

COMPANY NUMBER: 03659481

TIS SOFTWARE HOLDINGS LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011



TIS SOFTWARE HOLDINGS LIMITED
COMPANY INFORMATION

DIRECTORS

M E Creswell (resigned 4 March 2011)
G A Masom
M Johns

SECRETARY

E Vidal

AUDITORS

Crowe Clark Whitehill LLP
Aquis House
49 – 51 Blagrove Street
Reading
Berkshire
RG1 1PL

BANKERS

Lloyds TSB Bank plc
45 High Street
Maidenhead
Berkshire
SL6 1JS

REGISTERED OFFICE

Remenham House
Regatta Place
Marlow Road
Bourne End
Buckinghamshire
SL8 5TD

**TIS SOFTWARE HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011**

The directors present their report and financial statements for the year ended 31 May 2011

PRINCIPAL ACTIVITY

The company acts as a holding company for TIS Software Limited and SmartPoint Technologies Limited, both of whose principal activities are the design, manufacture and supply of computer software and the provision of associated professional and maintenance services

RESULTS AND DIVIDENDS

The financial highlights for the year were

- Revenues increased by 1.5% to £4.81m (2010 £4.74m)
- Operating profit was up 174% to £474k (2010 £173k)
- Profit after tax of £464k (2010 £66k)
- Cash at bank at the end of the year was £0.8m (2010 £0.9m)
- Net funds at the end of the year was £366k. In 2010 net indebtedness was £219k

The Directors do not recommend the payment of any dividends (2010 £nil)

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Within our core markets companies continued to maintain their expenditure on IT projects at reduced level especially in the first part of the financial year. In the second part of the financial year, a few companies have expressed willingness to resume investment in their IT infrastructure. As a consequence, revenues have been similar to prior year.

The group has significantly improved its profitability due in part to the cost saving measures undertaken in the previous financial year that have had a full year impact in 2011. The company continued to prioritise product development and during the year undertook projects to both further enhance existing products and to develop new products.

During the year, the net funds' position of the group strengthened thanks to the mostly unaffected collections from customers and the significant amount of debt maturing during the financial year.

Despite the challenging trading conditions the company has continued to see demand for the OneOffice software suite from existing customers. The group has invested further in enhancements to the OneOffice software products, completing the development of integrated web trading platform, OneOffice Connect Web. Demand for OneOffice Connect web from within our customer base continues to be encouraging. The group also commenced investing in a highly sophisticated and flexible sales promotion module called Sales Promotion that will fully integrate with OneOffice Connect Web. Encouragingly, we have already received firm interest from customers in Sales Promotion prior to its release.

**TIS SOFTWARE HOLDINGS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011**

Outlook

There are still mixed signals as to the direction in which the economy is going, with current consensus view that the recovery is lacking vigour and will be subdued for some time to come. However, the Directors believe that the combination of a healthy cash position and stronger balance sheet at the start of the year, a more efficient organisation, and plans to continue investing in our products means that the business is well positioned to take advantage of any improvement in market demand. The directors are encouraged in this view by the fact that over the last few months' customer confidence has increased and expressions of interest and sales to existing customers in the new financial year have been encouraging.

The Directors view the remainder of the financial year to 31st May 2012 with confidence.

BUSINESS RISKS

In common with other companies in the computer software sector, the group may be impacted by external market factors beyond its reasonable control. These could include:

- A further deterioration in the general economic environment or market conditions for business application software that restricts the Group's ability to close new business with the associated financial implications this could have. To mitigate this risk we seek to ensure that we maintain close and strategic relationships with our customers and in doing so minimise our reliance on new business sales.
- Advances in general technology and/or the capability of competitor products. To mitigate this risk we continue to invest in technology and application development in line with emerging technology trends and competitive threats.

