

COMPANY REGISTRATION NUMBER 2498901

SIRSI LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2008

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SIRSI LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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SIRSI LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors	Mr G Rautenstrauch
Company secretary	Mr J Gardiner (appointed 30 October 2009) Mr D Breck (appointed 26 June 2009, resigned 30 October 2009) Mr M Mehta (resigned 26 June 2009)
Registered office	The Chequers St Mary's Way Chesham Buckinghamshire HP5 1LL
Bankers	Coutts & Co 440 The Strand London WC2R 0QS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors The Atrium 1 Harefield Road Uxbridge UB8 1EX

SIRSI LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year was the provision of technology solutions for libraries.

The audited financial statements for the year ended 31 December 2008 are set out on pages 7 to 21. The profit for the financial year amounted to £440,751 (2007: £92,004 as restated). The directors do not propose the payment of a dividend (2007: £ Nil).

Turnover for the year amounted to £6,407,275 (2007: £6,668,182 as restated).

During 2008, the Company began to see the financial benefit of the prior year restructuring activity through reduced administrative expenses and increased operating profit. In the current year a charge of £72,488 was made to true up the closing restructuring provision for future rent and rate costs of the Potters Bar office.

In 2008, the directors of the Company made a change to the turnover policy to comply with group policy as set in Sirsi Corporation. The directors consider this more appropriate because it ensures consistency across the group. The new policy stipulates that turnover can only be recognised on a sale when all tasks have been completed compared to milestones of the project being completed. To ensure that consistency has been maintained in the financial statements the Company has restated 2007 figures using the new turnover policy. The impact to 2008 was to increase profits by £348,449 (2007: decrease £396,139).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company will continue to build on its core competency by providing a market leading software product for libraries and will continue to offer its customer base improved features within the software.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is not immune to the adverse effects of the present economic climate. This is borne out to an extent by the decline in recurring turnover by £183,162 from the prior year, however through the strength of its product offering and continued market leadership the Company is able to remain more resilient to wider economic factors.

Competition risk

The Company remains the clear market leader as there have been no significant changes within the market place. Given this, our risk from competition remains unchanged this year. The directors will continue to review market data to assess if this situation changes year on year.

Risk associated with growth of new customers

The directors of the Company are continually looking at strategies that will improve growth of new customers. During 2008 the Company has continued to sign up customers to their Software as a Service (SaaS), which was identified as a growth area in 2007. 8 customers signed up to SaaS during 2008 and the Company expects this to continue into 2009. The first SaaS site successfully went live in June 2008.

KEY PERFORMANCE INDICATORS

The Company's directors use turnover, operating costs and earnings before interest, taxation, depreciation and amortisation as key performance indicators to review financial performance of the business. In calculating the key performance indicators the Company removes the non cash expense of depreciation. In 2007 and 2008 the Company had restructuring costs and therefore the key performance indicators have been calculated to show the effect before and after restructuring.

SIRSI LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****KEY PERFORMANCE INDICATORS (CONTINUED)**

Summary of key performance indicators	2008 £	As restated 2007 £
Turnover:		
Recurring turnover	4,573,995	4,757,157
Non-recurring turnover	1,833,280	1,911,025
Total turnover	<u>6,407,275</u>	<u>6,668,182</u>
Operating cost	4,777,021	6,595,254
Operating cost as % of turnover	74.6%	98.9%
Operating cost (excluding restructuring charges)	4,727,842	5,762,485
Operating cost (excluding restructuring charges) as % of turnover	73.8%	86.4%
EBITDA	1,630,253	72,927
EBITDA %	25.4%	1.1%
EBITDA (excluding restructuring charge)	1,679,432	905,696
EBITDA % (excluding restructuring charge)	26.2%	13.6%

DIRECTORS' INDEMNITIES

The Company maintains liability insurance for its directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are given below:

Mr G Rautenstrauch (appointed 26 June 2009)
 Mr K Sturges (resigned 23 July 2009)
 Mr B Sheth (resigned 26 June 2009)
 Mr R Smith (resigned 26 June 2009)
 Mr C Sowul (resigned 26 June 2009)
 Mr M Taylor (resigned 26 June 2009)

SIRSI LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, except for those affected by the change in turnover policy as disclosed in the accounting policies note 1;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

DONATIONS

During the year the Company made charitable donations of £772 (2007:£2,253). £550 was donated to The Hospice of St Francis, a local charity and £222 was donated to The British Heart Foundation. The Company has not made any political donations.

