**FocusVision (Europe) Limited**

# Directors' report and financial statements

Registered number 05271302

For the year ended 31 December 2016

# Company information

| | |
|---|---|
| Directors | M Levine<br>J Brazil |
| Company Secretary | 7Side Secretarial Limited |
| Registered Office | c/o Longford House<br>Mount Ephraim Rd<br>Tunbridge Wells<br>Kent<br>England<br>TN1 1EN |
| Independent Auditors | PricewaterhouseCoopers LLP<br>1 Harefield Road<br>Uxbridge<br>UB8 1EX |

# Contents

# Directors' report

The directors present their directors' report and the audited financial statements of FocusVision (Europe) Limited (the "company") for the year ended 31 December 2016.

**Principal activities**
The principal activity of the company during the year was the provision of video conferencing facilities.

**Business review and future developments**

The company generated a profit after tax of £1,034,348 (2015: £1,108,619) as set out on page 5, the business expects to continue to operate in the same manner for the foreseeable future.

**Directors**
The directors who served during the year, and up to the date of signing the financial statements, were:

M Levine
J Brazil

**Proposed dividend**
The directors do not recommend the payment of a dividend (2015: £nil).

**Statement of directors' responsibilities**
The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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;
• state whether applicable United Kingdom Accounting Standard, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
• make judgements and accounting estimates that are reasonable and prudent; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors 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.

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

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## Directors' report (continued)

**Small company special provisions**
The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept the office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the board

Matthew

**M Levine**
Director
Date: 15/1/2018

c/o Longford House
Mount Ephraim Rd
Tunbridge Wells
Kent
England

# *Independent auditors' report to the members of FocusVision (Europe) Limited*

## Report on the financial statements

### Our opinion

In our opinion, FocusVision (Europe) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

# *Independent auditors' report to the members of FocusVision (Europe) Limited (continued)*

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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) ("ISAs (UK & 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.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.

Sarabjit K Seera

Sarabjit Seera (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
15 January 2018

# Income statement
**For the year ended 31 December 2016**

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | £ | £ |
| **Turnover** | 2 | **4,215,121** | 3,928,934 |
| Cost of sales | | **(1,290,042)** | (1,147,918) |
| **Gross profit** | | **2,925,079** | 2,781,016 |
| Administrative expenses | | **(1,625,318)** | (1,394,749) |
| **Operating profit** | | **1,299,761** | 1,386,267 |
| Interest payable | | **-** | (9,892) |
| Interest receivable | | **30** | - |
| **Profit before taxation** | | **1,299,791** | 1,376,375 |
| Tax on profit | 8 | **(265,443)** | (267,756) |
| **Profit for the financial year** | | **1,034,348** | 1,108,619 |

All of the activities of the company are classed as continuing.

The notes on pages 8 to 16 form part of these financial statements.

There is no comprehensive income or expense other than as disclosed above.

## Balance Sheet
**As at 31 December 2016**

| | Note | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Tangible assets | 5 | | **43,622** | | 3,045 |
| **Current assets** | | | | | |
| Debtors | 6 | **7,503,083** | | 6,324,759 | |
| Cash at bank and in hand | | **175,899** | | 249,500 | |
| | | **7,678,982** | | 6,574,259 | |
| **Creditors:** amounts falling due within one year | 7 | **(1,441,754)** | | (1,330,802) | |
| **Net current assets** | | | **6,237,228** | | 5,243,457 |
| **Net assets** | | | **6,280,850** | | 5,246,502 |
| **Capital and reserves** | | | | | |
| Called up share capital | 9 | | **1,000** | | 1,000 |
| Retained earnings | | | **6,279,850** | | 5,245,502 |
| **Total shareholders' funds** | | | **6,280,850** | | 5,246,502 |

These financial statements were approved by the board of directors on 15/1/18 and were signed on its behalf by:

Matthew [signature]

**M Levine**
Director

The notes on pages 8 to 16 form part of these financial statements.

## Statement of changes in equity

**For the year ended 31 December 2016**

| | Called up share capital | Retained earnings | Total |
|---|---|---|---|
| | £ | £ | £ |
| Balance as at 1 January 2015 | 1,000 | 4,136,883 | 4,137,883 |
| Profit for the year | - | 1,108,619 | 1,108,619 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 1,108,619 | 1,108,619 |
| **Balance as at 31 December 2015** | 1,000 | 5,245,502 | 5,246,502 |
| Profit for the year | - | **1,034,348** | **1,034,348** |
| Other comprehensive income for the year | - | - | - |
| **Total comprehensive income for the year** | - | **1,034,348** | **1,034,348** |
| **Balance as at 31 December 2016** | **1,000** | **6,279,850** | **6,280,850** |

# Notes to the financial statements

## 1. Accounting policies

**General Information**
FocusVision (Europe) Limited (the "company") is a private company limited by shares, registered in England. The address of the registered office is Longford House, Mount Ephraim Road, Tunbridge Wells, Kent, England, TN1 1EN. The principal activity of the company during the year was the provision of video conferencing facilities.

