

REGISTERED NUMBER: 1872571 (England and Wales)

SIR (UK) LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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SIR (UK) LIMITED

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FOR THE YEAR ENDED 30 SEPTEMBER 2007**

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SIR (UK) LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2007

DIRECTORS:	M Milner	(appointed 12 April 2007)
	H Bottomley	(appointed 15 January 2007)
	G Dewart	(appointed 15 January 2007)
	S Bolingbroke	
	C Watson	(resigned 15 January 2007)
	A Robson	(resigned 15 January 2007)
	K Brooks	(resigned 31 March 2007)
	B Enlander	(resigned 31 March 2007)

SECRETARY:	E Hollinrake
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REGISTERED OFFICE:	New Mill House 183 Milton Park Abingdon Oxon OX14 4SE
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REGISTERED NUMBER:	1872571 (England and Wales)
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BANKERS:	Barclays Bank Plc PO Box 15161 50 Pall Mall London SW1Y 5AX
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AUDITORS:	Deloitte & Touche LLP Chartered Accountants Reading
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SIR (UK) LIMITED

Annual report and financial statements for the year ended 30 September 2007

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their report with the financial statements of the company for the year ended 30 September 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of computer software technicians, consultants and advisors

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The results for the year and financial position of the company are as shown in the annexed financial statements

The directors are pleased with the growth achieved by the company and are hopeful of maintaining that performance

There have been no significant events since the date of the balance sheet

DIVIDENDS

The profit on ordinary activities after taxation available to shareholders amounted to £491,165 (2006 £417,280)

During the year an interim dividend of £90,000 was paid (2006 £540,000)

The directors are recommending the payment of a final dividend of £nil (2006 £nil)

DIRECTORS

The directors during the year under review and to the date of the signing of the accounts were

M Milner	(appointed 12 April 2007)
H Bottomley	(appointed 15 January 2007)
G Dewart	(appointed 15 January 2007)
S Bolingbroke	
C Watson	(resigned 15 January 2007)
A Robson	(resigned 15 January 2007)
K Brooks	(resigned 31 March 2007)
B Enlander	(resigned 31 March 2007)

SIR (UK) LIMITED

Annual report and financial statements for the year ended 30 September 2007

AUDITORS

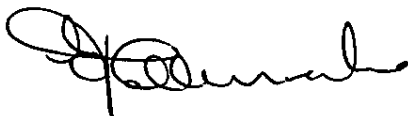
Each of the persons who is a directors are the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The auditors, Deloitte & Touche LLP will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'E Hollinrake', written over a horizontal line.

By order of the Board
E Hollinrake – Company Secretary

12 December 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

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. The Directors have elected to prepare the financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985. In doing so, Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR (UK) LIMITED

Independent Auditors' Report to the Shareholders

We have audited the financial statements of SIR (UK) Limited for the year ended 30 September 2007, which comprise the Income statement, Balance sheet, Cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report to the Shareholders (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 September 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Reading, United Kingdom

12 December 2007

SIR (UK) LIMITED

INCOME STATEMENT

For the year ended 30 September 2007

<i>£</i>	<i>Note</i>	2007	2006
Revenue	3	6,743,315	3,671,431
Cost of sales		(4,169,207)	(2,154,238)
Gross profit		2,574,108	1,517,193
Selling and distribution costs		(186,282)	(161,022)
Administrative expenses		(1,811,543)	(803,276)
Amortisation of acquisition related intangible assets		(34,578)	-
Profit from operations	5	541,705	552,895
Investment income	7	168,621	76,531
Profit before tax		710,326	629,426
Tax	8	(219,161)	(212,146)
Profit for the period attributable to equity holders of the parent		491,165	417,280

All amounts derive from continuing operations

The company has no material recognised income or expense other than the results for the current and prior periods. Accordingly, no statement of recognised income and expense is presented.