FINANCIAL RISK MANAGEMENT

The Company is exposed to some financial risks, including liquidity risk, credit risk and currency risk, but currently views the level of this exposure as low.

The aim of our financial risk management policy is to identify any potential risks and minimise any adverse affects these may have on the Company's financial performance.

Liquidity risk

The Company's operational cash flow is stable. Weekly cash flow forecasts are produced to enable management to assess the Company's liquidity requirements. The Company has no loan commitments as funding comes from cash generated through sales. Surplus cash is held on instant access deposit with the bank. If a need for additional funding arose the Company has a sizeable loan due from the parent company which is repayable on demand.

Credit risk

The Company's exposure to credit risk arises from trade receivables balances. Due to the nature of the customer base, predominately government offices/libraries and academic establishments, the Company is confident that the level of risk in this area is low.

SIRSI LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The majority of the Company's trade receivables and payables are in Sterling. The Company does hold some foreign currency assets but has assessed their level to be below the threshold for hedging activity. Management will continue to review this risk and will engage in hedging activity, in line with Company policy, when appropriate

OVERSEAS BRANCHES

The Company has one overseas branch office, SirsiDynix Benelux, which is located in Holland. This branch has one member of staff whose responsibility is the management of operational activity in France, Germany and Spain.

DISCLOSURE OF INFORMATION TO AUDITORS

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

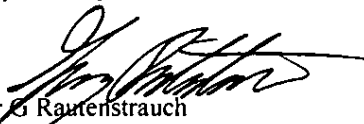
- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

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

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed by the Board of Directors.

Approved by the board of directors and signed on behalf of the board


Mr. G. Rautenstrauch
Director
18 January 2009 2010

SIRSI LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIRSI LIMITED**

We have audited the financial statements of Sirsi Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and officers and professional advisers. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit and cashflows for the year 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Uxbridge

Date: 25 January 2010

SIRSI LIMITED
PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	As restated 2007 £
TURNOVER	2	6,407,275	6,668,182
Cost of sales		(2,120,253)	(2,541,624)
GROSS PROFIT		4,287,022	4,126,558
Administrative expenses	3	(3,816,686)	(4,095,155)
OPERATING PROFIT	3	470,336	31,403
Interest receivable and similar income	5	43,229	29,453
Amounts written off investments	9	-	(33,928)
Interest payable and similar charges	6	(23)	(79,005)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		513,542	(52,077)
Tax on profit/(loss) on ordinary activities	7	(72,791)	144,081
PROFIT FOR THE FINANCIAL YEAR	16,17	440,751	92,004

All amounts above related to continuing operations.

SIRSI LIMITED
STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008

		2008	2007
		£	£
Profit for the financial year		440,751	92,004
Prior year adjustment	1	(396,139)	-
Total recognised gains and losses since last annual report		<u><u>44,612</u></u>	<u><u>92,004</u></u>

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

SIRSI LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2008**

	Note	2008 £	£	As restated 2007 £	£
FIXED ASSETS					
Tangible assets	8		171,522		159,577
Investments	9		72,778		72,778
			<u>244,300</u>		<u>232,355</u>
CURRENT ASSETS					
Debtors	7,10	2,173,343		2,385,723	
Cash at bank and in hand		2,180,550		1,049,877	
		<u>4,353,893</u>		<u>3,435,600</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	11	(4,234,536)		(3,672,665)	
NET CURRENT ASSETS			<u>119,357</u>		<u>237,065</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			363,657		(4,710)
PROVISIONS FOR LIABILITIES	12		(311,261)		(383,645)
NET ASSETS / (LIABILITIES)			<u>52,396</u>		<u>(388,355)</u>
CAPITAL AND RESERVES					
Called up share capital	15		670		670
Profit and loss account	16		51,726		(389,025)
TOTAL SHAREHOLDERS' FUNDS / (DEFICIT)	17		<u>52,396</u>		<u>(388,355)</u>

