Company Registration No 02043300 (England and Wales)

DILLISTONE SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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
Secretary	R Howard
Company number	02043300
Registered office	3rd Floor 50-52 Paul Street London EC2A 4LB
Independent auditors	Saffery Champness Beaufort House 2 Beaufort Road Clifton Bristol BS8 2AE
Principal Bankers	Barclays Bank plc 240 Whitechapel Road PO Box 14623 London E1 1SH
Solicitors	Osborne Clark 2 Temple Back East Temple Quay Bristol BS1 6EG

DILLISTONE SYSTEMS LIMITED

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DILLISTONE SYSTEMS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

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 £1,021,000 (*2009* £1,127,000*)* The dividends paid in 2010 and 2009 were £1,500,000 (£60 per share) and £284,609 (£11 38 per share) respectively

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

The UKMEA reported an increase in revenue of 18% (2010 £1,810,000 2009 £1,528,000) This rise led to an increased profit from the region of £728,000 (2009 £168,000)

Europe
Our European business achieved revenues of £823,000 (2009 £963,000) with profits falling to £138,000 (2009 £761,000)

Balance sheet
The balance sheet remains strong with cash of £1,211,000 (2009 £1,281,000), and net assets of £1,987,000 (2009 £2,624,000)

Product Development
We continue to invest in our core FileFinder product and have spent two years designing and building our new FileFinder 10 product which provides a net platform This has been a major technological development for the organisation with the product being written from scratch The product launched on 31 March 2011 with spend in 2010 being £596,000 (2009 £438,000)

Directors
The following directors have held office since 1 January 2010

J McLaughlin (resigned 17 February 2010)
J S Starr
R Howard
A D James
A F B Milne

Directors' interests
None of the directors had any interests in the share capital of the company as at 31 December 2010 or as at 31 December 2009

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 2010 was 60 (2009 55)

Auditors
Saffery Champness have expressed their willingness to remain in office as auditors of the company

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 2006

The directors are responsible for preparing the financial statements in accordance with the Companies Act 2006 The directors have chosen to prepare financial statements for the company in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union

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

- consistently select and apply appropriate 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 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

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 S Starr
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2010

We have audited the company's financial statements on pages 6 to 24 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2010 and of the company's profit for the year then ended, and
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other 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

DILLISTONE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2010

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

David Wragg (Senior Statutory Auditor)
For and on behalf of

Saffery Champness
Chartered Accountants
Beaufort House
2 Beaufort Road
Clifton
Bristol BS8 2AE

Statutory Auditors
4 April 2011

DILLISTONE SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
Revenue	3	2,633	2,491
Cost of sales		(169)	(113)
Gross profit		2,464	2,378
Administrative expenses		(1,845)	(1,625)
Other operating income	4	399	177
Profit from operations	5	1,018	930
Financial income	6	3	197
Profit before tax		1,021	1,127
Tax expense	7	(155)	(148)
Profit for the year		866	979
Other comprehensive income:			
Currency translation differences		(3)	8
Total comprehensive income for the year		863	987

The notes on pages 10 to 24 are an integral part of these financial statements

DILLISTONE SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £000	Retained earnings £000	Foreign exchange £000	Total £000
Balance at 31 December 2008	25	1,804	93	1,922
Comprehensive income				
Profit for the year ended 31 December 2009	-	979	-	979
Other comprehensive income				
Exchange differences on translation of overseas operations	-	-	8	8
Transactions with owners				
Dividends paid	-	(285)	-	(285)
Balance at 31 December 2009	25	2,498	101	2,624
Comprehensive income				
Profit for the year ended 31 December 2010	-	866	-	866
Other comprehensive income				
Exchange differences on translation of overseas operations			(3)	(3)
Transactions with owners				
Dividends paid		(1,500)		(1,500)
Balance at 31 December 2010	25	1,864	98	1,987

