

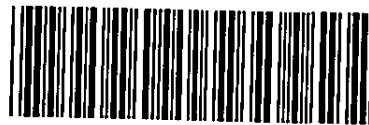
Fortinet UK Limited

Registered number 04570027

Directors' report and financial statements

For the year ended 31 December 2012

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FORTINET UK LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Directors | K A Goldman (resigned 15 November 2012) J L Whittle (appointed 8 March 2013) N H Tarapdar (appointed 10 June 2013) N S Bush |
| Registered number | 04570027 |
| Registered office | Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF |
| Independent auditors | Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF |

FORTINET UK LIMITED

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FORTINET UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities

The principal activity of the company continued to be that of software consultancy and supply. The company's revenue is wholly derived from the recharging of expenses to its US parent, Fortinet Inc.

Business review

The financial statements incorporate the results of the Swiss, Swedish and Italian branches. The results of the subsidiary undertakings, Fortinet Sarl and Fortinet GmbH, are excluded from these accounts.

The directors considered the performance in the year to be satisfactory and do not recommend payment of a dividend.

Results

The profit for the year, after taxation, amounted to £257,196 (2011 - loss £115,995).

Directors

The directors who served during the year were

K A Goldman (resigned 15 November 2012)
N S Bush

FORTINET UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Provision of Information to auditors

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

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

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Risks

100% of the sales for Fortinet UK Ltd are directly to the parent company, Fortinet Inc. The directors are aware of this as it has always been the intended setup between the two companies

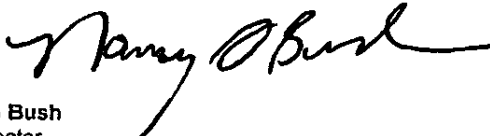
The Fortinet Inc financial statements are publicly available in the United States of America. These state the key risks to the group as a whole.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the company, its cashflow and liquidity position are outlined in the Profit and Loss account, Statement of Total Recognised Gains and Losses and Balance Sheet on pages 5-7.

The company has sufficient financial resources for its operations given the ongoing parental support and as a consequence, the directors believe that the company is well placed to manage the business risks despite the current uncertain economic climate. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board and signed on its behalf



N S Bush
Director

Date **24 SEPTEMBER 2013**

FORTINET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORTINET UK LIMITED

We have audited the financial statements of Fortinet UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on the 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 the other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

FORTINET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORTINET UK LIMITED

Matters on which we are required to report by exception

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

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



Gregory Hall (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date 26 September 2013

FORTINET UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 £ | 2011 £ |
|------------------------------------------------------|------|-----------------------|-------------------------|
| Turnover | 1,2 | 13,281,993 | 14,650,799 |
| Administrative expenses | | <u>(12,970,728)</u> | <u>(14,545,099)</u> |
| Operating profit | 3 | 311,265 | 105,700 |
| Interest receivable and similar income | | <u>1,225</u> | <u>1,568</u> |
| Profit on ordinary activities before taxation | | 312,490 | 107,268 |
| Tax on profit on ordinary activities | 6 | <u>(55,294)</u> | <u>(223,263)</u> |
| Profit/(loss) for the financial year | 13 | <u><u>257,196</u></u> | <u><u>(115,995)</u></u> |

All amounts relate to continuing operations

The notes on pages 8 to 18 form part of these financial statements

FORTINET UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 £ | 2011 £ |
|---------------------------------------------------------------|-----------------------|-------------------------|
| Profit/(loss) for the financial year | 257,196 | (115,995) |
| Other movements in profit and loss reserve | <u>(6,989)</u> | <u>(2,235)</u> |
| Total recognised gains and losses relating to the year | <u>250,207</u> | <u>(118,230)</u> |