DIRECTORS

The directors who served the company during the year were as follows:

M E Creswell (resigned 4 March 2011)
G A Masom
M Johns

**TIS SOFTWARE HOLDINGS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011**

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Approved by the Board on
and signed on its behalf by

30/9/11


M. Johns

TIS SOFTWARE HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIS SOFTWARE HOLDINGS LIMITED

We have audited the financial statements of TIS Software Holdings Ltd for the year ended 31st May 2011 which comprise a Consolidated Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheets, Consolidated Cash Flow Statement and the related notes numbered set out in pages 8 to 22

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 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 information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIS SOFTWARE HOLDINGS LIMITED (CONTINUED)

Unqualified opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31st May 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Ian Dale (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditors and
Chartered Accountants

3 October 2011

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

**TIS SOFTWARE HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011**

	Notes	2011 £	2010 £
TURNOVER	2	4,807,204	4,744,543
Cost of sales		<u>(219,150)</u>	<u>(208,319)</u>
GROSS PROFIT		4,588,054	4,536,224
Net operating expenses		<u>(4,113,894)</u>	<u>(4,363,094)</u>
OPERATING PROFIT		474,160	173,130
Interest payable and similar charges	6	(39,349)	(107,164)
Interest receivable		<u>293</u>	<u>367</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		435,104	66,333
Tax on profit on ordinary activities	7	<u>29,109</u>	<u>(681)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 464,213	£ 65,652

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

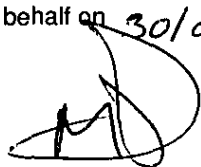
There have been no recognised gains or losses attributable to the shareholders other than the profit for the year of £464,213 (2010 £65,652)

The notes on pages 12 to 22 form part of these financial statements

TIS SOFTWARE HOLDINGS LIMITED
GROUP BALANCE SHEET
31 MAY 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	10	<u>475,009</u>	<u>474,794</u>
CURRENT ASSETS			
Debtors	11	945,037	982,763
Cash at bank and in hand		<u>806,358</u>	<u>949,113</u>
		1,751,395	1,931,876
CREDITORS: Amounts falling due within one year	12	<u>(2,681,866)</u>	<u>(3,272,406)</u>
NET CURRENT LIABILITIES		<u>(930,471)</u>	<u>(1,340,530)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(455,462)	(865,736)
CREDITORS: Amounts falling due after more than one year			
Loans	13	(402,149)	(430,018)
Deferred revenue		<u>(19,760)</u>	<u>(18,190)</u>
TOTAL NET LIABILITIES		<u>£ (877,371)</u>	<u>£ (1,313,944)</u>
CAPITAL AND RESERVES			
Called up share capital	14, 16	79,555	79,555
Share premium account	16	4,171,418	4,171,418
Reserve for own shares	15,16	(232,236)	(204,596)
Profit and loss account	16	<u>(4,896,108)</u>	<u>(5,360,321)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>£ (877,371)</u>	<u>£ (1,313,944)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/09/11




M Johns

The notes on pages 12 to 22 form part of these financial statements

TIS SOFTWARE HOLDINGS LIMITED
REGISTERED NUMBER: 03659481
COMPANY BALANCE SHEET
31 MAY 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	9	<u>4,018,450</u>	<u>5,418,450</u>
DEBTORS: Amounts due in more than one year	11	<u>1,343,864</u>	<u>1,435,028</u>
CURRENT ASSETS			
Debtors	11	4,486	4,486
Cash at bank and in hand		<u>2,074</u>	<u>49,089</u>
		<u>6,560</u>	<u>53,575</u>
CREDITORS: Amounts falling due within one year	12	<u>(4,620,648)</u>	<u>(4,751,571)</u>
NET CURRENT LIABILITIES		<u>(4,614,088)</u>	<u>(4,697,996)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		748,226	2,155,482
CREDITORS: Amounts falling due after more than one year	13	<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>£ 748,226</u>	<u>£ 2,155,482</u>
CAPITAL AND RESERVES			
Called up share capital	14, 16	79,555	79,555
Share premium account	16	4,171,418	4,171,418
Reserve for own shares	15, 16	(232,236)	(204,596)
Profit and loss account	16	<u>(3,270,511)</u>	<u>(1,890,895)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£ 748,226</u>	<u>£ 2,155,482</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/09/11


M Johns

The notes on pages 12 to 22 form part of these financial statements

TIS SOFTWARE HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 £	2010 £
CASH INFLOW FROM OPERATING ACTIVITIES	21	686,252	415,499
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(165,680)	(32,164)
Interest received		<u>201</u>	<u>367</u>
		(165,479)	(31,797)
TAXATION			
UK corporation tax received/(paid)		29,855	(58,344)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		<u>(64,056)</u>	<u>(30,378)</u>
NET CASH INFLOW BEFORE FINANCING		486,572	294,980
FINANCING			
Purchase of shares		(27,640)	(130,650)
Net movement in long-term borrowings		<u>(601,687)</u>	<u>(290,979)</u>
		(629,327)	(421,629)
DECREASE IN CASH		<u>£ (142,755)</u>	<u>£ (126,649)</u>

