

**COMPANIES HOUSE
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26 OCT 2018

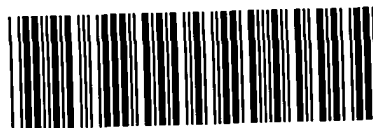
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Focus Software Limited

Annual Financial Statements
For the year ended 31 December 2017

Registration number: 3342894

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COMPANIES HOUSE

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Focus Software Limited

Directors and Officers

Directors

David Upton
Andrew Warner

Company Secretary

Paul McKenna

Registered office

Cranford House
Kenilworth Road
Blackdown
Leamington Spa
Warwickshire
CV32 6RQ

Registered Number

3342894

Independent auditors

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

Report by the Directors

The Directors present their report and the audited financial statements of Focus Software Limited ("the Company") for the year ended 31 December 2017. The Company is an information technology consultancy company incorporated in England (registration number 3342894). The Company's immediate parent is Focus Solutions Group Limited, together with fellow subsidiaries known as the "Focus Group". The Focus Group is wholly owned by Standard Life Aberdeen plc. Standard Life Aberdeen plc changed its name in August 2017 following the merger of Standard Life plc and Aberdeen Asset Management plc.

The Company's business activities, together with factors likely to affect the future development, performance and principal risks and uncertainties are set out in the Strategic Report.

Results and dividends

The result of the Company was a loss after tax of £1.7m (2016: loss £1.9m). The Directors do not recommend the payment of a dividend in respect of 2017 (2016: £nil).

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £4,120,692, which the directors believe to be appropriate for the following reasons. The Directors have reviewed 5 year cash flow forecasts for the company. During 2018, the company was dependent for its working capital on funds provided to it by Focus Solutions Group Limited, the immediate parent company, and Standard Life Aberdeen plc, the company's ultimate parent. In October 2018, Focus Solutions Group Limited injected capital of £11.5m into the company demonstrating continued financial support for the company. The cashflow forecasts demonstrate that subsequent to this capital injection, the company is expected to generate sufficient working capital to meet its own requirements to enable it to discharge its liabilities in the normal course of business. The directors consider that the this capital injection provides evidence of the support available from the company's parent, and, together with the company's own cashflow forecasts, that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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 it will not do so.

Directors

The names of the current directors are listed on page 1. The changes to Directors during the year, and subsequent to it, are shown below:

Mark Hesketh (resigned 31 May 2017)
Andrew Warner (appointed 7 June 2017)
Mark Dixon (resigned 1 November 2017)
David Upton (appointed 14 November 2017)

The appointment of directors is not subject to retirement rotation.

Directors' liability insurance

As per the Company's Articles of Association, the Company maintained a qualifying third party indemnity provision on behalf of its directors and officers to provide cover should any legal action be brought against them. This provision was in force during the year and at the date of signing.

Our people

The majority of the staff who manage the affairs of the Company are employed by Standard Life Employee Services Limited (SLESL), a related party and their costs are recharged to the Company.

The Company takes pride in the high achieving, diverse and healthy working environment it has created, where all employees are valued, empowered and treated as individuals. We treat those with disabilities fairly in relation to job applications, training, promotion and career development. Adjustments are made to train and enable employees who become disabled whilst working in the Company to allow them to continue and progress in their role.

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, sex, marital status or disablement.

The Company is committed to engaging with employee representatives on a broad range of issues, including consultation on any major business change. The Company has a Partnership Agreement with VIVO, the Standard Life Staff Association, which outlines how the Company and VIVO will work on shared objectives including employment security, terms and conditions, equality and diversity and health and safety.

Report by the Directors *Continued*

Our people *Continued*

We also use our internal intranet to communicate with our staff on matters which may concern them as employees and to ensure that our employees are fully aware of any financial and economic factors which may affect the performance of the Company. All employees are encouraged to participate in the Group share scheme

Statement of disclosure of information to the independent auditors

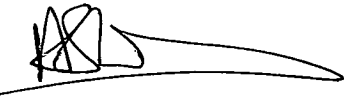
In accordance with applicable company law, as the Company's directors, we certify that:

- So far as we are aware, there is no relevant information of which the Company's auditors are unaware; and
- As the directors of the Company we have taken all the steps that we ought to have taken as a director in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

During the year, KPMG LLP replaced PricewaterhouseCoopers LLP as the Company's external auditors. Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The report by the Directors was approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Andrew Warner', with a long horizontal line extending to the right.

Andrew Warner
Director

26 October 2018

Strategic Report

Review of business and future developments

The principal activity of the Company is the development and support of software solutions for the UK 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.

On 23 February 2018 Standard Life Aberdeen plc announced the sale of the majority of the Pension and Savings business to Phoenix Group Holdings, conditional on shareholder and relevant regulatory approvals. The sale was finalised on 31 August 2018 and the Company has been retained within the Standard Life Aberdeen Group on completion.

