4th Contact Limited

Annual report and accounts
for the year ended 31 December 2010

Registration no 3958182

Contents

Statutory information

Directors	Stephen L Ingledew Stephen D Thurlow
Secretary	Frances M Horsburgh
Auditors	PricewaterhouseCoopers LLP Erskine House 68-73 Queen Street Edinburgh EH2 4NH
Business Address	5 Devonshire Square London EC2M 4YD
Registered Office	5 Devonshire Square London EC2M 4YD
Bankers	Lloyds TSB Bank Plc 39 Threadneedle Street The City London EC2R 8AU Bank of Scotland Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
Solicitors	Dundas & Wilson CS LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

Directors' report

The directors submit their audited Report and Accounts of 4th Contact Limited (the Company), registration no 3958182, for the year ended 31 December 2010

Principal activities

The principal activity of the Company during the period was the provision of software for the management and communication of employee benefit programmes

Business review

The Company made a profit for the year ended 31 December 2010 of £162,053 (18 months ended 31 December 2009 £283,008) The directors do not recommend the payment of a dividend for the year

The directors of Standard Life plc manage the Group's operations on a business segment basis The development, performance and position of the Company, are discussed in the UK section of the Business Review in the Group's Annual Report and Accounts which does not form part of this report

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

Financial risk management

The Company manages its various financial risks as outlined in note 13 of the financial statements

Directors

The names of the current directors are listed on page 2

Stephen L Ingledew was appointed as director on 1 August 2011

Gerard J O'Neill resigned as a director on 24 June 2011

Frances M Horsburgh was appointed as company secretary on 15 March 2011

Stephen D Thurlow resigned as company secretary on 15 March 2011

The directors are not subject to retirement by rotation

Employees

The Company does not have any directly employed staff 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

Statement on disclosure of information to the auditors

So far as each director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware Having made enquiries of fellow directors and the Company's auditors, each of the directors have taken all the steps that they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Directors' report *continued*

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed by the directors

Approved on behalf of the Board of Directors on 30 September 2011 by

Frances M Horsburgh
Secretary

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 and 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 and prudent,
- State that the financial statements comply with IFRS as adopted by the European Union,
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Independent auditors' report to the members of 4th Contact Limited

We have audited the financial statements of 4th Contact Limited for the year ended 31 December 2010 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, the Accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Lindsay Gardiner (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
30 September 2011

Statement of comprehensive income
For the year ended 31 December 2010

	Notes	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Revenue			
Fee income	1	456,380	781,724
Interest income	2	5,821	45,436
Total net revenue		462,201	827,160
Expenses			
Administrative expenses	3	(298,518)	(540,803)
Profit before tax		163,683	286,357
Tax expense	7	(1,630)	(3,349)
Profit for the period		162,053	283,008
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**162,053**	**283,008**

The notes on pages 11 to 18 form an integral part of these financial statements

Statement of financial position
As at 31 December 2010

	Notes	31 December 2010 £	31 December 2009 £
Assets			
Property, plant and equipment	8	-	3,682
Other assets	9	147,207	888,668
Cash and cash equivalents	10	725,530	587,378
Total assets		872,737	1,479,728
Equity			
Share capital	11	211	211
Share premium		2,166,460	2,166,460
Retained earnings		(1,404,414)	(1,566,467)
Total equity		762,257	600,204
Liabilities			
Other liabilities	12	110,480	879,524
Total liabilities		110,480	879,524
Total equity and liabilities		872,737	1,479,728

Approved on behalf of the Board of Directors on 30 September 2011 by

Stephen D Thurlow
Director

The notes on pages 11 to 18 form an integral part of these financial statements

Statement of changes in equity
For the year ended 31 December 2010

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 July 2008	211	2,166,460	(1,849,475)	317,196
Net profit	-	-	283,008	283,008
At 31 December 2009	211	2,166,460	(1,566,467)	600,204
Net profit	-	-	162,053	162,053
At 31 December 2010	211	2,166,460	(1,404,414)	762,257

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2010

	Notes	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Profit before tax		163,683	286,357
Depreciation of property, plant and equipment	8	3,682	18,076
Change in other assets		741,461	(713,797)
Change in other liabilities		(770,674)	231,897
Net cash flows from operating activities		138,152	(177,467)
Net increase/(decrease) in cash and cash equivalents		138,152	(177,467)
Cash and cash equivalents at the beginning of the period		587,378	764,845
Cash and cash equivalents at the end of the period		725,530	587,378
Supplemental disclosures on cash flows from operating activities			
Interest received		32,561	18,696

