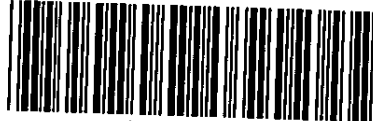


in4systems Limited

Report and Financial Statements

30 April 2015

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A06	17/10/2015	#78
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A18	30/09/2015	#206
COMPANIES HOUSE		

Directors

J Buckland
N J Lambert
J P G Doughty

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne NE1 4JD

Registered Office

Orchard Information Systems Limited
1 Kings Manor
Newcastle upon Tyne
Tyne and Wear NE1 6PA

Registered No 03792496

Directors' report

The directors present their report and financial statements for the year ended 30 April 2015

Results and dividends

The loss for the period after taxation amounted to £262,721 (2014 – loss of £231,388) The directors do not recommend payment of a dividend (2014 – £nil)

Principal activities and review of the business

The company's principal activities during the period was the development and supply of application software together with the supply of related services and support to the UK Social Housing sector

Following the acquisition of the company by Orchard Information Systems Limited in 2013, substantial investments have been made in human capital, technology and operating infrastructure to enable advantage to be taken of the strong continuing demand and opportunities for the company's products Promaster and Schedulmaster, both in the UK social housing sector and beyond The costs of this exercise have been fully expensed in the company's accounts, giving rise to the reported loss for the year

There has been a significant upturn in business compared to recent previous years It is expected that this trend will continue in the future and that the company's trade will increase to a point where it will return to profitability at an operating level

During the year sales of Promaster were made to a number of Orchard's customers including Thirteen Group, Kingdom Housing Association, Ashford Borough Council, First Ark, Acis Group, One Manchester and Hinckley and Bosworth District Council A sale of Schedulmaster has been made to Thirteen Group

Orchard will continue to make significant financial investments into the company to better enable it to develop its software products and services in order to take advantage of the opportunities in its market for asset management and workforce scheduling applications

Going concern

The directors have considered the company's current and future prospects and its availability of cash resources Orchard Information Systems Limited has given an undertaking that it will continue to provide adequate financial support to the company With this support, the directors are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements For this reason the directors continue to adopt the going concern basis of preparation for these financial statements

Future developments

The directors believe that as part of the Orchard group of companies, in4systems Limited will be able to sustain and develop its existing strong market position to obtain further organic growth in 2016 and beyond

Directors

The directors who served the company during the period were as follows

J Buckland
N J Lambert
J P G Doughty

Directors' report

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions of Section 419(2) of the Companies Act 2006 relating to small entities. The company has taken advantage of the exemption under Section 414A of the Companies Act 2006 in not preparing the Strategic Report.

By order of the Board



N J Lambert

21 September 2015

Statement of directors' responsibilities

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). 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 judgments 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, and
- 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 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 members of in4systems Limited

We have audited the financial statements of in4systems Limited for the period ended 30 April 2015 which comprise the Balance Sheet and the related notes 1 to 18. 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 opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.



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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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption in not preparing the Strategic Report

A handwritten signature in black ink, appearing to read 'DR' followed by a stylized flourish.

Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

21 September 2015

Profit and loss account

for the period ended 30 April 2015

		Year ended 30 April 2015	11 Month period ended 30 April 2014
	Notes	£	£
Turnover	2	867,822	687,711
Cost of sales		(961,074)	(754,228)
Gross loss		(93,252)	(66,517)
Administrative expenses		(173,855)	(171,106)
Operating loss	3	(267,107)	(237,623)
Interest Receivable		187	36
Loss on ordinary activities before taxation		(266,920)	(237,587)
Tax credit on loss on ordinary activities	7	4,199	6,199
Loss for the financial year	17	(262,721)	(231,388)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 30 April 2015

There are no gains or losses pertaining to the period other than the loss of £262,721 (2014 loss of £231,388) shown above

