>1</b>

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012

### 1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### General information

Focus Software Limited is a private limited company, incorporated and domiciled in the UK. The address of its registered office is Cranford House, Kenilworth Road, Blackdown, Leamington Spa, Warwickshire, CV32 6RQ.

#### Basis of preparation

The financial statements of Focus Software Limited ('the Company') have been prepared on the going concern basis, under the historical cost convention, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRIC interpretations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company. The standards and interpretations that have become effective since the Company's previous annual financial report for the period ended 31 December 2011 are listed below:

- IFRS 7 (amendment), 'Financial instruments: Disclosures', on transfer of financial assets,
- IFRS 1 (amendment), 'First time adoption', on hyperinflation and fixed dates,
- IAS 12 (amendment), 'Income taxes', on deferred tax.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods, but the Company has not early adopted them:

- IAS 1 (amendment), 'Financial statement presentation', regarding other comprehensive income (effective date 1 July 2012),
- IAS 19 (amendment), 'Employee benefits' (effective date 1 January 2013),
- IFRS 1 (amendment), 'First time adoption', on government loans (effective date 1 January 2013),
- IFRS 7 (amendment), 'Financial instruments: Disclosures', on asset and liability offsetting (effective date 1 January 2013),
- IFRS 10 (amendment on transition guidance), 'Consolidated financial statements' (effective date 1 January 2013),
- IFRS 11 (amendment on transition guidance), 'Joint arrangements' (effective date 1 January 2013),
- IFRS 12 (amendment on transition guidance), 'Disclosures of interests in other entities' (effective date 1 January 2013),
- IFRS 1 (annual improvements), 'First time adoption' (effective date 1 January 2013),
- IAS 1 (annual improvements), 'Financial statement presentation' (effective date 1 January 2013),
- IAS 16 (annual improvements), 'Property, plant and equipment' (effective date 1 January 2013),
- IAS 32 (annual improvements), 'Financial instruments: Presentation' (effective date 1 January 2013),

# **Focus Software Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Basis of preparation (continued)**

- IAS 34 (annual improvements), 'Interim financial reporting' (effective date 1 January 2013),
- IFRS 10, 'Consolidated financial statements' (effective date 1 January 2013),
- IFRS 11, 'Joint arrangements' (effective date 1 January 2013),
- IFRS 12, 'Disclosures of interests in other entities' (effective date 1 January 2013),
- IFRS 13, 'Fair value measurement' (effective date 1 January 2013),
- IAS 27 (revised 2011), 'Separate financial statements' (effective date 1 January 2013),
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective date 1 January 2013),
- IFRIC 20, 'Stripping costs in the production phase of a surface mine' (effective date 1 January 2013),
- IAS 32 (amendment), 'Financial instruments Presentation', on asset and liability offsetting (effective date 1 January 2014),
- IFRS 9, 'Financial instruments' (effective date 1 January 2015)

There are no other IFRSs or IFRICs in issue but not yet effective that are expected to have a significant impact for the Company. The Directors anticipate that the adoption of these new or amended standards in future periods will not have a material impact on the financial statements of the Company.

A summary of the Company's more important accounting policies, which have been applied consistently except where stated otherwise, is set out below.

#### **Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company, Focus Solutions Group Limited. The Directors have received confirmation that Focus Solutions Group Limited intends to support the Company for at least one year after these financial statements are signed.

#### **Software**

Software that is acquired or internally developed and is not an integral part of hardware is classified as an intangible asset. Software for internal use is classified as 'software' within intangible assets and is amortised over its expected useful life of 2 to 4 years. Internally generated assets produced for resale are capitalised in line with the accounting policy set out within 'research and development expenditure' and are classified within 'other' intangible assets.

