GrantThornton

Group financial Statements Causeway Technologies Limited

For the year ended 31 December 2007

Company No. 3921897

Officers and professional advisers

Company registration number	3921897
Registered office	Comino House Furlong Road Bourne End Buckinghamshire SL8 5AQ
Directors	P J Brown P D Nagle
Secretary	P J Brown
Bankers	Barclays Bank PLC 15 Colemore Row BIRMINGHAM D3 2WN
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 1 Westminster Way OXFORD OX2 0PZ

Contents

Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2007

Principal activities and business review

During the year under review the Group continued to consolidate its position as a leading supplier of construction software and online services

The Directors are pleased to report continued growth of the business in the year to December 2007 with consolidated turnover for the Group of £10 7 million, an increase of 61% This increase resulted from a greater adoption of the Group's products, and the acquisition on 1st June 2007 of Elstree Computing Ltd (ECL), resulting in an annualised "run rate" (revenue including the full annual sales of ECL) of £12 7 million

Consolidated total assets have grown to £13 7 million as at December 2007, and the Group enjoys strong liquidity with cash reserves of £2 3 million at the end of the year Shareholders Funds have grown from £1 8 million at December 2006 to £3 2 million at December 2007 representing further growth in the underlying financial strength of the business

The Directors will consider further acquisitions to strengthen the company's leading position in the construction sector, as well as pursuing international expansion in the Middle East and India During the year under review our most notable success was the implementation of the Group's Enterprise Financial Management solution at Al Raha Beach, one of the worlds largest Construction Projects,

The Group's client list continues to grow and the business is supported by our highly skilled and dedicated employees operating from our offices in Bourne End (Buckinghamshire), Maidstone (Kent), Matlock (Derbyshire), Watford (Hertfordshire) and at our R&D facilities in the UK and Bangalore (India)

The Group will continue to invest in its employees, infrastructure and products in order to deliver to existing and new customers in order to maintain a competitive edge and leading position.

Results and dividends

Group Earnings Before Interest Taxation, Depreciation and Amortisation (EBITDA) was £1 9 million, an increase for year ended 31st December 2007 of 106% The EBITDA "run rate" (including full annual profits of ECL) for 2007 was £2 2 million The Group consolidated Operating Profit before tax for the year was £1 5 million and £1 8 million after recognition of deferred tax credit The Group is forecasting strong growth in both sales and profits in 2008

The directors have not recommended a dividend

Financial risk management objectives and policies

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the group

Directors

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

P J Brown
R Childs
P D Nagle

R Childs retired as a director on 31 October 2007

Directors' responsibilities

The directors are responsible for preparing 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

P D Nagle
Director

Grant Thornton

Report of the independent auditor to the member of Causeway Technologies Limited

We have audited the group and parent company financial statements ("the financial statements") of Causeway Technologies Limited for the year ended 31 December 2007 which comprise the accounting policies, group profit and loss account, company profit and loss account, group balance sheet and company balance sheet, group cash flow statement and notes 1 to 26 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's member 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 member as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

Report of the independent auditor to the member of Causeway Technologies Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's and the parent company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Grant Thornton

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD
22 April 2008

Principal accounting policies

Basis of accounting

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

The financial statements have been prepared in accordance with applicable accounting standards and have remained unchanged from the previous year

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively

Turnover

Turnover on maintenance and other professional service contracts is invoiced in advance and released to the profit and loss account on a straight line basis over the course of the contract in line with the contract terms

Goodwill

Positive purchased goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its useful economic life as follows

Purchased goodwill - 5 - 20 years

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Software licences and trademarks - 3 - 5 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Building refurbishments	-	10 years
Fixtures & fittings	-	5 years
Computer equipment	-	3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

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 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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Group profit and loss account