The notes on pages 11 to 18 form an integral part of these financial statements

Accounting policies

(a) Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as endorsed by the European Union, with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

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

The Company changed its reporting date in the comparative period to 31 December 2009 to be consistent with its ultimate parent, Standard Life plc and other group undertakings, therefore the comparative period is from 1 July 2008 to 31 December 2009 The current period in these financial statements is from 1 January 2010 to 31 December 2010

(i) Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP), requires management to make estimates 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 The area where those judgements have the most significant effect on the amounts recognised in the financial statements is accruals

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

The Company has adopted the following amendments to IFRSs and interpretations which are effective from 1 January 2010 and management considers that the implementation of these amendments and interpretations has had no impact on the Company's financial statements

- IFRS 3 *Business Combinations (revised)*
- IAS 27 *Consolidated and Separate Financial Statements (revised)*
- *Improvements to IFRSs* 2009
- Amendments to IFRS 2 *Share-based Payment – Group Cash-Settled Transactions*
- Amendments to IAS 39 *Financial Instruments Recognition and Measurement – Eligible Hedged Items*
- IFRIC 17 *Distributions of Non-Cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods The Company has not early adopted the standards, amendments and interpretations described below

- *Improvements to IFRSs* published in May 2010
- Amendments to IAS 12 *Income Taxes* (effective for annual periods beginning on or after 1 January 2012)
- Amendment to IAS 24 *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2011)
- Amendment to IAS 32 *Financial Instruments Presentation* (effective for annual periods beginning on or after 1 February 2010)
- Amendments to IFRS 7 *Financial Instruments Disclosures* (effective for annual periods beginning on or after 1 July 2011)
- IFRS 9 *Financial Instruments on Classification and Measurement* (effective from annual periods beginning on or after 1 January 2013)
- Amendment to IFRIC 14 *Prepayment of a Minimum Funding Requirement* (effective for annual periods beginning on or after 1 January 2011)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective from the beginning of the earliest comparative period presented, for annual periods beginning on or after 1 July 2010)

Accounting policies *continued*

(a) Basis of preparation *continued*

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

Management will give consideration to the expected impact of adoption of the above amendments on the Company's financial statements but do not expect adoption of these amendments to have a significant impact

(b) Revenue recognition

The principal activity of the Company during the period was the provision of software for the management and communication of employee benefit programmes

Fee income derives from the principal activities of the company and is stated net of value added tax

Fee income deriving from support contracts and fixed term licenses are recognised over the relevant contract periods Fee income deriving from the delivery of professional services is calculated with reference to the value of work performed to date as a proportion of total contract value Fee income deriving from the supply of other goods and services is recognised following the provision of goods and services

Interest income recognised in the Statement of comprehensive income is calculated using the effective interest rate (EIR) method

(c) 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

(d) Property, plant and equipment

Office equipment and furniture and fittings are capitalised at historical cost less depreciation Depreciation is charged to the Statement of comprehensive income, within administration expenses, on a straight-line basis, over their estimated useful lives of

Office equipment	3 years
Furniture and fittings	3 years

The residual values and useful lives of the assets are reviewed at each Statement of financial position date and adjusted if appropriate

(e) Income tax

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 Statement of comprehensive income 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 Statement of comprehensive income 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) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, any highly liquid investments which have a maturity date within three months of the date of acquisition For the purposes of the Statement of cash flows, cash and cash equivalents also include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management Cash and cash equivalents are measured at amortised cost

Accounting policies *continued*

(g) Trade receivables

Trade receivables are measured at amortised cost less any impairment losses

Impairment on individual receivables is determined, at each reporting date, by an evaluation of the exposure on a case-by-case basis The amount of any impairment loss is recorded in the Statement of comprehensive income

(h) Provisions and contingent liabilities

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated Provisions are not recognised for future operating losses Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole

Contingent liabilities are disclosed if the future obligation is not probable but greater than remote and the amount cannot be reasonably estimated

Notes to the accounts

1. Fee income

Fee income arises wholly from the provision of software for the management and communication of employee benefit programmes All fee income is generated in the UK

2. Interest income

	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Cash and cash equivalents	5,821	45,436
Total interest income	5,821	45,436