The reconciliation to net debt is shown in note 21

The notes on pages 12 to 22 form part of these financial statements

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The group's business activities together with the factors likely to affect its future development and position are set out in the Directors' report. The group is expected to continue to generate positive cash flow for the foreseeable future. Therefore, the Directors continue to believe that the going concern basis of accounting is appropriate in preparing the financial statements for the year ending 31st May 2011

b) Basis of Consolidation

The group financial statements consolidate the financial statements of TIS Software Holdings Limited and its subsidiary undertakings drawn up to 31 May each year. No profit and loss account is presented for TIS Software Holdings Limited as permitted by section 408 of the Companies Act 2006. The results of subsidiary undertakings acquired and disposed of during the year are consolidated from or up to the effective date of acquisition or disposal.

c) Related Parties Transactions

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with its subsidiaries.

d) Fixed Assets

All fixed assets are initially recorded at cost.

e) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Motor vehicles	-	25% - 33 33% per annum
Fixtures, fittings and equipment	-	10% - 33 33% per annum
Freehold property	-	2% per annum

f) Stock

Stock is valued at the lower of cost and net realisable value.

g) Research and Development

Research and development expenditure, including the cost of software products developed in-house, is expensed in the year in which it is incurred.

h) Leasing and Hire Purchase Commitments

Fixed assets held under hire purchase contracts and finance leases are capitalised and depreciated over their expected useful lives. The interest charges are allocated over the period of the contract in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

1. ACCOUNTING POLICIES (CONTINUED)

i) Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, and the resulting exchange difference are dealt with in the determination of profit for the financial year.

j) Pensions

The Group operates a defined contribution pension scheme covering the majority of its employees. The costs of the pension scheme are charged in the profit and loss account as they fall due.

k) 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

2 TURNOVER

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services. Revenue from systems are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Service revenue comprises revenue for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Electronic data interchange and remote processing services are recognised monthly as work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Turnover is attributable to the sale of software and supporting services.

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

2. TURNOVER (continued)

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	4,466,905	4,541,766
Europe	114,372	114,904
Rest of the World	<u>225,927</u>	<u>87,873</u>
	<u>£ 4,807,204</u>	<u>£ 4,744,543</u>

3 OPERATING PROFIT

	2011 £	2010 £
This is stated after charging -		
Auditors' remuneration		
- audit fees	16,850	16,850
- non-audit fees	6,000	12,636
Depreciation on tangible fixed assets		
- owned assets	63,841	76,286
Operating lease payments		
- plant and machinery	11,305	11,179
- land and buildings	157,500	157,500
Research and development	<u>770,539</u>	<u>730,277</u>

4. STAFF COSTS

	2011 £	2010 £
Wages and salaries	2,754,764	2,865,774
Social security costs	315,457	318,648
Other pension costs	<u>96,507</u>	<u>155,287</u>
	<u>£ 3,166,728</u>	<u>£ 3,339,709</u>

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

	2011 No.	2010 No
Programming and engineering staff	40	41
Sales and marketing staff	6	8
Administrative and management	<u>10</u>	<u>10</u>
	<u>56</u>	<u>59</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

5. DIRECTORS' EMOLUMENTS

Group	2011 £	2010 £
Emoluments	<u>£ 251,712</u>	<u>£ 267,524</u>
Value of company pension contributions to money purchase schemes	<u>£ 18,422</u>	<u>£ 23,987</u>
Compensation for loss of office	<u>£ 27,500</u>	<u>£ 80,000</u>
	2011 No.	2010 No
Members of money purchase pension scheme	<u>2</u>	<u>3</u>