SIR (UK) LIMITED

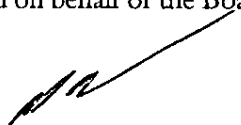
BALANCE SHEET

As at 30 September 2007

£	Note	2007	2006
Non-current assets			
Acquisition related intangible assets	10	441,226	-
Other intangible assets	11	82,254	-
Property, plant and equipment	12	229,240	69,932
Deferred tax assets	8	115,298	156,331
		868,018	226,263
Current assets			
Trade and other receivables	14a	3,244,214	2,869,805
Tax assets	14a	11,175	-
Cash and cash equivalents	14b	20,505	7,006
		3,275,894	2,876,811
Total assets		4,143,912	3,103,074
Current liabilities			
Trade and other payables	15	(2,829,182)	(2,004,169)
Tax liabilities	15	-	(188,844)
		(2,829,182)	(2,193,013)
Net current assets		446,712	683,798
Net assets		1,314,730	910,061
Equity attributable to equity holders of the parent			
Share capital	17	10,000	10,000
Capital contribution reserve		3,504	-
Retained earnings		1,301,226	900,061
Total equity	18	1,314,730	910,061

These financial statements were approved by the Board of Directors on 12 December 2007

Signed on behalf of the Board of Directors



M Milner
Managing Director
12 December 2007

SIR (UK) LIMITED

CASH FLOW STATEMENT

For the year ended 30 September 2007

£	2007	2006
Profit from operations	541,705	552,895
Adjustments for		
Depreciation of property, plant and equipment	106,694	30,758
Amortisation of other intangible assets	6,287	-
Amortisation of acquisition related intangible assets	34,578	-
Share-based payment	3,504	-
Operating cash flows before movements in working capital	692,768	583,653
Increase in receivables	(67,853)	(1,209,323)
Increase in payables	743,232	1,063,881
Cash generated by operations	1,368,147	438,211
Tax paid	(381,572)	(338,667)
Net cash inflow from operating activities	986,575	99,544
Investing activities		
Interest received	-	9,448
Purchases of property, plant and equipment	(164,291)	(50,141)
Purchases of other intangible assets	(72,507)	-
Purchase of acquisition related assets and liabilities	(604,255)	-
Net cash used in investing activities	(841,053)	(40,693)
Financing activities		
Decrease in borrowings	(132,023)	(933,597)
Net cash used in financing activities	(132,023)	(933,597)
Net increase/(decrease) in cash and cash equivalents	13,499	(874,746)
Cash and cash equivalents at the beginning of year	7,006	881,752
Cash and cash equivalents at the end of year	20,505	7,006

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Sir (UK) Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The nature of the Company's operations and its principal activities are set out in the Business Review.

The Company is part of a European listed Group, whose ultimate parent is RM plc. The Group is required to report under International Financial Reporting Standards (IFRS) and the Company has now also transitioned to IFRS. For Sir (UK) Limited this annual report, for the year ending 30 September 2007 is the first report under IFRS.

The accounting policies are drawn up in accordance with those International Accounting Standards (IAS) and IFRS issued by the International Accounting Standards Board (IASB) and adopted for use in the EU and therefore comply with Article 4 of the EU IAS Regulation applied in accordance with the provisions of the Companies Act 1985. The disclosures required by IFRS1 First-time Adoption of IFRS concerning the transition from UK GAAP to IFRS are given in note 24.

Adoption of new and revised International Financial Reporting Standards

At the date of approval of these financial statements the following standards and interpretations were issued but not yet mandatory for the Company and have not been adopted:

IFRS:

IFRS 7 Financial Instruments Disclosures
IFRS 8 Operating Segments

International Financial Reporting Interpretations Committee (IFRIC) interpretations:

IFRIC 8 Scope of IFRS 2

Amendments to existing standards:

Amendments to IAS 1 Presentation of Financial Statements – Capital Disclosures
Amendments to IAS 23 Borrowing Costs – Capitalisation of Borrowing Costs

The Directors are still assessing the impact of these standards and interpretations, but do not anticipate that their adoption will have a material impact on the Group's financial statements in the period of initial adoption.

