

**SOFTLINK EUROPE LTD**  
**COMPANY NUMBER : 2683152**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th JUNE 2006**

FRIDAY



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27/04/2007  
COMPANIES HOUSE

# **SOFTLINK EUROPE LTD**

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**SOFTLINK EUROPE LTD**  
**DIRECTORS AND ADVISORS**

DIRECTORS -	A D Darroch I R Dunbar D E Robson (resigned 3rd January 2007) R E Kitson (resigned 1st November 2006)
SECRETARY -	Throgmorton Secretaries Limited
REGISTERED OFFICE -	Oak Court North Leigh Business Park North Leigh Oxfordshire OX29 6SW
COMPANY NUMBER -	2683152
BANKERS -	HSBC Bank plc 24 Market Square Witney Oxfordshire OX28 6BG

## SOFTLINK EUROPE LTD

### DIRECTORS' REPORT

The directors submit their report and the financial statements of the company for the year ended 30th June 2006

#### Activities

The principal activity of the company throughout the year continued to be the marketing of a library automation software package and supporting computer hardware

#### Review of the business

The directors are pleased that the company has remained profitable through the period of transition resulting from the introduction of its new range of web-based software, which has been well received by the market and gives the directors reason to look forward to the future with confidence

#### Results and dividends

The results for the period are shown in the profit and loss account on page 5

No dividends were paid during the year The directors do not propose payment of a final dividend in respect of the year

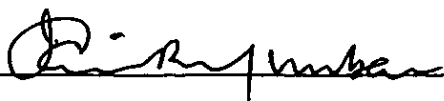
#### Directors and their interests

The directors of the company and their interests in the share capital of the company were -

	Ordinary shares of £1 each	
	2006	2005
A D Darroch	45	45
I R Dunbar	5	5
D E Robson (resigned 3rd January 2007)	-	-
R E Kitson (resigned 1st November 2006)	-	-

R E Kitson had an indirect interest in 20 ordinary shares throughout the year as a result of his association with Weston Pension Fund

Approved by the Board of Directors and signed on behalf of the Board -



Iain Dunbar  
Director

**SOFTLINK EUROPE LTD**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN**

**RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounts on a 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and thence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

**ACCOUNTANTS REPORT**  
**TO THE DIRECTORS OF**  
**SOFTLINK EUROPE LTD**

In accordance with instructions given to us we have prepared financial statements for the company for the year ended 30th June 2006 according to the accounting provisions of the Companies Act 1985. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). The directors of the company have confirmed that the company is totally exempt from the audit requirements under the provisions of Section 249A(1) of the Companies Act 1985, and as a result we have not carried out an audit. The financial statements on pages 5 to 16 are therefore based on the information shown in the accounting records and on information supplied and explanations given to us by the directors.

*Optima Business Services Ltd*  
*24<sup>th</sup> April 2007*

**Optima Business Services Ltd**  
Chartered Certified Accountants  
The Stables  
Manor Farm  
Old Woodstock  
Oxon  
OX20 1XP

**SOFTLINK EUROPE LTD**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30th JUNE 2006**

	Notes	2006 £	2005 £
<b>Turnover</b>	1	<b>1,981,832</b>	1,855,070
Cost of sales		<b>(540,925)</b>	(488,570)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,440,907</b>	1,366,500
Administrative expenses		<b>(1,432,004)</b>	(1,364,481)
		<hr/>	<hr/>
<b>Operating profit</b>	2	<b>8,903</b>	2,019
Other operating income		<b>329</b>	897
Interest payable & similar charges		<b>(5,299)</b>	(3,443)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>3,933</b>	(527)
Tax on profit/(loss) on ordinary activities	3	<b>1,440</b>	60
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>5,373</b>	(467)
Dividends		-	-
		<hr/>	<hr/>
<b>Retained profit/(loss) for year</b>		<b>5,373</b>	<b>(467)</b>

Movements in reserves are shown in note 13

**SOFTLINK EUROPE LTD**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30th JUNE 2006**

	Notes	2006 £	2005 £
<b>Profit/(loss) for the financial year</b>		<b>5,373</b>	<b>(467)</b>
		<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>		<b>5,373</b>	<b>(467)</b>
Prior period adjustment	1	-	(134,964)
		<hr/>	<hr/>
<b>Total gains and losses recognised since last annual report</b>		<b>5,373</b>	<b>(135,431)</b>
		<hr/>	<hr/>