#### **Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost evenly over its expected useful life as follows:

Computer equipment      Between 2 and 4 years



# **Focus Software Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis

#### **Leased assets and obligations**

Assets obtained under hire purchase contracts or finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives

Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease

#### **Foreign currency**

Foreign currency transactions are converted to sterling during the year at the rates ruling at the time of the transaction. Any monetary amounts outstanding at the year-end are translated at the rate of exchange ruling at the statement of financial position date and the gains and losses on translation are included in the income statement

#### **Pension contributions**

The Company makes contributions to defined contribution pension schemes that have been set up for and administered on behalf of certain directors and employees. Contributions payable for the year are charged in the income statement as incurred

#### **Impairment**

The carrying values of assets that have an indefinite useful life, including goodwill, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. Impairment losses are recognised in the income statement

Intangible assets with finite economic useful life and property, plant and equipment are tested for impairment if events or changes in circumstances (as assessed at each reporting date) indicate that the carrying value may not be recoverable. When an impairment test is conducted, the recoverable amount is assessed by reference to the higher of the value in use and the fair value less costs to sell

# **Focus Software Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Contingent consideration**

Where an additional deferred earn-out consideration may be payable ('contingent consideration') in the form of cash or shares, where the value of the shares is of a fixed monetary value, it is accounted for as a liability rather than as equity

#### **Revenue**

Revenue comprises royalty income derived from charging another group company for the sale of software licences and related support and maintenance. Royalty charges are made net of value added tax

The Company recognises royalty income when the software is sold to third parties by another group company in accordance with the revenue recognition policy of the Focus Solutions Group. These royalty amounts are charged to another group company at the point of recognition

#### **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate

#### **Exceptional items**

The Company classifies items of income and expenditure as exceptional items where, in the opinion of the Directors, the nature of the item, or its size, is likely to be material so as to assist the reader of the financial statements to better understand the results of the operations of the Company

#### **Segmental reporting**

Focus Software Limited is a provider of software and consultancy services. The Company manages its business as one segment. As set out in IFRS 8 'Operating Segments', operating segments are defined in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker ('CODM'). The Company considers this to be the Board of Directors, which is responsible for the allocation of resources and assessment of the performance of the business

#### **Financial instruments**

##### **Financial assets**

Financial assets are classified as loans and receivables. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value on their initial recognition, net of transaction costs

Cash and cash equivalents comprise cash in hand and deposits on demand, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows

# **Focus Software Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Financial instruments (continued)**

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire, or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of the asset.

#### **Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the income statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

#### **Borrowing costs**

Borrowing costs are capitalised as an increase to the carrying value of intangible assets or property, plant and equipment on major capital projects where these costs would be material. IAS 23 (revised) does not require any retrospective application and therefore no prior year restatements have been necessary.

### **2. Critical accounting judgements and key sources of estimation and uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **(a) Intangible assets**

In computing the value of internally generated research and development expenditure which has been capitalised under IAS 38 and the period over which that asset should be amortised, the Company has made certain assumptions about the likely period of development, the economic benefits likely to arise from the investment and its estimated useful life.

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

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

#### (b) Deferred tax asset

In computing the value of the deferred tax asset recognised as at 31 December 2012, the Company has made certain assumptions about the likelihood of being able to utilise income tax losses in future, the timing of utilising such income tax losses and the risk of not being able to utilise such income tax losses. In accordance with the approach taken in previous years, the Company has recognised as a deferred tax asset those income tax losses which the Company expects to utilise in the future.

### 3. Segmental analysis

Focus Software Limited's principal activity is the development and supply of software. The Board of Focus Software Limited predominately manages the operations of the Company on an overall basis as one segment. Following the adoption of the principles set out in IFRS 8 'Operating Segments', the Company has concluded that it has one operating segment. This conclusion is consistent with the nature of the information that is presented to the Board of Directors of the parent company, which is considered to be the CODM for the purposes of IFRS 8.

The Company's principal operations are in the United Kingdom. Its revenue and profit on ordinary activities before taxation were all derived from its principal activity. All revenue originates in the United Kingdom and is derived from sales to another group company.

### 4. Expenses by nature

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Employee benefit expense (note 5)	1,902,388	864,415
Internal recharges	829,385	518,168
Legal, professional and external contractor costs	315,933	93,795
Amortisation and depreciation charges (notes 7 and 8)	1,342,766	781,831
Fees payable to the Company's auditor for the audit	18,633	13,874
Other expenses	58,860	5,715
Capitalisation of R&D costs (note 7)	(2,547,319)	(1,220,795)
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>1,920,646</b>	<b>1,057,003</b>

Audit fees for the Focus Solutions Group of companies are borne by the immediate parent company and recharged to the trading statutory entities.