Standard Life Aberdeen plc and Phoenix have also agreed to significantly expand their existing long-term strategic partnership whereby Standard Life Aberdeen plc becomes Phoenix's long-term asset management partner for the business acquired by Phoenix and the existing arrangements between the parties under which Aberdeen Standard Investments manages £48 billion of assets for Phoenix have been extended.

As a consequence of the sale of the Pensions and Savings business to Phoenix, all intercompany arrangements with the Pensions and Savings business required settlement prior to the deal completion. As a result, in May 2018 the ultimate parent company, Standard Life Aberdeen plc made a further capital injection of £20m into the Focus Group via the parent company, proceeds of which were used to settle the outstanding balance of the parent company loan from the Pensions and Savings business. As a consequence, a debt for equity swap of £11.5m took place between Focus Solutions Group and Focus Software Limited in October 2018.

The Directors of the Standard Life Aberdeen Group ("the Group") manage the Group's operations on a business segment basis. A review of the Group's UK business, which includes the Company, is discussed in the Pensions and Savings section of the Strategic Report in the Group's Annual Report and Accounts which does not form part of this report. A summary of the key aspects in respect of the Company is given below.

We look forward with confidence and optimism to delivering sustained growth as we continue to drive our business forward and respond to the changing needs of our customers and other key stakeholders. We remain focused on the development and support of software solutions to meet our customers' needs.

Key performance indicators

The development and performance of the Group, which includes the Company, is discussed within the Strategic Report in the Group's Annual Report and Accounts which does not form part of this report. The value of the Company's business is not fully reflected on a standalone basis, the Company is an integral part of the UK business which makes a significant contribution to the overall profitability of Standard Life Aberdeen's business.

Adjusted profit is the key performance indicator of the Standard Life Aberdeen Group, used by the Company's Board and executive management to explain the financial performance by the Company. Adjusted profit excludes impacts arising from restructuring costs and corporate transaction expenses and items which are one-off and, due to their size or nature, are not indicative of long-term operating performance.

There were no adjusted profit items for the Company to reconcile to IFRS profit for the year.

Given the straightforward nature of the business, gross and net profits are also 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.

		2017	2016
Gross profit/(loss)	£	1,290,590	1,101,781
Gross profit margin	%	35	41
Operating loss before taxation	£	(2,173,459)	(2,098,345)
Net profit margin	%	(59)	(78)

Principal risks and uncertainties

For the purposes of managing risks to the Company's financial assets and financial liabilities, the company considers the following categories:

Risk	Definition
Market & Interest	The risk that arises from the Company's exposure to market or interest rate movements through adverse fluctuations or insufficient diversification which could result in the value of income, or the value of financial assets and liabilities, or the cash flows relating to these, fluctuating by differing amounts.

Strategic Report (continued)**Principal risks and uncertainties (continued)**

Credit	The risk of exposure to loss if a counterparty fails to perform its financial obligations, including failure to perform those obligations in a timely manner.
Expense	The risk that expense levels are higher than planned or revenue falls below that necessary to cover actual expenses.
Liquidity	The risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost.
Operational	The risk of adverse consequences for the Company's business resulting from inadequate or failed internal processes, people or systems, or from external events. This includes the risk that the Company may not be able to carry out its business plan and desired strategy. This includes conduct risk as defined below.
Conduct	The risk that through our behaviours, strategies, decisions and actions the firm delivers unfair outcomes to our customer/client and/or poor market conduct.
Regulatory & Legal	The risk that arises from violation, or non-conformance with laws rules, regulations, prescribed practices or ethical standards which may result in fines, payments of damages, the voiding of contracts and damaged reputation.
Strategic	Risks which threaten the achievement of the strategy through poor strategic decision-making, implementation or response to changing circumstances. This extends to the risk that the Company may be adversely affected by its relationships with other Group entities or by risks which may affect the whole Group.

The main sources of these risks, and an explanation of actions taken to manage the exposure to each risk during the year, are outlined in Note 9.

Environmental matters and social and community issues

Our sustainability strategy covers four key priorities, which are outlined below, and enables us to manage environmental, social and governance (ESG) risks and opportunities. This helps us make a positive contribution to the futures of our people, customers and clients, and wider society.

Priority	Description
Responsible business - We operate ethically and with integrity	This is the core of how we run our business and build a positive culture. We aim to operate in a way that builds trust, to contribute to our communities and to manage our environmental impact.
Engaging employment - We provide inclusive and meaningful employment	We want to provide inclusive and engaging employment, encourage collaboration, and enable our people to reach their potential.
Supporting saving - We help people manage their money to support their lives and future ambitions	We provide support and expertise to enable people to manage their money and save for their future.
Investing responsibly - We are a responsible investor and a steward of our clients' investments	Our approach to responsible investment and stewardship considers investments as a tool to promote positive change.



