

Company Registration No 3911095 (England and Wales)

**IDENTIFY SOFTWARE UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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## IDENTIFY SOFTWARE UK LIMITED

### COMPANY INFORMATION

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Directors	J Murray S Solcher
Secretary	F Glanusk
Company number	3911095
Registered office	Assurance House Vicarage Road Egham Surrey TW20 9JY

# IDENTIFY SOFTWARE UK LIMITED

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## IDENTIFY SOFTWARE UK LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their report and financial statements for the year ended 31 December 2006

#### Principal activities

The principal activity of the company was that of the sale and marketing of computer software

#### Business review and future developments

The company continued to trade in line with expectations and as a result the directors were satisfied with the level of performance for the year

On 10<sup>th</sup> May 2006, 100% of the share capital of its Israeli registered parent company, Identify Software Limited was acquired by BMC Israel Limited, a subsidiary of BMC Software Inc. From this date the company became operationally dormant and there are no plans to recommence trading in the near future

#### Results and dividends

The profit and loss account and balance sheet are set out on pages 3 and 4 respectively. The profit for the year before and after taxation amounted to £876,279 (2005: Loss of £473,886). The directors do not recommend the payment of a dividend (2005: £nil).

#### Directors and Company Secretaries

The directors of the company who served during the year and to the date of this report were as follows:

Y Slonim (resigned 9<sup>th</sup> May 2006)  
D Sztern (resigned 9<sup>th</sup> May 2006)  
S Solcher (appointed 10<sup>th</sup> May 2006)  
J Marshall (appointed 10<sup>th</sup> May 2006, resigned 31<sup>st</sup> December 2006)  
J Murray (appointed 31<sup>st</sup> December 2006)

The company secretaries of the company who served during the year and to the date of this report were as follows:

Y Tsadik (resigned 10<sup>th</sup> May 2006)  
F Glanusk (appointed 10<sup>th</sup> May 2006)

The directors have no beneficial interests that are required to be disclosed under Schedule 7 of the Companies Act 1985, other than the following who had interests in the share capital of the ultimate parent company, BMC Software Inc:

	<i>Ordinary Shares</i>		<i>Options on Ordinary Shares</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
S Solcher	101,436	27,400	259,822	203,286

## IDENTIFY SOFTWARE UK LIMITED

DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006

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### Statement of directors' responsibilities in respect of the financial statements

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

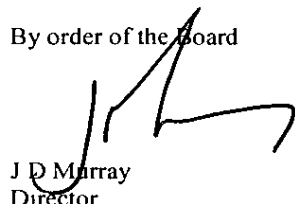
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The director is satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

By order of the Board



J D Murray  
Director

Date 3-4-8

# IDENTIFY SOFTWARE UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	2	2,166,699	1,217,953
Cost of sales		<u>(787,282)</u>	<u>(557,378)</u>
<b>Gross profit</b>		1,379,417	660,575
Administrative expenses		<u>(550,934)</u>	<u>(1,135,991)</u>
<b>Operating profit / (loss)</b>	3	828,483	(475,416)
Other income	5	<u>47,796</u>	<u>1,530</u>
<b>Profit / (loss) on ordinary activities before taxation</b>		876,279	(473,886)
Tax on profit / (loss) on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Profit / (loss) on ordinary activities after taxation</b>		876,279	(473,886)
Accumulated loss brought forward		<u>(1,499,938)</u>	<u>(1,026,052)</u>
<b>Accumulated loss carried forward</b>		<u>(623,659)</u>	<u>(1,499,938)</u>

There are no recognized gains and losses other than those passing through the profit and loss account

All profit and loss account activity is a result of discontinued operations

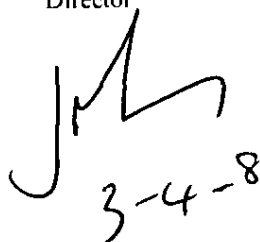
# IDENTIFY SOFTWARE UK LIMITED

## PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	7	-	6,804
<b>Current assets</b>			
Debtors	8	90,188	770,646
Cash at bank and in hand		2,239,899	165,709
		2,330,087	936,355
<b>Creditors amounts falling due within one year</b>	9	(349,992)	(696,659)
<b>Net current assets</b>		1,980,095	239,696
<b>Total assets less current liabilities</b>		1,980,095	246,500
<b>Creditors amounts falling due after more than one year</b>	10	(-)	(1,745,438)
<b>Net assets / (liabilities)</b>		1,980,095	(1,498,938)
<b>Capital and reserves</b>			
Called up share capital	12	1,000	1,000
Additional paid-in capital		2,602,754	-
Profit and loss account		(623,659)	(1,499,938)
<b>Shareholders funds – all equity interests</b>	13	1,980,095	(1,498,938)

The financial statements were approved on 3<sup>rd</sup> April 2008 and authorized for distribution on behalf of the board of directors by

J Murray  
Director

  
3-4-8

## IDENTIFY SOFTWARE UK LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 1 Accounting policies

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted United Kingdom accounting principles

The company had net assets of £1,980,095 at 31 December 2006. The company is supported by its parent company, Identify Software Limited, which has indicated its intention to continue to support the company. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

##### **Turnover**

Turnover represents the invoiced value of goods sold and services provided net of value added taxation.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	33% straight-line
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##### **Leasing**

Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### **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 exception: 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.

