Company Registration No 02043300 (England and Wales)

DILLISTONE SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

DILLISTONE SYSTEMS LIMITED

DIRECTORS AND ADVISERS

Directors	J S Starr – Managing Director R Howard – Operations Director A D James – Project Director A F B Milne – Technical Support Director J P Pomeroy – Finance Director
Secretary	J P Pomeroy
Company number	02043300
Registered office	3rd Floor 50-52 Paul Street London EC2A 4LB
Independent auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London, NW1 2EP
Principal Bankers	Barclays Bank plc 240 Whitechapel Road PO Box 14623 London E1 1SH
Solicitors	Ashfords LLP Tower Wharf Cheese Lane Bristol BS2 0JJ

DILLISTONE SYSTEMS LIMITED

CONTENTS

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

Principal activities and review of the business

The principal activity of the Company is the sale of specialist computer software and the provision of related support services

Results and Dividends
During the year the Company achieved profits before tax of £1,228,000 (2011 £1,642,000) The dividends paid in 2012 were £1,000,000 (£40 per share) and in 2011 £1,750,000 (£70 per share)

United Kingdom, Middle East and Africa (UKMEA)
The UKMEA business of Dillistone Systems is the centre of operations for the broader Dillistone Systems Division, providing support and services to other Group members for which it makes a charge

The UKMEA reported a decrease in revenue of 7% to £1,913,000 in 2012 (2011 £2,046,000) This led to a decrease in profits from the region to £1,034,000 (2011 £1,254,000)

Europe
Our European business achieved revenues of £927,000 (2011 £1,076,000) with profits decreasing to £69,000 (2011 £211,000)

Balance sheet
The balance sheet remains strong with cash of £712,000 (2011 £845,000), and net assets of £1,829,000 (2011 £1,686,000)

Product Development
We continue to invest in our core FileFinder product that provides the net platform 2012 saw work on our mobile application, integration with our sister company Voyager Software's mid office product and business automation tool Product development spend in 2012 was £400,000 (2011 £479,000)

Financial Risk Management

The Company's operations expose it to a number of risks that include the effect of changes in interest rates, credit, foreign currency exchange rates and liquidity The Company does not trade in financial instruments Further details in relation to these risks are shown in note 16

Interest rate risk
The Company finances its activities through retained cash The Company monitors its exposure to interest rate risk when investing its cash resources

Credit risk
The Company has a large customer base and is not dependent on a small number customers Accordingly the Company does not believe it is exposed to significant credit risk In addition it only places money with Banks with strong credit ratings

Exchange risk
The Company is exposed to translation and transaction foreign exchange risk The Company's foreign operations trade in their own currencies reducing the transaction risk As a result the main foreign exchange transactional exposure arises when repatriating profits The Company only seeks to remit cash when required in the UK and it usually has some flexibility on timing of such appropriations to minimise any exchange losses

Liquidity risk
The Company maintains positive cash resources and has sufficient available funds for its operations and planned expansion of its existing activities

Principal risks and uncertainties

There are a number of risks and uncertainties which could have an impact on the Company's long term performance and cause actual results to differ materially from expected and historical results The Directors seek to identify material risks and put in place policies and procedures to mitigate any exposure The table of risks that follows gives details of the principal risks and the approach being taken to manage them

Risk	Potential adverse impact	How we mitigate the risk
Economic risk	The recruitment industry has a reputation for being vulnerable to the cyclical nature of the economy	The Company enjoys a high percentage of recurring revenues In a downturn there may be a reduction in new permanent hires which may be replaced by temporary hires
Business continuity risks associated with operational failure of hosting facilities	A failure of our hosting facilities could lead to loss of customer confidence and to potential claims for loss of profits	Backups of data occur daily and the necessary test carried out on a regular basis to ensure data can be restored
Attrition of customer base	Failure to attract new customers or the loss of existing customers could have a detrimental effect on the Company's ability to generate revenues	The Company continues to invest in product development to ensure that they stay competitive in the market
Competitor activity	The market for recruitment software is extremely fragmented with a large number of small suppliers operating in all of the Company's geographical markets Very few of these suppliers have the necessary financial, technical and marketing resource to be able to develop their competitive position However, the competition may intensify through consolidation or new entrants to the market.	Management work to build strong customer relationships and uses account management to keep in touch with clients The Company continues to invest in its product development and 2011 saw the launch of FF10 which is based on net technology It continues to innovate and provide solutions to client needs