The notes on pages 10 to 24 are an integral part of these financial statements

DILLISTONE SYSTEMS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010	2009
ASSETS			
Non-current assets			
Intangible assets	**8**	1,195	673
Property, plant and equipment	**9**	65	88
Investments	**10**	18	18
		1,278	779
Current assets			
Inventories	**11**	54	56
Trade and other receivables	**12**	1,437	2,241
Cash and cash equivalents		1,211	1,281
		2,702	3,578
Total assets		3,980	4,357
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	**14**	25	25
Retained earnings		1,864	2,498
Translation reserve		98	101
Total equity		1,987	2,624
Liabilities			
Non current liabilities			
Deferred tax liability	**7**	208	94
Current liabilities			
Trade and other payables	**13**	1,731	1,599
Current tax payable		54	40
Total liabilities		1,993	1,733
Total liabilities and equity		3,980	4,357

The notes on pages 10 to 24 are an integral part of these financial statements

The financial statements were approved by the board of directors and authorised for issue on 4 April 2011

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 2010

Operating activities	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Profit from operations	1,018		930	
Less taxation paid	(32)		(219)	
Adjustments for				
Depreciation & amortisation	178		157	
Operating cash flows before movements in working capital	1,164		868	
(Increase)/decrease in receivables	809		(118)	
(Increase)/decrease in inventories	2		(5)	
(Decrease)/increase in payables	132		(422)	
Net cash generated from operating activities		2,107		323
Investing activities				
Interest received	3		3	
Dividends received	-		194	
Purchases of property plant and equipment	(54)		(19)	
Investment in development costs	(623)		(537)	
Net cash outflow from investing activities		(674)		(359)
Financing activities				
Dividends paid	(1,500)		(284,)	
Net cash used in financing activities		(1,500)		(284)
Net decrease in cash and cash equivalents		(67)		(320)
Cash and cash equivalents at beginning of year		1,281		1,593
Effect of foreign exchange rate changes		(3)		8
Cash and cash equivalents at end of year		1,211		1,281

The notes on pages10 to 24 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 4 April 2011

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

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of the policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources Actual results may differ from these estimates

The key area of judgement is considered to relate to the carrying values of development costs (see note 1 6)

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

1.2 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 2 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. Accounting policies (continued)

1.4 Revenue

Revenue is recognised in the income statement as follows

- licensing income is recognised when the license has been installed and is available for use by the customer
- income from training and installation is recognised when the training or installation occurs
- support income is recognised over the period of the contract

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

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	over the remaining lease period
Office and computer equipment	33 33% - 50% straight line
Fixtures and fittings	25% straight line

1.8 Fixed asset 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

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

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 The possible categories under IAS 39 are at fair value through profit and loss, loans and receivables, and available for sale 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 balance sheet 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

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

1.12 Inventory

Inventory being licences for re-sale are valued at the lower of cost and net realisable value on a FIFO basis

1.13 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment

1.14 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

1.15 Trade payables

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

1.16 Share capital

Ordinary shares are classified as equity

1. Accounting policies (continued)

1.17 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to the income statement

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

1.18 New accounting standards

Of the IFRSs in issue but not effective, IAS 24 Related Party Transactions (Revised), which is effective for accounting periods beginning on or after 1 January 2011, may have an impact upon disclosures in the accounts However, implication of this and the other standards is not expected to have a significant effect on the Group or Company's results or balance sheet

2. Financial risk management

2.1 Financial risk factors

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

(i) Competitor risk

The market for staffing 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 sustain their competitive position However, the competition may intensify through consolidation or new entrants to the market and in order to mitigate this risk and maintain competitive position management work to build strong customer relationships and maintain and develop the company's products ahead of the competition

(ii) Economic risk

The staffing industry has a reputation for being vulnerable to the cyclical nature of the economy The directors have taken a number of steps to mitigate any perceived risk such as geographical expansion and product development

(iii) Foreign currency

The company's foreign operation trades in its own currency As a result, the company is not subject to any significant foreign exchange transactional exposure The company's main exposure therefore arises from the translation of overseas results into sterling To date the company has sought to remit profits to the UK when the exchange rates are appropriate In the light of this, the company does not hold any sophisticated hedging instruments such as derivatives