The notes on pages 8 to 18 form part of these financial statements

FORTINET UK LIMITED
Registered number 04570027
BALANCE SHEET
AS AT 31 DECEMBER 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|-------------------------------------------------------|------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 6,267 | | 834 |
| Investments | 8 | | 24,858 | | 24,858 |
| | | | <u>31,125</u> | | <u>25,692</u> |
| Current assets | | | | | |
| Debtors | 9 | 782,170 | | 2,384,259 | |
| Cash at bank | | 3,663,406 | | 1,339,216 | |
| | | <u>4,445,576</u> | | <u>3,723,475</u> | |
| Creditors, amounts falling due within one year | 10 | <u>(2,072,533)</u> | | <u>(1,833,073)</u> | |
| Net current assets | | | <u>2,373,043</u> | | <u>1,890,402</u> |
| Net assets | | | <u>2,404,168</u> | | <u>1,916,094</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1 | | 1 |
| Capital contribution reserve | 13 | | 1,647,205 | | 1,409,338 |
| Profit and loss account | 13 | | 756,962 | | 506,755 |
| Shareholders' funds | 14 | | <u>2,404,168</u> | | <u>1,916,094</u> |

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



24 SEPTEMBER 2013

N S Bush
Director

The notes on pages 8 to 18 form part of these financial statements

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements incorporate the results of the Swiss, Swedish and Italian branches. The results of the subsidiary undertakings, Fortinet Sarl and Fortinet GmbH, are excluded from these accounts.

The financial statements contain information about Fortinet UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Fortinet Inc, a company registered in the United States of America.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

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

| | | |
|---------------------------|---|----------------------------|
| L/Term Leasehold Property | - | Over the term of the lease |
| Computer equipment | - | 50% straight line |

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Operating leases

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

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

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.7 Foreign currencies

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

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

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

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

1.8 Share based payments

The equity instruments are granted to the employees of the Company by its parent, Fortinet Inc. The share based compensation is accounted for as equity-settled in the consolidated financial statements of the parent, therefore the Company is required to record an expense for such compensation in accordance with FRS 20 'Share based payments', with a corresponding increase recognised in the capital contribution reserve in equity as a contribution from the parent.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the Board of Directors using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. Number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification.

No reduction is recognised if this difference is negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement. The Group has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2007.

For awards granted before 7 November 2002, the group recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

2. Turnover

The whole of the turnover is attributable to software consultancy and supply.

All turnover arose from the United States of America with the parent company Fortinet Inc.

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3 Operating profit

The operating profit is stated after charging/(crediting)

| | 2012 | 2011 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Depreciation of tangible fixed assets, - owned by the company | 1,247 | 908 |
| Operating lease rentals - other operating leases | 278,766 | 236,989 |
| Difference on foreign exchange | 9,786 | (26,818) |
| Auditors' remuneration | 7,750 | 7,600 |
| - taxation | 4,700 | 3,850 |
| - other | 3,250 | 4,000 |
| | <u> </u> | <u> </u> |

During the year, no director received any emoluments (2011 - ENIL)

4 Staff costs

Staff costs were as follows

| | 2012 | 2011 |
|-----------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Wages and salaries | 8,585,472 | 6,831,343 |
| Social security costs | 1,488,822 | 1,295,390 |
| | <u> </u> | <u> </u> |
| | 10,074,294 | 8,126,733 |
| | <u> </u> | <u> </u> |

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

| | 2012 | 2011 |
|--------------------------|-----------------------------|-----------------------------|
| | No | No. |
| Administration and sales | 73 | 61 |
| | <u> </u> | <u> </u> |

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5 Share based payments

The parent company, Fortinet Inc, operates an Employee share option scheme which is open to group employees. For the employee share option scheme the options are exercisable at a price equal to the Company's share price at the date of grant.

The fair value of the share options have been determined by applying a Black-Scholes-Merton model which have no vesting restrictions and are fully transferable. For all share options the Company recognises an expense over the requisite service period using the straight line method.

In 2011 options were granted on 8 February, 11 May, 2 August and 7 November. The aggregate of the estimated fair values of the options granted on these dates is £2,424,369. In 2012 options were granted on 11 January, 14 February, 5 August and 8 August. The aggregate of the estimated fair values of the options granted on these dates is £1,062,942, including ESPP grants. The weighted average of the fair values of all of the share options granted was £3.68 (2011 £8.40) per option.

All share options are cancelled if the employee leaves the Company before the options vest. To allow for the effects of early exercise, the expected life has been adjusted based on management's best estimate for exercise restrictions and behavioural considerations.

During the prior year, the ultimate parent company announced a two-for-one split of its outstanding Common Stock payable in the form of a stock dividend.

