Focus Software Limited

Annual Report and Financial Statements
For the Year Ended 31 December 2019

Registration Number: 3342894

Contents

Company Information

Directors

David Upton
Neil Machray
Suchita Patel

Company Secretary

SLA Corporate Secretary Limited

Registered office

Cranford House
Kenilworth Road
Blackdown
Leamington Spa
Warwickshire
CV32 6RQ

Registered Number

3342894

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Strategic Report for the Year Ended 31 December 2019

The Directors present their Strategic Report on Focus Software Limited ("the Company") for the year ended 31 December 2019, in accordance with section 414A of the Companies Act 2006.

Business and future developments
The Company's principal activity is the development and support of software solutions for the financial services market. Income is derived from the charging of royalties related to the sale of software licences to Focus Business Solutions Limited, a fellow subsidiary of Focus Solutions Group Limited, the Company's immediate parent entity.

The ultimate parent entity is Standard Life Aberdeen plc ("SLA plc" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). In September 2019 SLA plc approved an additional capital injection into Focus Solutions Group Limited in order to keep the Focus entities (the Company, Focus Business Solutions Limited and Focus Solutions Group Limited, also the "Focus Group") adequately capitalised through to 2020.

During 2020 the Company has more closely aligned its strategic operations with that of the wider Standard Life Aberdeen Group. This includes being a digital enabler and supplier of advice and systems to support internal business units and corporate propositions.

Key performance indicators ("KPIs")
The Company does not use specific KPIs as the value of the Company's business is not fully reflected on a standalone basis and should be considered along with Focus Solutions Group Limited and Focus Business Solutions Limited. The Focus entities are an integral part of SLA plc's business and contribute to the overall profitability of the Group.

Enhancing our governance
Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between different members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making and how the Company operates as a subsidiary within the wider Standard Life Aberdeen Group of companies.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

The likely consequence of any decision making in the long term
The Board of Directors of the Company operate the Company in accordance with the Company's Articles, the Board Charter and the overall Standard Life Aberdeen plc (SLA plc) business plan, which considers the long term success of the Company and the group as a whole, and the likely long term consequences of any decisions by the company are taken into account.

Strategic Report for the Year Ended 31 December 2019 (continued)

Enhancing our governance (continued)

The interests of the Company's employees
The Company has direct employees. Within the Standard Life Aberdeen Group of companies, engagement with employees is considered at group level and employee engagement matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to engagement with employees.

The need to foster the Company's business relationships with suppliers, customers and others
Supplier relationships within the Standard Life Aberdeen Group of companies are managed under the Outsourcing and Third Party Management Policies, which apply to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Board of Directors receives reports from the Distribution function, the function within the SLA plc group which engages with clients and customers, as part of its regular meetings. The Directors have determined that there are no company specific matters appropriate to disclose in relation to suppliers, customers and others.

The impact of the Company's operations on the community and the environment
Engagement on environmental and community matters is considered at SLA plc level and such matters have been disclosed in the SLA plc Annual Report and Accounts which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the Company has no direct environmental or community impact beyond the impact of the wider group.

The desirability of the Company maintaining a reputation for high standards of business conduct
Maintaining a reputation for, and upholding, high standards of business conduct is vital to the ongoing success of the Standard Life Aberdeen Group of companies, including the Company.

The need to act fairly as between members of the Company
The Company has a single member, and is a wholly owned subsidiary of SLA plc.

Principal risks and uncertainties
The management of the business and execution of the Company's strategy are subject to a number of risks. The Standard Life Aberdeen Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across SLA plc that includes a clearly stated corporate organisational structure, appropriately delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

The principal risks and uncertainties facing the Company are integrated into the principal risks of the Standard Life Aberdeen Group and are therefore not managed separately. Accordingly, the principal risks and uncertainties of SLA plc, which include those of the Company, are discussed fully in the SLA plc Annual Report and Accounts which does not form part of this report.

The list below does however provide a summary of the key risks facing both SLA plc and the Company:

Brexit
The Company has considered the impact of Brexit and does not consider there to be any material impact on the Company's financial statements during 2020 and beyond. Clients of the Company have been considered and are UK based. Brexit is not expected to have a significant impact on the structure or operations of the Company.

Coronavirus (COVID-19)
In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The SLA Group is utilising business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

Operational risk
Notably IT failure and security including cyber risk; third party oversight including both outsourcing and supplier relationships; process execution failure; and the impact of inaccurate or incomplete information for financial management and decision making. The risks are mitigated by the Company and the SLA Group maintaining a strong and well established risk management framework as a foundation for the effective management of process risk across the business.