**Statement of compliance**
The individual financial statements of FocusVision (Europe) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**Summary of significant accounting policies**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 13.

**Basis of preparation**
The individual financial statements of the company have been prepared on a going concern basis, under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *'Critical accounting judgements and estimation uncertainty'* section below.

**Going concern basis**
On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore 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 annual financial statements.

**Exemptions for qualifying entities under FRS 102**
FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Clarity Worldwide Holdings, Inc. which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:
(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
(ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
(iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

# Notes to the financial statements (continued)

**Foreign currency**
*(i) Functional and presentation currency*
The company's functional and presentation currency is the pound sterling.

*(ii) Transactions and balances*
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**Turnover**
Turnover is only recognised when persuasive evidence of an arrangement exists, services have been rendered, fees earned are fixed and determinable, and collectability is reasonably assured, exclusive of Value added Tax and trade discounts. Should changes in conditions cause management to determine revenue recognition criteria are not met for certain transactions, revenue is deferred until such time that the transactions become realizable and earned. For customers where services are pre-billed, the revenue related to these services are deferred at the time of invoice and recognized in the period in which the service is provided.

**Employee benefits**
The company provides a range of benefits to employees, including short term benefit and defined contribution pension plans.

*(i) Short term benefits*
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*(ii) Pensions*
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

**Taxation**
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

*(i) Current tax*
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

*(ii) Deferred tax*
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

# Notes to the financial statements (continued)

**Taxation (continued)**
Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**Tangible fixed assets**
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|---|---|
| Computer equipment | 33% straight line |
| Fixtures, fittings & equipment | 20% straight line |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

**Operating leases**
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**Impairment of non-financial assets**
At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

**Cash at bank and in hand**
Cash at bank and in hand includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# Notes to the financial statements (continued)

**Financial instruments**
The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

*(i) Financial assets*
Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*
Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The company does not hold or issue any derivative financial instruments.

*(iii) Offsetting*
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

**Share Capital**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Related party transactions**
The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

# Notes to the financial statements (continued)

**Critical accounting judgements and estimation uncertainty**
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

*(i) Useful economic lives of tangible assets*
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 5 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

**2. Turnover**
Turnover wholly arises from the principal activity of the company. 58% of the company's turnover (2015: 57%) is attributable to geographical markets outside the United Kingdom.

**3. Profit before taxation**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **The profit before taxation is stated after charging** | | |
| Wages and salaries | **474,019** | 619,846 |
| Payroll taxes and benefits | **55,938** | 59,804 |
| Purchased services | **952,040** | 809,526 |
| Travel and entertainment | **47,747** | 54,439 |
| Office expense | **156,075** | 57,329 |
| Depreciation of tangible assets | **1,645** | 402 |
| Advertising and promotion expense | **3,293** | (5,200) |
| Auditor's remuneration | **30,000** | 32,300 |
| Auditor's remuneration – other services relating to taxation | **5,778** | 27,700 |
| Operating lease costs – land and buildings | **103,779** | 98,447 |
| Professional fees | **84,194** | 33,167 |
| Intercompany allocations | **1,134,921** | 749,938 |
| Foreign exchange losses/(gains) | **(134,068)** | 4,971 |

During the year, no directors received any remuneration as they are remunerated by the parent company (Note 11) (2015: £nil). During the year, and the prior year, the company made no contributions to a defined contribution scheme.

The company's average monthly number of employees during 2016 is:

| | 2016 | 2015 |
|---|---|---|
| | **Number** | Number |
| By activity: | | |
| Sales | **4** | 5 |
| Administration and Support | **13** | 14 |
| | **17** | 19 |

# Notes to the financial statements (continued)

**4. Tax on profit**

i) Tax expense included in the income statement

| | 2016 £ | 2015 £ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profit for the year | **254,715** | 274,912 |
| Total current tax | **254,715** | 274,912 |
| | | |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **9,791** | 4,919 |
| Impact of change in tax rate | **358** | (61) |
| Prior year adjustment | **579** | (12,014) |
| Total deferred tax | **10,728** | (7,156) |
| **Tax on profit** | **265,443** | 267,756 |

ii) Reconciliation of tax charge

Tax assessed for the period is higher (2015: higher) than the standard rate of corporation tax in the UK for the year year ended 31 December 2016 of 20.00% (2015: 20.25%). The differences are explained below:

