

Company Registration No. 11176072 (England and Wales)

FOCAL VENTURES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

FOCAL VENTURES LIMITED

COMPANY INFORMATION

Directors	T Claridge	
	J Hallsworth	
	B Quiney	
	T Wright	
	M Gates	
	R Groenewold	
	G Bell	
	C Dines	
	L Wainwright	(Appointed 1 December 2020)
	K Meier	(Appointed 6 April 2021)
Company number	11176072	
Registered office	30 City Road London EC1Y 2AB	
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB	

FOCAL VENTURES LIMITED

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FOCAL VENTURES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the group strategic report for the year ended 31 December 2020.

Business review

Following the merger of FocalAgent Limited and KeyAgent Limited in April 2018, the business has been focussed in 2020 on managing through the global pandemic. This has caused uncertainties in the market, for our colleagues and our business. As a result of national lockdowns, the property market stopped in April and slowly reopened through the third quarter when demand was strong. Operational challenges continued through the second half of the year and into 2021.

Revenue performance has been admirable under the circumstances, with 2020 finishing 1.5% ahead of 2019 despite the disruption in the market in Q2. This revenue was largely driven by an increasing participation of our existing customers' business. In addition to this we grew basket size from new products like Matterport. Estate agents had to pivot working online, which increased the need and benefit of professional imagery and visual plans.

Much of our growth development in 2020 remained focused on new product design and Artificial Intelligence.

Results & Key Performance Indicators

	2020	2019
Turnover	£12,341,173	£12,161,292
Gross Profit	£6,737,631	£7,038,156
Operating Profit	£589,018	£40,794

Principal risks

Our main risk remains our mix of revenue towards large existing customers, although our long term relationships and contracts mitigates this significantly.

To mitigate these risks we are looking at 3 key areas:

- To work with our customers to help them use our products more to increase their market share
- To expand our proposition for the lettings market
- To diversify revenue by expanding our customer base through the acquisition of mid-sized and smaller, independent agents

Although technology developments do pose a threat it is mitigated by our own work to stay relevant with our proposition.

Future developments

Whilst we continue to stay focussed on our key existing customers, we are developing the capability to attract and acquire business through digital marketing, so that our growth is scalable to the demand in the market for our products and services.

On behalf of the board

M Gates

Director

9 September 2021

FOCAL VENTURES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the group continued to be that of providing marketing tools and audio tools for estate agents and others selling properties. The principal activity of the company continued to be that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T Claridge
J Hallsworth
B Quiney
T Wright
M Gates
R Groenewold
G Bell
C Dines
L Wainwright
D Reynolds
K Meier

(Appointed 1 December 2020)

(Appointed 1 December 2020 and resigned 15 March 2021)

(Appointed 6 April 2021)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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 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 company, and of the profit or loss of the group 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 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOCAL VENTURES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

M Gates

Director

9 September 2021

FOCAL VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FOCAL VENTURES LIMITED

Opinion

We have audited the financial statements of Focal Ventures Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FOCAL VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FOCAL VENTURES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

FOCAL VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FOCAL VENTURES LIMITED

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and experience of the groups sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group including, but not limited to, the Companies Act 2006, and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- understanding the business model as part of the control and business environment;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations and;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence and enquiring with the company of actual and potential non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

FOCAL VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FOCAL VENTURES LIMITED

Use of our report

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 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Hughes ACA (Senior Statutory Auditor)
For and on behalf of Arram Berlyn Gardner LLP

20 September 2021

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

FOCAL VENTURES LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	2	12,341,173	12,161,292
Cost of sales		(5,603,542)	(5,123,136)
Gross profit		<u>6,737,631</u>	<u>7,038,156</u>
Administrative expenses		(6,587,844)	(6,938,033)
Other operating income		525,506	22,971
Exceptional item	3	(86,275)	(82,300)
Operating profit	4	<u>589,018</u>	<u>40,794</u>
Interest receivable and similar income	8	310	967
Interest payable and similar expenses	9	(54,670)	(53,644)
Profit/(loss) before taxation		<u>534,658</u>	<u>(11,883)</u>
Tax on profit/(loss)	10	(20,229)	(51,383)
Profit/(loss) for the financial year		<u><u>514,429</u></u>	<u><u>(63,266)</u></u>

