

Company Registration No. 03895729 (England and Wales)

AB INITIO SOFTWARE LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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AB INITIO SOFTWARE LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

C Lasser
A C Parker
J Burke

Company number

03895729

Registered Office

1st Floor
236 Gray's Inn Road
London
WC1X 8HB

Auditors

Frank Hirth & Co. LLP
1st Floor
236 Gray's Inn Road
London
WC1X 8HB

Bankers

Cater Allen Bank
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Bradford
BD1 5AN

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1 Bridge Street
Leatherhead
Surrey
KT22 8BT

Solicitors

Bird & Bird
90 Fetter Lane
London
EC4A 1JP

AB INITIO SOFTWARE LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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AB INITIO SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements of the company and group for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the group continued to be that of acting as software consultants to its parent company and providing training services to third parties

The company had branches in Australia and Singapore during the year. On 12 March 2009 the Singapore branch was incorporated and sold to a related party

The directors are broadly satisfied with the performance of the business in 2009. Although the group's turnover decreased this year by 11.4% to £11.2 million the group achieved a net profit of £1m (2008, £1m). The group and company continues to maintain a healthy balance sheet. The directors continue to focus on providing a quality service to its clients and are therefore confident that the group will sustain its growth and that profitability will continue for the foreseeable future.

There are a number of risks and uncertainties which could impact the performance of the company and group. The group operates a structured risk management process which identifies, evaluates and prioritises risks and uncertainties and reviews mitigation activity.

As a provider of service, the group is dependent on its human resources. By concentrating time and financial resources on recruitment, training and development programs, the directors hope to minimise the risk of excessive staff movements and loss of key personnel.

The group relies heavily on the supply of software from its US parent company and any delays or interruptions in software development could unfavourably affect the performance of the UK group. However, the group has a sophisticated infrastructure in place to reduce the likelihood of projects being deferred.

The group's principal foreign currency exposures arise from trading with overseas companies. The group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

As with all industry sectors, general economic conditions, customer preference and competitor activity may have an adverse effect on the group's results. However, the mix and diversity of the group's clients should mitigate significant volatility.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2009

C Lasser
A C Parker
J Burke

AB INITIO SOFTWARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 group and of the company and of the profit or loss of the of the group for that period. In preparing those 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 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A C Parker

Director

28 September 2010



**INDEPENDENT AUDITORS' REPORT
TO THE DIRECTORS OF AB INITIO SOFTWARE LIMITED**

We have audited the financial statements of Ab Initio Software Limited for the year ended 31 December 2009 on pages 5 to 20. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 1 to 2 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

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.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2009 and of the group's profit 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 matters 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.

**INDEPENDENT AUDITORS' REPORT - CONTINUED
TO THE DIRECTORS OF AB INITIO SOFTWARE LIMITED**

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
- the group's financial statements are not in agreement with the accounting records and
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all of the information and explanations we require for our audit



Nicola Jones (Senior Statutory Auditor)
For and on behalf of Frank Hirth & Co LLP
Statutory Auditors

28 September 2010

AB INITIO SOFTWARE LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	Unaudited 2008 £
Turnover	2	11,246,858	12,688,060
Cost of sales		(1,130,311)	(1,206,833)
Gross profit		10,116,547	11,481,227
Administrative expenses		(8,666,421)	(9,988,315)
Operating profit	3	1,450,126	1,492,912
Other interest receivable and similar income	4	512	7,801
Profit on ordinary activities before taxation		1,450,638	1,500,713
Tax on profit on ordinary activities	5	(449,947)	(455,671)
Profit for the year	13	1,000,691	1,045,042

The profit and loss account has been prepared on the basis that all operations are continuing operations

AB INITIO SOFTWARE LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	Unaudited 2008 £
Profit for the financial year		1,000,691	1,045,042
Currency translation differences on foreign currency investments		(135,741)	413,207
Total recognised gains and losses relating to the year		<u>864,950</u>	<u>1,458,249</u>