Although it was not mandatory at the date of approval of these financial statements the Group has decided to adopt IFRIC 11 IFRS 2 – Group Treasury Share Transactions.

The significant IFRS accounting policies adopted by the Company are listed below.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue

Revenue represents amounts receivable for goods supplied and services provided to third parties and other group companies net of VAT and other sales-related taxes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

Revenue (continued)

Revenue from the sale of goods and services is recognised upon transfer to the customer of the significant risks and rewards of ownership. This is generally when goods are despatched to, or services performed for, customers. Revenue on hardware and perpetual software licences is recognised on shipment providing there are no unfulfilled obligations that are essential to the functionality of the delivered product. If such obligations exist, revenue is recognised as they are fulfilled. Revenue from term licences is spread over the period of the licence, reflecting the Company's obligation to support the relevant software products or update their content over the term of the licence. Revenue from contracts for maintenance, support and annually and other periodically contracted products and services is recognised on a pro-rata basis over the contract period. Revenue from installation, consultancy and other services is recognised when the service has been provided.

Appropriate provisions for returns, trade discounts and other allowances are deducted from revenue.

Revenue on long-term contracts is recognised while contracts are in progress. Revenue is recognised proportionally to the stage of completion of the contract, based on the fair value of goods and services provided to date.

Long-term contracts

Profit on long-term contracts is recognised when the outcome of the contract can be assessed with reasonable certainty. Thereafter profit is recognised based upon the expected outcome of the contract and the revenue recognised at the balance sheet date as a proportion of total contract revenue.

If the outcome of a long-term contract cannot be assessed with reasonable certainty no profit is recognised. Any expected loss, on a contract as a whole, is recognised as soon as it is foreseen. The loss is calculated using a discounted cash flow model utilising a discount rate that reflects an estimate of the markets' assessment of the time value of money and the risks specific to the liability. Any unwinding of the discount is included in the income statement in finance costs.

The balance of total cost incurred on work carried out, net of any amounts recognised in cost of sales, is taken to the balance sheet, within trade and other receivables, as long-term contract balances.

Where the cumulative fair value of goods and services provided exceeds amounts invoiced the balance is included within trade and other receivables as long-term contract balances. Where amounts invoiced exceed the fair value of goods and services provided the excess is first set off against long-term contract balances and then included in amounts due from long-term contract customers within trade and other payables.

Pre-contract costs are expensed until the awarding of the contract to the Company is considered to be probable which is not before the Company has been appointed sole preferred bidder. Once probability has been established and the contract is expected to be awarded within a reasonable timescale and pre-contract costs are expected to be recovered from the contract's net cash flows, then pre-contract costs are recognised as an asset and accounted for as long-term contract costs.

Property, plant and equipment

Property, plant and equipment assets are stated at cost, less depreciation and provision for impairment where appropriate.

Property, plant and equipment are depreciated by equal annual instalments to write down the assets to their estimated disposal value at the end of their useful lives as follows:

Plant & equipment	3 years
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

Intangible assets

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in profit or loss. For the purpose of impairment testing, goodwill is allocated to cash-generating units expected to benefit from the synergies of the combination. 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 unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware and the costs of internally generated software for the Company's use, are capitalised at cost and amortised over their useful lives of 2-5 years.

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 any impairment loss. 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 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.

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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

Employee benefits

The Company operates a defined contribution pension scheme. Contributions are charged to operating profit as they become payable.

An accrual is maintained for paid holiday entitlements which have been accrued by employees during a period but not taken during that period.

Taxation

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

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries where the Company 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.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

Operating leases

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

Dividends

Dividends are recognised as a liability in the period in which the shareholders' right to receive payment has been established.

3. Revenue

An analysis of the Company's revenue is as follows:

£	2007	2006
Revenue from the supply of data analysis and reporting to education	6,743,315	3,671,431
Investment income	168,621	76,531
Total revenue	6,911,936	3,747,962

4. Business segments

The business operates in one primary segment, being the supply of data analysis and reporting to education.

The Company operates primarily in the UK, with no other geographical segment being material for disclosure.