As a result of the stock split, each stockholder received one additional share of Fortinet common stock for each share of Fortinet common stock held of record on 9 May 2011. The number of shares represented by the stock option(s) was adjusted to reflect the stock split, with the number of shares in the ultimate parent increasing by double, and the exercise price will decrease proportionately (by half). In accordance with FRS 20 the split was accounted for as a change in stock option scheme.

The following table illustrates the number (No) and weighted average exercise price (WAEP) of share options outstanding during the year, adjusted to reflect the two for one split effective 1 June 2011, inclusive of ESPP grants.

| | 2012 | 2012 | 2011 | 2011 |
|------------------------------|---------|--------|---------|--------|
| | No | WAEP | No | WAEP |
| Outstanding at 1 January | 592,979 | £7.71 | 331,271 | £5.67 |
| Impact of share split | - | - | 331,271 | - |
| Granted during period | 288,843 | £16.19 | 314,233 | £13.16 |
| Cancelled during period | 48,530 | £13.68 | 13,480 | £7.80 |
| Exercised during period | 112,308 | £11.59 | 370,316 | £11.65 |
| Outstanding at end of period | 720,984 | £10.36 | 592,979 | £7.71 |
| Exercisable at end of period | 328,597 | £8.12 | 225,388 | £3.81 |

The model inputs were

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5 Share based payments (continued)

| | 2012 | 2011 | 2010 | 2009 |
|------------------------------------------------|--------|--------|--------|--------|
| Weighted average share price at grant date (£) | £20.37 | £14.19 | £13.32 | £4.57 |
| Weighted average exercise price (£) | £20.37 | £14.19 | £13.32 | £5.08 |
| Dividend yield (%) | 0% | 0% | 0% | 0% |
| Expected volatility (%) | 50.86% | 46.63% | 40.76% | 50.57% |
| Risk free interest rate (%) | 0.15% | 1.53% | 1.87% | 1.45% |
| Expected life of options (years) | 4.58 | 4.58 | 4.58 | 4.58 |
| Fair Value (£) | £3.68 | £5.51 | £4.87 | £1.82 |

Expected volatility, measured at the annualised standard deviation of expected share price returns, was determined by calculating the historical and implied volatility of the Company's share price over the previous years

The Company recognised a total expense of £237,867 (2011: £534,179) in the income statement in respect of these equity settled share-based payment transactions

6. Taxation

| | 2012 £ | 2011 £ |
|-----------------------------------------------------|---------------|----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| Foreign tax on income for the year | 55,294 | 112,720 |
| Foreign tax adjustments in respect of prior periods | - | 109,185 |
| Total current tax | 55,294 | 221,905 |
| Deferred tax (see note 11) | | |
| Origination and reversal of timing differences | - | 1,358 |
| Tax on profit on ordinary activities | 55,294 | 223,263 |

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26.5% (2011 - 26.5%). The differences are explained below

| | 2012 £ | 2011 £ |
|----------------------------------------------------------------------------------------------------------------|---------------|----------------|
| Profit on ordinary activities before tax | 312,490 | 107,268 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2011 - 26.5%) | 82,810 | 28,426 |
| Effects of | | |
| Non-tax deductible expenses | 145,648 | 950,450 |
| Capital allowances for year in excess of depreciation | (843) | (4,189) |
| Other fixed asset differences | (5,633) | - |
| Share scheme deduction under Schedule 23 | - | (1,127,802) |
| Higher rate taxes on overseas earnings | 84,904 | 112,721 |
| Adjustments to tax charge in respect of prior periods | (35,879) | 109,185 |
| Unrelieved tax losses carried forward | 264,942 | 22,207 |
| Other timing differences leading to an increase in the tax charge | (480,655) | 130,907 |
| Current tax charge for the year (see note above) | 55,294 | 221,905 |

Factors that may affect future tax charges

There were no factors that may affect future tax charges

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7 Tangible fixed assets

| | Leasehold Improvement £ | Computer equipment £ | Total £ |
|-----------------------|-------------------------------|----------------------------|------------|
| Cost | | | |
| At 1 January 2012 | - | 4,089 | 4,089 |
| Additions | 6,738 | - | 6,738 |
| Disposals | - | (1,150) | (1,150) |
| At 31 December 2012 | 6,738 | 2,939 | 9,677 |
| Depreciation | | | |
| At 1 January 2012 | - | 3,255 | 3,255 |
| Charge for the year | 471 | 776 | 1,247 |
| On disposals | - | (1,092) | (1,092) |
| At 31 December 2012 | 471 | 2,939 | 3,410 |
| Net book value | | | |
| At 31 December 2012 | 6,267 | - | 6,267 |
| At 31 December 2011 | - | 834 | 834 |