	Note	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Turnover	1	**10,712,021**	3,887,973
Cost of sales		**1,528,920**	247,230
Gross profit		**9,183,101**	3,640,743
Other operating charges	2	**7,587,121**	3,358,296
Other operating income	3	**–**	145,353
Operating profit before exceptional items	4	**1,595,980**	427,800
Exceptional items		**–**	(1,762,197)
Operating profit/(loss) after exceptional items	4	**1,595,980**	(1,334,397)
Interest receivable		**135,251**	–
Interest payable and similar charges	7	**(218,535)**	(12,522)
Profit/(loss) on ordinary activities before taxation		**1,512,696**	(1,346,919)
Tax on profit/(loss) on ordinary activities	8	**280,000**	–
Profit/(loss) for the financial year	20	**1,792,696**	(1,346,919)

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

Company profit and loss account

	Note	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Turnover	1	**8,130,639**	3,887,973
Cost of sales		**777,597**	247,230
Gross profit		**7,353,042**	3,640,743
Other operating charges	2	**6,130,922**	3,358,296
Other operating income	3	-	145,353
Operating profit before exceptional items	4	**1,222,120**	427,800
Exceptional items		-	(1,762,197)
Operating profit/(loss) after exceptional items	4	1,222,120	(1,334,397)
Interest receivable		**129,502**	-
Interest payable and similar charges	7	**(218,535)**	(12,522)
Profit/(loss) on ordinary activities before taxation		1,133,087	(1,346,919)
Tax on profit/(loss) on ordinary activities	8	**280,000**	-
Profit/(loss) for the financial year	20	1,413,087	(1,346,919)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Group balance sheet

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	9	**3,645,045**	685,972
Tangible assets	10	**297,364**	147,661
		3,942,409	833,633
Current assets			
Stocks	12	**16,295**	39,750
Debtors	13	**7,475,182**	3,090,157
Cash at bank and in hand		**2,302,139**	433,767
		9,793,616	3,563,674
Creditors: amounts falling due within one year	15	**6,193,693**	2,600,579
Net current assets		**3,599,923**	963,095
Total assets less current liabilities		**7,542,332**	1,796,728
Creditors: amounts falling due after more than one year	16	**3,975,131**	22,223
		3,567,201	1,774,505
Capital and reserves			
Called-up equity share capital	19	**11,200**	11,200
Share premium account	20	**5,340,800**	5,340,800
Profit and loss account	20	**(1,784,799)**	(3,577,495)
Shareholder's funds	21	**3,567,201**	1,774,505

These financial statements were approved by the directors and authorised for issue on 18th April 08 and are signed on their behalf by

Peter D Nagle

P D Nagle

Company balance sheet

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	9	**618,279**	685,972
Tangible assets	10	**241,293**	147,661
Investments	11	**4,130,777**	–
		4,990,349	833,633
Current assets			
Stocks	12	**–**	39,750
Debtors	13	**6,606,651**	3,090,157
Cash at bank and in hand		**1,900,484**	433,767
		8,507,135	3,563,674
Creditors: amounts falling due within one year	15	**6,334,761**	2,600,579
Net current assets		**2,172,374**	963,095
Total assets less current liabilities		**7,162,723**	1,796,728
Creditors: amounts falling due after more than one year	16	**3,975,131**	22,223
		3,187,592	1,774,505
Capital and reserves			
Called-up equity share capital	19	**11,200**	11,200
Share premium account	20	**5,340,800**	5,340,800
Profit and loss account	20	**(2,164,408)**	(3,577,495)
Shareholder's funds		**3,187,592**	1,774,505

These financial statements were approved by the directors and authorised for issue on 18TH April 08, and are signed on their behalf by

Peter Nagle

P D Nagle

Group cash flow statement

	Note	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Net cash inflow/(outflow) from operating activities	22	**3,369,299**	(1,539,047)
Returns on investments and servicing of finance	22	**(83,284)**	(12,522)
Taxation	22	**(25,600)**	25,600
Capital expenditure and financial investment	22	**(242,470)**	(385,738)
Acquisitions and disposals	22	**(1,610,092)**	(510,082)
Cash inflow/(outflow) before financing		**1,407,853**	(2,421,789)
Financing	22	**7,465**	2,855,556
Increase in cash	22	**1,415,318**	433,767

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	The group Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	The company Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
United Kingdom	**9,726,439**	3,648,451	**7,145,057**	3,648,451
Rest of World	**985,582**	239,522	**985,582**	239,522
	10,712,021	3,887,973	**8,130,639**	3,887,973

