

**REGISTRAR OF
COMPANIES**

CH

WASP Management Software Limited

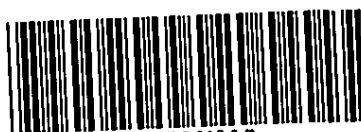
Report and Financial Statements

Period Ended

31 December 2012

Company Number 07745721

WEDNESDAY



L25YVVVV

LD3

10/04/2013

#64

COMPANIES HOUSE

Contents

Page:

1	Report of the directors
5	Independent auditor's report
6	Consolidated statement of comprehensive income
7	Consolidated statement of financial position
8	Company statement of financial position
9	Consolidated and company statement of changes in equity
10	Consolidated and company statement of cash flows
11	Notes forming part of the financial statements

Directors' report

The Directors submit their report and the consolidated financial statements for the period ended 31 December 2012 for WASP Management Software Limited, (formally Intercede 2432 Limited) a company incorporated in England and Wales (registered no 07745721) on 18 August 2011

Principal activity

The principal activity of the group headed by WASP Management Software Limited is the development, supply and implementation of software products and services for workforce management

Results and dividends

The consolidated trading results and period end financial position are shown in the financial statements on pages 6 to 10

The loss after tax for the financial period was £9,000,000 No dividend was paid during the period in respect of the results for the period ended 31 December 2012

The Board does not propose a final dividend for the period

Review of business

On 4 January 2012 the Company purchased the entire share capital of Workplace Systems International Plc before de-listing that company from the Alternative Investment Market in a transaction that valued the Workplace Systems International group at £41m Since that time the Group has developed its Workplace Cloud based On-Line business with additional customers in each of the three regions in which the Group trades

Whilst cash balances were increased during the period, overall working capital was reduced as the Group continued to finance the development of its Cloud based products and the investment in Workplace Systems International

The Group expects to continue to build on its existing business model with particular focus on the US market during 2013

The Group uses a range of performance measures to monitor and manage the business effectively The most significant of these are the key performance indicators

The key performance indicators for the period ended 31 December 2012 are set out below

	2012
	£000s
Revenue	10,565
Loss from operations	(5,451)
Cash	4,077

Risks and uncertainties

The Group is faced with a number of risks and uncertainties which could have a material impact on the Group's long term performance and cause actual results to differ materially from expected and historical results

Management seek to identify material risks and mitigate the Group's potential exposure

A summary of the key risks is given below

Competitor risk

The market for workforce management is becoming increasingly competitive To mitigate this risk, management works to build strong customer relationships and to continually develop the Group's product offering

Credit risk

Credit risk is managed on a Group basis Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board The utilisation of credit limits is regularly monitored

The Group has focused on selling to a "blue chip" customer base thereby minimising the risk of incurring bad debts

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions The Group maintains flexibility by maintaining appropriate headroom in its cash position

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows This is carried out in accordance with recommended accounting practice and limits set by the Group The Board reviews the Group's liquidity at its monthly meetings

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements

Foreign currency risk

As an exporter to Europe, North America and Australia the Group is exposed to foreign currency exchange risk through transactions with customers and, to a lesser extent, suppliers The Directors monitor the position at their regular meetings and, where they consider it necessary, undertake hedging arrangements through the purchase of forward contracts

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk

Interest rate risk

The Group's main sources of revenue and operating cash flows are substantially independent of changes in market interest rates. The Group has significant interest-bearing assets on which it seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow. There are no significant interest-bearing liabilities.

Going concern

In accordance with the Guidance on Going Concern and liquidity risk. Guidance for directors of UK Companies 2009, the Directors confirm that, after making enquiries, they have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Research and development

The Group is committed to considerable software research and development activities and is continually developing its standard software products. All expenditure on research activities is written off to the Statement of Comprehensive Income immediately as it is incurred. Development expenditure is also written off as incurred unless the Board considers that an intangible asset has arisen from the Group's software development and only if the conditions of IAS 38 as disclosed in the accounting policy are met.

As disclosed in note 5, £2,210,000 was expensed in the year.

Directors and their interests

The directors who served from incorporation to the date of this report, unless otherwise stated were -

A W Davis (appointed 1 December 2011)

P De Smedt (appointed 2 May 2012)

K Dasgupta (appointed 1 December 2011)

A P Knight (appointed 1 December 2011)

A Norman (appointed 2 April 2012)

B P Quinn (appointed 1 December 2011)

D Sasaki (appointed 1 December 2011)

M Wells (appointed 1 February 2012)

P K Wright (appointed 1 December 2011)

W Yuill (appointed 18 August 2011, resigned 1 December 2011)

Mitre Directors Limited (appointed 18 August 2011, resigned 1 December 2011)

The Company maintains Directors and Officers insurance on behalf of the Company's officers.