On behalf of the Board of Directors
Andrew Warner
 Director
 26 October 2018

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Report by the Directors 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

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

Independent auditor's report to the members of Focus Software Limited

Report on the financial statements

Opinion

We have audited the financial statements of Focus Software Limited ("the company") for the year ended 31 December 2017 which comprise the Income statement, Statement of financial position, Statement of changes in equity, Statement of cash flows, and related notes, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and the report by the directors

The directors are responsible for the strategic report and the report by the directors. 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 report by the directors 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 report by the directors;
- 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.

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.

Independent auditor's report to the members of Focus Software Limited (continued)

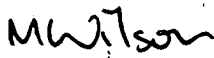
Auditor's responsibilities

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.



Mostyn Wilson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

26 October 2018

Income statement for the year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	2	3,658,934	2,686,067
Cost of sales	3	(2,368,344)	(1,584,286)
Gross profit		1,290,590	1,101,781
Administrative expenses	3	(3,464,049)	(3,200,126)
Operating loss		(2,173,459)	(2,098,345)
Tax credit	5	439,395	222,805
Loss for the year		(1,734,064)	(1,875,540)

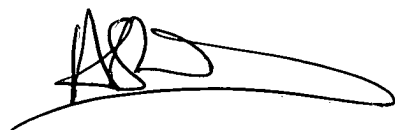
All results derive from continuing operations. The Company has no comprehensive income or expense other than the loss for the year recognised in the income statement. Accordingly a separate statement of total comprehensive income is not presented in these financial statements.

Focus Software Limited

**Statement of financial position
as at 31 December 2017**

	Note	2017 £	2016 Restated £
Assets			
Intangible assets	6	7,662,596	7,220,986
Property, plant and equipment	7	-	-
Deferred tax	13	-	4,431
Receivables and other financial assets	8	491,577	698,408
Cash and cash equivalents	9	1	1
Total assets		8,154,174	7,923,826
Equity			
Share capital	10	100	100
Accumulated losses	11	(4,120,792)	(2,386,728)
Total equity		(4,120,692)	(2,386,628)
Liabilities			
Other liabilities	12	12,274,866	10,310,454
Total liabilities		12,274,866	10,310,454
Total equity and liabilities		8,154,174	7,923,826

Approved and authorised for issue by the Board of Directors on 26 October 2018 and signed on its behalf by the following Director:



**Andrew Warner,
Director**

A prior year restatement has been made to separately disclose the group relief balances on a gross basis whereas previously these had been disclosed net. This has resulted in a restatement to previously reported receivables and other financial assets figure by £345,587, (note 8), and a restatement to the previously reported other liabilities figure by £345,587, (note 12).

The notes on pages 13 to 26 form an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2017**

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2016	100	(511,188)	(511,088)
Loss for the year	-	(1,875,540)	(1,875,540)
At 31 December 2016	100	(2,386,728)	(2,386,628)
Loss for the year	-	(1,734,064)	(1,734,064)
At 31 December 2017	100	(4,120,792)	(4,120,692)

The notes on pages 13 to 26 form an integral part of these financial statements

**Statement of cash flows
for the year ended 31 December 2017**

		2017	2016
	Note	£	£
Cash flows from operating activities			
Cash generated from operating activities	15	2,628,829	3,541,202
Net cash flows from operating activities		2,628,829	3,541,202
Cash flows from investing activities			
Purchase of intangible assets	6	(2,628,829)	(3,541,202)
Net cash flows from investing activities		(2,628,829)	(3,541,202)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		1	1
Cash and cash equivalents at the end of the year	9	1	1

The notes on pages 13 to 26 form an integral part of these financial statements

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as endorsed by the European Union (EU), with interpretations issued by the IFRS Interpretations Committee (IFRS IC), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified for financial assets and financial liabilities at fair value through profit or loss (FVTPL).

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

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £4,120,692, which the directors believe to be appropriate for the following reasons. The Directors have reviewed 5 year cash flow forecasts for the company. During 2018, the company was dependent for its working capital on funds provided to it by Focus Solutions Group Limited, the immediate parent company, and Standard Life Aberdeen plc, the company's ultimate parent. In October 2018, Focus Solutions Group Limited injected capital of £11.5m into the company demonstrating continued financial support for the company. The cashflow forecasts demonstrate that subsequent to this capital injection, the company is expected to generate sufficient working capital to meet its own requirements to enable it to discharge its liabilities in the normal course of business. The directors consider that the this capital injection provides evidence of the support available from the company's parent, and, together with the company's own cashflow forecasts, that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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 it will not do so.

(a)(i) New standards, interpretations and amendments to published standards that have been adopted by the Company

The Company has adopted the following amendments to existing standards, which are effective and have been updated by the EU. The Company has adopted the following amendments to reflect these.

