

Financial Statements

Dovetail Systems Limited

For the year ended 31 December 2012



Registered number: 05942721

Company Information

Directors	M D Coen I D Jackson R P Little W J Rockett E R Little (appointed 25 October 2012) S C Husk (appointed 29 April 2013) D C Little (appointed 1 April 2013) E K Little (appointed 1 April 2013)
Company secretary	W J Rockett
Registered number	05942721
Registered office	5th Floor 51 Moorgate London EC2R 6BH
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Melton Street Euston London NW1 2EP

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company during the year was the provision of computer software and related services

Business review

Sales revenue in the year under review was £12,657,035 compared with £9,331,178 last year. The growth in sales revenue resulted from the continued strong demand for the company's products and services. The operating profit of the company for 2012 was £196,043 (2011 £49,410), reflecting market conditions experienced during the financial year.

Results

The profit for the year, after taxation, amounted to £193,965 (2011 £49,400)

Directors

The directors who served during the year were

M D Coen
I D Jackson
R P Little
W J Rockett
E R Little (appointed 25 October 2012)

Directors' Report

For the year ended 31 December 2012

Directors' responsibilities statement

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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. 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **30 SEPTEMBER 2013** and signed on its behalf


M D Coen
Director



Independent Auditors' Report to the Members of Dovetail Systems Limited

We have audited the financial statements of Dovetail Systems Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 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.

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.



Independent Auditors' Report to the Members of Dovetail Systems Limited

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

Grant Thornton UK LLP

Peter Smithson (Senior statutory auditor)
For and on behalf of Grant Thornton UK LLP

Chartered Accountants
Registered Auditor

Date *30 September 2013*

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	12,657,035	9,331,178
Cost of sales		(7,001,613)	(3,556,333)
Gross profit		5,655,422	5,774,845
Other operating charges		(5,459,379)	(5,725,435)
Operating profit	3	196,043	49,410
Interest payable and similar charges	6	(6)	(10)
Profit on ordinary activities before taxation		196,037	49,400
Tax on profit on ordinary activities	7	(2,072)	-
Profit for the financial year	12	193,965	49,400

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 13 form part of these financial statements

Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	8		215,194		221,429
Current assets					
Debtors	9	3,456,688		2,513,478	
Cash at bank and in hand		468,781		1,582,130	
		<u>3,925,469</u>		<u>4,095,608</u>	
Creditors: amounts falling due within one year	10	<u>(4,098,429)</u>		<u>(4,468,768)</u>	
Net current liabilities			<u>(172,960)</u>		<u>(373,160)</u>
Net assets/(liabilities)			<u>42,234</u>		<u>(151,731)</u>
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		<u>42,233</u>		<u>(151,732)</u>
Shareholders' funds/(deficit)	13		<u>42,234</u>		<u>(151,731)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/9/13


M D Coen
 Director

The notes on pages 7 to 13 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The directors are confident that the company will continue to be profitable in the foreseeable future (at least 12 months and a day from the date of signing the financial statements), and with a review of the future business plan it is appropriate to prepare these accounts on a going concern basis

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of its principal activities supplied during the year, exclusive of Value Added Tax and trade discounts

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	33% straight line
Computer equipment	-	33% straight line

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.9 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

1.10 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

The whole of the turnover is attributable to the provision of computer software and related services

All turnover arose within the United Kingdom and Europe

Notes to the Financial Statements

For the year ended 31 December 2012

3. Operating profit

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	98,268	43,729
Auditors' remuneration	14,400	15,100
Auditors' remuneration - non-audit	1,100	1,100
Operating lease rentals		
- other operating leases	115,945	95,420
	<u>115,945</u>	<u>95,420</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	4,215,566	3,394,969
Social security costs	584,251	355,817
Other pension costs	178,192	121,359
	<u>4,978,009</u>	<u>3,872,145</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No.	No.
Management	4	4
Administration	46	31
	<u>50</u>	<u>35</u>