The directors' interest in equity shares as at 31 December 2012 and at the date of the financial statements were -

A W Davis - 10,625 ordinary B shares of £1 each

P De Smedt - 3,125 ordinary C shares of £1 each

K Dasgupta - nil shares

A P Knight - 10,625 ordinary B shares of £1 each

A Norman - 2,500 ordinary C shares of £1 each

B P Quinn - 10,625 ordinary B shares of £1 each

D Sasaki - nil shares

M Wells - 1,250 ordinary C shares of £1 each

P K Wright - 10,625 ordinary B shares of £1 each

Charitable and political donations

During the period the Group made charitable donations totalling £Nil. There were no political donations made during the period.

Payment of suppliers

It is the Group's policy that in respect of all its suppliers, the Group intends to settle payment under the agreed terms. The Group also intends to abide by and to ensure that the suppliers are aware of the terms of payment. For the period ended 31 December 2012 the Group's creditor payment period was 35 days.

Events subsequent to the statement of financial position

There were no events subsequent to the Balance Sheet date that require disclosure.

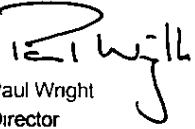
Statement as to disclosure of information to auditors

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each of the Directors has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

BDO LLP were appointed as auditors in the period. They have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'P Wright', written over the printed name and title.

Paul Wright
Director

28 MAR 2013

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements

United Kingdom company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare financial statements for the Company in accordance with IFRS as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position and cash flows. This requires the fair representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

The Directors are required to

- properly select and apply accounting policies,
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of WASP Management Software Limited

We have audited the financial statements of WASP Management Software Limited for the period ended 31 December 2012 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, and the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 APB'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 group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

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 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.



Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date

28 MAR 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated statement of comprehensive income

for the sixteen month period ended 31 December 2012

		16 month period to 31 December 2012 £'000
Continuing operations	Notes	
Revenue	4	10,565
Cost of sales		(853)
Gross profit		9,712
Administration expenses		(15,163)
Loss from operations	5	(5,451)
Finance income	7	22
Finance expense	7	(3,928)
Loss before tax		(9,357)
Tax	8	357
Loss for the period		(9,000)
Other comprehensive income		
Exchange differences arising on translation of foreign operations		(95)
Total comprehensive income for the period		(9,095)

The accompanying accounting policies and notes on pages 11 to 25 are an integral part of these consolidated financial statements

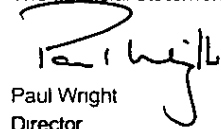
Consolidated statement of financial position

as at 31 December 2012

	Notes	December 2012 £'000
Non-current assets		
Goodwill	9	33,601
Other intangible assets	9	5,549
Property, plant and equipment	10	428
		39,578
Current assets		
Trade and other receivables	12	2,940
Cash and cash equivalents		4,077
		7,017
Total assets		46,595
Current liabilities		
Trade and other payables	13	(5,481)
Deferred revenue	13	(2,979)
		(8,460)
Non current liabilities		
Loans and borrowings	13	(46,070)
Deferred tax liability	14	(1,043)
Total liabilities		(55,573)
Net liabilities		(8,978)
Equity		
Share capital	15	89
Share premium	15	170
Retained earnings		(9,237)
Total shareholders' deficit		(8,978)

The accompanying accounting policies and notes on pages 11 to 25 are an integral part of these consolidated financial statements

The financial statements were authorised and approved for issue by the Board of Directors on 28 March 2013 and were signed on its behalf by



Paul Wright
Director

Registered no
07745721

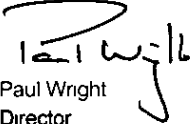
Company statement of financial position

as at 31 December 2012

	Notes	December 2012 £'000
Non-current assets		
Investments	11	40,927
		40,927
Current assets		
Trade and other receivables	12	1,183
Cash and cash equivalents		-
		1,183
Total assets		42,110
Current liabilities		
Trade and other payables	13	(3,665)
		(3,665)
Non current liabilities		
Loans and borrowings	13	(46,070)
Total liabilities		(49,735)
Net liabilities		(7,625)
Equity		
Share capital	15	89
Share premium	15	170
Retained earnings		(7,884)
Total shareholders' deficit		(7,625)

The accompanying accounting policies and notes on pages 11 to 25 are an integral part of these consolidated financial statements

The financial statements were authorised and approved for issue by the Board of Directors on 28 March 2013 and were signed on its behalf by


 Paul Wright
 Director

Registered no
 07745721

Statement of changes in equity

for the sixteen month period ended 31 December 2012

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
Group				
At 18 August 2011	-	-	-	-
Issue of equity shares	89	170	-	259
Loss for the period	-	-	(9,000)	(9,000)
Exchange differences arising on translation of foreign operations	-	-	(95)	(95)
Reserve movement on acquisition of non-controlling interests in Workplace Australia	-	-	(142)	(142)
At 31 December 2012	89	170	(9,237)	(8,978)

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
Company				
At 18 August 2011	-	-	-	-
Issue of equity shares	89	170	-	259
Loss for the period	-	-	(7,884)	(7,884)
At 31 December 2012	89	170	(7,884)	(7,625)

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent Company is not presented as part of these accounts. The parent Company's retained loss for the year amounted to £7,884,000.