These financial statements on pages 7 to 21 were approved by the directors on
on their behalf by:

2009 and were signed


Mr G Rautenstrauch
Director

SIRSI LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Net cash inflow from operating activities	a	1,186,008	260,666
Returns on investments and servicing of finance			
Interest received		39,396	29,453
Interest paid		(23)	(32)
Taxation			
Tax received		-	73,236
Tax paid		(8,160)	-
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(87,019)	(100,153)
Proceeds from disposal of fixed assets		471	-
Increase in cash		1,130,673	263,170

a. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	470,336	31,403
Depreciation charge	74,334	75,454
Loss on disposal	270	-
Decrease / (increase) in debtors	154,840	(450,580)
Increase in creditors	486,228	604,389
Net cash inflow from operating activities	1,186,008	260,666

b. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2008 £	Cash flow £	At 31 December 2008 £
Cash in hand and bank	1,049,877	1,130,673	2,180,550

c. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008 £	2007 £
Change in net funds	1,130,673	263,170
Net funds at 1 January	1,049,877	786,707
Net funds at 31 December	2,180,550	1,049,877

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2008****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom.

Changes in accounting policy

Directors have considered the appropriateness of the accounting policy for turnover and have decided that a change in respect of certain streams of turnover being non-recurring installations is required. The change in turnover policy brings the Company in line with group policies. In prior years the turnover policy allowed for turnover to be recognised when each stage of a project was completed. The new policy dictates that turnover should only be recognised when the entire project is complete. Due to the nature of this change the Company has restated the preceding year financial statements for consistency. The effect of the change in policy was to increase profits and net assets for the year by £348,449 (2007: decrease £396,139).

A summary of the more important accounting policies, which have been applied consistently throughout the year are set out below.

Consolidation

The Company and its subsidiary undertakings comprise a medium size group. The Company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Related party transactions

Related party transactions represent the purchase of good/services, sale of goods/services, interest on loan balances and royalty charges with fellow group companies. Charges/sales are recognised in the month they are invoiced.

Turnover

Turnover represents amounts receivable for the sale of goods and services provided in the normal course of business net of value added tax.

Income from maintenance and hosting contracts is apportioned over the term of each contract. Deferred income represents turnover for maintenance and hosting contracts invoiced in advance and recognised over the period of the contract. All deferred income for such contracts is included in creditors.

Income from installations, services and training is recognised when all work has been completed.

The Company also derives income from the sale of its software licenses, maintenance, hosting and post-contract support services through distributors. Income from sales made through distributors is recognised when the distributors have sold the software licenses or services to their customers.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	15 years (or the remaining term of the lease if less than 15 years)
Office equipment	5 years
Furniture and fittings	7 years
Computer equipment	3 years

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****Investments**

Investments held as fixed assets are stated at cost less provision for impairment. The directors perform an impairment review as and when circumstances arise.

Operating lease agreements

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company pays into a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account as they are incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the profit and loss account.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. TURNOVER

Turnover was attributable to the principal activity of the company.

	2008	2007 (restated)
	£	£
Turnover from software licenses and post contract support services	1,833,280	1,911,025
Turnover from recurring maintenance and hosting contracts	4,573,995	4,757,157
Total	<u>6,407,275</u>	<u>6,668,182</u>

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****2. TURNOVER (CONTINUED)**

Turnover by region	2008	2007 (restated)
	£	£
Africa	203,008	89,462
Caribbean	11,579	15,090
Europe	6,006,893	6,352,905
Middle East	185,795	210,725
Total	<u>6,407,275</u>	<u>6,668,182</u>

3. OPERATING PROFIT

Operating profit is stated after charging:	2008	2007
	£	£
Directors' emoluments	41,334	44,359
Staff pension contributions	96,636	133,600
Depreciation of owned fixed assets	74,334	75,450
Restructuring (refer to note 12)	72,488	120,850
Auditors' fees		
- audit services	56,645	61,000
- services relating to taxation	9,000	23,270
Operating lease rentals		
- other	3,305	47,950
- plant and machinery	21,908	22,950
Net gain on foreign currency translation	<u>(422,825)</u>	<u>(52,350)</u>

