

**FREEAGENT CENTRAL LIMITED**

**Abbreviated Financial Statements**

**31 March 2012**



# **FREEAGENT CENTRAL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

E Molyneux

O Headey

R Lavery

C Janz

P Robinson

F Coorevits (appointed 12 August 2011)

### **REGISTERED OFFICE**

40 Torphichen Street

Edinburgh

EH3 8JB

### **BANKERS**

Barclays Bank Plc

1 St Andrews Square

Edinburgh

EH2 2DB

### **INDEPENDENT AUDITOR**

Deloitte LLP

Edinburgh, United Kingdom

## **INDEPENDENT AUDITOR'S REPORT TO FREEAGENT CENTRAL LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 3 to 7, together with the financial statements of Freeagent Central Limited for the period ended 31 March 2012 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters that we are required to state to it in a special 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, for our work, for this report, or for the opinions that we have formed.

### **Respective responsibilities of the directors and auditor**

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

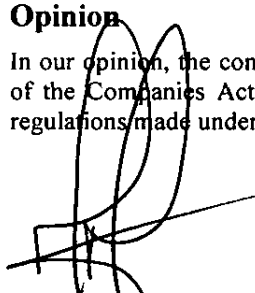
### **Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

As the company was exempt from audit under section 477 of the Companies Act 2006 in the prior year, we have not audited the corresponding accounts for that year.

### **Opinion**

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Michael McGregor ACA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Edinburgh

19 December 2012

**ABBREVIATED BALANCE SHEET**  
**As at 31 March 2012**

	Note	As at 31 March 2012 £	Un-audited As at 31 July 2011 £
<b>FIXED ASSETS</b>			
Tangible assets	2	220,104	58,948
Investments	3	1	-
		<u>220,105</u>	<u>58,948</u>
<b>CURRENT ASSETS</b>			
Debtors		927,426	67,079
Cash at bank and in hand		<u>1,531,272</u>	<u>109,796</u>
		2,458,698	176,875
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<u>(435,620)</u>	<u>(198,941)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>2,023,078</u>	<u>(22,066)</u>
<b>NET ASSETS</b>		<u>2,243,183</u>	<u>36,882</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	475	328
Share premium		4,502,995	1,057,544
Profit and loss account		<u>(2,260,287)</u>	<u>(1,020,990)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,243,183</u>	<u>36,882</u>

The abbreviated financial statements of Freeagent Limited, Registered number SC316774, have been prepared in accordance with provisions applicable to companies subject to the small companies regime.

Signed on behalf of the Board of Directors



E Molyneux

Director

19 December 2012

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 March 2012**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The accounts are prepared in accordance with the provisions of Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime. The particular accounting policies adopted are described below.

**Basis of accounting**

These financial statements have been prepared under the accounting policies set out below, the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008), and under the historical cost convention.

**Cash flow statement**

Exemption has been taken from preparing a cash flow statement under FRS 1 on the grounds that the company qualifies as small.

**Going concern**

The financial statements have been prepared on a going concern basis.

The Board has undertaken a recent and thorough review of the company's forecasts and the associated risks. These forecasts extend for a period of more than 12 months from the date of approval of these financial statements. After applying reasonable downside scenarios to the key assumptions underpinning the company's forecasts, the directors have formed a judgement at the time of approving the financial statements that the company has sufficient resources to continue in operational existence for the foreseeable future.

**Turnover**

Turnover in relation to subscriptions is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is recorded net of VAT and discounts. Revenue is recognised in the accounting period in which the service is rendered. Consideration received prior to the service being rendered is recognised in the Balance Sheet as deferred income.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. A full year's depreciation charge is charged in the year of acquisition.

Computer equipment	- 33.3% on a straight line basis
Fixtures and fittings	- 20% on a straight line basis
Domain name	- 5% on a straight line basis
Bicycles to work	- 33.3% on a straight line basis

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 March 2012**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the period are charged to the profit and loss account.

**Intangible assets - Goodwill**

Goodwill arising on acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

**Investments**

Investments held as fixed assets are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value-in-use.

# FREEAGENT CENTRAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Period ended 31 March 2009

### 2. TANGIBLE FIXED ASSETS

	Total £
<b>Cost</b>	
At 1 August 2011 (Un-audited)	85,640
Additions	203,007
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At 31 March 2012	288,647
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<b>Depreciation</b>	
At 1 August 2011 (Un-audited)	26,692
Charge for the period	41,851
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At 31 March 2012	68,543
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<b>Net Book Value</b>	
At 31 March 2012	220,104
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At 31 July 2011 (Un-audited)	58,948
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### 3. INVESTMENTS

	As at 31 March 2012 £	Un-audited As at 31 July 2011 £
Investment in subsidiary undertaking	1	-
	<hr/>	<hr/>

On 23 March 2012 the company's subsidiary undertaking FreeAgent, Inc, acquired certain assets (primarily intellectual property consisting of software code, fixtures and fittings and computer equipment) of 60 MO, Inc. The effective consideration was £322,974 settled by the company issuing 1,195 ordinary shares (note 10). The fair value of the assets acquired was determined to be £nil. The employees of 60 MO, Inc have been employed by FreeAgent, Inc, but the assets acquired will not be utilised by FreeAgent, Inc. going forward and as such the consideration paid for the assets has been charged to the profit and loss account in the current period.

As part of this acquisition, the company entered into a share allocation agreement for two individuals employed by Freeagent Inc. The share allocation agreement provides for an award of up to 797 ordinary shares in the company to these individuals if conditions are satisfied at the vesting periods that fall upon the first anniversary of the transaction (being 50% of the award) and quarterly through to the second anniversary.

# FREEAGENT CENTRAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Period ended 31 March 2009

### 4. CALLED UP SHARE CAPITAL

	As at 31 March 2012 £	Un-audited As at 31 July 2011 £
<b>Allotted, called up and fully paid</b>		
22,391 Ordinary shares of £0.01 (2011: 21,000)	223	210
11,775 Preference A shares of £0.01 (2011: 11,775)	118	118
13,453 Preference B shares of £0.01 (2011: nil)	134	-
	<u>475</u>	<u>328</u>

The Ordinary, Preference A and Preference B shares rank pari-passu in all material respects with the exception of the rights on winding up of the company. Preference B shareholders are paid before Preference A shareholders and Ordinary shareholders, and Preference A shareholders are paid before Ordinary shareholders in the event of the company being wound up.

During the period, the company completed two fundraising exercises.

On 12 August 2011, the following shares were issued:

142 Ordinary shares for a total consideration of £31,240  
7,237 Preference B shares for a total consideration of £1,592,140  
810 Preference B shares for a total consideration of £178,200  
758 Preference B shares for a total consideration of £166,760  
137 Preference B shares for a total consideration of £30,140

On 23 March 2012, the following shares were issued:

1,195 Ordinary shares for a total consideration of £322,976  
532 Preference B shares for a total consideration of £143,782  
61 Preference B shares for a total consideration of £16,486  
792 Preference B shares for a total consideration of £214,051  
2,990 Preference B shares for a total consideration of £808,078

The costs of issue were £58,401

As at 31 March 2012, £808,078 was outstanding in relation to the shares issued on 23 March 2012.