Conduct risk
Specifically the risk that behaviours, strategies, decisions and actions deliver unfair outcomes to customers and clients. We have no appetite for conduct risk. The risks are mitigated by having conduct risk embedded within our risk management framework and conduct risk being formally considered and assessed at the Risk Committee and Client and Fund Governance Committee.

Financial risk
The Company has no appetite to fail to maintain sufficient resources to meet its capital requirements and liabilities as they fall due. It will ensure it can do so under both normal conditions and an appropriate range of stressed scenarios. SLA has an appetite for market and credit risk exposures where these are required in pursuit of its business objectives. Risks are mitigated by regular monitoring and reporting of capital and liquidity requirements.

Strategic risk
Notably investment performance; ensuring we meet the evolving needs of our clients and customers and adapting to preference changes. Geopolitical unrest and associated risks continue to be a key strategic risk and can impact the market in which we operate, impact our reputation and increase our capital exposure. Risks are mitigated by ongoing Board consideration of strategic risks.

Environmental matters
The Company follows the environmental strategy of the Standard Life Aberdeen Group which is disclosed within the SLA plc Annual Report and Accounts.

Approved by the Board on 27 January 2021 and signed on its behalf by:

D.S.Upton

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David Upton
Director

Directors' Report for the Year Ended 31 December 2019

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Directors of the Company
The Directors, who held office during the year, were as follows:

David Upton
Neil Machray (appointed 7 August 2019)
Andrew Warner (resigned 7 August 2019)

The following Director was appointed after the year end:

Suchita Patel (appointed 2 October 2020)

The appointment of directors is not subject to retirement rotation. The Company's ultimate parent company, SLA plc maintains directors' and officers' liability insurance on behalf of its directors and officers.

Company Secretary
The Company Secretary during the year, was as follows:

Paul McKenna (resigned 2 October 2020)

A new Company Secretary was appointed after the year end:

SLA Corporate Secretary Limited (appointed 2 October 2020)

Going Concern
The Company has been and continues to be loss making and has net liabilities. The Board's assessment of going concern took into account recent market developments and the uncertainty caused by COVID-19. Based on the Board's assessment the Company is reliant on support from SLA plc to meet its liabilities for at least the next 12 months from the date of approval of the financial statements. The Directors have received a letter of support from the Directors of SLA plc to continue to provide further financial and other support to the Company, to enable it to continue to trade. Further information is provided in note 1of the Notes to the Financial Statements on page 12.

Dividends
The Directors paid no dividends in 2019 (2018: £nil) to the Company's immediate parent, Focus Solutions Group Limited.

Modern slavery act
As a global investment company, SLA plc wants to do all it can to help tackle human trafficking, forced labour, bonded labour and child slavery by focusing on its operations, supply chain and investment process. SLA plc has published a modern slavery statement, reinforcing its commitment to this important issue. This can be found on the SLA plc website.

Our people
The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is the suitability of any applicant for the job regardless of ethnic origin, religion, religious belief, sex, sexual orientation, marital status or disablement. The Company will continue to employ, arrange for retraining, or retire on disability pension, any member of staff who becomes disabled, as may be appropriate. The Company communicates with its employees on a regular basis, with an emphasis on listening and responding to staff aspirations and development needs, making it clear how their role contributes to the Company's goals.

Independent Auditor
The Independent Auditor, KPMG LLP, has indicated their willingness to continue in office.

Directors' Report for the Year Ended 31 December 2019 (continued)

Disclosure of information to the auditors
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 27 January 2021 and signed on its behalf by:

D.S. Upton

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David Upton
Director

Independent Auditor's Report

Opinion
We have audited the financial statements of Focus Software Limited ('the Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies in note 1.
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic Report and Directors' Report
The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial
statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities
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.

Eilidh McGowan

Eilidh McGowan
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date: 27 January 2021

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Revenue		1,502,419	4,060,467
Cost of sales	2	(3,631,612)	(4,876,126)
Gross loss		**(2,129,193)**	**(815,659)**
Administrative expenses	2	(3,473,026)	(4,713,071)
Operating loss		**(5,602,219)**	**(5,528,730)**
Tax credit	4	1,083,562	1.076,496
Loss for the year		**(4,518,657)**	**(4,452,234)**

All results derive from continuing operations. The Company has no other comprehensive income or expense other than the profit for the year recognised in the profit and loss account. Accordingly a separate statement of total comprehensive income is not presented in these financial statements.

The notes on pages 12 to 20 form an integral part of these financial statements.

Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Assets			
Intangible assets	5	3,195,987	4,574,891
Trade and other receivables	6	2,363,759	1,426,566
Cash and cash equivalents		1	1
Total assets		**5,559,747**	**6,001,458**
Equity			
Share capital	7	1	1
Special reserve	8	11,538,857	11,538,857
Accumulated losses		(15,749,381)	(11,230,724)
Total equity		**(4,210,523)**	**308,134**
Liabilities			
Other liabilities	9	9,770,270	5,693,324
Total liabilities		**9,770,270**	**5,693,324**
Total liabilities and equity		**5,559,747**	**6,001,458**

Approved and authorised for issue by the Board of Directors on 27 January 2021 and signed on its behalf by the following Director:

D.S.Upton

David Upton
Director

Company number 3342894

The notes on pages 12 to 20 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2019

	Notes	Ordinary shares £	Special reserve £	Accumulated losses £	Total equity £
At 1 January 2018		**100**	**-**	**(6,778,490)**	**(6,778,390)**
Loss for the year		-	-	(4,452,234)	(4,452,234)
Debt for equity swap		11,538,758	-	-	11,538,758
Share capital reduction	8	(11,538,857)	11,538,857	-	-
At 31 December 2018		**1**	**11,538,857**	**(11,230,724)**	**308,134**
At 1 January 2019		**1**	**11,538,857**	**(11,230,724)**	**308,134**
Loss for the year		-	-	(4,518,657)	(4,518,657)
At 31 December 2019		**1**	**11,538,857**	**(15,749,381)**	**(4,210,523)**

The notes on pages 12 to 20 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019

1. Accounting policies

Summary of significant accounting policies and key accounting estimates
The following accounting policies have been applied consistently to all years presented when dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for the year ended 31 December 2019 have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

Summary of disclosure exemptions
In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- International Accounting Standard ("IAS") 1 *Presentation of Financial Statements* disclosures in respect of capital management;
- IAS 7 *Statement of Cash Flows* and related notes;
- IAS 8 *Accounting Polices, Accounting Estimates and Errors* requirement to disclose the effects of new but not yet effective International Financial Reporting Standards ("IFRSs"); and
- IAS 24 *Related Party Disclosures* in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of SLA plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 *Financial Instruments; Disclosures*

Going Concern
The Company's business activities, together with the factors likely to affect its future development and financial position, are set out in the Strategic Report.

In preparing these financial statements, the Directors have considered the uncertainty created by COVID 19. Whilst there are many unknowns at the date of approval of the financial statements, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own business continuity actions.

The Company, as part of the Standard Life Aberdeen Group, is taking proactive action and is activating business continuity plans to minimise the risk of disruption to business operations, considering Government advice and the need to safeguard the health of our employees.

In light of the uncertainty created by COVID 19, losses made in the year, net liabilities and forecast losses, the Company is reliant on support from SLA plc to meet its liabilities for at least the next 12 months. The Directors have received a letter of support from the Directors of SLA plc enable the Company to continue to trade.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that this will not be the case.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SLA plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1. Accounting policies (continued)

Changes in accounting policy
New standards, interpretations and amendments effective for the first time from 1 January 2019 do not apply, and have therefore not been adopted.

Revenue
The Company recognises revenue when the amount of revenue can be reliably measured and the performance obligations of the contracts have been met.

Expenses
Expenditure incurred by the Company is recognised in the month to which it relates. Expenses relating to a month that have not been invoiced are accrued, while invoices received for expenses relating to future months are prepaid.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding basis used for tax purposes. Deferred tax is calculated at the tax rates enacted or substantively enacted that are expected to apply when the asset is realised or the liability settled. Deferred tax assets are recognised to the extent that it is possible that taxable profits will be available against which deductible temporary differences can be utilised, except in respect of taxable or deductible temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is possible that they will not reverse in the foreseeable future.

Pension contributions
The Company makes contributions to a group personal plan operated by SLA plc. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting year.

Development expenditure
Development expenditure incurred on an individual project is capitalised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. The asset is tested for impairment annually.

Intangible assets
Intangible assets, including internally developed software and software purchased from third parties, are recognised in the balance sheet if it is probable that the relevant future economic benefits attributable to the assets will flow to the Company and their cost can be measured reliably and are either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or they arise from contractual or other legal rights, regardless of whether those rights are transferable or separable.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1. Accounting policies (continued)

Intangible assets (continued)
The Company also recognises as intangible assets software which has been developed internally and other purchased technology which is used in managing and executing our business. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible and the Company has both the intention and ability to use the completed asset.