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Profit for the year

Profit is stated after charging/ (crediting)

£	2007	2006
Depreciation of property, plant and equipment	106,694	30,579
Amortisation of other intangible assets	6,287	-
Amortisation of acquisition related intangible assets	34,578	-
Profit on sale of property, plant and equipment	-	(3,000)
Staff costs (see note 6)	1,930,992	1,424,122
Minimum lease payments recorded as operating lease expense	77,673	59,125
Auditors' remuneration for audit services	13,710	7,000

6. Staff costs

The average monthly number of persons (including Executive Directors and temporary employees) employed by the Company during the year was as follows

	2007	2006
Number employed		
Administration	4	2
Selling and marketing	2	3
Operational	30	20
	36	25

Their aggregate remuneration comprised

£	2007	2006
Wages and salaries	1,696,681	1,276,318
Social security costs	193,306	116,703
Other pension costs	41,005	31,101
	1,930,992	1,424,122

An accrual is maintained for employees' holiday entitlements which have accrued to them but have not been taken at the period end. As at 30 September 2007 the accrual stood at £54,597

From 2007, staff costs have been charged as follows

- Direct staff costs are included in Cost of Sales
- Sales and marketing staff costs are included in Selling and Distribution costs
- All other staff costs are included in Administrative expenses

The 2006 comparatives have been adjusted to reflect this change

7. Investment income

£	2007	2006
Investment income	168,621	76,531

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Taxation

a) Analysis of tax charged in income statement

£	2007	2006
Current taxation		
UK corporation tax based on the profit for the year	234,117	217,505
Adjustment in respect of prior years	(55,989)	10,217
Total current tax	178,128	227,722
Deferred taxation		
Temporary differences	(659)	(15,576)
Adjustment in respect of prior years	41,692	-
Total deferred tax	41,033	(15,576)
Total income statement tax charge	219,161	212,146

Further analysis of the Company's deferred tax assets and liabilities is shown below

b) Factors affecting the tax charge for the period

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows

£	2007	2006
Profit on ordinary activities before tax	710,326	629,426
Tax at 30% thereon	213,098	188,828
Effects of		
- goodwill charges not deductible for tax purposes	-	-
- other expenses not deductible for tax purposes	3,000	9,597
- other temporary timing differences	17,360	3,504
- prior period adjustments	(14,297)	10,217
Tax	219,161	212,146

Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting period

£	Accelerated tax depreciation	Short-term timing differences	Total
At 1 October 2005	3,488	137,268	140,756
Charge to income	876	14,700	15,576
At 1 October 2006	4,363	151,968	156,332
Charge/(credit) to income	2,920	(43,954)	(41,034)
At 30 September 2007	7,283	108,014	115,298

Following substantive enactment of the Finance Bill in June 2007 we note that legislation is being introduced that would reduce the corporation tax rate to 28% with effect from 1 April 2008. The deferred tax assets and liabilities, currently stated at 30% of the temporary differences will be stated at 28% of those amounts in the financial statements for the 2008 period.

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Dividends

£	2007	2006
Interim paid of £9 per share (2006: £54 per share)	90,000	540,000

10. Acquisition related intangible assets

£	Serap contracts	Serap database	Total
Cost			
At 1 October 2005 and 1 October 2006	-	-	-
Additions	158,603	317,201	475,804
At 30 September 2007	158,603	317,201	475,804
Amortisation			
At 1 October 2005 and 1 October 2006	-	-	-
Charge for the year	11,079	23,499	34,578
At 30 September 2007	11,079	23,499	34,578
Net Book Value			
At 30 September 2007	147,524	293,702	441,226
At 30 September 2006	-	-	-

11. Other intangible assets

£	
Cost	
At 1 October 2005 and 1 October 2006	-
Additions	72,507
Acquisition of business	16,034
At 30 September 2007	88,541
Amortisation	
At 1 October 2005 and 1 October 2006	-
Charge for the year	6,287
At 30 September 2007	6,287
Net Book Value	
At 30 September 2007	82,254
At 30 September 2006	-