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 5. Employee benefit expense

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

	Year ended 31 December 2012 No	9 months ended 31 December 2011 No
Development	36	20

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Staff costs for the above persons		
Wages and salaries	1,646,452	735,943
Social security costs	197,470	99,951
Other pension costs (note 16)	58,466	28,521
	1,902,388	864,415

#### Directors' remuneration

The Directors are deemed to be the Focus Solutions Group's key management personnel  
No remuneration was paid to the Company's directors by the Company during the year (2011 £nil)

The Directors' remuneration is paid by Standard Life Employee Services Limited, a subsidiary company of the ultimate parent company, Standard Life plc. The total cost of employment of the Directors of £665,539 (2011 £662,513) has been recharged in full to the Company's immediate parent company, Focus Solutions Group Limited. The amount recharged by Focus Solutions Group Limited in respect of the Directors' services to the Company for the year is £133,108 (2011 £132,503)

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 6. Income tax charge

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK (24.5%) (2011: 26%)

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
<b>a Analysis of tax charge on ordinary activities</b>		
<b>Current tax:</b>		
UK corporation tax at 24.5% (2011: 26%) based on the profit for the year	-	-
Amount paid to a fellow subsidiary in respect of tax saved by group relief	(25,334)	-
<b>Total current tax charge</b>	<b>(25,334)</b>	<b>-</b>
<b>Deferred taxation (note 10)</b>		
Origination and reversal of temporary differences	(482,833)	(438,244)
Adjustment in respect of previous periods	(124,062)	89,580
Impact on change of income tax rate	(704)	(24,628)
<b>Total deferred tax</b>	<b>(607,599)</b>	<b>(373,292)</b>
<b>Total tax charge on ordinary activities</b>	<b>(632,933)</b>	<b>(373,292)</b>
<b>b Factors affecting tax charge for the current year</b>		
Profit on ordinary activities before taxation	3,839,704	2,392,992
Tax at 24.5% (2011: 26%) thereon	(940,727)	(622,178)
Effects of		
Expenses not deductible for tax purposes	(28)	(61)
R&D relief	144,102	67,409
Capitalised R&D costs deductible for tax purposes	298,240	116,586
Adjustment in respect of previous periods	(124,062)	89,580
Impact on change of income tax rate	(10,458)	(24,628)
<b>Tax charge</b>	<b>(632,933)</b>	<b>(373,292)</b>

The Corporation tax charge for the year has been reduced by £25,334 (2011: £nil) because of group relief received from a fellow subsidiary undertaking, for which a payment of £25,334 was made in the year.

The Directors are confident that the Company will achieve future profitability and therefore, a deferred tax asset of £8,098 has been recognised at the statement of financial position date (2011: £615,697).

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 7. Intangible assets

	Other £	Software £	Total £
<b>As at 31 March 2011</b>			
Cost	4,715,089	22,995	4,738,084
Accumulated amortisation	(1,388,022)	(10,892)	(1,398,914)
<b>Net book amount</b>	<b>3,327,067</b>	<b>12,103</b>	<b>3,339,170</b>
<b>9 months ended 31 December 2011</b>			
Opening net book amount	3,327,067	12,103	3,339,170
Additions	1,220,795	-	1,220,795
Amortisation charge	(772,387)	(3,338)	(775,725)
<b>Closing net book amount</b>	<b>3,775,475</b>	<b>8,765</b>	<b>3,784,240</b>
<b>As at 31 December 2011</b>			
Cost	5,935,884	22,995	5,958,879
Accumulated amortisation	(2,160,409)	(14,230)	(2,174,639)
<b>Net book amount</b>	<b>3,775,475</b>	<b>8,765</b>	<b>3,784,240</b>
<b>Year ended 31 December 2012</b>			
Opening net book amount	3,775,475	8,765	3,784,240
Additions	2,547,319	-	2,547,319
Disposals	-	(6,366)	(6,366)
Amortisation charge	(1,330,011)	(2,399)	(1,332,410)
<b>Closing net book amount</b>	<b>4,992,783</b>	<b>-</b>	<b>4,992,783</b>
<b>As at 31 December 2012</b>			
Cost	8,483,203	16,629	8,499,832
Accumulated amortisation	(3,490,420)	(16,629)	(3,507,049)
<b>Net book amount</b>	<b>4,992,783</b>	<b>-</b>	<b>4,992,783</b>