AB INITIO SOFTWARE LIMITED

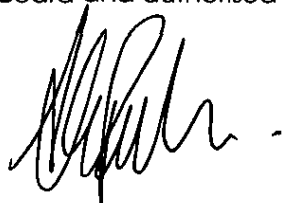
GROUP BALANCE SHEET

AT 31 DECEMBER 2009

	Notes	£	2009 £	Unaudited 2008 £
Fixed assets				
Tangible assets	6		210,520	254,213
			<u>210,520</u>	<u>254,213</u>
Current assets				
Debtors	9	6,413,710		5,644,008
Cash at bank and in hand		393,998		275,600
		<u>6,807,708</u>		<u>5,919,608</u>
Creditors' amounts falling due within one year	10	(1,000,668)		(1,021,211)
Net current assets			<u>5,807,040</u>	<u>4,898,397</u>
Total assets less current liabilities			<u>6,017,560</u>	<u>5,152,610</u>
Capital and reserves				
Called up share capital	12		1	1
Profit and loss account	13		6,017,559	5,152,609
Shareholders' funds	14		<u>6,017,560</u>	<u>5,152,610</u>

Approved by the Board and authorised for issue on 28 September 2010

A C Parker
Director



Company Registration No 03895729 (England and Wales)

AB INITIO SOFTWARE LIMITED

COMPANY BALANCE SHEET

AT 31 DECEMBER 2009

	Notes	2009	2008
		£	as restated £
Fixed assets			
Tangible assets	7	3,940	9,963
Investments	8	22,142	22,142
		<u>26,082</u>	<u>32,105</u>
Current assets			
Debtors	9	6,243,270	7,848,678
Cash at bank and in hand		234,808	76,928
		<u>6,478,078</u>	<u>7,925,606</u>
Creditors amounts falling due within one year	10	(2,087,595)	(4,324,674)
Net current assets		<u>4,390,483</u>	<u>3,600,932</u>
Total assets less current liabilities		<u>4,416,565</u>	<u>3,633,037</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	4,416,564	3,633,036
Shareholders' funds	14	<u>4,416,565</u>	<u>3,633,037</u>

The 2008 balance sheet has been restated to more accurately reflect exchange losses on intercompany balances and expenses which were subsequently recharged back to the parent company. Debtors have increased by £699,886, and creditors have increased by £699,886.

Approved by the Board and authorised for issue on 28 September 2010

A C Parker
Director



Company Registration No 03895729 (England and Wales)

AB INITIO SOFTWARE LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	£	£	£
Net cash inflow from operating activities		617,067	835,629
Returns on investments and servicing of finance			
Interest received	512		7,801
	<hr/>		<hr/>
Net cash inflow from returns on investments and servicing of finance		512	7,801
Taxation		(495,065)	(642,987)
Capital expenditure and financial investments			
Payments to acquire tangible assets	(4,116)		(72,265)
	<hr/>		<hr/>
Net cash outflow for capital expenditure		(4,116)	(72,265)
Net cash inflow before management of liquid resources and financing		<hr/>	<hr/>
		118,398	128,178
Increase in cash in the year		<hr/>	<hr/>
		<u>118,398</u>	<u>128,178</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

A Reconciliation of operating profit to net cash flow from operating activities

	2009 £	2008 £
Operating profit	1,450,126	1,492,912
Depreciation of tangible assets	47,809	31,076
Decrease/(increase) in debtors	(755,248)	(1,348,814)
Increase/(decrease) in creditors	10,121	225,047
Loss on disposal of assets	-	22,201
Net effect of foreign exchange differences	(135,741)	413,207
Net cash inflow from operating activities	<u>617,067</u>	<u>835,629</u>

B Analysis of net funds

	1-Jan-09 £	Cash flow £	Other non- cash changes £	31-Dec-09 £
Net cash				
Cash at bank and in hand	275,600	118,398	-	393,998
Bank overdrafts	-	-	-	-
Net funds	<u>275,600</u>	<u>118,398</u>	<u>-</u>	<u>393,998</u>

C Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
Increase in cash in the year	<u>118,398</u>	<u>128,178</u>
Movement in net funds in the year	118,398	128,178
Opening net funds	<u>275,600</u>	<u>147,422</u>
Closing net fund	<u>393,998</u>	<u>275,600</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently throughout the period

1.3 Consolidation

The consolidated financial statements comprise the accounts of Abinitio Software Limited and its wholly owned subsidiaries. Results of subsidiary undertakings are included up from the date of acquisition to the date of disposal. Inter-company profits, transactions and balances are eliminated on consolidation.