The amounts in respect of the highest paid director are as follows

	2011 £	2010 £
Emoluments	<u>£ 139,375</u>	<u>£ 95,556</u>
Value of company pension contributions to money purchase schemes	<u>£ 11,250</u>	<u>£ 9,417</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank interest payable	15,688	30,349
Debenture interest	23,374	75,000
Other loans	<u>287</u>	<u>1,815</u>
	<u>£ 39,349</u>	<u>£ 107,164</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year.	2011 £'000	2010 £'000
UK Corporation Tax		
UK Corporation tax charge on profit for the year	914	-
Adjustments in respect of previous periods	<u>(30,023)</u>	<u>681</u>
Total tax (credit)/charge for the year	<u>£ (29,109)</u>	<u>£ 681</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2011 £'000	2010 £'000
(b) Factors affecting tax charge for the year		
The differences are explained below		
Profit on ordinary activities before tax	<u>£ 435,104</u>	<u>£ 66,333</u>
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 20.83% (2010 21.00%)	90,632	13,930
Effects of		
Expenses not deductible for tax purposes	3,775	3,202
Depreciation in excess of capital allowances	(10,497)	6,867
Short term timing differences	(11,580)	(3,250)
Adjustments in respect of previous periods	(30,023)	681
Utilisation of tax losses and other deductions	(45,438)	(14,990)
Unrelieved tax losses and other deductions	-	35,586
Additional deduction for R&D expenditure	<u>(25,978)</u>	<u>(41,345)</u>
Current tax for the year	<u>£ (29,109)</u>	<u>£ 681</u>

8. LOSS ATTRIBUTABLE TO THE MEMBERS OF THE HOLDING COMPANY

The loss for the year dealt with in the accounts of the parent company amounted to £1,379,616 (2010 profit £26,767)

9. INVESTMENTS

Company	2011 £	2010 £
Cost and net book value	<u>£ 4,018,450</u>	<u>£ 5,418,450</u>

The directors have reviewed the carrying amount of the investments and, as a result of this review, an impairment of £1,400,000 has been recorded in the financial year

Details of the investments in which the group or the company holds 20% or more of the nominal value of any class of share capital are as follows -

Name of company	Country of registration or incorporation	Holding	Proportion of voting rights	Nature of Business
TIS Software Ltd	England and Wales	Ordinary	100%	Software
SmartPoint Technologies Ltd	England and Wales	Ordinary	100%	Software
Strategix Software plc*	England and Wales	Ordinary	100%	Dormant
Strategix-ASP com Ltd*	England and Wales	Ordinary	100%	Dormant
TIS Software (EBT) Ltd*	England and Wales	Ordinary	100%	Employee Trust Fund

* These shares are held in this indirectly through the company's ownership of TIS Software Ltd

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Fixtures & Fittings £	Total £
COST			
At 31 May 2010	717,140	662,105	1,379,245
Additions	-	64,056	64,056
Disposals	-	(26,468)	(26,468)
At 31 May 2011	<u>717,140</u>	<u>699,693</u>	<u>1,416,833</u>
DEPRECIATION			
At 31 May 2010	318,757	585,694	904,451
Provided during the year	10,600	53,241	63,841
Disposals	-	(26,468)	(26,468)
At 31 May 2011	<u>329,357</u>	<u>612,467</u>	<u>941,824</u>
NET BOOK VALUES			
At 31 May 2011	<u>£ 387,783</u>	<u>£ 87,226</u>	<u>£ 475,009</u>
At 31 May 2010	<u>£ 398,383</u>	<u>£ 76,411</u>	<u>£ 474,794</u>

11. DEBTORS

Group	2011 £	2010 £
Trade debtors	779,257	811,539
Other debtors	6,839	579
Called up share capital not paid	4,486	4,486
Prepayments and accrued income	<u>154,455</u>	<u>166,159</u>
	<u>£ 945,037</u>	<u>£ 982,763</u>
Company	2011	2010
Debtors due in more than one year	£	£
Amounts owed by group undertakings	<u>1,343,864</u>	<u>1,435,028</u>
Company	2011	2010
Debtors due in less than one year	£	£
Other debtors	-	-
Called up share capital not paid	<u>4,486</u>	<u>4,486</u>
	<u>£ 4,486</u>	<u>£ 4,486</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

12 CREDITORS Amounts falling due within one year

Group	2011 £	2010 £
Loans and overdrafts	37,714	737,955
Trade creditors	172,677	172,349
Corporation Tax	746	-
Other taxes and social security costs	344,952	283,044
Other creditors	25,881	14,665
Accruals and deferred income	<u>2,099,896</u>	<u>2,064,393</u>
	<u>£ 2,681,866</u>	<u>£ 3,272,406</u>
Company	2011 £	2010 £
Loan	-	631,250
Amounts owed to group undertakings	4,608,148	4,107,821
Accruals and deferred income	<u>12,500</u>	<u>12,500</u>
	<u>£ 4,620,648</u>	<u>£ 4,751,571</u>