3. Administrative expenses

	Notes	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Staff costs and other employee related costs	4	179,272	413,016
Auditors' remuneration	5	6,000	6,250
Management charges payable to related party	15	28,488	92,788
Depreciation of property, plant and equipment	8	3,682	18,076
Other administrative expenses		81,076	10,673
Total administrative expenses		298,518	540,803

4. Staff costs and other employee related costs

The staff who manage the affairs of the Company are employed by Standard Life Employee Services Limited (SLESL), another subsidiary of Standard Life plc Staff costs recharged to the Company are set out below

	12 months to 31 December 2010 £	18 months to 31 December 2009 £
The aggregate remuneration payable in respect of employees was		
Wages and salaries	149,760	346,567
Social security costs	16,437	39,681
Other pension costs Defined Contribution scheme	13,075	26,768
Total staff costs and other employee related costs	179,272	413,016

The average number of staff employed during the period was 3 (18 months to 31 December 2009 4)

5. Auditors' remuneration

Auditors' remuneration amounted to £6,000 (18 months to 31 December 2009 £6,250) in respect of the audit of the Company's financial statements There are no audit fees for services other than the statutory audit of the Company (18 months to 31 December 2009 £nil)

6. Directors' remuneration

No amounts are payable to the directors in respect of their services to the Company

7. Tax expense

(a) Current year tax expense

Tax expense of £1,630 (18 months to 31 December 2009 £3,349) relates to current tax, which is expected to be settled within 12 months (12 months to 31 December 2009 within 12 months)

Notes to the accounts *continued*

7 Tax expense *continued*

(b) Reconciliation of tax expense

	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Profit before tax	163,683	286,357
Tax at 28% (2009 28%)	45,831	80,180
Expenses not deductible for tax purposes	-	56
Utilisation of previously unrecognised tax losses	(45,232)	(67,824)
Temporary differences for which no deferred tax asset is recognised	1,031	310
Group relief received for nil payment	-	(9,373)
Total tax expense for the period	1,630	3,349

(c) Deferred tax asset not recognised

Due to uncertainty regarding recoverability, deferred tax has not been recognised in respect of the following assets The amounts unprovided detailed below were calculated using a rate of 28%

- Tax losses carried forward of £446k (2009 - £502k)
- Fixed asset temporary differences of £15k (2009 - £14k)

8. Property, plant and equipment

	Notes	Total £
Cost or valuation		
At 1 July 2008, 31 December 2009 and 31 December 2010		47,152
Accumulated depreciation		
At 1 July 2008		25 394
Depreciation charge for the period	3	18,076
At 31 December 2009		43,470
Depreciation charge for the year	3	3,682
At 31 December 2010		47,152
Carrying Amount		
At 31 December 2009		3,682
At 31 December 2010		-

All property, plant and equipment consists of office equipment

9. Other assets

	Notes	2010 £	2009 £
Trade receivables		180,172	139,449
Impairment		(74,300)	(8,754)
Net trade receivables		105,872	130,695
Due from related parties	15	40,672	756,352
Prepayments		663	1,621
Total other assets		147,207	888,668

All other assets are expected to be settled within 12 months (2009 all within 12 months) The carrying amounts disclosed above reasonably approximate the fair values at the year end Included within amounts due from related parties, for the period ended 31 December 2009, is interest receivable of £26,740

Notes to the accounts *continued*

10. Cash and cash equivalents

Cash and cash equivalents of £725,530 (2009 £587,378) comprised cash held at bank Interest at a variable rate is applied to cash and cash equivalents

11. Share capital

	2010 £	2009 £
Authorised share capital		
8,960,000 ordinary shares of £0 00005 each	448	448
1,292,856 ordinary A shares of £0 00005 each	65	65
	513	513
Allotted, called up and fully paid share capital		
2,920,373 ordinary shares of £0 00005 each	146	146
1,292,856 ordinary A shares of £0 00005 each	65	65
	211	211

Ordinary shares and ordinary A shares rank pari passu and carry the same voting rights and the right to receive dividends and other distributions declared or paid by the Company

12. Other liabilities

	Notes	2010 £	2009 £
Due to related parties	15	4,979	767,167
Deferred income		61,332	65,003
Taxation and social security		17,933	16,772
Accruals		26,207	30,582
Trade payables		29	-
Total other liabilities		110,480	879,524