Interpretation or amendment	Effective Date ¹	Detail
Amendments to IAS 7 Statement of Cash Flows : Disclosure Initiative	1 January 2017	The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
Amendments to IAS 12 Income Taxes : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	These amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

¹ For annual periods beginning on or after.

Management considers the implementation of the above amendments to existing standards has had no significant impact on the Company's financial statements.

(a)(ii) Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's annual accounting periods beginning after 1 January 2017. The Company has not early adopted the standards, amendments and interpretations described below:

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 will replace IAS 18 Revenue, and related interpretations. IFRS 15 provides a new five-step revenue recognition model for determining recognition and measurement of revenue from contracts with customers. Extensive new disclosure requirements including estimate and judgement thresholds will also be introduced.

Notes to the financial statements *continued*

1. Accounting policies *continued*

(a) Basis of preparation *continued*

(a)(ii) Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company *continued*

Revenue generated from the following contracts are exempt from this standard:

- Lease contracts within scope of IAS 17 *Leases*
- Insurance contracts within scope of IFRS 4 *Insurance Contracts*
- Financial instruments within scope of IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*
- Investments in associates and joint ventures within scope of IAS 28 *Investments in Associates and Joint Ventures*

In 2015 the IASB issued amendments to the standard and delayed the mandatory adoption date until 1 January 2018. A detailed impact assessment was completed in 2017 for all major revenue streams and all contracts were reviewed. This assessment analysed the revenue recognised by the Company. This analysis confirmed that adopting IFRS 15 will result in a change to the timing of when software and license fee revenue is recognised by the Company and there will be a significant one-off restatement impact of approximately a decrease of £3.3m to the net assets of the Company as a result. There is no impact on the cashflows of the company.

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018 with option to defer for certain insurance entities)

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 allows two measurement categories for financial assets in the statement of financial position: amortised cost and fair value. All equity instruments and derivative instruments are measured at fair value. A debt instrument is measured at amortised cost only if it is held to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is classified at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) depending on the business model it is held within or whether the option to adopt FVTPL has been applied. Changes in value of all equity instruments and derivative instruments are recognised in profit or loss unless an OCI presentation election is made at initial recognition for an equity instrument or a derivative instrument is designated as a hedging instrument in a cash flow hedge. IFRS 9 also introduces a new impairment model, an expected credit loss model which will replace the current incurred loss model in IAS 39. An impairment loss may now be recognised prior to a loss event occurring. Accounting for financial liabilities remains the same as under IAS 39 except that for financial liabilities designated as at FVTPL, changes in the fair value due to changes in the liability's credit risk are recognised in OCI.

Additionally IFRS 9 amends the current requirements for assessing hedge effectiveness in IAS 39 and also amends what qualifies as a hedged item and some of the restrictions on what qualifies as a hedging instrument. The accounting and presentation requirements for designated hedging relationships remain largely unchanged.

As well as presentation and measurement changes, IFRS 9 also introduces additional disclosure requirements. The implementation of the standard is not expected to have a significant impact on the Company.

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019 with earlier adoption permitted if IFRS 15 has also been applied)

IFRS 16 replaces IAS 17 *Leases* and introduces a new single accounting approach for lessees for all leases (with limited exceptions). As a result there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The accounting for leases by lessors remains largely unchanged.

The implementation of the standard is not expected to have a significant impact on the Company.

Other

There are no other new standards, interpretations and amendments to existing standards that have been published that are expected to have a significant impact on the financial statements of the Company.

(a)(iii) Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements requires management to make estimates and assumptions and exercise judgements in applying the accounting policies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the period. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future

Notes to the financial statements *continued*

1. Accounting policies *continued*

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019 with earlier adoption permitted if IFRS 15 has also been applied) *continued*

(a)(iii) Critical accounting estimates and judgement in applying accounting policies *continued*

events that are believed to be reasonable under the circumstances. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements are as follows:

- Revenue recognition – refer to (b) and Note 2
- Intangible assets refer to (k) and Note 6

(b) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the contractual details of each arrangement.

Software and other licence fees

Revenue from licence agreements for the delivery of software that does not require further significant enhancement is recognised when all of the following criteria are met:

- persuasive evidence that an arrangement exists
- delivery of the software
- no significant remaining obligations
- fees are determinable
- collectability is probable

Support and maintenance fees

Revenue from fixed-price contracts for support and maintenance is recognised in the period the services are provided, using a straight-line basis over the term of the contract.

(c) 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.

(d) Expense recognition

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.

(e) Taxation

The income tax expense is based on the taxable profits for the year, after adjustments in respect of prior years. Amounts are charged or credited to the income statement or equity as appropriate.

Deferred tax is provided using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised in the income statement. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. The income tax expense is determined using rates enacted or substantively enacted at the statement of financial position date.

(f) 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.