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

FOCAL VENTURES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit/(loss) for the year	514,429	(63,266)
Other comprehensive income		
Transfer of non-distributable costs	54,670	53,644
Total comprehensive income for the year	<u>569,099</u>	<u>(9,622)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

FOCAL VENTURES LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	11		2,492		18,051
Tangible assets	12		290,892		292,155
			<u>293,384</u>		<u>310,206</u>
Current assets					
Debtors	15	3,376,462		1,892,097	
Cash at bank and in hand		<u>2,521,970</u>		<u>605,867</u>	
		5,898,432		2,497,964	
Creditors: amounts falling due within one year	16	<u>(3,293,657)</u>		<u>(1,514,924)</u>	
Net current assets			<u>2,604,775</u>		<u>983,040</u>
Total assets less current liabilities			<u>2,898,159</u>		<u>1,293,246</u>
Creditors: amounts falling due after more than one year	17		(2,461,125)		(1,366,747)
Provisions for liabilities					
Deferred tax liability	19	<u>41,917</u>	(41,917)	<u>45,811</u>	(45,811)
Net assets/(liabilities)			<u><u>395,117</u></u>		<u><u>(119,312)</u></u>
Capital and reserves					
Called up share capital	21		419		419
Share premium account	22		17,400		17,400
Equity reserve	22		56,583		83,253
Other reserves	22		(1,512,403)		(1,484,403)
Profit and loss reserves	22		<u>1,833,118</u>		<u>1,264,019</u>
Total equity			<u><u>395,117</u></u>		<u><u>(119,312)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 9 September 2021 and are signed on its behalf by:

M Gates
Director

FOCAL VENTURES LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		24,985		22,186
Investments	13		1,481,659		1,481,659
			<u>1,506,644</u>		<u>1,503,845</u>
Current assets					
Debtors	15	226,188		212,638	
Cash at bank and in hand		25,486		8,529	
		<u>251,674</u>		<u>221,167</u>	
Creditors: amounts falling due within one year	16	(836,767)		(662,059)	
Net current liabilities			<u>(585,093)</u>		<u>(440,892)</u>
Total assets less current liabilities			921,551		1,062,953
Creditors: amounts falling due after more than one year	17		(1,393,417)		(1,366,747)
Net liabilities			<u>(471,866)</u>		<u>(303,794)</u>
Capital and reserves					
Called up share capital	21		419		419
Share premium account	22		17,400		17,400
Equity reserve	22		56,583		83,253
Other reserves	22		(74,667)		(46,667)
Profit and loss reserves	22		(471,601)		(358,199)
Total equity			<u>(471,866)</u>		<u>(303,794)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the period was £168,072 (2019: £411,843).

The financial statements were approved by the board of directors and authorised for issue on 9 September 2021 and are signed on its behalf by:

M Gates
Director

Company Registration No. 11176072

FOCAL VENTURES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Share premium account	Equity reserve	Other reserves/loss	Profit and reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2019	416	-	108,897	(1,456,403)	1,273,641	(73,449)
Year ended 31 December 2019:						
Loss for the year	-	-	-	-	(63,266)	(63,266)
Other comprehensive income:						
Transfers	-	-	-	-	53,644	53,644
Total comprehensive income for the year	-	-	-	-	(9,622)	(9,622)
Issue of share capital	3	17,400	-	-	-	17,403
Other movements	-	-	(25,644)	(28,000)	-	(53,644)
Balance at 31 December 2019	419	17,400	83,253	(1,484,403)	1,264,019	(119,312)
Year ended 31 December 2020:						
Profit for the year	-	-	-	-	514,429	514,429
Other comprehensive income:						
Transfers	-	-	-	-	54,670	54,670
Total comprehensive income for the year	-	-	-	-	569,099	569,099
Other movements	-	-	(26,670)	(28,000)	-	(54,670)
Balance at 31 December 2020	419	17,400	56,583	(1,512,403)	1,833,118	395,117