# SOFTLINK EUROPE LTD

## BALANCE SHEET

AS AT 30th JUNE 2006

	Notes	2006		2005	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	4		198,171		253,897
Tangible assets	5		100,811		86,835
Investments	6		<u>1</u>		<u>1</u>
			<b>298,983</b>		<b>340,733</b>
<b>Current assets</b>					
Cash-at-bank and in-hand			-		58,978
Debtors	7		<u>357,603</u>		<u>209,202</u>
			<b>357,603</b>		<b>268,180</b>
<b>Creditors</b> amounts falling due within one year	8		<u>(677,839)</u>		<u>(576,922)</u>
<b>Net current (liabilities)</b>			<b>(320,236)</b>		<b>(308,742)</b>
<b>Total assets less current liabilities</b>			<b>(21,253)</b>		<b>31,991</b>
<b>Creditors</b> amounts falling due in more than one year	9		<b>(63,673)</b>		<b>(120,790)</b>
<b>Provisions for liabilities &amp; charges</b>	10		-		<b>(1,500)</b>
<b>Net (liabilities)</b>			<b>(84,926)</b>		<b>(90,299)</b>
<b>Capital and reserves</b>					
Called up share capital	12		80		80
Share premium account	13		100,514		100,514
Other reserves	13		40		40
Profit and loss account	13		<b>(185,560)</b>		<b>(190,933)</b>
<b>Shareholders' funds - equity interests</b>			<b>(84,926)</b>		<b>(90,299)</b>

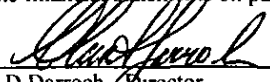
The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985

No notice has been deposited under section 249B(2) of the Companies Act 1985, and the directors acknowledge their responsibilities for -

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
  - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year
- in accordance with the requirements of this Act relating to the accounts, so far as applicable to the company

These financial statements were prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies, and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements on pages 5 to 16 were approved by the Board of Directors and signed on its behalf by -

  
A D Darroch / Director

24/4/07  
Date

# **SOFTLINK EUROPE LTD**

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 30th JUNE 2006**

#### **1. Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company has taken advantage of the exemption from preparing a cash-flow statement as conferred by Financial Reporting Standard No 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985

#### **Going concern**

The accounts have been prepared on a going concern basis, which the directors consider to be appropriate

#### **Group accounts**

The company has taken advantage of the exemption from preparing consolidated accounts conferred by Section 248 of the Companies Act 1985

#### **Goodwill**

Purchased Goodwill is the difference between the purchase price of a business and its net asset value. Purchased Goodwill is capitalised and depreciated on a straight line basis over its useful economic life

The Purchased Goodwill owned by the company during the year was depreciated over 5 years, which the Directors consider to be reasonable

#### **Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives, as follows -

Plant and machinery	10-25% on cost
Fixtures, fittings and equipment	10-25% on cost
Motor vehicles	25% on cost

# **SOFTLINK EUROPE LTD**

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 30th JUNE 2006**

#### **1. Accounting policies (continued)**

##### **Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated as above. Obligations under such agreements are included as creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

##### **Pensions**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are held and invested separately from the company's assets.

##### **Deferred taxation**

Deferred tax arises as a result of including items of income and expenditure in tax computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

##### **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 of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30th JUNE 2006

#### 1. Accounting policies (continued)

##### Change of accounting policy

With effect from 1st July 2004, the company changed its accounting policy in relation to recognition of revenue from the provision of support services. Such revenue is now recognised evenly over the period of the support contract. Previously, the revenue was recognised when invoiced, with provision made for the cost of providing the support.

This adjustment was accounted for as a prior period adjustment in the year ending 30th June 2005. The comparatives in these accounts have been prepared under the new accounting policy, hence all figures reported in these accounts have been prepared on a consistent basis.

##### Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied as adjusted for deferred revenue on support contracts.

During the year, 13.43% of the company's turnover was to markets outside the United Kingdom (2005 - 11.29%).

#### 2. Operating profit

	2006	2005
Operating profit is stated after charging/(crediting)	£	£
Directors' emoluments	151,614	152,267
Amounts written off investments	-	5,071
Depreciation	42,889	40,062
Amortisation	55,726	24,733
(Profit) on disposal of fixed assets	<u>(600)</u>	<u>(2,684)</u>

Two directors (2005 - 2) have benefits accruing under money purchase pension schemes.

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30th JUNE 2006

#### 3. Taxation

	2006 £	2005 £
Corporation tax for the year	-	(60)
Under/(over)-provision in prior years	60	-
Movement in deferred tax provision	(1,500)	-
	<u>(1,440)</u>	<u>(60)</u>

#### 4. Intangible fixed assets

	<u>Goodwill</u>	<u>TOTAL</u>
<b>Cost</b>		
At 1st July 2005	278,630	278,630
Additions	-	-
At 30th June 2006	<u>278,630</u>	<u>278,630</u>
<b>Amortisation</b>		
At 1st July 2005	24,733	24,733
For the year	<u>55,726</u>	<u>55,726</u>
At 30th June 2006	<u>80,459</u>	<u>80,459</u>
<b>Net book value</b>		
At 30th June 2006	<u>198,171</u>	<u>198,171</u>
At 30th June 2005	<u>253,897</u>	<u>253,897</u>