Employee retention	Our capability to meet the demands of the markets in which the Company operates and compete effectively with other software suppliers is partially dependent on the skills, experience and performance of our people Failure to attract or retain high calibre employees could seriously impede future growth and present performance	To retain staff the Company operates competitive remuneration packages and an appropriate culture in which staff work
New product risk	The introduction of new products contain significant bugs that make them unusable This could damage the Company's reputation and result in loss of new orders and therefore reduce revenue growth It could also result in claims against the company	Products are tested pre-launch and launch strategies developed to minimise risks

Directors
The following Directors have held office since 1 January 2012

J S Starr
R Howard
A D James
A F B Milne
J P Pomeroy

Directors' interests
None of the Directors had any interests in the share capital of the Company as at 31 December 2012 or as at 31 December 2011

The Directors' interests in the shares of Dillistone Group PLC, the parent undertaking, are detailed in the Directors' Report included within that company's Annual Report

Creditor payment policy
The Company agrees payment terms with individual suppliers which vary according to the commercial relationship and the terms of the agreement reached Payments are made to suppliers in accordance with the terms agreed The number of supplier days represented by trade payables at 31 December 2012 was 41 (2011 22)

Auditors
Grant Thornton UK LLP who were appointed for the year ended 31 December 2012 have expressed their willingness to remain in office as auditors of the Company

DILLISTONE SYSTEMS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union (IFRSs) 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 and profit or loss of the Company and Group 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,
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements

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

In so far as each of the Directors is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Statement of disclosure to auditor

In the case of each of the persons who are directors at the time when this report is approved, the following applies,

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and,

(b) each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

J P Pomeroy
Director

5/6/13

DILLISTONE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2012

Independent auditor's report to the members of Dillistone Systems Limited
We have audited the financial statements of Dillistone Systems Limited for the year ended 31 December 2012 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flow and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, set out on pages 4 and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion.

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with (IFRS and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, 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

Grant Thornton UK LLP

Paul Etherington BSc FCA CF
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

12 June 2013

DILLISTONE SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £'000	2011 £'000
Revenue	2	*2,840*	3,122
Cost of sales		*(289)*	(323)
Gross profit		*2,551*	2,799
Administrative expenses		*(1,856)*	(1,878)
Other operating income	3	*408*	432
Results from operating activities	4	*1,103*	1,353
Financial income	5	*125*	289
Profit before tax		*1,228*	1,642
Tax expense	6	*(66)*	(177)
Profit for the year		*1,162*	1,465
Other comprehensive income:			
Currency translation differences		*(19)*	(16)
Total comprehensive income for the year		*1,143*	1,449

The notes on pages 12 to 28 are an integral part of these financial statements

DILLISTONE SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £'000	Retained earnings £'000	Foreign exchange £'000	Total £'000
Balance at 31 December 2010	25	1,864	98	1,987
Comprehensive income				
Profit for the year ended 31 December 2011	-	1,465	-	1,465
Other comprehensive income				
Exchange differences on translation of overseas operations	-	-	(16)	(16)
Transactions with owners				
Dividends paid	-	(1,750)	-	(1,750)
Balance at 31 December 2011	25	1,579	82	1,686
Comprehensive income				
Profit for the year ended 31 December 2012	-	1,162	-	1,162
Other comprehensive income				
Exchange differences on translation of overseas operations	-	-	(19)	(19)
Transactions with owners				
Dividends paid	-	(1,000)	-	(1,000)
Balance at 31 December 2012	25	1,741	63	1,829