4. DIRECTORS AND EMPLOYEES

Directors' emoluments	2008	2007
	£	£
Aggregate emoluments	32,500	33,141
Contributions to money purchase pension schemes	8,834	11,218
Total	<u>41,334</u>	<u>44,359</u>

	2008	2007
Directors accruing benefits under defined contribution scheme	1	1

None of the directors received any salaries for their services as directors of the Company during the year (2007: nil). The aggregate emoluments pertain mainly to relocation allowance and other benefits paid to a director. The directors were remunerated by the ultimate parent company, Sirsi Corporation or Vista Equity Partners, a private equity firm who own Dewey Holding, and no recharges were made. The ultimate parent company paid remuneration of \$416,480 for one director during 2008, the other directors were paid from outside the group. It is not possible to apportion the proportion of the directors' work that was done for the Company.

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****4. DIRECTORS AND EMPLOYEES (CONTINUED)**

The average monthly number of persons (including directors) employed by the Company during the year split by activity were:

	2008 Number	2007 Number
Selling and distribution	43	51
Administration	11	13
Total	<u>54</u>	<u>64</u>

The aggregate payroll costs of these persons were:

	2008 £	2007 £
Wages and salaries	2,296,675	2,553,661
Social security costs (note 18)	283,146	309,290
Other pension costs	96,636	133,607
Total	<u>2,676,457</u>	<u>2,996,558</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank interest receivable	39,361	25,893
Interest on late payments from customers	35	56
Interest on late payments from Inland Revenue	-	3,504
Interest receivable from group companies	3,833	-
Total	<u>43,229</u>	<u>29,453</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest payable	23	32
Interest payable to group companies	-	4,267
Other charges to group companies	-	74,706
Total	<u>23</u>	<u>79,005</u>

SIRSI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2008 £	2007 (restated) £
Analysis of tax charge on ordinary activities:		
Current tax charge for the year		
UK corporation tax at 28.5% (2007:30%)	12,094	8,836
Adjustments in respect of prior years	(676)	-
Total current tax	11,418	8,836
Deferred tax (charge) for the year:		
Origination and reversal of timing differences	61,373	(152,917)
Tax on profit/(loss) on ordinary activities	72,791	(144,081)

Factors affecting tax charge for current year

The tax assessed for the year is lower (2007:higher) than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 (restated) £
Profit /(Loss) on ordinary activities before taxation	513,542	(52,077)
Tax at 28.5%(2007:30%) thereon	146,360	(15,623)
Effects of:		
- expenses not deductible for tax purposes	91,473	4,042
- accelerated capital allowances	(18,758)	22,636
- utilisation of tax losses	(107,453)	(121,061)
- adjustments in respect of prior years	(676)	-
- effect of restatement to accounts due to change in policy	(99,308)	118,842
- charges on income	(220)	-
Current tax charge for the year	11,418	8,836

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)**

Deferred tax	2008	2007
	£	£
Opening asset	(152,917)	-
Debit / (credit) to profit and loss account	61,373	(152,917)
Closing asset	<u>(91,544)</u>	<u>(152,917)</u>
Analysis of deferred tax balance	2008	2007
	£	£
Tax losses carried forward	(91,544)	(152,917)
Deferred tax asset	<u>(91,544)</u>	<u>(152,917)</u>

The Company deems that the level of recognised deferred tax asset is reasonable based on level of expected future taxable profits.

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and were expected to be enacted in the 2007 and 2008 Finance Acts. The changes had been substantively enacted at the balance sheet date and, therefore, are reflected in these financial statements.