FOCAL VENTURES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Share premium account	Equity reserve	Other reserves/loss	Profit and reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2019	416	-	108,897	(18,667)	-	90,646
Year ended 31 December 2019:						
Loss for the year	-	-	-	-	(411,843)	(411,843)
Other comprehensive income:						
Transfers	-	-	-	-	53,644	53,644
Total comprehensive income for the year	-	-	-	-	(358,199)	(358,199)
Issue of share capital	3	17,400	-	-	-	17,403
Other movements	-	-	(25,644)	(28,000)	-	(53,644)
Balance at 31 December 2019	419	17,400	83,253	(46,667)	(358,199)	(303,794)
Year ended 31 December 2020:						
Loss for the year	-	-	-	-	(168,072)	(168,072)
Other comprehensive income:						
Transfers	-	-	-	-	54,670	54,670
Total comprehensive income for the year	-	-	-	-	(113,402)	(113,402)
Other movements	-	-	(26,670)	(28,000)	-	(54,670)
Balance at 31 December 2020	419	17,400	56,583	(74,667)	(471,601)	(471,866)

FOCAL VENTURES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24				
		892,146		(449,784)	
Income taxes (paid)/refunded		(111,908)		56,057	
Net cash inflow/(outflow) from operating activities		780,238		(393,727)	
Investing activities					
Purchase of intangible assets		-		(3,500)	
Purchase of tangible fixed assets		(114,445)		(160,211)	
Interest received		310		967	
Net cash used in investing activities		(114,135)		(162,744)	
Financing activities					
Proceeds from issue of shares		-		17,403	
Proceeds of new bank loans		1,250,000		-	
Net cash generated from financing activities		1,250,000		17,403	
Net increase/(decrease) in cash and cash equivalents		1,916,103		(539,068)	
Cash and cash equivalents at beginning of year		605,867		1,144,935	
Cash and cash equivalents at end of year		2,521,970		605,867	

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Focal Ventures Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 30 City Road, London, EC1Y 2AB.

The principal place of business is Focal City, 4th Floor, Stephenson House, Cherry Orchard Road, Croydon, CR0 6BA.

The group consists of Focal Ventures Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The financial statements have been prepared using the merger accounting principles on the basis of a true and fair override. The reasons for invoking this are as follows:

The substance of the arrangement between the combined shareholders was that of a merger bringing FocalAgent Limited and KeyAgent Limited together to exploit synergies.

The combining shareholders and directors have agreed joint management of the overall group.

Whilst the shareholdings of FocalAgent Limited and KeyAgent Limited were not the same prior to the combination, the relative shareholdings of Focal Ventures Limited represents, the two sides of the business in the same proportions.

The relative values of the combining entities to be owned in those proportions have been equalised.

Focal Ventures Limited is a private company owned by the former shareholders of the combining businesses formed solely for the purpose of this combination.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from provision of property visual content services is recognised upon the completion of the service.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intangible fixed assets	Straight line policy over 3 years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over the period of the lease
Fixtures and fittings	25% straight line & 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits at bank.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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 the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, loan notes, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of services	12,341,173	12,161,292
	<u>12,341,173</u>	<u>12,161,292</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	310	967
Grants received	513,470	-
Rental income	12,036	22,971
	<u>525,816</u>	<u>23,938</u>

Grants received are comprised of furlough claims offered by the UK government in accordance with their COVID assistance programmes for businesses.

3 Exceptional item

	2020	2019
	£	£
Expenditure		
Compensation for loss of office costs	64,493	82,300
COVID-19 PPE	21,782	-
	<u>86,275</u>	<u>82,300</u>

During the year, compensation for loss of office costs amounted to £64,493 (2019: £82,300).

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	115,708	104,630
Amortisation of intangible assets	15,559	14,304
Operating lease charges	362,694	331,837
	<u>493,961</u>	<u>450,771</u>

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Auditor's remuneration

		2020	2019
		£	£
Fees payable to the company's auditor and associates:			
For audit services			
Audit of the financial statements of the group, company and company's subsidiaries			
	2020	32,800	-
	2019	47,400	-
	2018	-	26,965
		<u>80,200</u>	<u>26,965</u>
For other services			
All other non-audit services		<u>28,440</u>	<u>19,465</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group	2019	Company	2019
2020	2019	2020	2019
Number	Number	Number	Number
129	133	7	7
<u>129</u>	<u>133</u>	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	Group	2019	Company	2019
	2020	2019	2020	2019
	£	£	£	£
Wages and salaries	4,334,551	4,435,729	76,697	141,560
Social security costs	443,793	467,284	13,841	19,989
Pension costs	68,922	70,386	675	591
	<u>4,847,266</u>	<u>4,973,399</u>	<u>91,213</u>	<u>162,140</u>