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful life between 5 and 10 years of the intangible asset. Impairment losses are calculated and recorded on an individual basis in a manner consistent with policy. Amortisation commences at the time from which the intangible asset is available for use.

Impairment on non-financial assets
The intangible asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cashgenerating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

(i) Amortised cost
These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are initially recognised at fair value, net of any transaction costs, and subsequently at amortised cost using the effective interest method. Any change is recognised through the Profit and Loss account.

The Company has adopted trade date accounting. Accordingly, a financial asset is recognised on the date the Company commits to its purchase and derecognised on the date on which the Company commits to its sale.

(ii) Impairment of financial assets
The carrying amounts of all financial assets are formally reviewed for impairment purposes at the end of each reporting year, or during the year where objective evidence exists that impairment exists. Trade receivables are reviewed for impairment on an ongoing basis where any impairment is offset against the carrying amount of the balance.

Financial liabilities

(i) Amortised cost
These instruments include amounts owed to Standard Life Aberdeen Group undertakings, accruals and deferred income and other payables. These instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents
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.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1. Accounting policies (continued)

Critical accounting estimates and judgement in applying accounting policies
The preparation of financial statements can necessitate the use of key estimates and judgements. These estimates and judgements can affect the reported amounts of assets and liabilities, at the balance sheet date as well as affecting the reported profit or loss for the period. Key estimates and judgements are disclosed beneath:

Intangible assets and impairment on intangible assets – IAS 38 *Intangible Assets* details the criteria for recognising the assets and which expenditure is allowed to be capitalised. It also details when amortisation should be charged and what method should be used. These assets should also be assessed for impairment indicators (IAS 36 *Impairment of Assets*). Where impairment indicators exist the recoverable amount should be estimated. When the recoverable amount is less than the carrying value, impairment will be recognised. When the recoverable amount is greater than the carrying amount and impairment previously charged, this shall be reversed. Capitalisation and analysis of cash flows for impairment assessment, is subject to critical estimates.

2. Cost of sales and administrative expenses by nature

	Note	2019 £	2018 £
Cost of sales		3,631,612	4,876,126
Administrative expenses		3,473,026	4,713,071
Total cost of sales and administrative expenses		**7,104,638**	**9,589,197**
Wages, social security and pension costs	3	3,795,372	3,921,992
Recharges to/from fellow subsidiaries		1,795,768	2,064,922
Legal, professional and external contractor costs		391,654	871,365
Amortisation and depreciation charges		1,586,875	2,300,816
Impairment losses on intangible assets		-	831,473
Auditor's remuneration		25,000	45,000
Business travel expenses and entertainment		33,892	37,725
Computer expenses and licence renewals		-	9,593
VAT reclaimed		(374,276)	(292,532)
Other expenses		58,323	119,243
Capitalisation of development costs		(207,970)	(320,400)
Total cost of sales and administrative expenses		**7,104,638**	**9,589,197**

Recharges to/from Focus Business Solutions Limited of £1,795,768 (2018: £2,064,922) representing net recharges for staff salaries.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3. Wages, social security and pension costs

	2019	2018
	£	£
Wages and salaries	3,259,471	3,399,026
Social security costs	364,254	360,145
Other pension costs	171,647	162,821
Total wages, social security and pension costs	**3,795,372**	**3,921,992**

The total above reflect activities performed on behalf of the Company.

The average monthly number of persons paid by the Company during the year was:

	2019	2018
	No.	No.
Development	57	61

The Company did not employ any staff during the year (2018: nil). All staff paid by the Company are employed by Focus Business Solutions Limited.

Directors' remuneration
The directors are deemed to be the Company's key management personnel. No remuneration was paid directly to the Company's directors by the Company during the year (2018: £nil).

4. Income tax

Analysis of tax credit in the year:

	2019	2018
	£	£
Current taxation:		
UK corporation tax	1,086,283	1,076,771
UK corporation tax adjustments to prior years	(2,721)	(274)
	1,083,562	**1,076,496**
Total tax credit on ordinary activities	**1,083,562**	**1,076,496**

The tax credit for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4. Income tax (continued)

	2019	2018
	£	£
Profit/(loss) before tax	(5,602,219)	(5,528,730)
Corporation tax at standard rate	1,064,422	1,050,459
Permanent differences	21,262	25,581
Utilisation of unrecognised deferred tax assets	599	731
Adjustments in respect of prior years	(2,721)	(274)
Tax (expense)/credit	**1,083,562**	**1,076,496**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge.