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

8. TANGIBLE ASSETS

	Leasehold Improvements £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2008	75,088	98,631	252,844	426,563
Additions	-	3,521	83,498	87,019
Disposals	-	-	(784)	(784)
At 31 December 2008	<u>75,088</u>	<u>102,152</u>	<u>335,558</u>	<u>512,798</u>
ACCUMULATED DEPRECIATION				
At 1 January 2008	59,106	33,925	173,955	266,986
Charge for the year	1,222	12,901	60,211	74,334
On disposals	-	-	(44)	(44)
At 31 December 2008	<u>60,328</u>	<u>46,826</u>	<u>234,122</u>	<u>341,276</u>
NET BOOK VALUE				
At 31 December 2008	<u>14,760</u>	<u>55,326</u>	<u>101,436</u>	<u>171,522</u>
At 31 December 2007	<u>15,982</u>	<u>64,706</u>	<u>78,889</u>	<u>159,577</u>

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****9. INVESTMENTS**

	Investments in Subsidiaries £
COST	
At 1 January and 31 December 2008	160,068
IMPAIRMENT	
At 1 January and 31 December 2008	<u>(87,290)</u>
NET BOOK VALUE	
At 31 December 2007 and 31 December 2008	<u>72,778</u>

Below is a summary of investments held in subsidiaries. All investments made by Sirsi Limited are in trading companies. The directors believe that the book value of investments is supported by their underlying value in use. In 2007 an impairment review was carried out on the investment in SirsiDynix GmbH of £33,928 and the decision was made to impair this investment to nil.

Subsidiary	% Ownership	Class of shares held	Principal activity	Registered office
Sirsi Iberia S L	99	Ordinary	Library software	Spain
Sirsi Nordisk A/S	100	Ordinary	Library software	Denmark
Sirsi France	100	Ordinary	Library software	France
SirsiDynix GmbH	100	Ordinary	Library software	Germany

Below is a summary of the profit and capital and reserves for each subsidiary at 31 December 2008.

	Sirsi France	SirsiDynix GmbH	Sirsi Iberia S L	Sirsi Nordisk A/S
	£	£	£	£
Profit for year	324,392	(50,710)	130,153	41,860
Capital and reserves / (deficiency)	1,035,810	(338,726)	333,243	(347,502)

10. DEBTORS

	2008	2007 restated
	£	£
Trade debtors	927,438	1,216,973
Amounts owed by group undertakings	616,420	566,244
Other debtors	188,546	141,583
Deferred tax asset	91,544	152,917
Prepayments and accrued income	349,395	308,006
	<u>2,173,343</u>	<u>2,385,723</u>

All loans are repayable on demand and unsecured.

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008	2007 (restated)
	£	£
Trade creditors	108,016	181,303
Amounts owed to group undertakings	896,395	186,389
Other creditors including taxation and social security:		
PAYE and social security	67,847	73,719
Value added tax	89,654	145,513
Corporation tax creditor	12,094	8,836
Accruals and deferred income	3,060,530	3,076,905
	<u>3,230,125</u>	<u>3,304,973</u>
	<u>4,234,536</u>	<u>3,672,665</u>

After 31 March 2007 no interest was applied to amounts owed to group undertakings, all are repayable on demand and unsecured. Within amounts owed to group undertakings is a loan to Sirsi Corporation that accrues interest at 5%.

12. PROVISIONS FOR LIABILITIES

	Restructuring	Dilapidations	Legal Case	Total
	£	£	£	£
At 1 January 2008	265,300	68,345	50,000	383,645
Additions during year	72,488	-	-	72,488
Released during year	-	-	(23,308)	(23,308)
Utilised during year	(94,872)	-	(26,692)	(121,564)
At 31 December 2008	<u>242,916</u>	<u>68,345</u>	<u>-</u>	<u>311,261</u>

The balance on restructuring provision reflects the lease and rate payments due on the vacant Potters Bar office. The provision has been estimated based on current rent and rate payments for that office. The management have made the assumption that these costs will not increase during the next 2 years. The lease on the Potters Bar office expires in 2011 and therefore it is expected that these costs will be incurred during this 2 year period.

The Potters Bar dilapidations provision reflects the estimated cost of restoring the facilities used by the Company at Potters Bar to their prior condition. The estimate was based on a prior dilapidation charge incurred by the Company when the lease for the 2nd floor of the Potters Bar office expired. Management believes that this is the best estimate at this time but understands that there is uncertainty about the final charge, which will only be available when the work is carried out. These costs are expected to be incurred at the end of the lease on the Potters Bar office which expires in 2011.

The opening provision for the legal case was the Company's estimation of their legal and compensation costs in connection with an unfair dismissal and sex discrimination claim from a former employee. During 2008 the case was heard before a tribunal who found that the Company had not unfairly dismissed the employee nor had there been any sexual discrimination. The Company had to pay their own legal fees in the amount of £26,692 and has no further obligations in connection to this matter.

