

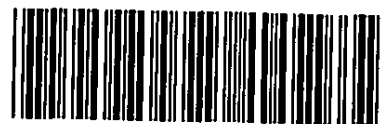
Company Registration No. 2285524

SmartStream Technologies Limited

Report and Financial Statements

31 December 2012

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SmartStream Technologies Limited

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SmartStream Technologies Limited

Corporate information

Directors

P Chambadal
P Thomas
K Schrolnberger

Secretary

K Schrolnberger

Registered office

St Helen's
1 Undershaft
London
EC3A 8EE

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

The Royal Bank of Scotland
Thames Valley Corporate - Reading Office
Brunel House
2nd Floor
17/27 Station Road
Reading
Berkshire
RG1 1LG

Solicitors

Macfarlanes
20 Cursitor Street
London
EC4A 1LT

SmartStream Technologies Limited

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors from the assets of the Company against any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part)

Principal activities

The principal activities of the Company are the development, distribution and service of its Transaction Lifecycle Management software products and provision of Data Management Services for back office processing, primarily to the financial services industry. There have been no significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Business review

In response to the results of 2011 and to position the Company for growth in revenues and profitability the Company undertook a restructuring exercise which resulted in a charge of £0.6 million (note 4). The Directors are pleased to report that 2012 was a year of revenue growth through increased license revenue and increased revenue from data management services, with the resulting increase in EBITDA. Cash balances at the end of 2012 were lower than at 2011 due to the repayment of US \$10.0 million of the loan to D-Clear Europe Ltd (note 12), the immediate parent undertaking.

As shown in the Company's profit and loss account on page 8, for the year ended 31 December 2012 the Company achieved revenues of £35 million (2011: £29 million). Operating profit before exceptional items, goodwill and intellectual property rights (IPR) amortisation is £7.5 million (2011: £3.6 million). After charging exceptional items, goodwill and IPR amortisation, operating profit was £4.2 million (2011: £0.7 million).

The key performance indicators monitored by the Company to measure its progress against its future strategy are shown in the table below.

	2012	2011	Definition and method of calculation
Revenue growth/(decline)	20.1%	(20%)	Year on Year Revenue (decline)/growth expressed as a percentage
Adjusted EBITDA ⁽ⁱ⁾ margin	21.2%	12.4%	Adjusted EBITDA margin is the ratio of Adjusted EBITDA to Revenue expressed as a percentage
Cash at Bank	<u>£6.4m</u>	<u>£9.1m</u>	Cash and cash equivalents

(i) Adjusted EBITDA - operating profit before exceptional items and amortisation

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Directors' report (continued)

Future strategy

The Company intends to continue its expansion strategy by looking to develop new markets and sectors that will benefit from greater automation and control

Research and development

The Company continued to invest in research and development

As disclosed in note 4 to the financial statements, the Company expended £12.1 million relating to software development activities in the year (2011: £11.8 million)

Principal risks and uncertainties

The Company operates in a highly competitive marketplace, which presents a continuing risk of loss of sales to its key competitors. The Company manages this risk by maintaining strong relationships with its customers, by keeping its products at the leading edge by continued investment in research and development, and by providing high levels of support for its products in the field.

The Company's activity exposes it to a number of financial risks including price risk, credit risk and cash flow risk.

Foreign currency and interest rate risk

The Company operates in a global market and sales are made in a variety of currencies principally Pounds Sterling, Euros and US Dollars. The Company is therefore exposed to fluctuations in exchange rates. The Company's finance function manages this exposure by ensuring that there is a reasonable match between assets and liabilities denominated in the major currencies of operations.

Credit risk

The Company's principal financial assets are cash and cash equivalents, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows anticipated to arise from the related asset.

The credit risk on liquid funds is reviewed through the selection of counterparties with appropriate credit-ratings as assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company's liquidity management policy is to ensure the maintenance of sufficient cash and availability of funding through credit facilities as necessary.

Management uses projected cash flows in major currencies to consider the level of liquid assets necessary to meet these cash flows.

Results and dividends

The profit for the year of £6.8 million (2011: £2.1 million) has been added to reserves.

The Directors do not recommend the payment of a dividend (2011: £nil).