5. Intangible assets

	Internally Generated Software £
Cost:	
At 1 January 2018	21,674,709
Additions	320,400
At 31 December 2018	**21,995,109**
Additions	207,970
At 31 December 2019	**22,203,079**
Accumulated amortisation:	
At 1 January 2018	(14,287,929)
Amortisation charge for the year	(2,300,816)
Impairment	(831,473)
At 31 December 2018	**(17,420,217)**
Amortisation charge for the year	(1,586,875)
Impairment	-
At 31 December 2019	**(19,007,092)**
Net book value:	
At 31 December 2018	4,574,892
At 31 December 2019	**3,195,987**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5. Intangible assets (continued)

Impairment indicators have been deemed to exist for the asset. The products of Focus Software Limited are considered as one cash generating unit. In the prior year there were three separate assets, 360 Enterprise, Now and DFM assessed for impairment. However in 2019 significant work was completed by the business to merge these products together and market them as one asset, focus:360 Version 4 release.

This change was driven by:
- the increasing prevalence of customers in the market seeking to offer both Financial Advice and DFM capability;
- the significant crossover of functionality between the three propositions;
- the increasing use of the "out-of-the-box" configuration within the now: proposition for customers who were traditionally aligned to the 360 Enterprise proposition; and
- an overall reduction I the cost of maintenance to the Company.

The recoverable amount (value in use) was compared to the carrying amount of the asset. The calculations are sensitive to a number of assumptions, including revenue generation over the life of the asset (based on specific forecasts for the first 5 years and a 3% growth rate applied to outer years and a discount rate of 12%.

However, as impairment was previously charged and the recoverable amount is greater than the year end carrying amount, the prior losses have been assessed to determine if they still exist or have decreased. It is concluded that there has not been a decrease in the losses previously recognised and no impairment has been reversed.

Management will continue to monitor these assumptions on an ongoing basis and will prepare further impairment assessments when indicators of impairment are present.

The asset is available for use.

6. Trade and other receivables

	2019	2018
	£	£
Group relief	2,357,410	1,426,566
Sundry debtors	6,349	-
Total trade and other receivables	**2,363,759**	**1,426,566**

The receivables and other financial assets expected to be recovered after more than 12 months is £nil (2018: £nil).

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7. Share capital

The allotted and fully paid share capital of the Company at the year end was:

	2019		2018	
	No.	£	No.	£
1 Ordinary share of £1	1	1	1	1

As a consequence of the sale of the Pensions and Savings business to Phoenix, which includes the sale of Standard Life Aberdeen Limited (SLAL), the intercompany loan facility with SLAL required settlement prior to the deal completion. As a result, in May 2018 the parent company, SLA plc made a £20m capital injection into Focus Solutions Group Limited.

Following this capital injection, Focus Solutions Group Limited made a capital injection into the Company in October 2018 and the intercompany receivables balances as at 31 December 2017 were settled. Focus Solutions Group Limited invested an additional £11,538,758 into the Company via a debt for equity swap.

In December 2018, the Company passed a special resolution which was filed with Companies House on 20 December 2018. The issued share capital of the Company was reduced from 11,538,858 ordinary shares of £1 (£11,538,858) by 11,538,857 shares (£11,538,857) to 1 ordinary share of £1 each (£1). The amount by which the share capital was reduced was credited to a distributable reserve ("special reserve"), thereby allowing the Company to pay a dividend to shareholders in the future.

8. Special reserve

	2019	2018
	£	£
As at 31 December	**11,538,857**	**11,538,857**

The reserves can only be distributed in so much as it exceeds any retained losses.

9. Other liabilities

	2019	2018
	£	£
Current liabilities:		
Accruals and deferred income	107,771	274,143
Amounts due to related parties	9,566,689	5,419,181
Employment tax and NI payable	95,810	-
Total other liabilities	**9,770,270**	**5,693,324**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10. Related party transactions

In the normal course of business, the Company enters into transactions with related parties in respect of the sale of software and related professional services.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

11. Ultimate controlling party

The Company's immediate parent is Focus Solutions Group Limited and its ultimate parent is SLA plc, both of which are incorporated in the United Kingdom and registered in England and Scotland respectively.

The most senior parent entity producing publicly available financial statements is SLA plc. Copies of the consolidated Annual Report and Accounts are available to the public from 1 George Street, Edinburgh EH2 2LL or to download on the website www.standardlifeaberdeen.com.

12. Events after the reporting period

Coronavirus (COVID-19)
In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting event after the reporting period. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.