2. Financial risk management (continued)

(iv) 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 asset based The principal risk therefore is lost opportunity This is mitigated by a twice weekly treasury review by certain members of the Board

(v) Credit risk

Historically, the cash collection profile has been excellent, and the bad debt charge has also historically been very low

(vi) Liquidity risk

The trade and other payables as set out in note 13 indicates that all such liabilities are payable within 12 months The directors consider there to be no significant liquidity risks due to the significant cash balances of the company

2.2 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 sets the amount of capital in proportion to risk The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets

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 £1,987,000 (2009 £2,624,000) Further details in respect of movements in capital are provided in the statement of changes in equity

2.3 Quantitative risk analysis

Foreign currency

At the year end, the company had assets totalling £924,000 and liabilities totalling £440,000 denominated in Euros (2009 assets totalling £800,000 and liabilities totalling £535,000) If Euro exchange rates weakened by 5% as at the year end, the impact on the income statement would be a decrease in total comprehensive income of £23,000 (2009 decrease of £12,000)

Interest rate risk

At the year end, the company had positive cash balances totalling £1,211,000 (2009 £1,281,000) The weighted average bank base rate for the year was less than 1% (2009 <1%) Therefore, a reduction to a nil rate of interest would eliminate all interest received in the year, amounting to £3,000 (2009 £3,000) and would thus reduce profits by this amount

2.3 Quantitative risk analysis (continued)

Credit risk

The ageing profile of trade receivables as at the year end is as follows

	2010 £'000	2009 £'000
0 – 30 days old	740	777
30 - 60 days old	27	35
More than 60 days old	65	54
Total	832	866

Based on knowledge and previous experience of the customer base, the directors consider the risk of non recovery of both current and overdue trade receivable balances to be low

2.4 Carrying value of financial assets and liabilities

The carrying values of loans and receivables and financial liabilities are considered approximate to their fair values

3. Segmental information

Management principally monitors the group'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

	2010 £'000	2009 £'000
UKMEA	1,810	1,528
Europe	823	963
	2,633	2,491

3. Segmental information (continued)

Result

	2010 £'000	2009 £'000
UKMEA	728	168
Europe	138	761
Profit from operations	866	929

Depreciation and amortisation expense

	2010 £'000	2009 £'000
UKMEA	178	157

Assets

	2010 £'000	2009 £'000
UKMEA	3,103	3,557
Europe	924	800
Total assets	4,027	4,357

Liabilities

	2010 £'000	2009 £'000
UKMEA	1,600	1,198
Europe	440	535
	2,040	1,733

Additions of non-current assets

	2010 £'000	2009 £'000
UKMEA	677	556

3. Segmental information (continued)

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

Revenue	2010 £'000	2009 £'000
Recurring income	1,615	1,517
Non-recurring income	1,018	974
	2,633	2,491

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

4. Other operating income

	2010 £'000	2009 £'000
Management charge received from fellow subsidiaries	399	177

5. Result from operating activities

	2010 £'000	2009 £'000
Operating profit is stated after charging		
Depreciation	77	80
Amortisation	101	76
(Loss)/profit on foreign exchange translations	21	(15)
Operating lease rentals	82	74
Money purchase pension contributions	21	26
Fees receivable by the company auditors		
Audit of financial statements		
Other Services	14	12
Other services relating to taxation	8	2,
Director's emoluments	74	58

6. Financial income

	2010 £'000	2009 £'000
Interest receivable	3	3
Dividends received	-	194
	3	197

7. Tax expense

	2010 £'000	2009 £'000
Current tax	41	54
Deferred tax	114	94
Income tax expense for the year	155	148

	2010 £'000	2009 £'000
Profit before tax	1,021	1,127
Effective rate of taxation	28 %	28%
Profit before tax multiplied by the effective rate of tax	286	316
Effects of		
Deferred tax not provided	3	13
Enhanced R&D relief	(76)	(70)
Group relief	(63)	(62)
Disallowed expenses	17	5
Overseas dividend income	-	(54)
Rate change impact on deferred tax	(16)	
Prior year adjustments	4	-
Current tax charge	155	148