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Directors' report (continued)

Policy and practice on payment of creditors

It is the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and services and to adhere to those payments terms, provided that all trading terms and conditions have been complied with. At 31 December 2012, the Company had an average of 25 days purchases owed to trade creditors.

Directors and their interests

The Directors during the year, and to the date of this report, were as follows

P Thomas

P Chambadal

K Schrolnberger (formerly Zimmermann) (appointed 14 February 2012)

R Cummings (resigned 1 February 2012)

The Directors held no beneficial interests in the shares of the Company during the year.

The Directors' interests in SmartStream Technologies Group Limited are disclosed in that company's financial statements.

Going concern basis

After making enquiries and receiving a letter of support from the ultimate parent company, Investment Corporation of Dubai, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Non adjusting Post Balance Sheet Event

In July 2013 the Company and SmartStream Technologies GmbH entered into an agreement with Wolters Kluwer for the disposal of the trade and assets relating to Svenson regulatory reporting software. During 2012 the Company recorded turnover of £766,000 in respect of royalties receivable from SmartStream Technologies GmbH for the distribution of the Svenson software.

Auditors and disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General meeting for reappointment of Ernst & Young LLP as auditors of the Company.

SmartStream Technologies Limited

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Directors' report (continued)

Statement of directors' responsibility

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 that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions and qualifications if necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Approved by the Board of Directors and signed on behalf of the Board



P Thomas

Director

19 August 2013

Independent auditors' report to the members of SmartStream Technologies Limited

We have audited the financial statements of SmartStream Technologies Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Directors' Responsibilities Statement set out on page 5, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of SmartStream Technologies Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Jane Barwell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

20 August 2013

SmartStream Technologies Limited

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Profit and Loss account for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Turnover	2	35,138	29,266
Cost of sales		(1,953)	(1,420)
Gross profit		33,185	27,846
Total administrative expenses		(25,729)	(27,167)
Operating profit before exceptional items and amortisation		7,456	3,594
Amortisation	4	(2,659)	(2,736)
Exceptional items	4	(592)	(179)
Operating profit	4	4,205	679
Interest receivable and similar income	5	3,910	4,200
Interest payable and similar charges	6	(776)	(2,334)
Profit on ordinary activities before taxation		7,339	2,545
Tax charge on profit on ordinary activities	7	(500)	(459)
Profit on ordinary activities after taxation for the financial year		6,839	2,086

All activities derive from continuing operations

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the year is not given.

SmartStream Technologies Limited

Company registration No 2285524

Statement of total recognised gains and losses for the year ended 31 December 2012

	2012 £000	2011 £000
Profit for the year	<u>6,839</u>	<u>2,086</u>
Total recognised gains and losses for the year	6,839	2,086
 Foreign exchange differences on translation of foreign operations (note 15)	 (19)	 0
 Total gains and losses recognised since last annual report	 <u><u>6,820</u></u>	 <u><u>2,086</u></u>

SmartStream Technologies Limited

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Balance Sheet

as at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Intangible assets	8	13,062	15,709
Tangible assets	9	432	685
Investments	10	5,776	5,776
		<hr/>	<hr/>
		19,270	22,170
Current assets			
Debtors	11	83,463	76,746
Cash at bank and in hand		6,388	9,084
		<hr/>	<hr/>
		89,851	85,830
Current liabilities			
Creditors	12	(36,283)	(41,968)
Provisions for liabilities and charges	13	0	(28)
		<hr/>	<hr/>
		(36,283)	(41,996)
Net current assets		<hr/>	<hr/>
		53,568	43,834
Total assets less current liabilities		<hr/>	<hr/>
		72,838	66,004
Non-current liabilities			
Provisions for liabilities and charges	13	(68)	(54)
		<hr/>	<hr/>
Net assets		<hr/>	<hr/>
		72,770	65,950
Capital and reserves			
Called up share capital	14	10,000	10,000
Share premium reserve	15	24,186	24,186
Capital contribution reserve	15	6,026	6,026
Foreign currency translation reserve	15	(18)	1
Profit and loss reserve	15	32,576	25,737
		<hr/>	<hr/>
Shareholders' funds		<hr/>	<hr/>
		72,770	65,950

These financial statements on pages 9 to 27 were approved and authorised for issue by the Board of Directors on 19 August 2013

Signed on behalf of the Board of Directors



P Thomas

Director

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. All accounting policies have been applied on a consistent basis in the current and previous periods.