## Focus Software Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 8. Property, plant and equipment

	Computer equipment £
<b>As at 31 March 2011</b>	
Cost	28,205
Accumulated depreciation	(7,432)
<b>Net book amount</b>	<b>20,773</b>
<b>9 months ended 31 December 2011</b>	
Opening net book amount	20,773
Additions	9,996
Depreciation charge	(6,106)
<b>Closing net book amount</b>	<b>24,663</b>
<b>As at 31 December 2011</b>	
Cost	38,201
Accumulated depreciation	(13,538)
<b>Net book amount</b>	<b>24,663</b>
<b>Year ended 31 December 2012</b>	
Opening net book amount	24,663
Additions	7,414
Depreciation charge	(10,356)
<b>Closing net book amount</b>	<b>21,721</b>
<b>As at 31 December 2012</b>	
Cost	45,615
Accumulated depreciation	(23,894)
<b>Net book amount</b>	<b>21,721</b>



# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 9. Trade and other receivables

	31 December 2012 £	31 December 2011 £
<b>Non-current assets:</b>		
Deferred tax asset (note 10)	8,098	615,697
	<b>8,098</b>	<b>615,697</b>
<b>Current assets:</b>		
Prepayments and accrued income	14,926	10,529
Other taxation and social security costs	17,550	8,628
	<b>32,476</b>	<b>19,157</b>
<b>Total trade and other receivables</b>	<b>40,574</b>	<b>634,854</b>

### 10. Deferred income tax

#### a. Movement in the year/period

	2012 £	2011 £
Deferred tax asset		
Balance at 1 January/1 April	615,697	988,989
Tax charge for the year/period		
Adjustment in respect of previous periods	(124,062)	89,580
Impact on change of income tax rate	(704)	(24,628)
Charge for the current year/period	(482,833)	(438,244)
<b>As at 31 December</b>	<b>8,098</b>	<b>615,697</b>

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10. Deferred income tax (continued)

#### b. Balances at year/period end

Deferred taxation balances consist of the following amounts

	<b>31 December 2012 £</b>	<b>31 December 2011 £</b>
<b>Assets</b>		
Temporary differences relating to		
Differences between accumulated depreciation and capital allowances	<b>8,098</b>	5,776
Tax losses carried forward	-	609,921
	<b>8,098</b>	615,697

In addition to the changes in rates of Corporation tax disclosed within note 6, further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These included reductions to the main rate of Corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements. The overall effect of the changes, if they had been applied to the deferred tax balance at the statement of financial position date, would be to reduce the deferred tax asset by an additional £1,056 and increase the tax expense for the period by £1,056.

## Focus Software Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 11. Trade and other payables

	31 December 2012 £	31 December 2011 £
<b>Current liabilities:</b>		
Trade payables	83,772	54,619
Accruals and deferred income	84,758	73,181
	<b>168,530</b>	<b>127,800</b>
<b>Non-current liabilities:</b>		
Amounts due to group undertakings	2,324,667	4,960,847
	<b>2,324,667</b>	<b>4,960,847</b>
<b>Total trade and other payables</b>	<b>2,493,197</b>	<b>5,088,647</b>

The parent company, Focus Solutions Group Limited, has confirmed there is no formal repayment date applying to this loan. However, the Directors do not anticipate the loan to be recalled within a year, nor for the foreseeable future, and as such, these amounts are classified as non-current liabilities due after more than one year. Amounts due to the parent company are unsecured and interest free.

#### 12. Financial instruments and financial risk management

The accounting policies include an explanation of the role that financial instruments have in creating or changing the risks the Company faces in its activities. The disclosure in this note deals with the Company's financial assets and liabilities.

##### Financial instruments

The Company's financial instruments comprise cash, bank overdrafts, provisions and various other items, including accounts receivable and accounts payable that arise directly from its operations.

The Company recognises financial instruments in its financial statements when it enters into a binding agreement to receive cash or other economic benefits and derecognises them once all parties to the agreements have discharged all their obligations.

Financial assets comprise cash and trade receivables. Interest income and expenses are recognised in the income statement on an accruals basis. Realised gains and losses upon expiry of derivative financial instruments are recognised on settlement of the underlying contract.

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 12. Financial instruments and financial risk management (continued)

#### Financial assets

The Company's financial assets at the year/period end are analysed as follows

	31 December 2012	31 December 2011
	£	£
Cash and cash equivalents	1	1

#### Financial liabilities

All trade payables will be settled in less than three months. Cash and money market deposits are carried at face value.

#### Credit risk

The Company has minimal exposure to credit risks.