Notes to the financial statements *continued*

1. Accounting policies *continued*

(g) 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.

(h) 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.

Intangible assets are assessed for impairment at each reporting date. An assessment is made as to whether there is an indication that the intangible asset has become impaired. If such an indication of impairment exists then the asset's recoverable amount is estimated. Irrespective of whether there is any indication of impairment, for intangible assets that are not yet available for use the recoverable amount is estimated each year at the same time. If the carrying value of an intangible asset exceeds its recoverable amount then the carrying value is written down to the recoverable amount.

(i) 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.

(j) 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.

(k) Intangible assets

Intangible assets, including internally developed software and software purchased from third parties, are recognised in the statement of financial position 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.

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 income statement on a straight-line basis over the estimated useful life of 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 an intangible asset is available for use.

(l) 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:

Fixtures and fittings	Between 3 and 4 years
Computer equipment	Between 2 and 4 years

Notes to the financial statements *continued*

1. Accounting policies *continued*

(m) Financial instruments

Financial assets

Financial assets are classified as loans and receivables. 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 assets carrying amount and the present value of estimated future cash flows.

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 de-recognition. 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 de-recognition 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 at fair value through profit or loss are re-measured 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.

2. Revenue

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 Chief Operating Decision Maker (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. Revenue for the year of £3,658,934 (2016: £2,686,067) originates in the United Kingdom and is derived from the charging of royalties related to the sale of software licences to another subsidiary of the Focus Group.

Notes to the financial statements *continued***3. Cost of sales and administrative expenses**

		2017	2016
	Note	£	£
Cost of Sales		2,368,344	1,584,286
Administration expenses		3,464,049	3,200,126
		5,832,393	4,784,412
Employee benefit expense	4	3,465,172	3,344,573
Recharges to/from fellow subsidiaries		936,685	801,852
Legal, professional and external contractor costs		1,826,366	2,389,323
Amortisation and depreciation charges	6,7	2,182,159	2,083,169
Impairment losses on intangible assets	6	5,059	-
Auditors' remuneration		20,000	17,673
Business travel expenses and entertainment		34,786	37,272
Computer expenses and licence renewals		178,564	54,441
VAT reclaimed		(248,226)	(499,944)
Other expenses		60,657	97,255
Capitalisation of development costs	6	(2,628,829)	(3,541,202)
Total cost of sales and administrative expenses		5,832,393	4,784,412

Recharges to/from fellow subsidiaries of £936,685 (2016: £801,852) represent net recharges for staff salaries between the companies parent and fellow subsidiary. See note 17.

4. Employee benefit expense

		2017	2016 Restated	2016
	Note	£	£	£
Staff costs for the below persons:				
Wages and salaries		2,983,356	2,872,353	2,735,256
Social security costs		331,958	330,764	306,300
Other pension costs	14	149,858	141,456	303,017
Total Employee benefit expense	3	3,465,172	3,344,573	3,344,573

Prior year staff costs have been restated to reflect the misallocation of wages and salaries costs (£162k), inadvertently posted to other pension costs in 2016 and associated Social Security Costs (£24k) arising.

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

	2017	2016
	No.	No.
Development	58	57

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 (2016: £nil). The Directors' remuneration is paid by Standard Life Employee Services Limited, a subsidiary company of the ultimate parent company, Standard Life Aberdeen plc. The total cost of employment of the Directors of £356,109 (2016: £383,954) 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 £196,707 (2016: £225,427). The highest paid director received £276,177 (2016: £270,708), of which £152,554 (2016: £158,938) was recharged to the Company.

Notes to the financial statements *continued***5. Income Tax credit**

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly the Company's UK profits for this accounting period are subject to tax at a rate of 19.25% (2016: 20%). The UK corporation tax rate will reduce from 19% to 17% from 1 April 2020.

	2017 £	2016 £
a. Analysis of tax credit on ordinary activities		
Current tax:		
UK corporation tax at 19.25% (2016: 20%) based on the loss:		
Amount received from a fellow subsidiary in respect of group relief	443,826	456,064
Adjustments in respect of prior years	-	(335,038)
Total current tax credit	443,826	121,026
Deferred taxation (note 13):		
Write down of deferred tax asset	(4,431)	-
Origination and reversal of temporary differences	-	28
Adjustments in respect of prior years	-	102,010
Impact on change of income tax rate	-	(259)
Total deferred tax	(4,431)	101,779
Total tax credit on ordinary activities	439,395	222,805
b. Factors affecting tax credit for the current year		
Loss on ordinary activities before taxation	(2,173,459)	(2,098,345)
Tax at 19.25% (2016: 20%) thereon:	418,391	419,669
Effects of:		
Permanent differences	24,532	36,429
Adjustments in respect of prior years	-	(233,029)
Impact on change of income tax rate	-	(259)
Temporary timing differences	-	(5)
Deferred tax written down	(4,431)	-
Utilisation of unrecognised deferred tax assets	798	-
Different tax rates	105	-
Tax credit	439,395	222,805