Consolidation

The Company has taken advantage of the exemption available under s400 of the Company's Act 2006 and has not prepared group accounts. The Company is an indirectly-held wholly owned subsidiary of D-Clear Europe Limited, a Company incorporated in England and Wales, which produces group accounts. These financial statements therefore present information about the Company not about its group.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern basis

After making enquiries and receiving a letter of support from the ultimate parent company, Investment Corporation of Dubai, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Turnover and income recognition

The Company enters into arrangements, which may include the sale of licences of the SmartStream Group's software products and packaged configurations ("software"), professional services, maintenance and data management services or various combinations of products or services. Revenue from the sale of software relates mainly to perpetual licences, which provide the customers with the right to use the Company's software. Revenue is generally recognised when a signed agreement or other persuasive evidence of an arrangement exists, the software has been delivered either physically or electronically, the licence fee is fixed or determinable, and collection of the resulting receivable is reasonably assured, the Company recognises software licence revenue based on the "Residual Method", the fair value of undelivered elements is deferred and the remaining portion of the fee is allocated to the delivered elements (generally the software licence).

For contracts involving multiple deliverables, the Company evaluates each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) whether the delivered item has value to the customer on a stand-alone basis, (b) whether there is objective and reliable evidence of the fair value of the undelivered item(s), and (c) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. If objective and reliable evidence of fair value exists for all units of accounting in the arrangement, revenue is allocated to each unit of accounting or element based on relative fair values. In situations where there is objective and reliable evidence of fair value for all undelivered elements, but not for delivered elements, the residual method is used to allocate the contract consideration.

The Company assesses whether the fee is fixed or determinable and collection is reasonably assured at the outset of an agreement. In determining whether the fee is fixed or determinable, the Company reviews the terms and conditions of the agreement. The Company assesses whether collection is reasonably assured based on a number of factors, including the terms and conditions of the agreement and the customer's past transaction history and credit-worthiness. If it is determined that collection of a fee is not reasonably assured, the Company defers the fee and recognises revenue at the time collection becomes reasonably assured.

Revenue from the provision of data management services is recognised rateably over the term of the service period.

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Turnover and income recognition (continued)

Many customers who licence software also enter into separate professional services arrangements with the Company. The Company reviews whether such arrangements should be considered alongside other elements/arrangements to determine whether the arrangements taken together should be considered as one arrangement.

Professional services are generally separable from the other elements under the arrangement, since the performance of the services is not essential to the core software functionality of the software (i.e. the services do not involve significant production, modification or customisation of the software). Generally, consulting and implementation services are sold on a time-and-materials basis and revenue is recognised when the services are performed. Contracts with fixed or 'not to exceed fees' are recognised on a percentage of completion method. When the provision of services represents more than one performance act, the nature of the service contract is reviewed to determine which revenue recognition method best reflects the nature of services performed. Provided all other revenue recognition criteria have been met, the revenue recognition method selected reflects the pattern in which the obligations to the customers have been fulfilled. If there is a significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. In determining whether professional services revenue should be accounted for separately from licence revenue, the Company evaluates, among other factors, the nature of the software, whether it is ready for use by the customer upon receipt, the nature of the Company's implementation services, which typically do not involve significant customisation or development of the underlying software code, the availability of services from other vendors, whether the timing of payments for licence fees is coincident with performance of services and whether milestones or acceptance criteria exist that affect the collectability of the software licence fee.

Maintenance revenue is deferred and recognised rateably over the term of the maintenance and support period. Where customers benefit over the implementation period from product enhancements normally provided as maintenance services, an element of the licence fee is deferred and recognised rateably over the implementation period up to the start of paid maintenance.

Training revenue is recognised as training services are delivered. To the extent that training is bundled in an arrangement, the revenue allocated is based on the value of standalone sales of training services.

For arrangements that do not qualify for separate accounting, the licence and professional services revenues are recognised together using the percentage-of-completion method. Under the percentage-of-completion method, revenue recognised is equal to the ratio of costs expended to date to the anticipated total contract costs, based on current estimates of costs to complete the project. If the total estimated costs to complete a project exceed the total contract amount, indicating a loss, the entire anticipated loss would be recognised immediately.

Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to customers are recognised as revenue.

The Company recognises revenue for royalties charged to group undertakings. These royalties are in respect of products that have been developed in the United Kingdom which group undertakings licence to generate their own revenue.

The Company also recognises revenue in respect of fees charged to group undertakings in regard to management services provided by the Group's central management who are compensated for their services by the Company.

Expenses that are subsequently rebilled to customers are recognised as turnover with corresponding costs reflected in cost of sales.

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Cost of sales

The Company's cost of sales includes the cost of software licensing from third-party vendors and distributor and reseller commissions

Third party expenses include the cost of licensing third-party products contained in SmartStream's own products and commissions payable to distributors and resellers

Research and Development

Research and development expenditure, including the cost of software products developed in-house, is expensed fully in the year in which it is incurred

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company's purchased software has an estimated useful life of 3 years.

Intellectual property rights obtained on acquisition in relation to the products and services used by the Company were valued by an independent valuer at the time of acquisition and were amortised on a straight-line basis over a period of 8 years.

Goodwill

Under FRS 10 ("Goodwill and Intangible Assets"), goodwill arising on the acquisition of the businesses after 1 May 1998 has been capitalised and is being amortised, on a straight-line basis, over a period of 20 years, being the period expected to benefit. The Directors are required to assess whether there is any impairment in the carrying value of this asset when indicators of impairment exist. Provision is made where the Directors have concluded that impairment exists. Where the Directors subsequently conclude that conditions for impairment no longer exist, the impairment loss is reversed to the extent it increases the carrying amount of the goodwill up to the amount that it would have been if the original impairment had not occurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. No depreciation is provided in the month the asset is purchased. The rates of depreciation are as follows:

Leasehold land and buildings	Remaining length of lease
Computer equipment and software	3 years
Furniture and fittings	5 years
Office equipment	5 years

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date the Company 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ('CGU') to which the asset belongs.

If the recoverable amount of an asset 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior periods. A reversal of an impairment loss is recognised as income immediately, 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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit and loss account for the period.

The assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Company's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Pension costs

In the United Kingdom, employees are entitled to join a defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account as they become payable.

Related party transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard No. 8 from the requirement to disclose related party transactions with wholly owned entities within the D-Clear Europe Group.

Cash flow statement

The Company has taken advantage of Financial Reporting Standard 1 (revised 1996) from the requirement to produce a cash flow statement as an intermediate parent undertaking. D-Clear Europe Limited prepares a consolidated cash flow statement.

Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management makes judgements on how to apply the Company's accounting policies and make estimates about future events. The critical judgements that have been made in arriving at the amounts recognised in the financial statements and the key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are presented below.

Revenue recognition

The recognition of revenues arising from the sale of software licences and provision of professional services under the Company's accounting policies involves the exercise of management judgement in determining whether individual elements in multiple element arrangements may be recognised independently and the fair value to assign to each element, or should be recognised together. Management reviews the Company's customer contracts, the terms of which can be complex, and exercises judgement in determining whether an arrangement's outcome can be estimated reliably. Management also makes estimates of the total cost of professional services, or in some instances total contract costs, which are used in determining the value of amounts recoverable and any related provisions. Estimates are continually revised based on changes in the facts relating to each arrangement.

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

Critical accounting judgements and key sources of estimation uncertainty (continued)

Selection of useful life for intangible assets

The determination of the useful life of intangible assets, particularly on those arising on acquisition, involves the exercise of management judgement

Impairment of goodwill, intangible and tangible assets

Determining whether goodwill, intangible and tangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which goodwill, intangible and tangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and the appropriate discount rate in order to calculate present value. The carrying amount of goodwill and intangible assets at each balance sheet date is shown in note 8.

Taxation

In recognising income tax assets and liabilities, Directors make estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. When the final outcome of such matters is different, or expected to be different, from previous assessments by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the consolidated balance sheet.