The notes on pages 12 to 28 are an integral part of these financial statements

DILLISTONE SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012	2011
ASSETS		**£'000**	**£'000**
Non-current assets			
Intangible assets	7	1,667	1,488
Property, plant and equipment	8	93	85
Investments	9	18	18
		1,778	1,591
Current assets			
Inventories	10	62	12
Trade and other receivables	11	1,617	1,790
Cash and cash equivalents		712	845
		2,391	2,647
Total assets		4,169	4,238
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	13	25	25
Retained earnings		1,741	1,579
Translation reserve		63	82
Total equity		1,829	1,686
Liabilities			
Non-current liabilities			
Deferred tax liability	6	282	273
Current liabilities			
Trade and other payables	12	1,968	2,082
Current tax payable		90	197
Total liabilities		2,340	2,552
Total liabilities and equity		4,169	4,238

The notes on pages 12 to 28 are an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 5 June 2013

They were signed on its behalf by

J S Starr - Director

Company Registration No. 02043300

DILLISTONE SYSTEMS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2012	2011	2011
Operating activities	**£'000**	**£'000**	**£'000**	**£'000**
Profit from operations	1,103		1,353	
Taxation refunded/ (paid)	(165)		32	
Adjustments for				
Depreciation & amortisation	275		239	
Operating cash flows before movements in working capital	1,213		1,624	
Decrease/(Increase) in receivables	97		(354)	
(Increase)/decrease in inventories	(50)		43	
(Decrease)/increase in payables	(42)		350	
Net cash generated from operating activities		1,218		1,663
Investing activities				
Interest received	-		2	
Dividends received	125		287	
Purchases of property plant and equipment	(62)		(73)	
Investment in development costs	(400)		(479)	
Net cash outflow from investing activities		(337)		(263)
Financing activities				
Dividends paid	(1,000)		(1,750)	
Net cash used in financing activities		(1,000)		(1,750)
Net decrease in cash and cash equivalents		(119)		(350)
Cash and cash equivalents at beginning of year		845		1,211
Effect of foreign exchange rate changes		(14)		(16)
Cash and cash equivalents at end of year		712		845

The notes on pages 12 to 28 are an integral part of these financial statements

Dillistone Systems Limited (the "Company") is a company incorporated in England and Wales The financial statements are presented in thousand pounds Sterling, and were authorised for issue by the Directors on 5 June 2013

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), IFRIC Interpretations and Companies Act 2006 applicable to companies reporting under IFRS

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared on the historical cost basis

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below

Customers' practical acceptance of licence software

As detailed in 1 4, licence fee revenues are recognised on practical acceptance of the software The Company uses the "live" date as the basis of determining the timing of customer practical acceptance, thereby reducing the judgment required to ascertain the timing of licence revenue recognition

Capitalisation of internal development expenditure

Management exercises judgement in establishing both the technical feasibility of completing an intangible asset which can be used internally or sold and the degree of certainty that a market exists for the asset, or its output, for the generation of future economic benefits In addition amortisation rates are based on estimates of the useful economic lives and residual values of the assets involved The assessment of these useful economic lives is made by projecting the economic lifecycle of the asset which is subject to alteration as a result of product development and innovation Amortisation rates are changed where economic lives are re-assessed and technically obsolete items written off where necessary

Valuation of assets and liabilities

Management has made a number of assumptions with regards to the models used to value assets and liabilities at the statement of financial position date Valuation techniques commonly used by market practitioners are applied In respect of the provision for bad and doubtful receivables and credit note provisions, management have made relevant judgments based on discussions with the account managers as regards the recoverability of trade receivables

Impairment of goodwill and other intangible assets

There are a number of assumptions management have considered in performing impairment reviews of intangible assets which include an estimate of a suitable discount rate in order to calculate present value

The accounting policies set out below have, unless otherwise stated, been applied consistently by the Company to all periods presented in these financial statements

1. Accounting policies (continued)

1.2 Going concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Review of the Business on page 1 In addition, note 16 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk

The Company has considerable financial resources together with well established relationships with a number of customers and suppliers across different geographic areas

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

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

1.3 Exemption from preparing group accounts

The financial statements present information about the Company as an individual undertaking and not about its group The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Dillistone Group PLC, a company incorporated in England & Wales, and is included in the consolidated financial statements of that company

1.4 Revenue

General

Revenue is the fair value of the total amount receivable by the Company for supplies of services which are provided in the normal course of business VAT or similar local taxes and trade discounts are excluded