Notes to the financial statements *continued***6. Intangible assets**

	Software £	Other £	Total £
Cost:			
At 1 January 2016	16,629	15,504,679	15,521,308
Additions	-	3,541,202	3,541,202
Disposals	(16,629)	-	(16,629)
At 31 December 2016	-	19,045,881	19,045,881
Additions	-	2,628,828	2,628,828
Disposals	-	-	-
At 31 December 2017	-	21,674,709	21,674,710
Accumulated amortisation:			
At 1 January 2016	(16,629)	(9,747,618)	(9,764,247)
Amortisation charge for the year	-	(2,077,277)	(2,077,277)
Disposals	16,629	-	16,629
At 31 December 2016	-	(11,824,895)	(11,824,895)
Amortisation charge for the year	-	(2,182,159)	(2,182,159)
Impairment	-	(5,059)	(5,059)
Disposals	-	-	-
At 31 December 2017	-	(14,012,113)	(14,012,113)
Net book value:			
At 31 December 2016	-	7,220,986	7,220,986
At 31 December 2017	-	7,662,596	7,662,596

An intangible asset impairment indicator is considered to exist due to the company incurring a loss in the year. An impairment test has been performed on an asset by asset basis. The impairment test considers the value in use of each asset against its carrying value. 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 for years 6 to 10) and a discount rate of 12%. Assuming all other assumptions remain constant, a 20% reduction in revenue and related costs for each of the assets would result in an impairment of £1,000,000. Separately, assuming all other assumptions remain constant, a 5% negative growth rate in years 6-10 for each of the assets would result in an impairment of £285,000. Management will continue to monitor the achievability of these assumptions on an ongoing basis and will prepare further impairment assessments when indicators of impairment are present.

All these assets are available for use.

7. Property, plant and equipment

	Computer Equipment £
Cost:	
At 1 January 2016	56,403
Disposals	(29,732)
At 31 December 2016	26,671
Disposals	-
At 31 December 2017	26,671

Notes to the financial statements *continued***7. Property, plant and equipment** *continued***Accumulated depreciation:**

At 1 January 2016	(50,511)
Depreciation charge for the year	(5,892)
Disposals	29,732
At 31 December 2016	(26,671)
Depreciation charge for the year	-
Disposals	-
At 31 December 2017	(26,671)
Net book value:	
At 31 December 2016	-
At 31 December 2017	-

8. Receivables and other financial assets

	Note	2017 £	2016 Restated £
Group relief	9	491,577	698,408
Total receivables and other financial assets		491,577	698,408

The receivables and other financial assets expected to be recovered after more than 12 months is £nil (2016: £nil).

A prior year restatement has been made to separately disclose the group relief balances on a gross basis whereas previously these had been disclosed net. This has resulted in a restatement to previously reported receivables and other financial assets figure by £345,587. The impact on the 2016 primary statements has been set out below.

The following table shows the impact of above noted restatements on the income statement for the year ended 31 December 2016:

	As previously reported £	Effect of grossing adjustment £	Restated £
Receivables and other financial assets			
Group relief	352,820	345,587	698,408

9. Financial instruments and financial risk management

The Company adopts the Enterprise Risk Management (ERM) framework used by the Group in 2017. The ERM framework enables a risk-based approach to managing the business and integrates concepts of strategic planning, operational management and internal control. The ERM framework includes the methods and processes used to manage risks, and identify and seize commercial opportunities related to the achievement of our objectives, protecting and enhancing value. It provides us with a framework for operating consistent risk management practices across the Group in a structured and forward-looking way that can be measured and repeated. All of the ERM components are interconnected and work together to provide a holistic framework ensuring the Group is well placed to anticipate future areas of risk and prepare appropriately.

For the purposes of managing risks to the Company's financial assets and financial liabilities, the Company considers the following categories

Notes to the financial statements *continued*9. Financial instruments and financial risk management *continued*

Risk	Definition
Market & Interest	The risk that arises from the Company's exposure to market or interest rate movements through adverse fluctuations or insufficient diversification which could result in the value of income, or the value of financial assets and liabilities, or the cash flows relating to these, fluctuating by differing amounts.
Credit	The risk of exposure to loss if a counterparty fails to perform its financial obligations, including failure to perform those obligations in a timely manner.
Expense	The risk that expense levels are higher than planned or revenue falls below that necessary to cover actual expenses.
Liquidity	The risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost.
Operational	The risk of adverse consequences for the Company's business resulting from inadequate or failed internal processes, people or systems, or from external events. This includes the risk that the Company may not be able to carry out its business plan and desired strategy. This includes conduct risk as defined below.
Conduct	The risk that through our behaviours, strategies, decisions and actions the firm delivers unfair outcomes to our customer/client and/or poor market conduct.
Regulatory & Legal	The risk that arises from violation, or non-conformance with laws rules, regulations, prescribed practices or ethical standards which may result in fines, payments of damages, the voiding of contracts and damaged reputation.
Strategic	Risks which threaten the achievement of the strategy through poor strategic decision-making, implementation or response to changing circumstances. This extends to the risk that the Company may be adversely affected by its relationships with other Group entities or by risks which may affect the whole Group.