5. Directors' remuneration

	2012	2011
	£	£
Remuneration	<u>382,333</u>	<u>305,333</u>

During the year retirement benefits were accruing to no directors (2011 - NIL) in respect of defined benefit pension schemes

The highest paid director received remuneration of £212,000 (2011 - £252,200)

Notes to the Financial Statements

For the year ended 31 December 2012

6. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	6	10
	<u>6</u>	<u>10</u>

7. Taxation

	2012	2011
	£	£
UK corporation tax charge on profit for the year	2,072	-
	<u>2,072</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 22%) The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	196,037	49,400
	<u>196,037</u>	<u>49,400</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 22%)	39,207	10,868

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	311	-
Capital allowances for year in excess of depreciation	5,101	-
Utilisation of tax losses	(42,547)	(10,868)
	<u>2,072</u>	<u>-</u>
Current tax charge for the year (see note above)	2,072	-

Notes to the Financial Statements

For the year ended 31 December 2012

8. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2012	237,972	48,576	286,548
Additions	39,605	52,428	92,033
At 31 December 2012	<u>277,577</u>	<u>101,004</u>	<u>378,581</u>
Depreciation			
At 1 January 2012	65,048	71	65,119
Charge for the year	67,254	31,014	98,268
At 31 December 2012	<u>132,302</u>	<u>31,085</u>	<u>163,387</u>
Net book value			
At 31 December 2012	<u>145,275</u>	<u>69,919</u>	<u>215,194</u>
At 31 December 2011	<u>172,924</u>	<u>48,505</u>	<u>221,429</u>

9. Debtors

	2012 £	2011 £
Trade debtors	3,069,332	2,233,244
Other debtors	18,394	12,064
Prepayments and accrued income	368,962	268,170
	<u>3,456,688</u>	<u>2,513,478</u>

10. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	404,137	218,299
Amounts owed to group undertakings	1,495,393	2,052,225
Corporation tax	2,072	-
Other taxation and social security	209,692	316,100
Other creditors	117,704	23,789
Accruals and deferred income	1,869,431	1,858,355
	<u>4,098,429</u>	<u>4,468,768</u>

Notes to the Financial Statements

For the year ended 31 December 2012

11. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. Reserves

	Profit and loss account £
At 1 January 2012	(151,732)
Profit for the financial year	<u>193,965</u>
At 31 December 2012	<u>42,233</u>

13. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' deficit	(151,731)	(201,131)
Profit for the financial year	<u>193,965</u>	<u>49,400</u>
Closing shareholders' funds/(deficit)	<u>42,234</u>	<u>(151,731)</u>

14. Contingent assets/liabilities

There were no contingent assets or liabilities at 31 December 2012 or 31 December 2011

15. Capital commitments

The company had no capital commitments at 31 December 2012 or 31 December 2011

16. Pension commitments

The group operates a group personal contribution pension scheme for the benefit of the employees. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £178,192 (2011 £121,359)

Notes to the Financial Statements

For the year ended 31 December 2012

17. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Between 2 and 5 years	369,038	443,465

18. Related party transactions

The company is a wholly owned subsidiary of Dovetail Group Limited, a company registered in Ireland. The amount owed by Dovetail Systems Limited to Dovetail Group Limited is included under 'amounts owed to group undertakings' in Creditors' amounts falling due within one year.

Amounts totalling £60,000 (2011: £nil) were invoiced to the company by Hawkley Corporation Limited, a company controlled by Mr R Little, in respect of consultancy services and directors' fees for Mr R Little.

At 31 December 2011, trade creditors due within one year included £4,110 and accruals due within one year included £4,000, both amounts were due to M D Coen, a director of the company, in respect of reimbursement of expenses incurred. The maximum payable in the 2011 financial year was £8,110.

No further transactions with related parties were undertaken which are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective April 2008).

19. Ultimate parent undertaking and controlling party

The ultimate parent company of the company is Dovetail Group Limited, a company registered in Ireland.