1.4 Turnover

Turnover represents amounts receivable for services net of VAT

1.5 Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows

Leasehold land and buildings	Over the period of the lease
Fixtures fittings and equipment	Over 7, 5, 4 or 3 years at 14.3%, 20%, 25% or 33.3% per annum respectively per annum

1.6 Leasing

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

1.7 Investments

Fixed asset investments are shown at cost less provision for diminution in value.

1.8 Pensions

The group contributes to a government superannuation scheme for certain employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.9 Foreign currency

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

AB INITIO SOFTWARE LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2009****2 Turnover****Geographical market**

	2009	2008
	£	£
North America	11,119,460	12,260,924
Europe	127,398	427,136
	<u>11,246,858</u>	<u>12,688,060</u>

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging		
Depreciation on tangible assets	47,809	31,076
Loss on foreign exchange transactions	(287,161)	886,151
Operating lease rentals on land and buildings	420,995	503,128

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	27,635	14,000
Taxation services	15,081	12,756
	<u>42,716</u>	<u>26,756</u>

4 Investment income

	2009	2008
	£	£
Bank interest receivable	512	7,801
	<u>512</u>	<u>7,801</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5 Taxation	2009 £	2008 £
Domestic current year tax		
U K corporation tax	284,941	289,261
Foreign corporation tax		
Foreign corporation tax	147,634	166,410
Foreign corporation tax prior year	17,372	-
	165,006	166,410
Current tax charge	449,947	455,671
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,450,638	1,500,713
Profit on ordinary activities before taxation at applicable tax rate of 28.00% (2009 - 28.00%)	406,179	420,200
Effects of:		
Non deductible expenses	31,393	14,296
Depreciation add back	8,616	13,452
Capital allowances	(2,139)	(1,358)
Underprovision	17,372	698
Unrelieved foreign tax	5,669	-
Provisions adjustments	(1,463)	(98)
Effect of different tax rates in other countries	(3,590)	6,188
Other adjustments	(12,090)	2,293
	43,768	35,471
Current tax charge	449,947	455,671

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

6 Tangible fixed assets - Group

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2009	189,162	175,013	364,175
Additions	-	4,116	4,116
At 31 December 2009	<u>189,162</u>	<u>179,129</u>	<u>368,291</u>
Depreciation			
At 1 January 2009	32,788	77,174	109,962
Charge for the year	20,750	27,059	47,809
At 31 December 2009	<u>53,538</u>	<u>104,233</u>	<u>157,771</u>
Net Book Value			
At 31 December 2009	<u>135,624</u>	<u>74,896</u>	<u>210,520</u>
At 31 December 2008	<u>156,374</u>	<u>97,839</u>	<u>254,213</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets - Company

	Fixtures, fittings and equipment £
Cost	
At 1 January 2009	46,380
Additions	2,225
At 31 December 2009	<u>48,605</u>
Depreciation	
At 1 January 2009	36,417
Charge for the year	8,248
At 31 December 2009	<u>44,665</u>
Net Book Value	
At 31 December 2009	<u>3,940</u>
At 31 December 2008	<u>9,963</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8 Fixed asset investments - Company

	Shares in subsidiary undertakings Total £
Cost	
At 1 January 2009 and 31 December 2009	22,142
Net book value	
At 1 January 2009 and 31 December 2009	22,142

The company has two wholly owned subsidiaries the results and balances of which have been included in the consolidated financial statements

	Country of registration and incorporation	Principal activity	Class of share	% shareholding
Ab Initio Software, Sarl	France	Software consultancy	Ordinary	100
Ab Initio Software GmbH	Germany	Software consultancy	Ordinary	100

9 Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 as restated £
Trade debtors	14,816	226,281	1,695	-
Amounts owed by parent and fellow subsidiary undertakings	5,703,264	5,187,939	5,703,264	7,759,714
Corporation tax	14,454	-	-	-
Other debtors	578,306	151,261	494,641	65,484
Prepayments and accrued income	102,870	78,527	43,670	23,480
	<u>6,413,710</u>	<u>5,644,008</u>	<u>6,243,270</u>	<u>7,848,678</u>

Included in debtors are amounts at £73,300 (2008: £76,652) which are due after more than one year.