Licensing

The Company licenses software under licence agreements Licence fee revenues are recognised on practical acceptance of the software, when all obligations have been substantially completed This is when the customer has accepted the product, the risks and rewards of ownership have been transferred, it is probable that the economic benefits of the transaction will flow to the Company, all costs and revenue in relation to the transaction can reliably be measured and the Company has no further managerial involvement over the goods to the degree usually associated with ownership To the extent that payments have been received in advance for licences, where practical acceptance has not yet been reached, these amounts are recognised as deferred income

Professional services

The Company provides professional services which include installation, consulting, data translation and training Such revenues are recognised as the services are completed or where they are part of the sale and installation of software, they are recognised when the obligations under the contract are complete To the extent that payments have been received in advance for such services these amounts are recognised as deferred income

1. Accounting policies (continued)

Product support, hosting and software as a service (SaaS)
Revenues from support, hosting or SaaS agreements are recognised over the period to which they relate but only after practical acceptance of the software, as defined above, have been received As revenue is invoiced in advance for such services, the amount in advance is included in deferred revenue and released over the period to which the service relates

1.5 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors

1.6 Development costs
Costs incurred on product development relating to the design and development of new or enhanced products are capitalised as intangible assets when it is reasonably certain that the development will provide economic benefits, considering its commercial and technological feasibility and the resources available for the completion and marketing of the development, and where the costs can be measured reliably The expenditures capitalised are the direct labour costs and subcontracted costs, which are managed and controlled centrally Product development costs previously recognised as an expense are not recognised as an asset in a subsequent period

Capitalised product development expenditure for versions of the Company's FileFinder product is amortised over its useful life of 3 years, commencing a year following the costs being incurred

Capitalised product development expenditure for the Company's version 10 .Net platform is amortised over its useful life of 10 years, commencing in the year in which the product is first brought into use

Capitalised product development expenditure is subject to regular impairment reviews and is stated at cost less any accumulated impairment losses Any impairment taken during the year is shown under administrative expenses on the income statement

Development costs that do not meet the requirements for capitalisation are written off to profit and loss as incurred

1.7 Depreciation
Property, plant and equipment are stated at cost less accumulated depreciation Depreciation on these assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows

Leasehold land and buildings	5 years or the remaining lease period whichever is shorter
Office and computer equipment	33 33% - 50% straight line
Fixtures and fittings	25% straight line

1.8 Investments
Investments in subsidiary companies are included at cost in the accounts of the Company less any amount written off in respect of any impairment in value

1. Accounting policies (continued)

1.9 Leasing

Finance leases are recognised as being those that transfer substantially all the risks and rewards of ownership Assets held under finance leases are capitalised and the outstanding future lease obligations are shown in payables at the present value of the lease payments They are depreciated over the term of the lease or their useful economic lives, whichever is the shorter The interest element (finance charge) of lease payments is charged to profit or loss over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to profit or loss in the period in which they are incurred The Company does not act as a lessor

1.10 Financial assets

The Company classifies its financial assets under the definitions provided in International Accounting Standard 39 (IAS 39) Financial Instruments Recognition and measurement, depending on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition Management consider that the Company's financial assets fall under the 'loans and receivables' category

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets The Company's loans and receivables comprise trade receivables, intercompany trading balances, and cash and cash equivalents

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may default Receivables that are not considered to be individually impaired are reviewed for impairment in groups The impairment loss estimate is then based on recent historical counterparty default rates and current economic conditions

De-recognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired

1.11 Financial liabilities

The Company classifies its financial liabilities under the definitions provided in IAS 39, either as financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost Management consider that the Company's financial liabilities fall under the 'financial liabilities measured at amortised cost' category The Company's 'financial liabilities measured at amortised cost' comprise trade payables, intercompany trading balances, and accruals

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

1. Accounting policies (continued)

1.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of changes in value

1.13 Share capital

Ordinary shares are classified as equity

1.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss.