Deferred tax note

	2010 £'000	2009 £'000
Accelerated capital allowances	208	94

8. Intangible assets

	Development costs £'000
Cost	
At 1 January 2009	510
Additions	537
At 31 December 2009	1,047
Additions	623
At 31 December 2010	1,670
Amortisation	
At 1 January 2009	297
Charge for the year	77
At 31 December 2009	374
Charge for the year	101
At 31 December 2010	475
Carrying Amount	
At 31 December 2010	1,195
At 31 December 2009	673
At 31 December 2008	213

9. Property, plant and equipment

	Leasehold land and buildings £'000	Office and computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2009	163	199	17	379
Additions	-	19	-	19
At 31 December 2009	163	218	17	398
Additions	-	54	-	54
At 31 December 2010	163	272	17	452
Depreciation				
At 1 January 2009	77	137	15	229
Charge for the year	33	47	1	81
At 31 December 2009	110	184	16	310
Charge for the year	33	43	1	77
At 31 December 2010	143	227	17	387
Carrying Amount				
At 31 December 2010	20	45	-	65
At 31 December 2009	53	34	1	88
At 31 December 2008	86	62	2	150

10. Investments

	Unlisted Investments £'000
Cost	
At 1 January 2010 & 31 December 2010	**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 2010 £'000	Profit for the year 2010 £'000
Dillistone Systems (Australia) Pty Limited	521	125

11. Inventories

Inventories

	2010 £'000	2009 £'000
Licences for resale	54	56

12. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	832	866
Group receivables	523	1,284
Prepayments and accrued income	82	91
	1,437	2,241

13. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	137	119
Group payables	82	167
Social security and other taxes	175	110
Deferred income	1,276	1,120
Accruals	61	83
	1,731	1,599

14. Share capital

	2010	2009
Authorised		
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

15. Operating lease arrangements

The company leases its offices under a non-cancellable operating lease agreement

At 31 December 2010 the company had future total commitments under this operating lease as follows

	2010 £'000	2009 £'000
Expiry date		
Within one year	74	65
Between two and five years	203	244

16. Employees

The average number of employees was

	2010	2009
Operations	37	33
Management	1	1
Employee numbers	38	34

Their aggregate remuneration comprised

	2010 £'000	2009 £'000
Wages and salaries	1,206	1,076
Directors salaries	74	58
Social security costs	151	138
Pension costs	21	26
	1,452	1,298

The aggregate remuneration includes costs totalling £405,000 (2009 £304,000) that have been capitalised in intangible assets

17. Control

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

Dillistone Group PLC prepares group financial statements, copies of which can be obtained from Third Floor, 50-52 Paul Street, London, EC2A 4LB

The ultimate controlling parties, by way of their significant holding of shares in Dillistone Group PLC, were J S Starr and R Howard

18. Related party transactions

Dillistone Systems (Australia) Pty Limited is a wholly owned subsidiary of Dillistone Systems Limited, which in turn is a wholly owned subsidiary of Dillistone Group PLC Dillistone Systems (US) Inc is a wholly owned fellow subsidiary of Dillistone Group PLC

During the year the company paid a management charge to Dillistone Group PLC of £240,000 (2009 £254,000) The company also recharged salary expenses to Dillistone Group PLC of £422,000 (2009 £363,000) At the year end Dillistone Systems Limited was owed £506,000 (2009 £1,225,000) by Dillistone Group PLC

During the year Dillistone Systems (Australia) Pty Limited paid a management charge to Dillistone Systems Limited of £116,000 (2009 £nil) At the year end the company owed Dillistone Systems (Australia) Pty Limited £81,000 (2009 £166,000)

During the year Dillistone Systems (US) Inc paid a management charge to Dillistone Systems Limited of £283,000 (2009 £177,000)

At the year end the company was owed £17,000 by Dillistone Systems (US) Inc (2009 £58,000)

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 (2009 £26,000)

19. Dividends

The dividends paid in 2010 and 2009 were £1,500,000 (£60 per share) and £284,609 (£11 38 per share) respectively