| | 2016 £ | 2015 £ |
|---|---|---|
| Profit on ordinary activities before tax | **1,299,791** | 1,376,375 |
| Profit multiplied by the standard rate of tax in the UK of 20% (2015: 20.25%) | **259,958** | 278,716 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **5,064** | 1,731 |
| Re-measurement of deferred tax – change in UK tax rate | **358** | (61) |
| Prior year adjustment | **579** | (12,014) |
| Unrecognised deferred tax | **(516)** | (616) |
| Total tax charge for the year | **265,443** | 267,756 |

iii) Tax rate changes

Changes to the UK corporation tax rates were announced in the Finance Act 2016 which was 'substantively enacted' and 'fully enacted' on 6 and 15 September 2016. This included reductions to the main rate to reduce the rate to 17% from 1 April 2020. The main corporate tax rate reduced to 19% from 1 April 2017.

# Notes to the financial statements (continued)

**5. Tangible assets.**

| | Fixtures and Fittings | Computer Equipment | Total |
|---|---|---|---|
| **Cost** | £ | £ | £ |
| As at 1 January 2016 | - | 3,447 | 3,447 |
| Additions | 19,209 | 23,013 | 42,222 |
| **As at 31 December 2016** | 19,209 | 26,460 | 45,669 |
| **Accumulated depreciation** | | | |
| As at 1 January 2016 | - | 402 | 402 |
| Charge for the period | 445 | 1,200 | 1,645 |
| **As at 31 December 2016** | 445 | 1,602 | 2,047 |
| **Net Book Value** | | | |
| **As at 31 December 2016** | 18,764 | 24,858 | 43,622 |
| As at 31 December 2015 | - | 3,045 | 3,045 |

**6. Debtors**

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Trade debtors | **1,591,189** | 987,397 |
| Amounts owed by group undertakings | **5,775,742** | 5,236,140 |
| Deferred tax asset | **-** | 7,156 |
| Other debtors | **23,319** | 57,188 |
| Prepayments and accrued income | **112,833** | 36,878 |
| | **7,503,083** | 6,324,759 |

Trade debtors are stated after provisions of impairment of £24,821 (2015:£35,779). Amounts owed by group undertakings are repayable on demand, unsecured and interest free. The deferred tax asset arises on short term timing differences.

**7. Creditors: Amounts falling due within one year**

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Trade creditors | **412,908** | 243,204 |
| Amounts owed to group undertakings | **463,980** | 395,825 |
| Deferred tax liability | **3,572** | - |
| Taxation and social security | **487,700** | 529,497 |
| Accruals and deferred income | **73,594** | 162,277 |
| | **1,441,754** | 1,330,803 |

Amounts owed to group undertakings are repayable on demand, unsecured and interest free.

# Notes to the financial statements (continued)

**8. Deferred Tax**

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2015: 20%)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 31 December 2016 was:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Deferred tax liabilities/(assets) | **3,572** | (7,156) |

The movement for the year in the net deferred income tax account is as shown below:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| At 1 January | **(7,156)** | - |
| Adjustment to prior year's deferred income tax | **579** | (12,014) |
| Impact of change in tax rates | **358** | - |
| Origination and reversal of timing differences | **9,791** | 4,858 |
| At 31 December | **3,572** | (7,156) |

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Accelerated capital allowances | **8,288** | - |
| Other timing differences | **(4,716)** | (7,156) |
| | **3,572** | (7,156) |

**9. Called up share capital**

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| **Allotted, issued and fully paid:** | | |
| 1,000 (2015: 1,000) Ordinary shares of £1 (2015: £1) each | **1,000** | 1,000 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**10. Commitments**

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Not later than one year | **17,460** | 69,840 |
| Later than one year and not later than five years | **-** | 17,460 |
| Later than five years | **-** | - |
| | **17,460** | 87,300 |

# Notes to the financial statements (continued)

## 11. Related party transactions

The company has taken advantage of Paragraph 33.1A of FRS 102 and discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

## 12. Ultimate Parent Undertaking and controlling Party

The immediate parent company is FocusVision Worldwide, Inc., a company incorporated in the United States of America. The largest group in which the results of the company are consolidated is that headed by Clarity Worldwide Holdings, Inc.. Consolidated statements can be obtained at 1266 East Main Street; Stamford, Connecticut, 06902. The company is controlled by the EQT Mid Market US Fund.

## 13. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2015. The date of transition to FRS 102 was 1 January 2015. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December, 2015 and the total equity as at 1 January 2015 and 31 December 2015 between UK GAAP as previously reported and FRS 102.

### Transition exemptions

The company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of the lease incentive in existence of the date of transition to FRS 102.