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment

£	Plant & equipment
Cost	
At 1 October 2005	116,847
Additions	50,141
Disposals	(3,000)
At 1 October 2006	163,988
Additions	164,291
Acquisition of business	98,710
At 30 September 2007	429,989
Depreciation	
At 1 October 2005	66,297
Charge for the year	30,758
Disposals	(3,000)
At 1 October 2006	94,055
Charge for the year	106,694
At 30 September 2007	200,749
Net Book Value	
At 30 September 2007	229,240
At 30 September 2006	69,932

13. Long-term contracts

£	2007	2006
Contracts in progress at the balance sheet date		
Contract cost incurred plus recognised profits less recognised losses to date	5,184,387	699,219
Less progress billings	(6,107,372)	(1,385,101)
	(922,985)	(685,882)
Amounts due from contract customers included in trade and other receivables	-	-
Amounts due to contract customers included in trade and other payables	(922,985)	(685,882)
	(922,985)	(685,882)

Total revenue recognised from long-term contracts amounted to £4,039,330 (2006 £1,146,906)

At 30 September 2007, no (2006 nil) amounts due from contract customers are due for settlement after more than 12 months

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Long-term contracts (continued)

Long-term contract outcome – estimation uncertainty

The Company's long-term contracts represent a significant part of the Company's business. As a result of the accounting for these contracts, as outlined in note 2 it is necessary for the directors to assess the outcome of each contract and also estimate future costs and revenues to establish ultimate contract profitability. Profit is then recognised based on these judgements and therefore, depending on the maturity of the contract portfolio, a greater or lesser proportion of Company profit will arise from long-term contracts.

14. Other financial assets

a) Trade and other receivables

£	2007	2006
Current		
Trade receivables	370,437	65,368
Other receivables	5,500	5,500
Prepayments and accrued income	64,018	205,745
Amounts owed by group companies	2,804,259	2,593,192
	3,244,214	2,869,805

Tax assets	11,175	-
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The average credit period taken on sales of goods is 90 days (2006 30 days). No interest is charged on the receivables outstanding.

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

b) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

15. Other financial liabilities

Trade and other payables

£	2007	2006
Current		
Trade payables	121,514	81,376
Amounts due to group companies	572,779	213,625
Other taxation and social security	285,448	258,503
Other payables - other	274,889	593,083
Accruals	601,463	49,775
Amounts due to long term contract customers	918,134	447,687
Deferred income	54,955	360,120
	2,829,182	2,004,169

Tax liabilities	-	188,844
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Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 19 days (2006 20 days).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial instruments

The financial assets and liabilities of the Company are disclosed in notes 14 and 15 respectively

The main risks arising from the Company's financial assets and liabilities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies on a regular basis for managing the risks associated with these assets and liabilities

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken and the Company does not hold or issue derivative financial instruments for speculative purposes

Credit risk

The Company's principal financial assets are bank balances and trade and other receivables

The Company's credit risk is managed at Group level

Liquidity risk

Cash is managed to ensure that sufficient liquid funds are available with a variety of counterparties, but principally other group companies, through short, medium and long-term cash flow forecasting

Interest rate risk

The only interest bearing financial assets and liabilities held by the Company are cash and cash equivalents and non-current receivables with other group companies arising from cash surpluses/deficits

Cash and cash equivalents have the following interest rate profile

£	2007 Floating rate	2006 Floating rate
Sterling	20,505	7,006

17. Share capital

£			2007	2006
Authorised				
Number	Class	Nominal value		
100,000	Ordinary	£1	100,000	100,000
Allotted, issued and fully paid				
Number	Class	Nominal value		
10,000	Ordinary	£1	10,000	10,000

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Reconciliation of shareholder's equity and reserves