The share premium account is non-distributable and represents the consideration received in excess of the par value of shares issued.

Consolidated statement of cash flows

for the sixteen month period ended 31 December 2012

		16 month period to 31 December 2012 £'000
	Notes	
Net cash used in operating activities	18	(2,091)
Taxation Paid		-
Cash flows used in investing activities		
Internally generated intangible assets	9	(595)
Purchases of computer software	9	(116)
Purchases of property, plant and equipment	10	(312)
Acquisition of subsidiaries net of cash acquired	24	(38,677)
Acquisition of non-controlling interest	11	(91)
Net cash flows used in investing activities		(39,791)
Cash flows from financing activities		
Issue of share capital		259
Issue of Loan Notes net of issue costs		45,807
Finance income	7	22
Net cash flows from financing activities		46,088
Increase in cash and cash equivalents		4,206
Cash and cash equivalents		
At incorporation		-
Effect of foreign exchange rate changes		(129)
At the end of the year		4,077

Company statement of cash flows

for the sixteen month period ended 31 December 2012

		16 month period to 31 December 2012 £'000
	Notes	
Net cash used in operating activities	18	(5,139)
Cash flows from investing activities		
Acquisition of subsidiaries		(40,927)
Net cash flows used in investing activities		(40,927)
Cash flows from financing activities		
Issue of share capital		259
Issue of Loan Notes net of issue costs		45,807
Net cash flows from financing activities		46,066
Increase in cash and cash equivalents		-
Cash and cash equivalents		
At incorporation		-
At the end of the year		-

The accompanying accounting policies and notes on pages 11 to 25 are an integral part of these consolidated financial statements

Notes to the financial statements

for the sixteen month period ended 31 December 2012

1 General information

WASP Management Software Limited is a Company incorporated in England and Wales with its Registered Office at Precedent Drive, Rooksley, Milton Keynes, MK13 8PP. The Group is principally engaged in the development, supply and implementation of software products and services for workforce management.

These financial statements are presented in United Kingdom pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2 Principal accounting policies

Basis of preparation

The consolidated and Company financial statements for the sixteen month period ended 31 December 2012 have been prepared under the historical cost convention. United Kingdom company law requires the Directors to prepare consolidated financial statements and the Directors have elected to prepare financial statements for the Company in accordance with IFRS as adopted by the European Union.

The following principal accounting policies have been used consistently in the preparation of these consolidated financial statements.

The Company has prepared a consolidated Statement of Comprehensive Income, but has elected to take the exemption under S408 of the Companies Act 2006 not to present the parent Company Statement of Comprehensive Income.

Basis of consolidation

The Group financial statements comprise the financial statements of WASP Management Software Limited and all of its subsidiaries made up to 31 December 2012, on an acquisition accounting basis. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the group's liabilities exceeded its total assets and it made a loss for the year.

The directors consider the going concern basis to be appropriate because the loan notes do not fall for repayment within the foreseeable future. The group has sufficient cash resources to pay its current liabilities when they fall due.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT.

Software licence revenue is recognised when customer contractual obligations have been performed.

Revenue from consulting services and project management are recognised monthly as incurred, or as services are completed, as appropriate.

Fees for annual use maintenance contracts are contracted for and paid annually in advance, being non-cancellable. Revenue is recognised on a straight line basis over the period of the contract. The advance revenue is shown within current liabilities as deferred revenue.

Cost of Sales

Direct costs incurred from external parties are recorded as a cost of sale. All employment costs are presented within administration expenses.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the separable assets, liabilities and contingent liabilities of the subsidiary or an interest in an associate undertaking recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not subsequently reversed.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating asset is less than the carrying amount of the cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally costs incurred in relation to restructuring programmes.

Property, plant and equipment and Intellectual Property

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases

Freehold property	– Over 50 years
Computer equipment	– 25% on cost
Fixtures and fittings	– 20- 33 ¹ / ₃ % on cost
Development expenditure	– 33 ¹ / ₃ % on cost
Purchased Intellectual property	– 10% on cost

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income

Externally acquired intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to their contractual rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Customer relationships are valued on an estimated discounted cash flow basis and amortised over their useful economic life of four to eight years.

Computer software is valued using estimated cost to recreate and amortised over three years.

Internally-generated intangible assets – development expenditure

An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- it is technically feasible to develop the product for it to be sold,
- adequate resources are available to complete the development,
- there is an intention to complete and sell the product,
- the Group is able to sell the product,
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

The useful economic lives of internally-generated intangible assets are considered by the Directors to be a period of three years and amortisation is charged to Administration expenses in the Statement of Comprehensive Income.