8 Fixed asset investments

| | Investments in subsidiary companies £ |
|----------------------------------------|---------------------------------------------------|
| Cost or valuation | |
| At 1 January 2012 and 31 December 2012 | 24,858 |
| Net book value | |
| At 31 December 2012 | 24,858 |
| At 31 December 2011 | 24,858 |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding |
|---------------|-----------------|---------|
| Fortinet Sarl | Ordinary shares | 100% |
| Fortinet GmbH | Ordinary shares | 100% |

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8 Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

| Name | Aggregate of share capital and reserves £ | Profit £ |
|---------------|----------------------------------------------------|----------------|
| Fortinet Sarl | 2,228,247 | 192,240 |
| Fortinet GmbH | 372,153 | 87,234 |
| | <u>2,600,400</u> | <u>279,474</u> |

9. Debtors

| | 2012 £ | 2011 £ |
|------------------------------------|----------------|------------------|
| Amounts owed by group undertakings | 400,747 | 2,073,259 |
| Other debtors | 107,095 | 61,857 |
| Tax recoverable | 232,863 | 214,846 |
| Prepayments and accrued income | 35,958 | 28,790 |
| Deferred tax asset (see note 11) | 5,507 | 5,507 |
| | <u>782,170</u> | <u>2,384,259</u> |

10. Creditors: Amounts falling due within one year

| | 2012 £ | 2011 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 32,486 | 18,591 |
| Amounts owed to group undertakings | 108,270 | 104,095 |
| Social security and other taxes | 563,734 | 524,970 |
| Accruals and deferred income | 1,368,043 | 1,185,417 |
| | <u>2,072,533</u> | <u>1,833,073</u> |

11 Deferred tax asset

| | 2012 £ | 2011 £ |
|---------------------------------|--------------|--------------|
| At beginning of year | 5,507 | 6,865 |
| (Decrease)/Increase in the year | - | (1,358) |
| | <u>5,507</u> | <u>5,507</u> |

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Deferred tax asset (continued)

The deferred tax asset relates to accelerated capital allowances

12. Share capital

| | 2012 £ | 2011 £ |
|-------------------------------------------|----------------|----------------|
| Authorised | | |
| 100,000 Ordinary shares shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| Allotted, called up and fully paid | | |
| 1 Ordinary shares share of £1 | <u>1</u> | <u>1</u> |

13. Reserves

| | Other reserves £ | Profit and loss account £ |
|--------------------------------------|------------------------|---------------------------------|
| At 1 January 2012 | 1,409,338 | 506,755 |
| Profit for the year | - | 257,196 |
| Movement on other reserves | 237,867 | - |
| Exchange rate adjustment on reserves | - | (6,989) |
| At 31 December 2012 | <u>1,647,205</u> | <u>756,962</u> |

14. Reconciliation of movement in shareholders' funds

| | 2012 £ | 2011 £ |
|---------------------------------------------------|------------------|------------------|
| Opening shareholders' funds | 1,916,094 | 1,500,145 |
| Profit/(loss) for the year | 257,196 | (115,995) |
| Other recognised gains and losses during the year | (6,989) | (2,235) |
| Capital contribution reserve | 237,867 | 534,179 |
| Closing shareholders' funds | <u>2,404,168</u> | <u>1,916,094</u> |

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15 Operating lease commitments

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

| | Land and buildings | |
|-----------------------|---------------------------|-------------------|
| | 2012 | 2011 |
| | £ | £ |
| Expiry date. | | |
| Within 1 year | 78,835 | 120,960 |
| Between 2 and 5 years | 259,728 | 87,737 |
| | <u> </u> | <u> </u> |

16. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

17. Ultimate parent undertaking and controlling party

The ultimate parent company is Fortinet Inc, a company registered in the United States of America. Copies of the consolidated financial statements of Fortinet Inc are available from 1090 Kifer Road, Sunnyvale, CA 94086, USA.