13. LOANS

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Amounts falling due				
- in less than one year	37,714	606,705	-	500,000
- in more than one but not more than two years	37,571	37,182	-	-
- in more than two but not more than five years	112,713	111,546	-	-
- in more than five years	<u>272,389</u>	<u>306,631</u>	<u>-</u>	<u>-</u>
	460,387	1,062,064	-	500,000
Less unamortized issue Costs	(20,524)	(25,341)	-	-
Add accrued interest	<u>-</u>	<u>131,250</u>	<u>-</u>	<u>131,250</u>
	439,863	1,167,973	-	631,250
Less included in creditors amounts falling due within one year	<u>(37,714)</u>	<u>(737,955)</u>	<u>-</u>	<u>(631,250)</u>
	<u>£ 402,149</u>	<u>£ 430,018</u>	<u>£ -</u>	<u>£ -</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

13. LOANS (CONTINUED)

The borrowings above comprise loan notes and bank loans

The loan notes were repaid in full at maturity during the year ended 31 May 2011 including the interest accrued at a rate of 15% per annum

The bank loans include a two year term loan, which was fully repaid in August 2010, and a 15 year mortgage

The fifteen year mortgage is secured against the freehold property and repayable in monthly instalments. Interest on the mortgage accrues at Lloyds TSB Bank base rate plus 1.75% and is paid monthly in arrears. The last repayment of the mortgage is in August 2023.

The bank loans and overdrafts are further secured by a floating charge over all the assets of the company.

14. CALLED UP SHARE CAPITAL

	2011 Number of shares	2010 Number of shares	2011 £	2010 £
Authorised.				
Ordinary shares – 1p	2,635,606	2,635,606	26,356	26,356
'A1' Ordinary shares – 1p	1,813,100	1,813,100	18,131	18,131
'A2' Ordinary shares – 1p	186,900	186,900	1,869	1,869
'C' Ordinary shares – 1p	2,950,000	2,950,000	29,500	29,500
'D' Ordinary shares – 0.1p	3,750,000	3,750,000	3,750	3,750
'E' Ordinary shares – 1p	<u>960,573</u>	<u>960,573</u>	<u>9,606</u>	<u>9,606</u>
	<u>12,296,179</u>	<u>12,296,179</u>	<u>89,212</u>	<u>89,212</u>
Called up, issued and fully paid:				
Ordinary shares	2,000,000	2,000,000	20,000	20,000
'A1' Ordinary shares – 1p	1,813,100	1,813,100	18,131	18,131
'A2' Ordinary shares – 1p	186,900	186,900	1,869	1,869
'C' Ordinary shares	2,950,000	2,950,000	29,500	29,500
'E' Ordinary shares	960,573	960,573	9,606	9,606
Called up, issued and unpaid:				
Ordinary shares	<u>44,856</u>	<u>44,856</u>	<u>449</u>	<u>449</u>
	<u>7,955,429</u>	<u>7,955,429</u>	<u>79,555</u>	<u>79,555</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

15. RESERVE FOR OWN SHARES

Group and Company	2011 £	2010 £
Reserve for own shares	<u>£ 232,236</u>	<u>£ 204,596</u>

On 31 October 2001, a trust deed between TIS Software Holdings Limited and TIS Software (EBT) Limited (previously known as the dormant company, Team Systems (Installations) Limited) established the TIS Software Holdings Employee Share Trust

The share scheme is intended to encourage and facilitate the acquisition and holding of shares in the Company by and for the benefit of certain company and group employees, with the aim of retaining and motivating these employees

During the year options over 203,400 Ordinary shares lapsed and options were granted over 889,362 Ordinary shares at an exercise price of 1p per share. The options granted during the year are only exercisable in the event of a change of control of TIS Software Holdings Limited occurring during the 10 years from 19 May 2011. At the balance sheet date 2,380,750 (2010 1,694,788) options over Ordinary shares were outstanding