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

10 Creditors

	Group 2009	Group 2008	Company 2009	Company 2008 as restated
	£	£	£	£
Trade creditors	106,165	74,857	74,430	23,101
Amounts owed to parent and fellow subsidiary undertakings	-	-	1,602,997	3,860,418
Corporation tax	42,225	72,889	25,969	50,743
Other taxes and social security costs	342,758	464,595	233,331	265,582
Other creditors	92,574	29,628	53,419	29,628
Accruals and deferred income	416,946	379,242	97,449	95,202
	<u>1,000,668</u>	<u>1,021,211</u>	<u>2,087,595</u>	<u>4,324,674</u>

11 Pension and other post-retirement benefit commitments.

Government superannuation scheme

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Contributions payable for the year	211,066	213,444	48,733	51,111
Contributions payable at the year end and included in creditors	<u>(20,755)</u>	<u>(27,834)</u>	<u>(18,400)</u>	<u>(9,937)</u>

12 Share capital

	2009 £	2008 £
Authorised		
100,000 Ordinary shares at £1 each	<u>100,000</u>	<u>100,000</u>
Allocated, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

13 Statement of movements on profit and loss account

	Profit and loss account	
	Group	Company
	£	£
Balance as at 1 January 2009	5,152,609	3,633,036
Retained profit for the year	1,000,691	764,851
Foreign currency translation differences	(135,741)	18,677
Balance as at 31 December 2009	<u>6,017,559</u>	<u>4,416,564</u>

14 Reconciliation of movements in shareholders' funds

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Profit for the financial year	1,000,691	1,045,042	764,851	790,116
Other recognised gains and losses	(135,741)	413,207	18,677	-
Net addition to shareholders' funds	<u>864,950</u>	<u>1,458,249</u>	<u>783,528</u>	<u>790,116</u>
Opening shareholders' funds	<u>5,152,610</u>	<u>3,694,361</u>	<u>3,633,037</u>	<u>2,842,921</u>
Closing shareholders' funds	<u>6,017,560</u>	<u>5,152,610</u>	<u>4,416,565</u>	<u>3,633,037</u>

Ab Initio Software Limited has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The profit including other recognised gains attributable to shareholders is £783,528 as shown above

15 Financial commitments

At 31 December 2009 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010.

	Group 2009 £	Land and buildings		Company 2008 £
		Group 2008 £	Company 2009 £	
Operating leases which expire:				
Within one year	261,803	257,421	261,803	257,421
Greater than five years	<u>150,773</u>	<u>150,773</u>	<u>-</u>	<u>-</u>

AB INITIO SOFTWARE LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2009****16 Directors' emoluments**

	2009 £	2008 £
Emoluments for qualifying services	<u>153,116</u>	<u>111,459</u>
Emoluments disclosed above include the following amounts paid to the highest director. Emoluments for qualifying services	<u>153,116</u>	<u>111,459</u>

17 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum in year
	2009	2008	
	£	£	£
A C Parker	<u>15,715</u>	<u>-</u>	<u>18,044</u>

A company bank account was held in A C Parker's name but was used for business expenses only. This was closed post year end

18 Employees**Number of employees**

The average monthly number of employees (including directors) employed by the group during the year was.

	2009 Number	2008 Number
Administration	2	2
Sales/consultants	<u>57</u>	<u>57</u>
	<u>59</u>	<u>59</u>
Employment costs	2009 £	2008 £
Wages and salaries	6,716,575	6,822,169
Social security costs	994,033	1,022,045
Other pension costs	<u>48,733</u>	<u>75,510</u>
	<u>7,759,341</u>	<u>7,919,724</u>

AB INITIO SOFTWARE LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 Control

The parent company is Ab Initio Software LLC (2008: Ab Initio Software LLC), a company registered in the United States of America. The ultimate controlling party is S Handler (2008: S Handler) by virtue of their control of Ab Initio Software LLC

20 Related party transactions

Under FRS8 - Related party disclosures, the company has taken advantage of the exemption for transactions and balances which are fully eliminated within the consolidated accounts. Accordingly, the transactions between subsidiary undertakings are not disclosed separately.

During the year the company accrued income from its parent company, Ab Initio Software LLC, of £11,119,460 (2008: £12,260,924). The balance owed by the parent company at the year end was £5,703,264 (2008: £5,187,939).

On 12 March 2009 the Singapore branch, previously held by the company, was incorporated as Ab Initio Software Private Limited and sold to a related party in which the shareholders of the parent company had control for £nil consideration. At the year end this entity owed the company £426,533 (2008: £nil).