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 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.

Financial assets

The Company's financial assets at the year-end are analysed as follows:

		2017	2016 Restated
	Note	£	£
Cash and cash equivalents		1	1
Receivables and other financial assets	8	491,577	698,408
		491,578	698,409

A prior year restatement has been made to separately disclose the group relief balances on a gross basis whereas previously these had been disclosed net. See note 8 for details of the restatement impact to 2016 figures.

Financial liabilities

Loan balances are carried at fair value. The Company's financial liabilities at the year-end are shown in note 12.

The principal risks to which the Company is most specifically exposed are credit risk, liquidity risk and operational risk. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, which is straightforward given the nature of the business and structure of the remaining assets and liabilities.

Notes to the financial statements *continued***9. Financial instruments and financial risk management** *continued***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 (2016: £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

The Company does not generate or hold any cash, therefore there is minimal exposure to liquidity risk.

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 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 borrowings from fellow subsidiaries, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

10. Share Capital

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

	2017	2016
	£	£
100 (2016:100) ordinary shares of £1 each	100	100

11. Accumulated losses

	2017	2016
	£	£
Balance at 1 January	(2,386,728)	(511,188)
Loss for the year	(1,734,064)	(1,875,540)
Balance at 31 December	(4,120,792)	(2,386,728)

12. Other liabilities

		2017	2016 Restated
	Note	£	£
Accruals and deferred income		177,638	200,322
Amounts due to related parties	17	11,970,613	9,764,545
Group relief	8	126,615	345,587
Total other liabilities		12,274,866	10,310,454

The carrying amounts disclosed above reasonably approximate the fair values as at the year end. The amount of other liabilities payable on demand is £12,274,866 (2016: £10,310,454). Also, see note 17. At the accounts date, amounts due to related parties are unsecured and interest free, and the parent company, Focus Solutions Group Limited, has confirmed there are no formal repayment dates in place.

Following the capital injection to Focus Solutions Group Limited in May 2018 Focus Solutions group Limited made further capital injections to Focus Business Solutions Limited and Focus Software Limited in October 2018 and the intercompany payables balances were settled.

Notes to the financial statements *continued***12. Other liabilities continued**

A prior year restatement has been made to separately disclose the group relief balances on a gross basis where as previously these had been disclosed net. This has resulted in a restatement to the previously reported other liabilities figure by £345,587. The impact on the 2016 primary statements has been set out below.

The following table shows the impact of above noted restatements on the income statement for the year ended 31 December 2016:

	As previously reported	Effect of grossing adjustment	Restated
	£	£	£
Other liabilities			
Group relief	352,821	345,587	698,408
Total other liabilities	9,964,866	345,587	10,310,454

13. Deferred income tax**(a) Movement in the year**

	2017	2016
	£	£
Deferred tax asset / (liability):		
Balance at 1 January	4,431	(97,348)
Tax charge for the year:		
Adjustments in respect of prior years	-	102,010
Impact on change of income tax rate	-	(259)
Charge for the current year	(4,431)	28
As at 31 December	-	4,431

There are no current tax assets or liabilities expected to be recoverable or payable in more than 12 months (2016: £Nil). Deferred tax assets and liabilities are expected to be recovered or settled after more than 12 months.

(b) Balances at year end

Deferred taxation balances consist of the following amounts:

	2017	2016
	£	£
Liabilities:		
Temporary differences relating to:		
Differences between accumulated depreciation and capital allowances	-	4,431
	-	4,431

The standard rate of UK corporation tax with effect from 1 April 2017 is 19%. Accordingly, the effective tax rate for the year was 19.25% (2016: 20%). The UK tax rate will reduce to 19% from 1 April 2017 and 17% from 1 April 2020. This has been applied in calculating the UK deferred tax position at 31 December 2017.

Due to uncertainty regarding recoverability, a deferred tax asset has not been recognised in respect of the following asset:

- Temporary differences £21,373 (2016: £nil)

Notes to the financial statements *continued***14. 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 £149,858 (2016: £141,456). As at 31 December 2017, contributions amounting to £nil (2016: £nil) had been prepaid.