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	<u>445,860</u>	<u>697,714</u>

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7	Directors' remuneration	(Continued)	
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
		2020	2019
		£	£
	Remuneration for qualifying services	125,325	156,154
8	Interest receivable and similar income		
		2020	2019
		£	£
	Interest income		
	Interest on bank deposits	310	967
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	310	967
9	Interest payable and similar expenses		
		2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on loan notes	26,670	25,644
	Other finance costs:		
	Interest on preference shares	28,000	28,000
	Total finance costs	54,670	53,644
10	Taxation		
		2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	24,123	12,700
	Deferred tax		
	Origination and reversal of timing differences	(3,894)	38,683
	Total tax charge	20,229	51,383

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit/(loss) before taxation	534,658	(11,883)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	101,585	(2,258)
Tax effect of expenses that are not deductible in determining taxable profit	(576)	11,959
Adjustments in respect of prior years	(84,082)	-
Permanent capital allowances in excess of depreciation	(1,019)	(6,703)
Other non-reversing timing differences	(2,173)	-
Other permanent differences	10,388	9,702
Deferred tax adjustments in respect of prior years	(3,894)	38,683
Taxation charge	20,229	51,383

11 Intangible fixed assets

Group	Intangible fixed assets £
Cost	
At 1 January 2020 and 31 December 2020	46,439
Amortisation and impairment	
At 1 January 2020	28,388
Amortisation charged for the year	15,559
At 31 December 2020	43,947
Carrying amount	
At 31 December 2020	2,492
At 31 December 2019	18,051

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Leasehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2020	22,186	466,183	488,369
Additions	-	114,445	114,445
At 31 December 2020	22,186	580,628	602,814
Depreciation and impairment			
At 1 January 2020	-	196,214	196,214
Depreciation charged in the year	-	115,708	115,708
At 31 December 2020	-	311,922	311,922
Carrying amount			
At 31 December 2020	22,186	268,706	290,892
At 31 December 2019	22,186	269,969	292,155
Company	Leasehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2020	22,186	-	22,186
Additions	-	2,799	2,799
At 31 December 2020	22,186	2,799	24,985
Depreciation and impairment			
At 1 January 2020 and 31 December 2020	-	-	-
Carrying amount			
At 31 December 2020	22,186	2,799	24,985
At 31 December 2019	22,186	-	22,186

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	1,481,659	1,481,659

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments	
Company	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020 and 31 December 2020	1,481,659
Carrying amount	
At 31 December 2020	1,481,659
At 31 December 2019	1,481,659

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
FocalAgent Ltd	1	Provision of marketing/audio tools for estate agents and selling properties	Ordinary	100.00
KeyAgent Ltd	1	Dormant company	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 30 City Road, London, EC1Y 2AB

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	2,859,294	1,467,211	-	-
Corporation tax recoverable	300	-	300	-
Other debtors	310,423	236,905	188,113	160,944
Prepayments and accrued income	206,445	187,981	37,775	51,694
	<u>3,376,462</u>	<u>1,892,097</u>	<u>226,188</u>	<u>212,638</u>

Trade debtors disclosed above are measured at amortised cost.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	18	182,292	-	-	-
Trade creditors		858,598	555,906	115,423	9,009
Amounts owed to group undertakings		-	-	560,997	575,116
Corporation tax payable		27,048	114,533	-	-
Other taxation and social security		1,771,439	536,227	92,509	25,415
Other creditors		19,301	30,663	1,219	-
Accruals and deferred income		434,979	277,595	66,619	52,519
		<u>3,293,657</u>	<u>1,514,924</u>	<u>836,767</u>	<u>662,059</u>

Included within amounts owed to group undertakings are loans of £560,997 (2019: £575,116) which are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	18	1,067,708	-	-	-
Other borrowings	18	1,393,417	1,366,747	1,393,417	1,366,747
		<u>2,461,125</u>	<u>1,366,747</u>	<u>1,393,417</u>	<u>1,366,747</u>