All other liabilities are expected to be settled within 12 months (2009 all within 12 months) Included in the due to related parties balance is £4,979 (2009 £3,349) due to other Group companies in respect of group relief The carrying amounts disclosed above reasonably approximate the fair values at the period end No interest is applied to other liabilities

13. Risk management

Company overview

The business of the Company is the provision of software for the management and communication of employee benefit programmes This involves the development and sale of software

The Company is most specifically exposed to credit risk, liquidity risk and operational risk

The Company has no significant exposure to market risk The Company's assets and liabilities are denominated in sterling, and the Company has no significant exposure to interest rate risk other than through fluctuations in interest income arising from cash at bank Strategic and group risks are managed by the Group on behalf of the Company

(a) Credit risk

The Company defines credit risk as 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

The Company finances its operations principally through working capital and by raising finance through equity No speculative transactions are undertaken and, during the last two financial periods, no derivative contracts were transacted Financial assets include assets of a financial nature, namely cash at bank and in hand

The analysis presents assets that are neither past due nor impaired, assets that are past due and assets that are impaired

Notes to the accounts *continued*

13. Risk management *continued*

(a) Credit risk *continued*

The objective evidence that is taken into account in determining whether any impairment of receivables has occurred includes

- Reasonable doubt as to collectability of full amount due
- Amounts due that are contractually 90 days in arrears with uncertainty as to collectability

Assets are deemed to be past due when a counterparty has failed to make a payment when contractually due

	Cash and cash equivalents		Receivables and other financial assets		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	£	**£**	**£**	**£**	**£**	**£**
Neither past due nor impaired						
A	725,530	587,378	-	-	725,530	587,378
Not rated	-	-	89,663	815,461	89,663	815,461
	725,530	**587,378**	**89,663**	**815,461**	**815,193**	**1,402,839**
Past due	-	-	56,881	71,586	56,881	71,586
Impaired	-	-	74,300	8,754	74,300	8,754
Total	**725,530**	**587,378**	**220,844**	**895,801**	**946,374**	**1,483,179**

At 31 December 2010, receivables and other financial assets of £29,871 (2009 £35,046) were past due by less than three months, £27,010 (2009 £27,121) were past due by between three and six months and £nil (2009 £9,419) were past due by greater than six months All past due and impaired financial assets are not rated

(b) Liquidity risk

The Company defines liquidity risk as the risk that the Company, although solvent, does not have sufficient financial resources available to meet their obligations as they fall due, or can secure them only at excessive cost

The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash reserves safely and profitably

The cash flows payable by the Company under its financial liabilities have been analysed by remaining contractual maturity at the Statement of financial position date These amount to £31,215 (2009 £797,749) of other liabilities (note 12) expected to be settled within 12 months

(c) Operational risk

Operational risk is the risk of loss, or adverse consequences for the Company's business, resulting from inadequate or failed internal processes, people or systems, or from external events

The assessment of operational risk exposure is performed on an ongoing basis taking into account a combination of impact and likelihood on the Company's performance The management team review on a regular basis the new business pipeline, competitors' changes in legislation, security policy and changes in technological landscape Appropriate action is taken to ensure exposure is limited based on specific events or actions

14. Contingencies

The Company is subject to legal proceedings in the normal course of business While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on the results and financial position of the Company

15. Related party transactions

(a) Parent and ultimate controlling party

The Company's parent company is Vebnet (Holdings) Limited which owns 100% of the shares The ultimate controlling party is Standard Life plc which owns 100% of the shares in Vebnet (Holdings) Limited Copies of the accounts of the ultimate controlling party can be obtained at www standardlife com

(b) Transactions with and balances from/to related parties

In the normal course of business, the Company enters into transactions with related parties that relate to the provision of staff, physical infrastructure and support services to other companies within the Group

Details of transactions carried out by the Company during the period with related parties are as follows

	Notes	12 months to 31 December 2010 £	18 months to 31 December 2009 £
Purchases from Parent company	3	28,488	92,788
Sales to Parent company		-	26,740

The year end balances arising from transactions carried out by the Company with related parties are as follows

	Notes	2010 £	2009 £
Due from related parties			
Parent company	9	-	756,352
Other Group companies	9	40,672	-
Total due from related parties		**40,672**	**756,352**
Due to related parties			
Other Group companies	12	4,979	767,167
Total due to related parties		**4,979**	**767,167**