Computer software and software rights and licences

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of four years on a straight line basis and charged to Administration expenses in the Statement of Comprehensive Income.

Impairment of tangible and intangible assets excluding goodwill

At each Reporting date, the Group reviews the net book amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments in subsidiaries

Investments held are stated at cost less any provision for impairment.

Leasing

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company or Group becomes a party to the contractual provisions of the instrument.

Financial assets, including trade and other receivables together with intercompany receivables, are classified as loans and receivables as they have fixed or determinable payments that are not quoted in active market.

Financial liabilities, including trade and other payables and intercompany payables, are classified as financial liabilities measured at amortised cost.

All investments are classified as available for sale under IFRS and are carried at cost where the fair value cannot be reliably measured. On sale the net gain or loss is included in income. Dividends are recognised in the Statement of Comprehensive Income when the right to receive payment has been established.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables are not interest-bearing and are stated at their nominal value.

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with maturities of less than three months.

Ordinary shares are classified as equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-Based Payments.

The Group issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's best estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes method. The expected lives used in the models have been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Retirement benefit costs

Where the Group contributes towards employees' personal pension schemes, contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the schemes. During the period £nil was charged to the Statement of Comprehensive Income. At 31 December 2012 contributions payable amounted to £nil.

The Company provided no other post-retirement benefits to its employees.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are translated at the rate prevailing at the date of transaction.

On consolidation, revenues, costs and cash flows of undertakings abroad are included in the Statement of Comprehensive Income at average rates of exchange for the year. The assets and liabilities denominated in foreign currencies are translated into United Kingdom pounds sterling using rates of exchange ruling at the reporting date.

Exchange differences on the re-translation of opening net assets and results for the year of foreign subsidiary undertakings are dealt with through reserves net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the Statement of Comprehensive Income.

Transaction costs

Costs incurred (excluding costs relating to the issue of finance or equity) on the acquisition of subsidiary companies are recognised in comprehensive income in the company financial statements.

Finance costs

Finance costs are charged to comprehensive income over the term of the debt. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Adoption of new standards during the year

There are no new standards, interpretations or amendments that are effective in 2012 which have had a material impact on the Group

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been issued by the IASB that are not yet effective. The Group has not adopted any of these standards, amendments or interpretations early. None of these new standards, amendments or interpretations are expected to have a material impact on the Group.

3 Financial risks

3.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

i Foreign exchange risk

As an exporter to Europe and to North America, the Group is exposed to foreign currency exchange risk through transactions with customers and, to a lesser extent, suppliers. The Directors monitor the position at their regular meetings and, where they consider it necessary, undertake hedging arrangements through the purchase of forward contracts.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

ii Fair value interest rate risk and cash flow risk

The Group's main sources of revenue and operating cash flows are substantially independent of changes in market interest rates. The Group has significant interest-bearing assets on which it seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow. There are no significant interest-bearing liabilities.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions. Management assesses the other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The Group has focused on selling to a "blue chip" customer base thereby minimising the risk of incurring bad debts.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility by maintaining significant headroom in its cash position.

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with recommended accounting practice and limits set by the Group. The Board reviews the Group's liquidity at its monthly meetings.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by maintaining or adjusting the capital structure by adjusting the amount of dividends paid to shareholders, issuing new shares or selling assets to maintain financial resources.

The capital employed by the Group is composed of equity attributable to the shareholders, as detailed in the Statement of Changes in Equity.

3.3 Fair value estimation

The net book amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.4 Critical accounting judgements and key sources of estimation uncertainty

The application of the Group's accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Material estimates and assumptions are made in particular with regard to share-based payments, the amortisation period for intangible assets and impairment reviews and impairment of trade receivables.

Determining whether goodwill and investments are impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows expected to arise

from the cash generating units and a suitable discount rate in order to calculate present value. Actual events may vary materially from management expectations.

For other intangible assets, management considers the recognition criteria as set out in the accounting policies which includes estimates regarding future economic benefits. Actual events may vary from management expectations.

The assumptions used as part of the calculation of share-based payment expenses are reviewed annually and are detailed in note 18.

4 Segmental analysis

The Board of Directors are considered to be the chief operating decision makers of the Group.

Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions. The Group uses three distinct operating geographical areas with different economic conditions and a different client base and client requirements. These are EMEA, North America and Australia.

In addition, the Board reviews its Global SaaS and on-premise software businesses to make strategic decisions.

Interest income and expense are not allocated to segments as this type of activity is driven on a central basis. Accordingly, this information is not separately reported to the Board for each reportable segment and therefore this information is not separately provided.

The Group does not report information to the Board about additions to property, plant and equipment and intangible assets within the information provided on segment assets.