The assets and liabilities of overseas operations which are included in the Company's accounts are translated at exchange rates prevailing on the financial position date Exchange differences arising on the translation of overseas operations are classified as equity

1.15 Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Company carries out its operations They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate All changes to current tax liabilities are recognised as a component of tax expense in profit and loss

Deferred income taxes are calculated using the liability method on temporary differences This involves the comparison of the carrying amount of assets and liabilities in the financial statements with their respective tax bases However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit

Deferred tax liabilities are always provided for in full Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date

1.16 Defined contribution pension scheme

The pension costs charged in the financial statements represent the contributions payable by the Company during the year

1. Accounting policies (continued)

1.17 New accounting standards

(i) New and amended standards adopted by the Company
The following new standards and amendments to standards are mandatory for the first time for the Company for financial year beginning 1 January 2012 Except as noted, the implementation of these standards is not expected to have a material effect on the Company

Standard	Effective date	Impact on initial application
IFRS 7 – Amendment – Transfer of Financial Asset	1 July 2011	No impact
IFRS 1 – Amendment – Severe hyperinflation and removal of fixed dates	1 July 2011	No impact

No other IFRS issued and adopted but not yet effective are expected to have an impact on the Company's financial statements

(ii) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early

Standard	Description	Effective date
IAS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 19	Employee Benefits	1 January 2013
IFRS 7	Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to IFRS	(2009-2011 Cycle)	1 January 2013
IFRS 10, 11 and 12 1	Transition Guidance	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 9 1	Financial Instruments	1 January 2015

2. Segmental information

Management pnncipally monitors the Company's operations in terms of geographical areas and accordingly the segment reporting is presented below by geographical area

Geographical segments
The following table provides an analysis of the Company's revenue, assets, liabilities and additions by geographic market

Revenue	**2012**	**2011**
	£'000	**£'000**
UKMEA	1,913	2,046
Europe	927	1,076
	2,840	3,122

Result	**2012**	**2011**
	£'000	**£'000**
UKMEA	1,034	1,254
Europe	69	211
Profit after tax	1,103	1,465

Depreciation and amortisation expense	**2012**	**2011**
	£'000	**£'000**
UKMEA	276	239

Assets	**2012**	**2011**
	£'000	**£'000**
UKMEA	2,908	2,970
Europe	1,261	1,269
Total assets	4,169	4,239

Liabilities	**2012**	**2011**
	£'000	**£'000**
UKMEA	1,825	1,990
Europe	515	563
	2,340	2,553

Additions of non-current assets

	2012	**2011**
	£'000	**£'000**
UKMEA	462	552

2. Segmental information (continued)

Business Segment
The following table provides an analysis of the Company's revenue by business segment

Revenue

	2012 £'000	2011 £'000
Recurring income	1,979	1,831
Non-recurring income	861	1,291
	2,840	3,122

Recurring income includes all support services, ASP and hosting income Non-recurring income includes sales of new licenses, and income derived from installing those licenses including training, installation, and data translation

It is not possible to allocate assets and additions between recurring and non-recurring income

3. Other operating income

	2012 £'000	2011 £'000
Management charge received from fellow subsidiary undertakings	408	432

4. Result from operating activities

	2012 £'000	2011 £'000
Operating profit is stated after charging		
Depreciation	54	53
Amortisation	221	186
(Loss)/profit on foreign exchange translations	12	(6)
Operating lease rentals		82
Money purchase pension contributions	19	21
Fees receivable by the Company auditors		
Audit of financial statements		
Other Services	12	10
Other services relating to taxation	8	6

5. Financial income

	2012 £'000	2011 £'000
Interest receivable	-	2
Dividends received	125	287
	125	289

6. Tax expense

	2012 £'000	2011 £'000
Current tax	57	112
Deferred tax	9	65
Income tax expense for the year	66	177

	2012 £'000	2011 £'000
Profit before tax	1,228	1,642
Effective rate of taxation	24 5%	26 5%
Profit before tax multiplied by the effective rate of tax	301	435
Effects of		
Deferred tax not provided	-	-
Enhanced R&D relief	(47)	(51)
Group relief	(136)	(95)
Disallowed expenses	10	8
Overseas dividend income	(31)	(76)
Rate change impact on deferred tax	(23)	(4)
Prior year adjustments	(8)	(40)
Current tax charge	66	177