£	Share capital	Capital contribution reserve	Retained earnings	Total equity
At 1 October 2005	10,000	-	1,022,781	1,032,781
Profit for the year	-	-	417,280	417,280
Dividends paid	-	-	(540,000)	(540,000)
At 1 October 2006	10,000	-	900,061	910,061
Profit for the year	-	-	491,165	494,669
Dividends paid	-	-	(90,000)	(90,000)
Share-based payment	-	3,504	-	3,504
At 30 September 2007	10,000	3,504	1,301,226	1,314,730

19. Operating lease arrangements

The Company leases certain assets under operating leases and is committed to the following payments in the coming year

£	2007	2006
Minimum lease payments under operating leases recognised in income for the year	77,673	59,125

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

£	2007	2006
Within one year	-	-
In the second to fifth years inclusive	309,674	270,000
After five years	-	-

Operating lease payments represent rentals payable by the Company for land and buildings. The terms of which are subject to renegotiation on an average term of 3 years and rentals are fixed for an average of 3 years.

20. Retirement benefit schemes

Defined contribution schemes

The Company contributes to a number of personal pension schemes for the benefit of qualifying employees. The assets of these schemes are held separately from those of the Company. The total cost charged to income of £41,005 (2006 £31,101) represents contributions payable to these schemes by the Company at rates specified in employment contracts. As at 30 September 2007 £12,438 (2006 £5,136) due in respect of the current reporting period had not been paid over to the schemes.

Amounts due includes employer's and employees' contributions to be paid. Employer's contributions to be paid were £7,204 (2006 £3,025).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Related party transactions

The remuneration of the key management personnel of the Company, recognised in the income statement, is set out below in aggregate. Key management are defined as the executive directors of the Company and other persons classified as "persons discharging management responsibility under the rules of the Financial Services Authority". Further information about the remuneration of individual directors is provided in the audited part of the Remuneration Report.

£	2007	2006
Short-term employee benefits	210,553	260,554
Post-employment benefits	3,563	8,766
	214,116	269,320

During the year, the only transaction between the Company and its ultimate parent undertaking, RM plc was the declaration of dividends. The Company entered into the following transactions with other group companies:

£	2007	2006
Purchases or sales of goods and services	2,438,784	(1,592,334)
Transfers under finance arrangements	(1,186,195)	(1,000,680)
Settlement of liabilities on behalf of the Company	(1,400,642)	907,621
	148,053	(1,685,393)

Transactions between group companies are conducted on an arms length basis in compliance with Transfer Pricing regulations.

22. Ultimate parent undertaking

The Company's immediate and ultimate parent undertaking is RM plc, a Company incorporated in the UK. The financial statements of the Group are publicly available and may be obtained from RM plc, New Mill House, 183 Milton Park, Abingdon, Oxfordshire, OX14 4SE.

23. Explanation of transition to IFRS

The year ending 30 September 2007 is the first year for which the Company is presenting its financial statements under IFRS. The last financial statements under UK GAAP were for the year ended 30 September 2006. The date of transition to IFRS was 1 October 2005.

SIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Scrap acquisition

On 2 August 2007, the Company acquired certain assets of SERAP, the Schools Exam Results Analysis Project for an initial cash consideration of £0.6m. SERAP provides specialised educational data matching and reporting services for Government Departments & Agencies and Local Authorities and already worked with the Company, providing services for the National Pupil Database - Achievement and Attainment Tables (NPD-AAT) contract. This transaction has been accounted for by the purchase method of accounting.

£'000	Book value	Provisional fair value adjustments	Provisional fair value
Net assets acquired			
Acquisition related intangible assets		476	476
Property, plant and equipment	115		115
Trade and other receivables	95		95
Trade and other payables	(28)		(28)
	<u>182</u>	<u>476</u>	<u>658</u>
Goodwill			-
Total consideration			658
Satisfied by			
Initial cash consideration			580
Acquisition costs			<u>78</u>
			658

Net cash outflow arising on acquisition

£'000	
Initial cash consideration	580
Acquisition costs	<u>78</u>
	658

Fair value adjustments have been recognised representing acquisition related intangible assets. These relate to the valuation of contractual customer relationships and database assets purchased. Acquisition related intangible assets will be amortised over four years.