##### **Foreign currency translation**

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 into sterling at the rates of exchange ruling at the balance sheet date – all differences are taken to the profit and loss account.

#### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.



# IDENTIFY SOFTWARE UK LIMITED

## NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

### 3 Operating profit / (loss)

	2006 £	2005 £
Operating profit / (loss) is stated after charging		
Depreciation of owned tangible fixed assets	1,079	2,364
Loss on disposal of tangible fixed assets	5,725	-
Operating lease rentals – other assets	-	48,996
Auditors' remuneration	-	5,425

### 4 Employees

#### Number of employees

The average number of employees during the year was

	2006 Number	2005 Number
Administration	3	7
Employments costs	£	£
Wages and salaries	297,019	629,765
Social security costs	44,647	91,395
Other pension costs	5,174	6,868
	346,840	728,028

### 5 Other income

	2006 £	2005 £
Interest receivable and similar income	47,796	1,530

# IDENTIFY SOFTWARE UK LIMITED

## NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

### 6 Tax on profit / (loss) on ordinary activities

	2006 £	2005 £
<b>Factors affecting the tax charge for the year</b>		
Profit / (loss) on ordinary activities before taxation	<u>876,279</u>	<u>(473,886)</u>
Loss on ordinary activities before taxation multiplied by the standard Rate of UK corporation tax of 19% (2005 19%)	166,493	(90,038)
Effects of		
Expenses not deductible for tax purposes	(1,183)	2,029
Capital allowances for period in excess of depreciation	205	(41)
Movement in tax losses	<u>(165,515)</u>	<u>88,050</u>
<b>Current tax charge</b>	<u>-</u>	<u>-</u>

### 7 Tangible fixed assets

	Fixtures, fittings & Equipment
<b>Cost</b>	
At 1 January 2006	11,949
Disposals	<u>(11,949)</u>
<b>At 31 December 2006</b>	<u>-</u>
<b>Depreciation</b>	
At 1 January 2006	5,145
Charge	1,079
Disposals	<u>(6,224)</u>
<b>At 31 December 2006</b>	<u>-</u>
<b>Net book value</b>	
At 31 December 2006	<u>-</u>
At 31 December 2005	<u>6,804</u>

# IDENTIFY SOFTWARE UK LIMITED

## NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

### 8 Debtors

	2006 £	2005 £
Trade debtors	78,154	750,527
Other debtors	5,335	14,163
Prepayments and accrued income	6,699	5,956
	<u>90,188</u>	<u>770,646</u>

### 9 Creditors, amounts falling due within one year

	2006 £	2005 £
Trade creditors	-	24,843
Taxes and social security	-	118,793
Amounts owed to group undertakings	97,272	-
Accruals and deferred income	252,720	553,023
	<u>349,992</u>	<u>696,659</u>

### 10 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	-	1,745,438

### 11 Provisions for liabilities and charges

	2006 £	2005 £
Accelerated capital allowances	-	180
Unused losses	90,682	279,459
Unrecognised deferred tax asset	90,682	279,639

A deferred tax asset of £111,759 (2005 £279,639) has not been recognised in the financial statements as the directors believe that there is insufficient reliability over its recoverability

# IDENTIFY SOFTWARE UK LIMITED

NOTES TO THE ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006

## 12 Share capital

	2006 £	2005 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 13 Reconciliation of movements in shareholders' funds

Brought forward at start of year	Share Capital £	Additional paid-in capital £	Profit & loss reserve £	Total £
At 1 January 2005	1,000	-	(1,026,052)	(1,025,052)
Loss for the financial year	-	-	(473,886)	(473,886)
At 1 January 2006	1,000	-	(1,499,938)	(1,498,938)
Contribution from parent	-	2,602,754	-	2,602,754
Profit for the financial year	-	-	876,279	876,279
At 31 December 2006	<u>1,000</u>	<u>2,602,754</u>	<u>(623,659)</u>	<u>1,980,095</u>

On 6<sup>th</sup> May 2006, the parent company, Identify Software Limited, contributed \$4,876,000 (£2,602,754) of additional paid-in capital to the company

## 14 Commitments under operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2006 £	2005 £
Expiry date		
Within one year	<u>-</u>	<u>52,830</u>

## IDENTIFY SOFTWARE UK LIMITED

NOTES TO THE ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2006

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### 15 Related party transactions

During the year the company purchased goods and services totalling £787,282 (2005 £526,594) from Identify Software Limited. At 31 December 2005, the company owed Identify Software Limited £1,745,438. However, following the parent company's acquisition by BMC Software Israel, in common with other companies that are members of a group of companies, the financial statements reflect the effect of such membership. The company has availed of the exemption provided in FRS 8 'Related Party Disclosures' for subsidiary undertakings where 90% or more of whose voting rights are controlled within the group, from the requirement to give details of transactions since the acquisition date with entities that are part of the group or investees of the group qualifying as related parties.

### 16 Controlling parties

The immediate parent undertaking and immediate controlling party is Identify Software Limited, a Company incorporated in Israel. The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is the ultimate parent undertaking and ultimate controlling party, being BMC Software Inc, a company incorporated in the United States of America. Copies of the group financial statements are available from 2101 City West Boulevard, Houston, Texas, 77042, USA.