An analysis of the revenue invoiced to third parties is given below:

Period to
31 December 2012
£'000

United Kingdom and Europe	7,343
North America	2,028
Australia	1,194
	10,565

All revenue represents sales to external customers and represents the sale of software related services.

One customer is defined as a major customer by revenue, contributing more than 10% of the Group revenue. This customer accounted for £1,163,000 of revenues in the period.

An analysis of revenue by product type is given below:

Period to
31 December 2012
£'000

SaaS related revenue	4,816
On-premise software related revenue	5,949
	10,565

An analysis of revenue by sales type is given below:

Period to
31 December 2012
£'000

Software licence and bespoke development charges	1,494
Recurring revenue from maintenance and hosted services	5,906
Consultancy and implementation services	2,679
Other	486
	10,565

An analysis of the operating loss before transfer pricing, exceptional items and tax together with a reconciliation to loss before tax is given below

Period to
31 December 2012
£'000

United Kingdom and Europe	(319)
North America	310
Australia	70
	61
Central administrative expenses	(5,512)
Central finance expense	(3,928)
Central finance income	22
Loss before tax	(9,357)

The Group does not report information to the Board about the operating profits of individual product types since a number of resources in the UK are shared between the products during the periods to 31 December 2012 and therefore this information is not separately provided

Segment assets exclude assets primarily used for corporate purposes Segment liabilities exclude tax liabilities and financial liabilities

	Segment assets	Segment liabilities
	£'000	£'000
United Kingdom & Europe	8,711	3,924
North America	464	779
Australia	319	92
Central corporate items	3,499	3,665
Deferred tax liabilities	-	1,043
Loans & borrowings	-	46,070
Goodwill	33,602	-
	46,595	55,573

5 Loss from operations

The loss from operations in the period to 31 December 2012 has been arrived at after charging the following amounts

Period to
31 December 2012
£'000

Research and development expenditure	2,210
Depreciation of property, plant and equipment	95
Amortisation of intangible assets	2,045
Auditors' remuneration	
Audit services	3
Audit of subsidiary undertakings	27
Taxation	8
Other services	3
Operating leases – land and buildings	428
Loss on foreign exchange	(31)

6 Staff costs

The average number of people employed by the Group (including Directors) during the year was

Period to
31 December 2012
Number

Sales	17
Operations	49
Product development	56
Administration	18
	140

Staff costs for above employees

Period to
31 December 2012
£'000

Wages and salaries	6,450
Social security	660
	7,110

Included within staff costs are Directors emoluments amounting to

Period to
31 December 2012
£'000

Emoluments	856
Total emoluments	856

Directors' emoluments include amounts paid to the highest paid Director of

Period to
31 December 2012
£'000

Emoluments	164
Total emoluments	164

No director accrued benefits under the money purchase scheme

7 Finance income and expense

Period to
31 December 2012
£'000

Finance income

Interest on bank deposits	22
---------------------------	----

Period to
31 December 2012
£'000

Finance expense

Accrued interest on loan notes	3,665
Amortised finance costs	263
	3,928

8 Tax

Period to
31 December 2012
£'000

Current taxation	
– UK corporation tax expense	—
– Overseas taxation	—
Deferred taxation	
– Current year	(357)
Total tax in Statement of Comprehensive Income	(357)

The tax rate used for the reconciliations above is the corporate tax rate of 24.5% payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction

The charge for the period can be reconciled to the loss per the Statement of Comprehensive Income as follows

Period to
31 December 2012
£'000

Loss before taxation	(9,357)
Loss multiplied by standard rate of corporation tax in the UK of 24.5%	(2,292)
Tax effect of	
Expenses not deductible for tax purposes	1,297
Research and development expenditure	(51)
Capital allowances in excess of depreciation	(75)
Utilisation of losses	(76)
Losses carried forward	840
Total tax	(357)

9 Goodwill and other intangible assets

	Goodwill £'000	Research and development costs £'000	Computer software £'000	Customer relationships £'000	Total £'000
Consolidated					
Cost					
At 18 August 2011	-	-	-	-	-
Acquired with subsidiaries	33,601	-	2,850	4,033	40,484
Additions in period	-	595	116	-	711
At 31 December 2012	33,601	595	2,966	4,033	41,195
Amortisation and impairment					
At 18 August 2011	-	-	-	-	-
Charge for the period	-	471	938	636	2,045
At 31 December 2012	-	471	938	636	2,045
Net book amount					
At 31 December 2012	33,601	124	2,028	3,397	39,150

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired

Analysis of goodwill and intangible assets by cash generating unit

	Goodwill £'000	Computer software £'000	Customer relationships £'000
EMEA	33,601	2,028	792
North America	-	-	2,605
Australia	-	-	-
Total	33,601	2,028	3,397

The key areas of judgement used in consideration of the carrying amount of goodwill are earnings before interest, depreciation and amortisation, discount rate and growth rate. Goodwill has been tested for impairment based on its future value in use. Future value has been calculated on a discounted cash flow basis using the 2013 budgeted profit for each unit as approved by the Board of Directors and detailed projections extended for a period of five years and discounted at a rate equal to 8%.