During the year, options over 955,415 D Ordinary shares lapsed and options were granted over 1,270,774 D Ordinary shares at an exercise price of 0.1p per share. The options are only exercisable in the event of a change of control of TIS Software Holdings Limited occurring during the 10 years from 19 May 2011. At the balance sheet date, 3,750,000 (2010 3,434,641) options over D Ordinary shares were outstanding

At the balance sheet date, the Trust held 1,790,000 (2010 1,446,000) Ordinary shares in TIS Software Holdings Limited with a cost of £232,236 (2010 £204,596)

The only costs incurred by the Trust to date have been in relation to legal costs for the set-up of the Trust. These have been reflected in the profit and loss account for the holding company and group

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Share premium £	Reserve for own shares £	Profit & loss account £	Total £
Group					
At 1 June 2010	79,555	4,171,418	(204,596)	(5,360,321)	(1,313,944)
Profit for the year	-	-	-	464,213	464,213
Reserve for own Shares	-	-	(27,640)	-	(27,640)
At 31 May 2011	<u>£ 79,555</u>	<u>£ 4,171,418</u>	<u>£ (232,236)</u>	<u>£ (4,896,108)</u>	<u>£ (877,371)</u>
Company					
At 1 June 2010	79,555	4,171,418	(204,596)	(1,890,895)	2,155,482
Loss for the year	-	-	-	(1,379,616)	(1,379,616)
Reserve for own Shares	-	-	(27,640)	-	(27,640)
At 31 May 2011	<u>£ 79,555</u>	<u>£ 4,171,418</u>	<u>£ (232,236)</u>	<u>£ (3,270,511)</u>	<u>£ 748,226</u>

During the year 344,000 Ordinary shares of 1p each were purchased by TIS Software (EBT) Limited from a director for a consideration of £27,640

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

17. CONTINGENT LIABILITIES

The company is part of a group cross guarantee with TIS Software Limited and SmartPoint Technologies Limited on liabilities due to Lloyds TSB Bank plc. The amount due at 31 May 2011 by the group is £460,387.

18. CAPITAL COMMITMENTS

As at 31 May 2011 the group did not have any outstanding capital commitments (2010: £nil).

19. FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases for the group as set out below:

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
- within one year	-	-	-	4,869
- in two to five years	<u>157,500</u>	<u>157,500</u>	<u>15,073</u>	-
	<u>£ 157,500</u>	<u>£ 157,500</u>	<u>£ 15,073</u>	<u>£ 4,869</u>

20. DEFERRED TAXATION

The potential deferred taxation asset not recognised was as follows:

Group	2011	2010
	£	£
Accelerated depreciation	15,929	27,366
Other timing differences	5,100	17,030
Tax losses	<u>636,415</u>	<u>694,140</u>
	<u>£ 657,444</u>	<u>£ 738,536</u>

21. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash outflow from operating activities:

	2011	2010
	£	£
Operating profit	474,160	173,130
Depreciation of tangible fixed assets	63,841	76,286
Loss on disposal of tangible fixed assets	-	486
Decrease in operating debtors and prepayments	37,726	185,617
Increase/(decrease) in operating creditors and accruals	<u>110,525</u>	<u>(20,020)</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>£ 686,252</u>	<u>£ 415,499</u>

TIS SOFTWARE HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2011

21. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of net cash flow to movement in net funds/(debt)

	2011 £	2010 £
Decrease in cash at bank & in hand	(142,755)	(126,649)
Movement in debt financing	<u>728,110</u>	<u>215,979</u>
Movement in year	585,355	89,330
Net debt at beginning of year	<u>(218,860)</u>	<u>(308,190)</u>
NET FUNDS/(DEBT) AT 31 MAY 2011 AND 2010	<u>£ 366,495</u>	<u>£ (218,860)</u>

(c) Analysis of changes in net funds/(debt)

	At 31 May 2010 £	Cashflow £	At 31 May 2011 £
Cash at bank and in hand	949,113	(142,755)	806,358
Bank loans and overdrafts under 1 year	<u>(737,955)</u>	<u>700,241</u>	<u>37,714</u>
	211,158	557,486	768,644
Debt due after 1 year	<u>(430,018)</u>	<u>27,869</u>	<u>(402,149)</u>
	<u>£ (218,860)</u>	<u>£ 585,355</u>	<u>£ 366,495</u>

22. PENSIONS

The group operates a defined contribution scheme. Outstanding contributions at the year-end were £15,502 (2010 £14,212).