Deferred tax note

	2012 £'000	2011 £'000
Accelerated capital allowances	282	273

7. Intangible assets

	Development costs £'000
Cost	
At 1 January 2011	1,670
Additions	479
At 31 December 2011	2,149
Additions	400
At 31 December 2012	2,549
Amortisation	
At 1 January 2011	475
Charge for the year	186
At 31 December 2011	661
Charge for the year	221
At 31 December 2012	882
Carrying Amount	
At 31 December 2012	1,667
At 31 December 2011	1,488

DILLISTONE SYSTEMS LIMITED

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

8. Property, plant and equipment

	Leasehold land and buildings £'000	Office and computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2011	163	272	17	452
Additions	-	73	-	73
At 31 December 2011	163	345	17	525
Additions	3	59	-	62
Disposals	-	(43)	-	(43)
At 31 December 2012	166	361	17	544
Depreciation				
At 1 January 2011	143	227	17	387
Charge for the year	20	33	-	53
At 31 December 2011	163	260	17	440
Charge for the year	1	53	-	54
Disposals	-	(43)	-	(43)
At 31 December 2012	164	270	-	451
Carrying Amount				
At 31 December 2012	2	91	-	93
At 31 December 2011	-	85	-	85
At 31 December 2010	20	45	-	65

9. Investments

	Unlisted Investments £'000
Cost	
At 1 January 2012 & 31 December 2012	**18**

Holdings of more than 20%
The Company holds more than 20% of the share capital of the following company

Name	Principal activity	Holding of ordinary shares	Registered
Dillistone Systems (Australia) Pty Limited	Sale of computer software and related support services	100%	Australia

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows

	Capital and reserves 2012 £'000	Profit for year 2012 £'000
Dillistone Systems (Australia) Pty Limited	361	140

10. Inventories

Inventories	**2012 £'000**	**2011 £'000**
Licences for resale	62	12

11. Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	974	1,069
Group receivables	523	626
Prepayments and sundry debtors	120	95
	1,617	1,790

The carrying value of trade receivables is considered a reasonable approximation of fair value All of the receivables have been reviewed for indicators of impairment The movement in the provision is shown below

	2012 £'000	2011 £'000
At start of year	30	27
Movement in the year	3	3
At the year end	33	30

The ageing profile of trade receivables past due date but not impaired as at the year end is as follows

	2012 £'000	2011 £'000
Current	811	1,023
31 - 60 days overdue	11	9
More than 60 days overdue	152	38
Total	974	1,070

12. Trade and other payables

	2012 £'000	2011 £'000
Trade payables	76	70
Group payables	64	136
Social security and other taxes	184	220
Deferred income	1,553	1,506
Accruals and sundry creditors	91	150
	1,968	2,082

13. Share capital

	2012	2011
Authorised	**£'000**	**£'000**
25,000 ordinary shares of £1 each	25,000	25,000
Allotted, called up and fully paid		
25,000 ordinary shares of £1 each	25,000	25,000

14. Operating lease arrangements

The Company leases its offices under non-cancellable operating lease agreements

At 31 December 2012 the Company had future total commitments under these operating leases as follows

	2012	2011
	£'000	£'000
Expiry date		
Within one year	75	77
Between two and five years	56	129

15. Employees

The average number of employees was

	2012	2011
Operations	38	38
Management	-	-
Employee numbers	38	38

Their aggregate remuneration comprised

	2012	2011
	£'000	£'000
Wages and salaries	1,316	1,293
Directors salaries	-	-
Social security costs	157	153
Pension costs	19	21
	1,492	1,467

The aggregate remuneration includes costs totalling £299,000 (2011 £341,000) that have been capitalised in intangible assets

16. Financial Instruments

The Company uses various financial instruments, these include cash and bank deposits and various items such as trade receivables and trade payables that arise directly from its operations The main purpose of these financial instruments is to provide finance for the Company's operations

The Company finance department maintains liquidity, manages relations with the Company's bankers, identifies and manages foreign exchange risk and controls Company treasury operations Treasury dealings such as investments and foreign exchange are conducted only to support underlying business transactions Consequently, the Company does not undertake speculative foreign exchange dealings for which there is no underlying exposure