2. Turnover

Turnover may be analysed as follows and is stated net of value added tax

	2012 £000	2011 £000
Analysis of turnover		
Provision of computer services to third parties	22,530	16,060
Royalties receivable from other group companies	11,652	11,549
Management services fees receivable from other group companies	956	1,657
	<u>35,138</u>	<u>29,266</u>

The Company's activities can be analysed on a geographical basis as follows

	2012 £000	2011 £000
Turnover by destination		
United Kingdom	14,798	11,357
Europe	11,423	9,732
Rest of world	8,917	8,177
	<u>35,138</u>	<u>29,266</u>

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

3. Information regarding Directors and employees

	2012 £000	2011 £000
Directors' remuneration		
Salaries and bonuses	423	462
Contributions to personal pension schemes	14	11
	<u>437</u>	<u>473</u>
 The emoluments of the highest paid Director are as follows		
Salaries and bonuses	189	144
Contributions to personal pension schemes	7	5
	<u>196</u>	<u>149</u>
 Number of Directors who are members of defined contribution schemes	No. <u>2</u>	No. <u>2</u>
 Average number of persons employed		
Technical staff	90	105
Management and administration	23	28
Sales and Marketing	16	17
	<u>129</u>	<u>150</u>
	2012 £000	2011 £000
Staff cost during the year (including Directors):		
Wages, salaries and bonuses	8,195	8,075
Social security costs	961	897
Contributions to pension schemes	401	442
Other employment costs ⁽¹⁾	76	89
	<u>9,633</u>	<u>9,503</u>

(1) Other employment costs consist of employee's mobile phone costs and professional subscriptions

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

3. Information regarding Directors and employees (continued)

Pensions

The Company makes contributions to defined contribution schemes. The cost of these schemes to the Company amounted to £400,822 during the year (2011 £442,271). The Company has £nil of accrued liabilities at 31 December 2012 (2011 £63,448) in regard of these plans.

4. Operating profit

	2012 £000	2011 £000
Amortisation		
Goodwill	2,644	2,644
Purchased software capitalised	15	92
	<u>2,659</u>	<u>2,736</u>
Exceptional items:		
Reorganisation costs ⁽ⁱ⁾	592	0
Deal related costs ⁽ⁱⁱ⁾	0	179
	<u>592</u>	<u>179</u>

(i) Costs associated with a reduction in employee numbers as a result of a reorganisation programme

(ii) The costs incurred in relation to a proposed disposal by the previous ultimate parent company, DIFCI

	2012 £000	2011 £000
Operating profit is stated after charging:		
Depreciation of owned assets	364	393
Auditors' remuneration		
Audit fees		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	58	54
Other services	0	0
Rentals under operating leases		
Land and buildings	417	332
Research and development	<u>12,057</u>	<u>11,841</u>

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

5. Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable from group undertakings	3,612	4,157
Bank interest receivable	25	43
Foreign exchange gain	273	0
	<u>3,910</u>	<u>4,200</u>

6 Interest payable and similar charges

	2012 £000	2011 £000
Interest payable to group undertakings	776	1,120
Interest payable to ultimate parent undertaking (note 12)	0	586
Other interest	0	6
Foreign exchange loss	0	622
	<u>776</u>	<u>2,334</u>

7. Tax charge on profit on ordinary activities:

	2012 £000	2011 £000
Current taxation.		
UK corporation tax	340	261
Double tax relief	(340)	(261)
Overseas tax charge	340	261
Total current tax	<u>340</u>	<u>261</u>
Deferred taxation		
Origination and reversal of timing differences	(73)	(91)
Adjustment in respect of prior years	(122)	(50)
Effect of change in tax rate	355	339
Tax charge on profit on ordinary activities	<u>500</u>	<u>459</u>

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

7. Tax charge on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	7,339	2,545
Tax at 24.5% (2011: 26.5%) thereon	1,798	674
Effects of		
Expenses not deductible for tax purposes	668	787
Capital allowances in excess of depreciation/amortisation	79	95
Group relief received for nil consideration	(2,205)	(1,295)
Current tax charge for the year	340	261

Deferred tax included in the balance sheet is as follows:

	2012 £000	2011 £000
Decelerated capital allowances	4,073	4,126
Short term timing differences	85	192
Included in debtors (note 11)	4,158	4,318
		£000
At 1 January 2012		4,318
Origination and reversal of timing differences		73
Adjustment in respect of prior years		122
Effect of change in tax rate		(355)
At 31 December 2012		4,158

The corporation tax rate reduced from 26% to 24% with effect from 1 April 2012 and by a further 1% to 23% with effect from 1 April 2013. The Government has announced that the tax rate would be reduced to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in these financial statements.

