

**Clarity Informatics Group Limited**  
**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended  
30 September 2010

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# Clarity Informatics Group Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

Professor I N Purves

Mr D J Price

Mr M A Sowerby

### REGISTERED OFFICE

1st Floor

Bede House

All Saints Business Centre

Newcastle upon Tyne

NE1 2ES

# Clarity Informatics Group Limited

## UNAUDITED DIRECTORS' REPORT

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The directors submit their report and unaudited consolidated financial statements of Clarity Informatics Group Limited for the year ended 30 September 2010

### PRINCIPAL ACTIVITIES

The principal activity of the group is consultancy and development in the field of health informatics software

### RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached consolidated financial statements. The directors have not recommended a dividend.

### DIRECTORS

The directors who served the group during the year were as follows

Professor I N Purves  
Mr D J Price  
Mr M A Sowerby

### DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Professor I N Purves  
Director

26/11/10

**Clarity Informatics Group Limited**  
**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 2010

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	Notes	2010 £	2009 £
TURNOVER	2	3,051,682	2,787,361
Cost of sales		(2,041,736)	(2,175,824)
Gross profit		1,009,946	611,537
Administrative expenses		(750,115)	(760,717)
Other operating income		-	82,742
OPERATING PROFIT/(LOSS)	4	259,831	(66,438)
Interest receivable	6	117	3,982
Interest payable and similar charges	7	(8,446)	(7,437)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		251,502	(69,893)
Taxation	8	80,927	11,196
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u>332,429</u>	<u>(58,697)</u>

Turnover and operating profit/(loss) are derived from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

**Clarity Informatics Group Limited** Company Registration No 06648026  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**30 September 2010**

	Notes	2010 £	2010 £	2009 £	2009 £
<b>FIXED ASSETS</b>					
Intangible assets	9		2,411,397		2,411,397
<b>CURRENT ASSETS</b>					
Debtors	11	318,831		229,584	
Cash at bank and in hand		575,211		568,027	
		894,042		797,611	
<b>CREDITORS</b>					
Amounts falling due within one year	12	500,982		500,308	
<b>NET CURRENT ASSETS</b>			393,060		297,303
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,804,457		2,708,700
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		-		175,437
<b>PROVISIONS FOR LIABILITIES</b>					
Other Provisions	14		30,725		91,960
			2,773,732		2,441,303
<b>CAPITAL AND RESERVES</b>					
Called up equity share capital	17		2,500,000		2,500,000
Profit and loss account	18		273,732		(58,697)
<b>SHAREHOLDERS' FUNDS</b>	19		2,773,732		2,441,303

For the year ending 30 September 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements on pages 4 to 12 were approved by the board of directors and authorised for issue on 26/11/10 and are signed on its behalf by

Professor I N Parves  
Director

26/11/10

**Clarity Informatics Group Limited**  
**UNAUDITED COMPANY BALANCE SHEET**  
**30 September 2010**

Company Registration No 06648026

	<i>Notes</i>	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	10	2,499,999	2,499,999
		<u>2,499,999</u>	<u>2,499,999</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		1	1
<b>TOTAL ASSETS</b>		<u>2,500,000</u>	<u>2,500,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	17	2,500,000	2,500,000
<b>SHAREHOLDERS' FUNDS</b>	19	<u>2,500,000</u>	<u>2,500,000</u>

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 Professor I N Purves  
 Director  
 26/11/10

# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 September 2010

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#### 1 ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

##### GOING CONCERN

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

##### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Clarity Informatics Group Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired are consolidated using the acquisition method with their results being incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill. All financial statements are made up to 30 September 2010.

All intra-group transactions, balances and any unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### GOODWILL

Purchased goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and will be amortised over 20 years from the commencement of the projects to which the goodwill is considered to relate. As a result an impairment review has been carried out in the current year.

##### IMPAIRMENTS

Fixed assets including goodwill are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairment charges in the profit and loss account.

##### INVESTMENTS

Long term investments are classified as fixed assets and are stated at cost in the company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

##### TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of services in the ordinary nature of the business and is shown net of Value Added Tax.

##### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2010

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### 1 ACCOUNTING POLICIES (continued)

#### CASH FLOW STATEMENT

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS 1

#### PENSION COSTS

The company and the group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company and the group. The annual contributions payable are charged to the profit and loss account.

#### FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### PROVISIONS

Provision is made for contractual liabilities arising in respect of the expected costs of rectification of dilapidations in leased premises.



# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2010

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### 2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	2010	2009
	%	%
Percentage of turnover relating to non-UK markets	<u>1</u>	<u>-</u>

### 3 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year after taxation amounted to £Nil (2009 £Nil)

### 4 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2010	2009
	£	£
Operating lease costs		
Land and buildings	<u>156,000</u>	<u>156,000</u>

### 5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2010	2009
	£	£
Emoluments receivable	<u>275,252</u>	<u>398,446</u>

### 6 INTEREST RECEIVABLE

	2010	2009
	£	£
Bank interest receivable	<u>117</u>	<u>3,982</u>
	<u>117</u>	<u>3,982</u>

### 7 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest payable	<u>8,446</u>	<u>7,437</u>
	<u>8,446</u>	<u>7,437</u>

**Clarity Informatics Group Limited**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2010**

**8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	2010 £	2009 £
Analysis of charge in the year		
Current tax		
UK Corporation tax charge/(credit) based on the results for the year at 21% (2009 - 21%)	(50,000)	(11,196)
Deferred tax		
Origination and reversal of timing differences	(30,927)	-
Tax on (loss)/profit on ordinary activities	<u>(80,927)</u>	<u>(11,196)</u>

**Factors affecting current tax charge**

The tax assessed for the period is at a different rate to the standard rate of corporation tax in the UK for small companies of 21% (2009 - 21%)

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	<u>251,502</u>	<u>(69,893)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax for small companies of 21% (2009 - 21%)	52,815	(14,678)
Effects of		
Expenses not deductible for tax purposes	161	222
Capital allowances for the period in excess of depreciation	(737)	(922)
Adjustments to tax charge in respect of previous periods	(50,000)	(11,196)
Tax losses (utilised)/arising	(52,239)	15,228
Additional deduction for research and development expenditure	-	(84,740)
Surrender of tax losses for research and development tax credit	-	28,691
Overprovision of current tax	-	57,384
Other short term timing differences	-	(1,185)
Current charge/(credit) for period	<u>(50,000)</u>	<u>(11,196)</u>

The deferred taxation included in the balance sheet is as follows

	2010 £	2009 £
Included in debtors (note 11)	<u>30,927</u>	<u>-</u>

The movement in the deferred taxation account during the year was

	2010 £
Profit and loss account movement arising during the year	<u>30,927</u>
Balance carried forward	<u>30,927</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Tax losses available	<u>30,927</u>	<u>-</u>

# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 September 2010

#### 9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 October 2009 and 30 September 2010	2,411,397
Amortisation	
At 1 October 2009 and 30 September 2010	-
Net book value at 30 September 2010 and 30 September 2009	2,411,397

#### 10 INVESTMENTS

##### Company

Shares in subsidiary undertakings

Cost and net book value

At 1 October 2009 and 30 September 2010	<u>£2,499,999</u>
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Shares in subsidiary undertakings comprise the cost of investment in two subsidiary undertakings

Details of subsidiary undertakings are as follows -

Name of undertaking	Country of registration	Description of interest	Percentage Holding	Nature of Business
The Sowerby Centre for Health Informatics at Newcastle Limited	England	Company Limited by Guarantee	Sole Member	Development of informatics products and services
Clarity Informatics Limited	England	Ordinary £1 shares	100%	Software development & consultancy work

The results of The Sowerby Centre for Health Informatics at Newcastle Limited and Clarity Informatics Limited have both been included in the consolidated financial statements

#### 11 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	94,371	36,062	-	-
Other debtors	193,533	193,522	-	-
Deferred taxation (note 8)	30,927	-	-	-
	<u>318,831</u>	<u>229,584</u>	<u>-</u>	<u>-</u>

# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2010

### 12 CREDITORS Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	29,583	60,000	-	-
Trade creditors	82,297	111,850	-	-
Other taxation and social security	119,517	85,502	-	-
Other creditors	269,585	242,956	-	-
	<u>500,982</u>	<u>500,308</u>	<u>-</u>	<u>-</u>

### 13 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	-	29,583	-	-
Deferred income	-	145,854	-	-
	<u>-</u>	<u>175,437</u>	<u>-</u>	<u>-</u>

### 14 PROVISIONS FOR LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other provisions - Dilapidation provision	30,725	91,960	-	-
	<u>30,725</u>	<u>91,960</u>	<u>-</u>	<u>-</u>

### 15 RELATED PARTY TRANSACTIONS

The directors consider the company to be controlled by Professor I N Purves and NSA (1) LLP, by virtue of their ownership of the majority of the company's issued ordinary share capital

During the year Clarity Informatics Limited received financial support of £117,600 from NSA (1) LLP

# Clarity Informatics Group Limited

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 September 2010

#### 16 COMMITMENTS UNDER OPERATING LEASES

At the year end the group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 1 year	156,000	-
Within 2 to 5 years	-	156,000
	<u>156,000</u>	<u>156,000</u>

#### 17 SHARE CAPITAL

	2010	2009
	£	£
Authorised		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
	2010	2009
	£	£
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

#### 18 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At start of year	(58,697)	-	-	-
Retained profit/(loss) for the financial year	<u>332,429</u>	<u>(58,697)</u>	<u>-</u>	<u>-</u>
At end of year	<u>273,732</u>	<u>(58,697)</u>	<u>-</u>	<u>-</u>

#### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Profit/(loss) for the financial year	332,429	(58,697)	-	-
Opening shareholders' equity funds	<u>2,441,303</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Closing shareholders' equity funds	<u>2,773,732</u>	<u>2,441,303</u>	<u>2,500,000</u>	<u>2,500,000</u>