The directors believe there is no reasonably possible change in a key assumption that would cause the carrying amount of goodwill to exceed its recoverable amount.

Internally generated intangible assets are capitalised when the criteria are met as defined in note 2, Principal Accounting Policies.

The Company does not hold any goodwill or intangible fixed assets.

10 Property, plant and equipment

The Company does not hold any property, plant and equipment

	Computer equipment £'000	Fixtures fittings and equipment £'000	Total £'000
Consolidated			
Cost			
At 18 August 2011	—	—	—
Acquired with subsidiaries	176	35	211
Additions in period	244	68	312
At 31 December 2012	420	103	523
Depreciation			
At 18 August 2011	—	—	—
Charge for the period	78	17	95
At 31 December 2011	78	17	95
Net book amount			
At 31 December 2012	342	86	428

As at 31 December 2012 the Group had contractual commitments amounting to £300,000 in respect of a refurbishment of its Milton Keynes Head Office. The company had no capital commitments.

11 Investments

Company	£'000
At 18 August 2011	—
Additions	40,927
At 31 December 2012	40,927

All investments are held at fair value in the Consolidated and Company Statement of Financial Positions. The Directors do not believe that there has been any impairment to these values.

Name of subsidiary	Country of registration or incorporation	Proportion of ownership interest held by the Group	Proportion of voting power held by the Group	Principal activity
Workplace Systems International Limited	England and Wales	100%	100%	Intermediary holding company
Workplace Group Limited ****	England and Wales	100%	100%	Intermediary holding company
Workplace Systems Limited **	England and Wales	100%	100%	Sale of computer software and associated maintenance and computer consultancy
Labor Solutions International, Inc ***	USA	100%	100%	Sale of computer software and associated maintenance and computer consultancy
Workplace Systems Inc **	USA	100%	100%	Sale of computer SaaS services
Workplace Software Limited*	England and Wales	100%	100%	Dormant
Workplace Systems Australia Pty Ltd	Australia	100%	100%	Sale of computer SaaS services

* Shares held by Workplace Systems Limited

** Shares held by Workplace Group Limited

*** Shares held by Workplace Systems Inc

**** Shares held by Workplace Systems International Limited

All principal subsidiary undertakings operate in their country of incorporation. The Group consolidates its subsidiary activities. The accounting year-end of the subsidiary undertakings consolidated in these financial statements is 31 December 2012. During the period the group acquired the remaining non-controlling interest in Workplace Systems Australia Pty Ltd for £91,000.

All subsidiaries are held directly by WASP Management Software Limited unless otherwise stated.

12 Trade and other receivables

	December Consolidated 2012 £'000	December Company 2012 £'000
Current		
Trade receivables	2,476	-
Prepayments and accrued income	165	-
Amounts owed by Group undertakings	-	971
Other debtors	299	212
	2,940	1,183

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The carrying amount of receivables and amounts owed by Group undertakings disclosed also represents the Group's maximum exposure to credit risk for such balances. Trade receivables are stated net of a provision for doubtful debts of £41,000.

	December 2012 £'000
Provision at 18 August 2011	-
Provided during the period	41
Provision at 31 December 2012	41

As at 31 December 2012 82% of trade debtors, other than those provided for above, were within their payment terms.

13 Trade and other payables

	December Consolidated 2012 £'000	December Company 2012 £'000
Current		
Trade payables	672	-
Other payables	180	-
Other tax and social security	545	-
Accruals	4,084	3,665
	5,481	3,665
Deferred revenue	2,979	-

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

All amounts included in trade and other payables are non-interest bearing and are not secured on the assets of the Group.

The banking facilities within the Group are secured by a debenture including fixed and floating charge over all assets held within WASP Management Software Limited and WorkPlace Systems Limited.

Non-current payables

	December Consolidated 2012 £'000	December Company 2012 £'000
Current		
Loan falling due after 12 months	46,070	46,070
	46,070	46,070

During the period, loan notes of £47,650,264 were issued by the company. Interest accrues at 8% per annum. The loan notes fall for repayment in 2018. The loan notes are stated net of amortisation costs of £1,580,000.

14 Deferred taxation

Group

The Group had a deferred tax liability at the year end as follows

Deferred tax liability	Temporary differences £'000
At 18 August 2011	-
Arising on acquisition of subsidiaries	(1,400)
Charge/(credit) to Statement of Comprehensive Income	357
At 31 December 2012	(1,043)

The following are the major deferred tax assets which have not been recognised by the Group

Deferred tax assets	2012 £'000
Temporary differences	2
Fixed asset timing differences	(115)
Trading losses	2,940
	3,053

A deferred tax asset is recognized in respect of tax losses carried forward where it is more likely than not that there will be taxable profits in the foreseeable future against which the asset can be offset. A deferred tax asset is not recognized where there is insufficient evidence of short term recoverability.