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****13. FINANCIAL COMMITMENTS**

At 31 December 2008 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	Land and Buildings 2008 £	Land and Buildings 2007 £
Operating leases which expire: Within 2 to 5 years	75,800	73,000

14. CONTINGENCIES

The Company has agreed to provide financial support to Sirsi Nordisk, including but not limited to providing cash loans, guarantees to secure borrowing and by not pressing for early repayment on monies owed by Sirsi Nordisk to the Company. At the year ended 31 December 2008 Sirsi Nordisk reported a profit of £42,121 and has a healthy cash flow forecast for the coming year. Therefore the Company does not expect to be required to provide any financial support for the next 12 months.

The Company has provided a guarantee to SabadellAtlantico, in respect of debts factored by Sirsi Iberia SL to the value of 90,000 Euros. The Company does not expect the guarantee facility to be utilised in the next 12 months. There are no other contingencies.

15. CALLED UP SHARE CAPITAL**Authorised share capital:**

	2008 £	2007 £
1,000 (2007:1,000) Ordinary shares of £1 each	1,000	1,000

Allotted and fully paid:

	2008 £	2007 £
670 (2007:670) Ordinary shares of £1 each	670	670

16. PROFIT AND LOSS ACCOUNT

	2008 £
At 1 January 2008 as previously reported	7,114
Prior year adjustment (note 1)	(396,139)
At 1 January 2008 restated	(389,025)
Retained profit for the financial year	440,751
At 31 December 2008	51,726

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)**

	2008 £	2007 £
Opening shareholders' funds/(deficit) as previously reported	7,784	(480,359)
Prior year adjustment (note 1)	(396,139)	-
At 1 January 2008 restated	(388,355)	(480,359)
Profit for the financial year	440,751	448,143
Closing shareholders' funds	52,416	7,784

18. PENSION COSTS

During the year pension costs of £96,636 (2007: £133,607) relating to the defined contribution scheme were charged to the profit and loss account. At 31 December 2008 accrued pension costs were £nil (2007: £nil).

19. RELATED PARTY TRANSACTIONS

During 2008 Sirsi Limited had related party transactions with Sirsi Corporation, the ultimate parent undertaking of Sirsi Limited, Dynix Limited and Sirsi Australia Pty Ltd, fellow group companies and Sirsi Iberia S L, Sirsi Nordisk A/S, Sirsi France and SirsiDynix GmbH who are the subsidiary undertakings of Sirsi Limited. Sirsi Corporation does not make their annual financial statements available to the public and therefore, in accordance with FRS 8 "Related Party Transactions", details of the related party transactions and balances are disclosed below:

Related party transactions with ultimate parent undertaking:	2008 £	2007 £
Sale of goods and services	68,576	2,653
Purchase of goods and services	(1,294,378)	(133,208)
Interest received on loans	3,833	-
Interest paid on loans	-	(1,078)
Royalty charges	-	(219,492)
Loans	279,271	-
Amounts owed (to) / by ultimate parent undertaking at 31 December	(710,006)	4,606
Related party transactions with fellow group companies:	2008 £	2007 £
Management charge	(194,250)	(194,250)
Sale of goods and services	726	-
Purchase of goods and services	(231)	-
Loans	253,156	-
Amounts owed by fellow group company at 31 December	238,877	-
Amounts owed to fellow group company at 31 December	(186,389)	(186,389)

SIRSI LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2008****19. RELATED PARTY TRANSACTIONS (CONTINUED)**

Related party transactions with subsidiary undertakings:	2008	2007
	£	£
Sale of goods and services	35,327	136,106
Purchase of goods and services	(64,564)	(39,595)
Interest paid on loans	-	(77,895)
Amounts owed by subsidiary undertakings at 31 December	377,543	561,638

20. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Dewey Holding, a company incorporated in the USA. Dewey Holding is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements but does not make those accounts publically available.

The ultimate controlling party is Vista Equity Partners, a private equity firm who owns Dewey Holding. Dewey Holding holds 100% of the shares in Sirsi Corporation.