The Company's policies for management of the financial risks to which it is exposed are outlined below

(i) Interest rate risk

The Company has a limited exposure to interest rate volatility The Company has no debt and the only interest rate exposure is therefore on the Company's bank deposits The Company's policy is to maintain capital preservation and flexibility rather than to optimise interest rates on bank deposits held, Cash deposits in sterling and foreign currencies are made at prevailing interest rates Where rates are fixed, the fixed interest period is generally no more than 1 month

At the year end, the Company had positive cash balances totalling £712,000 (2011 £845,000) Had interest rates been 1% higher during the financial year, the impact on profit would have been an increase in profit for the year of £11,000 (2011 increase of £12,000)

(ii) Credit risk

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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and monies on deposit with financial institutions

Historically, the cash collection profile has been very good Debt aging and collections are monitored on a regular basis Some of the unimpaired trade receivables are past due as at the reporting date Information on financial assets past due but not impaired are included in Note 11

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies

The Company has no significant concentration of credit risk

16. Financial Instruments (continued)

The Company's maximum exposure to credit risk at the reporting date is represented by the carrying value of financial assets, as follows

	2012	2011
	£'000	£'000
Trade and other receivables (current assets)	1,617	1,790
Cash and cash equivalents	712	845
Total	2,329	2,635

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due The Company's approach to managing liquidity is to ensure it will has sufficient liquidity to meet its liabilities when due As at 31 December 2012, the Company's financial liabilities (being trade and other payables and deferred income and income tax) have contractual maturities of less the one year (2011 less than one year)

The Directors consider there to be no significant liquidity risks due to the significant cash balances of the Company

(iv) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases which are denominated in a currency other than sterling Exposures to currency exchange rates are primarily denominated in Euros (€) The Company does not use derivatives to hedge translation exposures arising on the consolidation of its overseas operations

At the year end, the Company had assets totalling £1,261,000 and liabilities totalling £515,000 denominated in Euros (2011 assets totalling £1,269,000 and liabilities totalling £563,000), If f the exchange rate weakened by 5%, the impact on the income statement would be a decrease in profit before tax by £3,000 (2011 decrease of £11,000)

Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

The Company has no debt, and therefore the total capital managed by the Company as at the year end was its total equity balance of £1,829,000 (2011 £1,686,000) Further details in respect of movements in capital are provided in the statement of changes in equity

Summary of financial assets and liabilities by category

The carrying amounts of the financial assets and liabilities as recognised at the statement of financial position date of the years under review may also be categorised as follows

	Company	
	2012	**2011**
Financial assets	**£'000s**	**£'000s**
Loans and receivables	-	-
Cash and Cash equivalents	712	845
Trade and other receivables	1,617	1,790
	2,329	2,635
Financial liabilities		
Trade and other payables	1,968	2,082

17. Control

Dillistone Systems Limited is a wholly owned subsidiary of Dillistone Group PLC, a company registered in England and Wales

18. Related party transactions

During the year Dillistone Systems (US) Inc paid a management charge to Dillistone Systems Limited of £294,000 (2011 £305,000) At the year end the Company was owed £41,000 by Dillistone Systems (US) Inc (2011 £122,000)

In 2012 Dillistone Systems Limited paid a dividend of £1,000,000 (2011 £1,750,000) to Dillistone Group Plc and a management charge of £128,000 (2011 £212,000) At the year end Dillistone Systems Limited was owed £435,000 (2011 £433,000)

Dillistone Systems (Australia) Pty Limited paid a management charge to the Company of £117,000 (2011 £132,000) and paid a dividend of £125,000 (2011 £296,000) At the year end Dillistone Systems Limited owed £60,000 (2011 £129,000) to Dillistone Systems (Australia) Pty Limited

Voyager Software Limited paid a management charge to the Company of £40,000 and this balance was outstanding at the year end

Intercompany balances are repayable on demand, and no interest is charged on outstanding intercompany balances

The aggregate gains made by Directors in the exercise of share options was £nil (2011 £ nil)

19. Dividends

The dividends paid in 2012 and 2011 were £1,000,000 (£40 per share) and £1,750,000 (£70 per share) respectively