Balance sheet

at 30 April 2015

Registered No 03792496

		2015	2014
	Notes	£	£
Fixed assets			
Intangible Assets	8	4,654	–
Tangible Assets	9	1,339	1,994
		<u>5,993</u>	<u>1,994</u>
Current assets			
Debtors	10	319,823	254,717
Cash at bank and in hand		205,723	35,959
		<u>525,546</u>	<u>290,676</u>
Creditors amounts falling due within one year	11	(814,386)	350,543
Net current liabilities		<u>(288,840)</u>	<u>(59,867)</u>
Total assets less current liabilities		<u>(282,847)</u>	<u>(57,873)</u>
Deferred Income	13	(255,849)	(218,102)
		<u>(538,696)</u>	<u>(275,975)</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account - deficit	17	(538,796)	(276,075)
Shareholders' deficit		<u>(538,696)</u>	<u>(275,975)</u>

These financial statements are prepared in accordance with the provisions applicable to entities subjected to the small entities regime

The financial statements were approved by the Board of Directors on 21 September 2015 and were signed on its behalf by



N J Lambert
Director

Notes to the financial statements

at 30 April 2015

1. Accounting policies

Accounting convention

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

Research and development

Research and development expenditure, which represents the cost to the company of the time spent thereon, is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Cash flow statement

The company was a wholly owned subsidiary throughout the year and its results are included in the consolidated financial statements of Orchard Information Systems Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Building improvements	–	10 years straight-line
Office and Computer Equipment	–	between three and five years straight-line as appropriate
Furniture	–	15% reducing balance
Software	–	5 years straight-line
Telecoms Equipment	–	between two and seven years straight-line as appropriate

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions:

- 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 differences 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 differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Notes to the financial statements

at 30 April 2015

1. Accounting policies (continued)

Revenue recognition and long term contracts

On major contracts extending over more than one accounting period, revenue is taken based on the stage of completion when the outcome of the contract can be foreseen with reasonable certainty and after allowing for costs to completion. Profit is also recognised on the stage of completion of the contract, based on expected revenue and costs.

On contracts that do not qualify to be treated as long term contracts, revenue is generated from the sale of goods and services to customers and is recognised in the following ways for each category:

Support and maintenance - annual fees charged to customers for the provision of support and maintenance services are recognised on a straight-line basis over the period of the related agreement from the month of commencement or renewal.

2. Turnover

Turnover, which is stated net of value added tax, represents the sales value of work done. Turnover is attributable to one continuing activity, that of design, supply and support of computer software in the United Kingdom.

3. Operating loss

This is stated after charging

	2015	2014
	£	£
Depreciation of owned fixed assets	665	—
Loss on disposal of fixed assets	—	10,370
Operating lease rentals - land and buildings	27,000	24,750
	<u>27,665</u>	<u>35,120</u>

Auditor's remuneration - the fee for the statutory audit of the company of £3,000 has been borne on behalf of the company by the parent undertaking Orchard Information Systems Limited.

Notes to the financial statements

at 30 April 2015

4. Staff costs

	2015	2014
	£	£
Wages and salaries	715,779	531,808
Social security costs	74,699	56,262
Staff pension contributions (note 12)	13,802	6,416
	<u>804,280</u>	<u>594,486</u>

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

	2015	2014
	No	No
Development, Customer Support, Technical and Consultancy	10	6
Sales and Marketing	4	2
Finance, Administration and Management	3	4
	<u>17</u>	<u>12</u>

5. Directors' emoluments

	2015	2014
	£	£
Emoluments	<u>80,000</u>	<u>88,180</u>

6. Interest receivable

	2015	2014
	£	£
Bank interest receivable	<u>187</u>	<u>36</u>

Notes to the financial statements

at 30 April 2015

7. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2015 £	2014 £
UK Corporation tax		
Adjustment in respect of prior years	(4,199)	(6,199)
Total current tax credit (note 7(b))	(4,199)	(6,199)
Deferred tax		
Origination and reversal of timing differences	–	–
Effect of changes in tax rate on opening liability	–	–
Total deferred tax credit (note 7(c))	–	–
Tax credit on profit on ordinary activities	(4,199)	(6,199)

(b) Factors affecting tax credit for the year

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 20.92% (2014 – 22.83%). The differences are reconciled below

	2015 £	2014 £
Loss on ordinary activities before taxation	(266,955)	(237,587)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.92% (2014 – 22.83%)	(55,847)	(54,241)
<i>Effects of</i>		
Non-deductible expenses	–	229
Capital allowances (in excess of)/less than depreciation	(137)	2,007
Other timing differences	815	877
Unrelieved tax losses carried forward	55,169	44,929
Prior year over provision	(4,199)	–
Current tax credit for the year (note 7(a))	(4,199)	(6,199)

(c) Deferred tax

The company has gross tax losses of approximately £0.66m available to use against future trading profits. The company has not recognised deferred tax assets in relation to these losses owing to the unpredictability in timing of future use.

