

2582346

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007
FOR
HEADSTRONG (UK) LTD

WEDNESDAY



A0Z2Q7AJ

A43

11/02/2009

COMPANIES HOUSE

388

HEADSTRONG (UK) LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8
Trading and Profit and Loss Account	12

HEADSTRONG (UK) LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2007

DIRECTORS:

A Malhotra
A Mehra
A Valbrune
B Singh

SECRETARY:

A Valbrune

REGISTERED OFFICE:

c/o Butler & Co
Walmar House
288-292 Regent Street
London
W1B 3AL

REGISTERED NUMBER:

2582346

AUDITORS:

Butler & Co
Chartered Accountants
& Registered Auditors
3rd Floor Walmar House
288-292 Regent Street
London
W1B 3AL

HEADSTRONG (UK) LTD

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST DECEMBER 2007**

The directors present their report with the financial statements of the company for the year ended 31st December 2007.

PRINCIPAL ACTIVITY

The main activity of the company is to provide computer systems development services and the supply of information technology products.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2007.

FUTURE DEVELOPMENTS

The directors anticipate increasing the resources available to the company in order to take advantage of the improvements in the trading environment.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2007 to the date of this report.

A Malhotra
A Mehra
A Valbrune
B Singh

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- 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.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken 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.

HEADSTRONG (UK) LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2007

AUDITORS

ON BEHALF OF THE BOARD:


.....
Director

Date: 21/2/2008

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HEADSTRONG (UK) LTD**

We have audited the financial statements of Headstrong (UK) Ltd for the year ended 31st December 2007 on pages six to eleven. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

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 on page two.

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

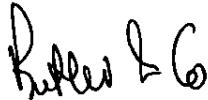
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HEADSTRONG (UK) LTD**

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 31st December 2007 and of its profit 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 Report of the Directors is consistent with the financial statements.



Butler & Co
Chartered Accountants
& Registered Auditors
3rd Floor Walmar House
288-292 Regent Street
London
W1B 3AL

Date:

2 February 2009

HEADSTRONG (UK) LTD**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST DECEMBER 2007

	Notes	2007 £	2006 £
TURNOVER	2	5,149,556	2,180,286
Cost of sales		<u>3,907,216</u>	<u>1,775,846</u>
GROSS PROFIT		1,242,340	404,440
Administrative expenses		<u>1,036,627</u>	<u>(81,642)</u>
OPERATING PROFIT	4	205,713	486,082
Interest receivable and similar income		<u>4,630</u>	<u>1,727</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		210,343	487,809
Tax on profit on ordinary activities	5	<u>915</u>	<u>1,951</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>209,428</u>	<u>485,858</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.


TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

HEADSTRONG (UK) LTD**BALANCE SHEET**
31ST DECEMBER 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	930	1,240
CURRENT ASSETS			
Debtors	7	1,428,918	533,374
Cash at bank		<u>586,779</u>	<u>15,140</u>
		2,015,697	548,514
CREDITORS			
Amounts falling due within one year	8	<u>1,624,666</u>	<u>367,221</u>
NET CURRENT ASSETS		<u>391,031</u>	<u>181,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>391,961</u>	<u>182,533</u>
CAPITAL AND RESERVES			
Called up share capital	10	104	104
Share premium	11	6,476,788	6,476,788
Profit and loss account	11	<u>(6,084,931)</u>	<u>(6,294,359)</u>
SHAREHOLDERS' FUNDS	14	<u>391,961</u>	<u>182,533</u>

The financial statements were approved by the Board of Directors on 2 / 2 / 2009 and were signed on its behalf by:


.....
Director

HEADSTRONG (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2007**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents the invoiced value of consultancy service during the year, excluding value added taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computers - 25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

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 average rate. Exchange differences are taken into account in arriving at the operating result.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2007 £	2006 £
UK	3,509,506	816,442
North America	<u>1,640,050</u>	<u>1,363,844</u>
	<u>5,149,556</u>	<u>2,180,286</u>

3. STAFF COSTS

	2007 £	2006 £
Wages and salaries	2,756,373	1,479,497
Social security costs	<u>189,989</u>	<u>88,751</u>
	<u>2,946,362</u>	<u>1,568,248</u>

HEADSTRONG (UK) LTD**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2007****3. STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	2007	2006
Consulting	53	24
Sales and Support staff	<u>3</u>	<u>3</u>
	<u>56</u>	<u>27</u>

No emoluments were paid to the directors during the year (2005 - £nil).

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2007 £	2006 £
Depreciation - owned assets	310	413
Auditors' remuneration	5,416	16,670
Foreign exchange differences	<u>44,951</u>	<u>(491,742)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2007 £	2006 £
Current tax:		
UK corporation tax	<u>915</u>	<u>1,951</u>
Tax on profit on ordinary activities	<u>915</u>	<u>1,951</u>

6. TANGIBLE FIXED ASSETS**COST**

At 1st January 2007
and 31st December 2007

Computer
equipment
£

1,653

DEPRECIATION

At 1st January 2007
Charge for year

413
310

At 31st December 2007

723

NET BOOK VALUE

At 31st December 2007

930

At 31st December 2006

1,240

HEADSTRONG (UK) LTD**NOTES TO THE FINANCIAL STATEMENTS -- continued
FOR THE YEAR ENDED 31ST DECEMBER 2007****7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007	2006
	£	£
Trade debtors	1,326,138	368,014
Amounts owed by group undertakings	15,632	119,460
Other debtors	23,482	20,982
Prepayments and accrued income	63,666	24,918
	<u>1,428,918</u>	<u>533,374</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	453,592	49,011
Amounts owed to group undertakings	711,689	192,304
Tax	1,232	318
Social security and other taxes	134,613	46,583
Accruals and deferred income	323,540	79,005
	<u>1,624,666</u>	<u>367,221</u>

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2007	2006
	£	£
Expiring:		
Within one year	<u>74,976</u>	<u>14,300</u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2007	2006
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2007	2006
			£	£
102	Ordinary	£1	<u>104</u>	<u>104</u>

HEADSTRONG (UK) LTD**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2007****11. RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1st January 2007	(6,294,359)	6,476,788	182,429
Profit for the year	<u>209,428</u>		<u>209,428</u>
At 31st December 2007	<u>(6,084,931)</u>	<u>6,476,788</u>	<u>391,857</u>

12. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Headstrong Worldwide Limited registered in UK.

The company's ultimate parent undertaking is Headstrong Corporation, which is incorporated in the USA registered at 4035 Ridge Top Road, Suite 300 Fairfax, Virginia 22030, USA.

13. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption granted by Financial Reporting Standard No.8 not to disclose related party transactions with other members of Headstrong Corporation group of companies.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	209,428	485,858
Share Capital	-	2
Share Premium	<u>-</u>	<u>6,336,888</u>
Net addition to shareholders' funds	209,428	6,822,748
Opening shareholders' funds	<u>182,533</u>	<u>(6,640,215)</u>
Closing shareholders' funds	<u>391,961</u>	<u>182,533</u>