The group had gross unrecognised carried forward tax losses of £12,291,000 in relation to the UK, and £3,159,000 to the USA. The company has a unrecognised deferred tax asset of £1,052,000.

15 Share capital

Group and Company	December 2012 £'000
Authorised	
48,039 A1 ordinary shares £0.20 ordinary shares	10
151,961 A2 ordinary shares £0.20 ordinary shares	30
42,500 B ordinary shares £1.00 ordinary shares	43
7,500 C ordinary shares £1.00 ordinary shares	7
	90
Allotted and fully paid	
48,039 A1 ordinary shares £0.20 ordinary shares	10
151,961 A2 ordinary shares £0.20 ordinary shares	30
42,500 B ordinary shares £1.00 ordinary shares	43
6,875 C ordinary shares £1.00 ordinary shares	6
	89

Share premium of £170,000 arose on the issue of the shares in the period. All shares have a right to return on capital, income and voting rights.

16 Dividends

	Year to 31 December 2012 £'000
No dividend is proposed in respect of the 2012 results	—

17 Share-based payments
Share option summary

	Number of options	Weighted average exercise price £
As at 18 August 2011		
Granted	7,250	1.00
As at 31 December 2012	7,250	1.00

Share options schemes

In the period ended 31 December 2012 the Company established Approved and Unapproved Executive Share Option Schemes which were augmented by the adoption of a new Enterprise Management Incentive (EMI) Share Option Scheme. All Directors and employees of the Company and its subsidiaries are eligible to be nominated for participation in the Schemes. Options are granted by the Board of the Company at the market value of an ordinary share on the day on which the option is granted and are subject to, in part, the achievement of certain shareholder value targets. Options are exercisable between the third and tenth anniversaries of the date of the grant by any option holder who remains a Director or employee.

The directors have considered the potential charge under IFRS2 'Share based payments' and have concluded that the resultant charge is immaterial to these financial statements.

18 Notes to the cash flow statement

	December 2012 £'000
Group	
Loss for the period	(9,000)
Taxation	(357)
Depreciation of property, plant and equipment	95
Amortisation of intangibles	2,045
Finance expense	3,928
Decrease in receivables	935
Increase in payables	231
Exchange differences	32
Net cash outflow from operating activities	(2,091)

	December 2012 £'000
Company	
Loss for the period	(7,884)
(Increase) in receivables	(1,183)
Increase in payables	3,928
Net cash flow from operating activities	(5,139)

19 Commitments

Group

The total future minimum lease payments to the end of each lease under non-cancellable operating leases are as follows

	December 2012 £'000
Expiry date	
Within one year	118
Between one and two years	-
Between two and five years	-
After five years	1,898
Total minimum lease payments	2,016

These figures represent the total amounts due under the leases up to the date of expiry. There are no restrictions imposed by the leasing arrangements on the Group concerning dividends, debt financing or other third party financing.

The Company was not committed to any non-cancellable operating leases at 31 December 2012.

As at 31 December 2012 the Group had contractual commitments amounting to £300,000. The Company had no capital commitments.

20 Contingencies

In 2001, a subsidiary company, Workplace Systems International Limited, entered into a guarantee until 2022 for the rent on a property used by TeleWare Group Limited a former group company. The annual rental is £325,000.

Neither the Group nor Company had any other material contingent liabilities as at 31 December 2012.

HSBC hold a fixed and floating charge on the group's assets as security for the overdraft facility.

21 Financial instruments and risk management

The Directors consider that the carrying amount of all financial instruments approximates to their fair value.

Currency risk management

The Group operates in a global industry and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US\$ and the Euro. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Board monitors both the level of likely future foreign currency cash flows and forecasts of exchange rate movements and where appropriate manages exchange risk by covering future risk with forward contracts to minimise currency exposure.

Quantitative analysis

The carrying of the Group in foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

	December 2012 £'000
Current assets	
Sterling – trade and other receivables	1,982
US dollars – trade and other receivables	137
Euro – trade and other receivables	610
Australian dollars – trade and other receivables	211
Sterling – cash and cash equivalents	3,600
Euro – cash and cash equivalents	90
US dollars – cash and cash equivalents	284
Australian dollars – cash and cash equivalents	103
	7,017
	December 2012 £'000
Current and non-current liabilities	
Sterling – trade and other payables	53,660
US dollars – trade and other payables	778
Australian dollars – trade and other payables	92
	54,530

The Company had no foreign currency denominated monetary assets or liabilities as at 31 December 2012.