(d) Factors that may affect future tax charges

A standard rate of 20.92% applies to current tax assets arising during the year ended 30 April 2015.

In the Budget Speech on 20 March 2013, the UK government announced that the main rate of corporation tax would be reduced to 20% by 1 April 2015. This followed a reduction to 21% from 1 April 2014.

Notes to the financial statements

at 30 April 2015

8. Intangible fixed assets

	<i>Total</i> £
Cost	
At 1 May 2014	–
Additions	4,654
At 30 April 2015	<u>4,654</u>
Amortisation	
At 1 May 2014 and at 30 April 2015	–
Charge for year	–
At 30 April 2015	<u>–</u>
Net book value	
At 30 April 2015	<u>4,654</u>
At 1 May 2014	<u>–</u>

9. Tangible fixed assets

	<i>Total</i> £
Cost	
At 1 May 2014 and at 30 April 2015	1,994
Depreciation	
At 1 May 2014	–
Charge for year	665
At 30 April 2015	<u>665</u>
Net book value	
At 30 April 2015	<u>1,339</u>
At 1 May 2014	<u>1,994</u>

Notes to the financial statements

at 30 April 2015

10. Debtors

	2015	2014
	£	£
Trade debtors	233,665	202,211
Amounts due from parent undertaking	48,284	-
Other debtors	-	9,955
Corporation tax recoverable	-	20,073
Prepayments	37,874	22,478
	<u>319,823</u>	<u>254,717</u>

11. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	22,510	8,935
Other taxes and social security costs	8,980	11,392
Other creditors and accruals	12,831	3,489
Payments on Account	50,000	-
Amounts due to parent undertaking	720,065	326,727
	<u>814,386</u>	<u>350,543</u>

12. Pension commitments

The parent company, Orchard Information Systems Limited, operates a defined contribution pension scheme for the benefit of its staff and directors. The assets of the schemes are held separately from those of the company in independently administered funds. The contributions re-charged to the company and charged to the profit and loss account are £13,802 (2014 £6,416). There were unpaid contributions outstanding at the year-end of £3,895 (2014 £1,191) included within other creditors and accruals (note 12).

13. Deferred income

	2015	2014
	£	£
Support and Maintenance Charges receivable in advance	<u>255,849</u>	<u>218,102</u>

Notes to the financial statements

at 30 April 2015

14. Commitments under operating leases

At 30 April 2015 the company had annual commitments under non-cancellable operating leases as set out below

	2015 <i>Land and buildings</i> £	2014 <i>Land and buildings</i> £
Operating leases which expire		
Within one year	–	11,250
Within 2 to 5 years	27,000	–
	<u>27,000</u>	<u>11,250</u>

15. Related party transactions

The company has taken advantage of the FRS8 exemption from disclosing intra group transactions with wholly owned members of the group

16. Issued share capital

	Year ended 30 April 2015		Period ended ended 30 April 2014	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Share Premium</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 May 2014	100	–	(276,075)	(275,975)
Loss for the year	–	–	(262,721)	(262,721)
At 30 April 2015	<u>100</u>	<u>–</u>	<u>(538,796)</u>	<u>(538,696)</u>

Notes to the financial statements

at 30 April 2015

18. Controlling party

At the balance sheet date the ultimate parent undertaking and controlling party was Orchard Information Systems Limited, a company incorporated in the UK, which is the smallest and largest group to consolidate these financial statements. Copies of the Orchard Information Systems Limited consolidated financial statements can be obtained from 1 Kings Manor, Newcastle upon Tyne, NE1 6PA.

In the opinion of the directors, P A Hunt is the ultimate controlling party of the Company.