The legislation to reduce the tax rate to 23% was substantively enacted on 17 July 2012 and therefore has been reflected in the financial statements for the purpose of calculating deferred tax assets and liabilities (2011: 25%). The effect of the rate change in the year ended 31 December 2012 was to reduce the deferred tax asset by £355,250 (2011: £338,238).

The effect of the further tax rate reductions on the deferred tax balance will be accounted for in the periods in which the future tax rate reductions are substantively enacted.

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

8. Intangible assets

	Goodwill £000	IPR £000	Purchased software capitalised £000	Total £000
Cost				
At 1 January 2012	51,125	27,202	656	78,983
Addition	0	0	12	12
At 31 December 2012	51,125	27,202	668	78,995
Amortisation				
At 1 January 2012	35,440	27,202	632	63,274
Charge for the year	2,644	0	15	2,659
At 31 December 2012	38,084	27,202	647	65,933
Net book value				
At 31 December 2012	13,041	0	21	13,062
At 31 December 2011	15,685	0	24	15,709

9. Tangible assets

	Leasehold improvements £000	Computers, furniture and equipment £000	Total £000
Cost			
At 1 January 2012	1,645	1,182	2,827
Additions	0	120	120
Disposals ⁽ⁱ⁾	(50)	0	(50)
At 31 December 2012	1,595	1,302	2,897
Accumulated depreciation			
At 1 January 2012	1,199	943	2,142
Charge for the year	203	161	364
Eliminated on disposals ⁽ⁱ⁾	(41)	0	(41)
At 31 December 2012	1,361	1,104	2,465
Net book value			
At 31 December 2012	234	198	432
At 31 December 2011	446	239	685

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

9. Tangible assets (continued)

- (i) The disposal of leasehold improvements represents the removal of dilapidation repair costs relating to the office lease (note 13) which had been previously capitalised together with its accumulated depreciation

10. Investments

	2012 £000	2011 £000
Cost		
Balance at 1 January	5,879	5,879
Additions	0	0
At 31 December	<u>5,879</u>	<u>5,879</u>
Provision for impairment		
Balance at 1 January	(103)	0
Charge for the year	0	(103)
At 31 December	<u>(103)</u>	<u>(103)</u>
Net book value		
At 31 December	<u>5,776</u>	<u>5,776</u>

Taking a net asset approach at 31 December 2011 the Directors believed that the investment in SmartStream Technologies Iberia SL was impaired and as such it was fully provided for. Having performed a review of the carrying amount of the investments at 31 December 2012 the Directors concluded that there are no indications of any further impairment.

A list of the significant investments in subsidiaries at 31 December 2012, including the name, country of incorporation is given below. All subsidiaries are 100% owned.

Subsidiary	Country of Registration	Principal Activity
SmartStream Technologies GmbH	Austria	Software
SmartStream Technologies Iberia SL	Spain	Software

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

11. Debtors

	2012 £000	2011 £000
Due within one year		
Trade debtors	13,157	8,915
Amounts owed by group undertakings ⁽ⁱ⁾	36,445	33,070
Amounts owed by intermediate parent undertaking ⁽ⁱⁱ⁾	28,823	29,358
Amounts owed to ultimate parent undertakings ⁽ⁱⁱⁱ⁾	0	202
Deferred taxation (note 7)	4,158	4,318
Prepayments and other debtors	880	883
	<u>83,463</u>	<u>76,746</u>

- (i) The amounts owed by group undertakings have no fixed redemption date, are repayable with 90 days notice period and accrue interest at rates which vary from 3 months LIBOR +3% and 3 months EURIBOR +2% to the greater of 7% and LIBOR +2% per annum. The average interest rate for the period was 4.53% (2011 4.72%).
- (ii) On 30 December 2010 the previous ultimate parent company, DIFCI assigned its right to receive interest of US\$ 28,099,533 and £3,143,093 arising on an intra-group loan with D-Clear Europe Limited to the Company in return for an amount in consideration equal to the interest. The balance due to SmartStream Technologies Limited from D-Clear Europe Limited in respect of the interest assigned is equivalent to £20,357,269 (2011 £21,283,293) and is due on demand. The remaining £8,465,319 (2011 £8,074,871) represent amounts paid on behalf of D-Clear Europe Limited.
- (iii) During the year ended 31 December 2011 the Company paid expenses totalling £201,657 on behalf of DIFCI. These expenses were recharged to DIFCI. On 31 May 2012 as part of the change in the ultimate parent undertaking the balance owed by DIFCI was assigned to D-Clear Europe Limited.

12. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	230	148
Amounts owed to group undertakings ⁽ⁱ⁾	20,521	21,320
Amounts owed to ultimate parent undertakings ⁽ⁱⁱ⁾	0	552
Amounts owed to intermediate parent undertakings ⁽ⁱⁱⁱ⁾	4,806	10,938
Corporation tax	97	22
Other taxes and social security	1,847	730
Accruals and sundry creditors	1,789	795
Deferred revenue	6,993	7,463
	<u>36,283</u>	<u>41,968</u>

- (i) The amounts owed to group undertakings have no fixed redemption date, are repayable with 90 days notice period and accrue interest at rates which vary from 3 months LIBOR +3% and 3 months EURIBOR +2% to the greater of 7% and LIBOR +2% per annum. The average interest rate for the year was 4.53% (2011 4.72%).

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

12. Creditors amounts falling due within one year (continued)

- (ii) On 30 December 2010 DIFCI assigned its right to receive interest of US\$ 28,099,533 and £3,143,093 arising on an intra-group loan with D-Clear Europe Limited to SmartStream Technologies Limited in return for an amount in consideration equal to the interest, of which US\$ 12,100,000 and £3,143,093 was met in cash and the balance of US\$ 15,999,533 or £10,308,254 left outstanding on intercompany account on terms that it was payable on demand and accrued interest at 6 1/4% per annum US\$ 942,000 or equivalent of £585,962 of interest was accrued in 2011 (note 6) In December 2011 SmartStream Technologies Limited repaid the remaining balance of US\$ 15,999,533 together with the accrued interest of US\$ 944,691

To facilitate this repayment a new interest free short term loan of US\$ 16,944,224 was received from D-Clear Europe Limited During 2012 the Company repaid US\$ 10,000,000 of the loan The equivalent of £4,254,205 was outstanding at 31 December 2012 (2011 £10,938,673)

Up to 31 December 2011 DIFCI paid expenses totalling £552,000 on behalf of SmartStream Technologies Limited On 31 May 2012 as part of the change in the ultimate parent undertaking the balance owed to DIFCI was assigned to D-Clear Europe Limited

13. Provisions for liabilities and charges

Restructuring provision

	2012 £000	2011 £000
Balance at 1 January	28	177
Utilised in the year	(28)	0
Unwinding of onerous lease provision	0	(149)
Balance at 31 December	0	28

The restructuring provision comprised £28,000 associated with a reduction in employee numbers which commenced prior to 30 June 2009, but remained unpaid

Property provisions

	2012 £000	2011 £000
At 1 January	54	53
Charge to profit and loss account	23	1
De-capitalised in the year (note 9)	(9)	0
At 31 December	68	54

The property provisions represent dilapidation provisions on property leases held by the Company (expected to be utilised by the year ending 31 December 2017)

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

13 Provisions for liabilities and charges (continued)

Analysis of total provisions:

	2012 £000	2011 £000
Non-current	68	54
Current	0	28
Balance at 31 December	68	82

14. Allotted and issued share capital

	2012 £000	2011 £000
Called up, allotted and fully paid 10,000,000 (2011: 10,000,000) ordinary shares of £1 each	10,000	10,000

15 Reconciliation of movements in shareholders' funds and movements in reserves

	Share capital £000	Share premium account £000	Capital contribution reserve £000	Foreign Currency Translation reserve £000	Profit & loss account £000	Total £000
As at 1 January 2011 as restated	10,000	24,186	6,026 ⁽ⁱ⁾	(7)	23,651	63,856
As at 1 January 2011 as previously stated	10,000	24,186	6,026	0	23,931	64,143
Prior period adjustment ⁽ⁱⁱ⁾	0	0	0	(7)	(280)	(287)
Retained profit for the year	0	0	0	8	2,086	2,094
As at 31 December 2011	10,000	24,186	6,026	1	25,737	65,950
Retained profit for the year	0	0	0	(19)	6,839	6,820
As at 31 December 2012	10,000	24,186	6,026	(18)	32,576	72,770