18 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	1,250,000	-	-	-
Preference shares	700,000	700,000	700,000	700,000
Other loans	693,417	666,747	693,417	666,747
	<u>2,643,417</u>	<u>1,366,747</u>	<u>1,393,417</u>	<u>1,366,747</u>
Payable within one year	182,292	-	-	-
Payable after one year	<u>2,461,125</u>	<u>1,366,747</u>	<u>1,393,417</u>	<u>1,366,747</u>

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Loans and overdrafts

(Continued)

The bank loan is repayable over five years from draw down. The loan is interest free for the first twelve months, with interest being charged at 1.7% over the Bank of England base rate thereafter. The loan is secured by a fixed charge in the form of a debenture over trade and assets of the company.

The preference shares carry a fixed cumulative preferential dividend at the rate of 4% per annum. The shares do not confer any voting rights. On winding up, the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend.

The other loans represent loan notes which are unsecured, with no interest charged and crystallise on the event of a sale of the company in excess of £30,750,000. The effective rate of interest is 4%.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	41,917	45,811

The company has no deferred tax assets or liabilities.

	Group 2020 £
Movements in the year:	
Liability at 1 January 2020	45,811
Credit to profit or loss	(3,894)
Liability at 31 December 2020	41,917

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	68,922	70,386

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
291 Ordinary A shares of £1 each	291	291
12,790 Ordinary B shares of 1p each	128	128
	<u>419</u>	<u>419</u>
	<u><u>419</u></u>	<u><u>419</u></u>

The A shareholders have the right to receive notice of, attend or vote at general meetings of the company. The A shares confer no right to receive dividends. The A shareholders are not entitled to participate in a distribution of assets (including on winding up). The A shares do not confer any rights of redemption.

The B shareholders have no right to receive notice of, attend or vote at general meetings of the company. The B shares confer the right to receive dividends (after payment of any preference dividend). The B shareholders are entitled to participate in a distribution of assets (including on winding up) after paying the preference shareholders any amounts due to them. The B shares do not confer any rights of redemption.

22 Reserves

Equity reserves

The equity reserve has arisen on the discounted loan notes. The liability is measured at amortised cost and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement of Financial Position has been credited to the equity reserve.

Other reserves

Other reserves for the group have arisen on consolidation of the subsidiaries under the merger accounting principles, which has resulted in an other reserve and represents the nominal value of the consideration of the investment in the subsidiaries in excess of the book value of the company.

Other reserves for the company is the accrued preference shares interest charge.

Profit and loss reserves

Retained earnings represents the group accumulated comprehensive income for the period.

23 Operating lease commitments

Lessee

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	260,000	260,000	260,000	260,000
Between two and five years	282,082	746,521	282,082	746,521
	<u>542,082</u>	<u>1,006,521</u>	<u>542,082</u>	<u>1,006,521</u>
	<u><u>542,082</u></u>	<u><u>1,006,521</u></u>	<u><u>542,082</u></u>	<u><u>1,006,521</u></u>

FOCAL VENTURES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Cash generated from/(absorbed by) group operations

	2020	2019
	£	£
Profit/(loss) for the year after tax	514,429	(63,266)
Adjustments for:		
Taxation charged	20,229	51,383
Finance costs	54,670	53,644
Investment income	(310)	(967)
Amortisation and impairment of intangible assets	15,559	14,304
Depreciation and impairment of tangible fixed assets	115,708	104,630
Movements in working capital:		
Increase in debtors	(1,484,065)	(473,347)
Increase/(decrease) in creditors	1,655,926	(136,165)
Cash generated from/(absorbed by) operations	892,146	(449,784)

25 Analysis of changes in net debt - group

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	605,867	1,916,103	2,521,970
Borrowings excluding overdrafts	(1,366,747)	(1,276,670)	(2,643,417)
	<u>(760,880)</u>	<u>639,433</u>	<u>(121,447)</u>

26 Analysis of changes in net debt - company

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	8,529	16,957	25,486
Borrowings excluding overdrafts	(1,366,747)	(26,670)	(1,393,417)
	<u>(1,358,218)</u>	<u>(9,713)</u>	<u>(1,367,931)</u>

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