#### Interest rate risk

Surplus cash balances are held on short term deposit at fixed rates of interest. All financial assets earn interest at floating rates based on LIBOR. Total cash is £1 (2011: £1).

Sensitivities of movements in interest rates have been considered by the Directors and reasonable movements in interest rates are not considered to have a material impact on company profits or equity.

#### Liquidity risk

Surplus cash is invested so as to achieve a market rate of return. These investments are held to ensure the Company remains sufficiently liquid to meet its requirements.

#### Foreign currency and price risk

The Company has minimal exposure to currency and price risks.

#### Capital risk management

The Company's objectives when managing capital (when representing the net assets of the Company) are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 13. Ordinary shares

	31 December 2012 £	31 December 2011 £
<b>Allotted and fully paid</b>		
100 (2011 100) ordinary shares of £1 each	100	100

### 14. Accumulated profits/(losses)

	2012 £	2011 £
Balance at 1 January/1 April	(644,989)	(2,664,689)
Profit for the year/period	3,206,771	2,019,700
<b>Balance at 31 December</b>	<b>2,561,782</b>	<b>(644,989)</b>

### 15. Cash generated from operations

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Profit before income tax	3,839,704	2,392,992
Adjustments for		
Amortisation and depreciation (notes 7 and 8)	1,342,766	781,831
Loss on disposal of intangible assets (note 7)	6,366	-
Changes in working capital		
Trade and other receivables	(13,319)	(13,270)
Trade and other payables	(2,595,450)	(1,930,762)
Payment to a fellow subsidiary in respect of tax saved by group relief	(25,334)	-
<b>Cash generated from operations</b>	<b>2,554,733</b>	<b>1,230,791</b>

### 16. Pension commitments

The Company has defined contribution pension schemes for certain directors and employees. The assets of the schemes are held separately from those of the Company in independently administered funds. Total contributions payable in the year amounted to £58,466 (2011 £28,521). As at 31 December 2012, contributions amounting to £nil (2011 £nil) had been prepaid.

# Focus Software Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 17. Related parties

Focus Software Limited is controlled by Focus Solutions Group Limited, which owns 100% of the Company

The following transactions were carried out with related parties during the year

#### (a) Sales of services

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Group undertakings (licence royalties)	4,831,722	3,020,847
Group undertakings (labour costs)	928,628	429,148
	<b>5,760,350</b>	<b>3,449,995</b>

#### (b) Purchases of services

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Group undertakings (management services)	628,802	372,398
Group undertakings (labour costs)	200,583	145,770
	<b>829,385</b>	<b>518,168</b>

#### (c) Directors' remuneration

The Directors' remuneration is paid by Standard Life Employee Services Limited, a subsidiary company of the ultimate parent company, Standard Life plc. It is recharged to the Company's immediate parent company, Focus Solutions Group Limited, and is fully disclosed in the parent company's financial statements

Total costs for the year are £665,539 (2011 £662,513). The amount recharged by the immediate parent company in respect of the Directors' services to the Company is £133,108 (2011 £132,503). The highest paid director received £399,240 (2011 £330,361), of which £79,848 (2011 £66,072) was recharged to the Company

#### (d) Year end balances arising from sales/purchases of services

	31 December 2012 £	31 December 2011 £
Receivables from related parties		
Group undertakings	18,190,497	12,424,447
Payables to related parties		
Immediate parent	(3,036,384)	(2,407,582)
Group undertakings	(514,788)	(314,205)

The receivables and payables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties

## Focus Software Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 17. Related parties (continued)

##### (e) Loans from related parties

	2012 £	2011 £
Loans from group undertakings		
Balance at 1 January/1 April	14,663,507	13,660,202
Loans advanced during the year/period	2,300,485	1,003,305
<b>As at 31 December</b>	<b>16,963,992</b>	<b>14,663,507</b>

Loans from group undertakings have no formal repayment date. However, the Directors do not anticipate the loans to be recalled within a year, nor for the foreseeable future. The loans are unsecured and interest free.

#### 18. Ultimate controlling party

The immediate parent undertaking is Focus Solutions Group Limited.

The ultimate parent undertaking and controlling party is Standard Life plc, a company incorporated in the United Kingdom.

Standard Life plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of Standard Life plc are available from its registered office at 30 Lothian Road, Edinburgh, EH1 2DH.