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30th JUNE 2006

#### 5. Tangible fixed assets

	<b>Plant &amp; machinery etc</b>	<b>TOTAL</b>
<b>Cost</b>		
At 1st July 2005	277,252	277,252
Additions	56,865	56,865
Disposals	(29,279)	(29,279)
At 30th June 2006	<u>304,838</u>	<u>304,838</u>
<b>Depreciation</b>		
At 1st July 2005	190,417	190,417
For the year	42,889	42,889
Released on disposal	(29,279)	(29,279)
At 30th June 2006	<u>204,027</u>	<u>204,027</u>
<b>Net book value</b>		
At 30th June 2006	<u>100,811</u>	<u>100,811</u>
At 30th June 2005	<u>86,835</u>	<u>86,835</u>

Assets with a net book value of £60,705 at 30th June 2006 (2005 £55,464) are held under finance leases. Depreciation of £26,721 (2005 £21,083) was charged during the year in respect of these assets.

#### 6. Investments

Shares in Softlink France SARL, a wholly-owned subsidiary registered in France -

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance brought forward	1	-
Investment in year	-	5,072
Less amount written off	-	(5,071)
Balance carried forward	<u>1</u>	<u>1</u>

Softlink France SARL reported a profit of £253 in the year to 30th June 2006 (2005 - £494 loss), and had total capital and reserves of £4,930 at that date (2005 - £4,577).

The company has no guarantees, capital commitments or contingent liabilities in respect of Softlink France SARL.

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30th JUNE 2006

#### 7. Debtors

	2006 £	2005 £
Trade debtors	298,416	200,089
Corporation tax repayment due	-	60
Amount due from subsidiary undertaking	13,867	-
Prepayments and accrued income	45,320	9,053
	<u>357,603</u>	<u>209,202</u>

#### 8. Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	225,205	129,257
Other taxation and social security	69,335	61,273
Net obligations under hire purchase contracts		
- current portion	22,115	25,013
Bank overdraft	33,732	-
Amount due to subsidiary undertaking	-	1,783
Amount due to Limes Computer Software Ltd -		
- current portion	42,940	99,388
Deferred revenue	200,324	208,417
Other creditors	84,188	51,791
	<u>677,839</u>	<u>576,922</u>

The bank overdraft amounting to £33,732 (2005 - £Nil) is secured. Net obligations under finance leases and hire purchase contracts amounting to £22,115 (2005 - £25,013) are secured.

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30th JUNE 2006

**9. Creditors** amounts falling due in more than one year

	2006 £	2005 £
Net obligations under hire purchase contracts	20,276	17,393
Amount due to Limes Computer Software Ltd - - long-term portion	43,397	103,397
	<u>63,673</u>	<u>120,790</u>

Net obligations under finance leases and hire purchase contracts amounting to £20,276 (2005 - £17,393) are secured

**10. Provisions for liabilities & charges**

	2006 £	2005 £
Provision for deferred tax	<u>-</u>	<u>1,500</u>

**11. Pension costs**

The company operates a money purchase (defined contribution) pension scheme. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,260 (2005 - £1,260).

**12. Called up share capital**

	2006 £	2005 £
<b>Authorised</b>		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
<b>Allotted, called up and fully paid</b>		
80 Ordinary shares of £1 each	<u>80</u>	<u>80</u>

# SOFTLINK EUROPE LTD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 2006

### 13. Reserves

	Share premium account £	Other reserves (see below) £	Profit & loss account £
Balance brought forward	100,514	40	(190,933)
Retained profit for the year	-	-	5,373
Balance carried forward	<u>100,514</u>	<u>40</u>	<u>(185,560)</u>

#### Other reserves -

capital redemption reserve -

balance at 1st July 2005 and 30th June 2006

40

### 14. Financial commitments

At 30th June 2006, the company had annual commitments under non-cancellable operating leases as follows -

	2006 £	2005 £
Expiry date -		
within one year	4,720	569
between two and five years	36,930	29,040
in more than five years	24,000	24,000
	<u>65,650</u>	<u>53,609</u>

### 15. Control

In the opinion of the directors, the company is controlled by A D Darroch by virtue of his holding of 56 25% of the issued share capital

# **SOFTLINK EUROPE LTD**

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 30th JUNE 2006**

#### **16. Related party transactions**

The company rented office premises from Winterthur Life Self Administered Personal Pension Scheme SAPP 587, whose members comprise two directors of the company, A D Darroch and I R Dunbar. The company paid the pension scheme rent totalling £23,896 (2005 - £24,000)

During the year, the company incurred a management charge of £27,219 from Softlink France SARL, a wholly-owned subsidiary (2005 - £43,186). The company also made various advances to Softlink France SARL, and made various payments on its behalf. Balances due between the company and its subsidiary do not attract interest and have no fixed repayment date. As at 30th June 2006, the amount owed to the company by Softlink France SARL was £13,867 (2005 - £1,783 owed by the company to Softlink France SARL).