15. Cash generated from operations

	Note	2017 £	2016 £
(Loss) before income tax		(2,173,459)	(2,098,345)
Adjustments for:			
Amortisation and depreciation	6,7	2,182,159	2,083,169
Impairment losses on intangible assets	6	5,059	-
Receivables and other financial assets	8	206,831	(352,820)
Other liabilities	12	1,964,413	3,690,824
Payment from a fellow subsidiary in respect of tax saved by group relief	5,13	443,826	456,064
Tax adjustments in respect of prior years	5,13	-	(237,690)
Cash generated from operations		2,628,829	3,541,202

16. Fair value of financial assets and liabilities**(a) Financial assets and financial liabilities**

An analysis of the Company's financial assets and financial liabilities in accordance with the categories of financial instrument set out in IAS 39 *Financial Instruments: Recognition and Measurement* is presented in notes 8, 9 and 12 and shows that at 31 December 2017 the Company held no assets or liabilities at fair value (2016: £nil).

(b) Fair value of financial assets and liabilities measured at amortised cost

The carrying value of all financial assets and liabilities measured at amortised cost approximates their fair values.

17. Related party transactions

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

(a) Transactions with and balances due from/to related parties

In the normal course of business, the Company enters into transactions with related parties that relate to; the development, supply and support of software solutions, and the provision of management services. The following transactions were carried out with related parties during the year:

	2017 £	2016 £
Revenue		
Fellow subsidiary	3,658,934	2,686,067
Total revenue	3,658,934	2,686,067
Expense		
Fellow subsidiary	(89,925)	(314,991)
Immediate parent	1,026,610	1,116,843
SLESL	2,100,186	2,164,889
Total expenses	3,036,871	2,966,741

Transactions shown under 'Revenue Fellow subsidiary' relate primarily to intercompany recharges to Focus Group entities for licence royalties. Transactions shown under 'Expense Fellow subsidiary' relate primarily to intercompany recharges from

Notes to the financial statements *continued***17. Related party transactions** *continued*

Focus Group entities for net labour cost recharges. Transactions shown under 'Expense Immediate Parent' relate primarily to intercompany recharges from Focus Solutions Group Limited for the provision of management services. Fellow subsidiary expenses relate to the expense reallocation as well as the net effect of the time worked by FBS and FSL on each others' activities.

Intercompany balances due to Focus Group entities:

	2017	2016
	£	£
Balance at 1 January	9,764,545	5,566,535
Intercompany advances during the year	2,206,068	4,198,010
As at 31 December	11,970,613	9,764,545

Intercompany advances relate to intercompany revenue and expense transactions between Focus Group entities. Intercompany amounts due to and from entities within the Focus Group are shown net due to the intercompany cash sweep facility in operation between the entities.

The net amount due from fellow subsidiaries in relation to group tax relief is £364,962 (2016: £698,408).

(b) Compensation of key management personnel

The Directors' remuneration is paid by Standard Life Employee Services Limited, a subsidiary company of the ultimate parent company, Standard Life Aberdeen 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 £356,109 (2016: £383,954). The amount recharged by the immediate parent company in respect of the Directors' services to the Company is £196,707 (2016: £225,427). The highest paid director received £276,177 (2016: £270,708), of which £152,554 (2016: £158,938) was recharged to the Company.

18. Events after the reporting period

On 23 February 2018 Standard Life Aberdeen plc announced the sale of the majority of the Pensions and Savings business to Phoenix Group Holdings (Phoenix), conditional on shareholder and relevant regulatory approvals. The sale was completed on 31 August 2018. Under the transactions the Company will be retained within the Standard Life Aberdeen Group. The new address is 1 George Street, Edinburgh, EH2 2LL.

Standard Life Aberdeen plc and Phoenix have also agreed to significantly expand their existing long-term strategic partnership whereby Standard Life Aberdeen plc becomes Phoenix's long-term asset management partner for the business acquired by Phoenix and the existing arrangements between the parties under which Aberdeen Standard Investments manages £48 billion of assets for Phoenix have been extended.

As a consequence of the sale of the Pensions and Savings business to Phoenix, all intercompany arrangements with the Pensions and Savings business required settlement prior to the deal completion. As a result, in May 2018 the ultimate parent company, Standard Life Aberdeen plc made a further capital injection of £20m into the Focus Group via the parent company, Focus Solutions Group Limited, the proceeds of which were used to settle the outstanding balance of the parent company loan from the Pensions and Savings business.

Following the capital injection to Focus Solutions Group Limited in May 2018, Focus Solutions Group Limited made a capital injection into Focus Software Limited in October 2018 of £11.5m and £11.5m of intercompany payable balances were settled.

19. Ultimate controlling party

The immediate parent undertaking is Focus Solutions Group Limited.

The ultimate parent undertaking and controlling party is Standard Life Aberdeen plc, a company incorporated in the United Kingdom. Standard Life Aberdeen plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017. Copies of Standard Life Aberdeen plc consolidated financial statements can be obtained from the Company Secretary, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. See note 18.