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

15. Reconciliation of movements in shareholders' funds and movements in reserves (continued)

- (i) On completion of the acquisition of the Company's parent, SmartStream Technologies Holdings Limited, on 31 August 2006, an acquisition bonus was paid to Directors and key employees. The liability to pay these bonuses was that of the acquiring company, SmartStream Acquisitions Limited, which reimbursed the Company the expense of these bonuses paid on its behalf. The payment in the year ended 30 June 2007 of £6,026,000 from SmartStream Acquisitions Limited in respect of exit bonuses recognised by the Company represented a capital contribution by SmartStream Acquisitions Limited.

- (ii) Restatement of the period ended 31 December 2010

During 2011 the Company reviewed the revenue that had been recognised on the sales of the Company's software products and services. Following this review and the identification of the omission of the Canadian branch results, the accounts for the period ended 31 December 2010 were restated as summarised below:

	Effect on 2010 £000
(Decrease) in Licence Revenue	(711)
Decrease in Cost of Sales	363
Decrease in Administrative expenses	16
	<hr/>
(Decrease) in Operating profit before exceptional items and amortisation	(332)
Increase in Exceptional items	(4)
(Decrease) in Finance Income	(5)
	<hr/>
(Decrease) in Profit on ordinary activities before tax	(341)
Increase in Tax credit	61
	<hr/>
(Decrease) in Profit for the period	(280)
	<hr/>

	Effect on 2010 £000
(Decrease) in Accrued Income	(746)
Increase in Prepayments and other debtors	6
Increase in Cash at bank and in hand	41
Increase in Amounts owed by group undertakings	174
Increase in Deferred tax asset	61
(Decrease) in Trade creditors	2
Decrease in Other creditors and accruals	341
Decrease in Deferred revenue	15
Increase in Amounts owed to group undertakings	(181)
	<hr/>
(Decrease) in Equity	(287)
	<hr/>

SmartStream Technologies Limited

Notes to the financial statements for the year ended 31 December 2012

16 Financial commitments

Operating lease commitments

At the balance sheet date, the Company had annual cash commitments under non-cancellable operating leases as set out below

	2012 Land and buildings £000	2011 Land and buildings £000
Leases which expire		
Within one year	0	0
Within two to five years	329	106
After five years	0	186
	<u>329</u>	<u>292</u>

Capital commitments

At 31 December 2012 (31 December 2011 £nil) the Company had no capital commitments

17. Ultimate Parent Company and controlling party

The immediate parent undertaking of the Company is SmartStream Technologies Holdings Limited, a company incorporated in Great Britain and registered in England and Wales

The intermediate parent undertaking is SmartStream Technologies Group Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate parent undertaking of SmartStream Technologies Group Limited is D-Clear Europe Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements of D-Clear Europe Limited are available from The Aviva Tower, St Helen's, 1 Undershaft, London, EC3A 8EE, United Kingdom

The ultimate parent company is Investment Corporation of Dubai, a company incorporated in Dubai, United Arab Emirates and the Directors consider the controlling party to be the Government of Dubai

18. Contingencies

On 10 February 2009 as approved by the board of the directors the Company became an unlimited composite guarantor of all the liabilities of SmartStream Acquisitions Limited, SmartStream Funding Limited, SmartStream Technologies Holdings Limited, SBS International Holdings Limited and SmartStream Technologies Group Limited. This unlimited inter company composite guarantee was signed in conjunction with the new facility to manage group bank accounts balances

19. Non adjusting Post Balance Sheet Event

In July 2013 the Company and SmartStream Technologies GmbH entered into an agreement with Wolters Kluwer for the disposal of the trade and assets relating to Svenson regulatory reporting software. During 2012 the Company recorded turnover of £766,000 in respect of royalties receivable from SmartStream Technologies GmbH for the distribution of the Svenson software