The financial instruments of the Group as classified in the financial statements as at 31 December can be analysed under the following IAS39 categories:

	Amortised cost £'000	Loans and receivables £'000	Total £'000
As at 31 December 2012			
Financial assets			
Cash and cash equivalents	—	4,077	4,077
Trade and other short term receivables	—	2,775	2,775
	—	6,852	6,852
Financial liabilities			
Trade and other short term payables	5,481	—	5,481
Loans and borrowings	46,070	—	46,070
	51,551	—	51,551

The financial instruments of the Company classified in the financial statements as at 31 December can be analysed under the following IAS39 categories

	Amortised cost £'000	Loans and receivables £'000	Total £'000
As at 31 December 2012			
Financial assets			
Cash and cash equivalents	—	—	—
Trade and other short term receivables	1,183	—	1,183
	<u>1,183</u>	<u>—</u>	<u>1,183</u>
Financial liabilities			
Trade and other short term payables	3,665	—	3,665
Loans and borrowings	46,070	—	46,070
	<u>49,735</u>	<u>—</u>	<u>49,735</u>

Currency risk sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the Statement of Comprehensive Income and equity of a 1% strengthening or weakening in sterling against all other currencies, with all other variables remaining constant. The sensitivity analysis includes only outstanding foreign currency denominated assets and liabilities and adjusts their translation at the reporting date for a 1% change in the applicable foreign currency rate.

Under this assumption, with a 1% strengthening or weakening of sterling against all exchange rates, loss before tax would have increased/decreased by £9,000 and equity would have increased/decreased by £9,000.

Interest rate risk management

The Group and Company has an exposure to interest rate risk arising on interest-bearing deposits which are at variable rates of interest.

The Board monitors its treasury at least monthly and seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow.

Quantitative analysis

The Group's interest rate profile of its financial assets and liabilities as at the reporting date is as follows:

	December 2012 total at year end £'000	December 2012 Weighted average rate at year end %
Current assets		
Floating rate	676	1.25
Interest free	3,401	-
	<u>4,077</u>	<u>0.21</u>
	December 2012 total at year end £'000	December 2012 Weighted average rate at year end %
Non current liabilities		
Loans and borrowings	46,070	8
	<u>46,070</u>	<u>8</u>

Interest rate sensitivity analysis

The Group and Company has used a sensitivity analysis technique that measures the estimated change to the Statement of Comprehensive Income and equity of a 1% increase or decrease in interest rates for each class of financial instruments, with all other variables remaining constant. The sensitivity analysis is based on the assumptions that changes in market interest rates affect the interest of variable interest financial instruments.

Under these assumptions, a 1% increase or decrease in market interest rates for all currencies in which the Group and Company had deposits as at 31 December 2012 would have increased/decreased profit before tax by £41,000 and equity would have increased/ decreased by £41,000.

Liquidity risk management

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with recommended accounting practice and limits set by the Group. The Board reviews the Group's liquidity at its monthly meetings.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements.

22 Derivative financial instruments

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2012 was £nil

23 Related party transactions

The Company

During the period the Company provided services to the value of £771,000 to WorkPlace Systems Limited and was recharged expenses of £1,425,000 by that company. The Company did not enter into any other related party transactions.

Transactions with other Group companies are eliminated on consolidation.

Fees of £75,000 were due to LDC (a shareholder) at the year end for management services provided.

The company issued the following loan notes to related parties during the period -

Party	Relationship	Loan notes issued £'000	Interest accrued to date £'000
LDC	Shareholder	45,831	3,556
B Quinn	Shareholder and Director	575	44
A Davis	Shareholder and Director	237	18
T Knight	Shareholder and Director	237	18
P Wnght	Shareholder and Director	237	18
P De Smedt	Shareholder and Director	247	6
A Norman	Shareholder and Director	198	2
M Wells	Shareholder and Director	90	2

Subsidiary companies

Key management personnel for reporting purposes are considered to be Directors of the Company. Their remuneration is disclosed in note 6.

24 Acquisition in the period

On 4 January 2012 the Company acquired 100% of the voting equity instruments of Workplace Systems International Plc and its subsidiary companies.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows -

	Book Value £'000	Adjustment £'000	Fair value £'000
Intangible assets	796	2,054	2,850
Property, Plant and Equipment	211	-	211
Customer relationships	-	4,033	4,033
Receivables	3,875	-	3,875
Cash	2,250	-	2,250
Payables	(4,477)	-	(4,477)
Deferred tax liability	-	(1,400)	(1,400)
Non- controlling interests	(16)	-	(16)
	2,639	4,687	7,326
Cash consideration paid			40,927
Goodwill (note 9)			33,601

Acquisition costs of £3.3m were incurred as a result of the acquisition. These have been recognised as part of administrative expenses in the statement of comprehensive income.

25 Events subsequent to the statement of financial position

The Directors consider that there were no events subsequent to the statement of financial position that require disclosure.

26 Ultimate holding company

The Directors consider that there is no one ultimate controlling party.