2 Other operating charges

	The group Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	The company Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Administrative expenses	**7,587,121**	3,358,296	**6,130,922**	3,358,296

3 Other operating income

	The group Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	The company Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Other operating income	**–**	145,353	**–**	145,353

Other operating income relates to the de-recognition of a provision made on the acquisition of Jobmaster Limited following a successful renegotiation of the terms of a contract with a customer

4 Operating profit/(loss)

Operating profit before exceptional items is stated after charging

	The group		The company	
	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	**Year to 31 Dec 07 £**	Period from 1 Jun 06 to 31 Dec 06 £
Amortisation	**191,628**	36,403	**95,309**	36,403
Depreciation of owned fixed assets	**111,151**	72,607	**94,077**	72,607
Loss on disposal of fixed assets	**–**	48,177	**–**	48,177
Auditor's remuneration				
Audit of the financial statements	**19,750**	9,000	**9,250**	9,000
Taxation compliance fees	**6,000**	2,500	**2,750**	2,500

Operating profit/(loss) after exceptional items is stated after charging

Exceptional items	**–**	**1,762,197**	**–**	**1,762,197**

In the prior year the trade and net assets and liabilities of Causeway Estimating Limited, Causeway Wessex Software Limited, Causeway Management Services Limited and Mercadium Limited were 'hived up' into Causeway Technologies Limited at book value through the inter-company account The inter-company balances were then written off resulting in an overall charge to the profit and loss account

5 Particulars of employees

The average number of staff employed by the group during the year amounted to 96 (2006 51) The aggregate payroll costs of the above were

	The group		The company	
	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	**Year to 31 Dec 07 £**	Period from 1 Jun 06 to 31 Dec 06 £
Wages and salaries	**4,345,061**	1,775,214	**3,543,579**	1,775,214
Social security costs	**480,258**	208,390	**415,033**	208,390
Other pension costs	**106,529**	23,877	**57,912**	23,877
	4,931,848	2,007,481	**4,016,524**	2,007,481

6 Directors

Remuneration in respect of directors was as follows

	Group and company	
	Year to 31 Dec 07	Period from 1 Jun 06 to 31 Dec 06
	£	£
Emoluments receivable	**697,975**	457,651
Value of company pension contributions to money purchase schemes	**45,590**	8,520
	743,565	466,171

The number of directors who accrued benefits under group pension schemes was as follows

	Year to 31 Dec 07	Period from 1 Jun 06 to 31 Dec 06
	No	No
Money purchase schemes	**3**	2

7 Interest payable and similar charges

	Group and company	
	Year to 31 Dec 07	Period from 1 Jun 06 to 31 Dec 06
	£	£
Interest payable on bank borrowing	**5,236**	5,702
Other similar charges payable	**213,299**	6,820
	218,535	12,522

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	The group		The company	
	Year to 31 Dec 07	Period from 1 Jun 06 to 31 Dec 06	**Year to 31 Dec 07**	Period from 1 Jun 06 to 31 Dec 06
	£	£	**£**	£
Deferred tax				
Tax losses	**(280,000)**	-	**(280,000)**	-

(b) Factors affecting current tax charge

	The group		The company	
	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Profit/(loss) on ordinary activities before taxation	**1,512,696**	(1,346,919)	**1,133,087**	(1,346,919)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	**453,809**	(404,075)	**339,926**	(404,075)
Write off of inter-company balance not tax deductible	**-**	528,659	**-**	528,659
Expenses not deductible for tax purposes	**66,991**	28,202	**33,762**	28,202
Depreciation for the period in excess of capital allowances	**27,597**	11,832	**28,229**	11,832
Group relief	**6,552**	-	**6,543**	-
Movement in provisions	**3,623**	-	**3,623**	-
Movement in losses	**(558,572)**	(164,618)	**(412,083)**	(164,618)
	-	-	**-**	-

The group has tax losses available for set off against future profits of approximately £1,880,000 (2006 £2,690,000) There is no tax liability arising from profits for the current period

9 Intangible fixed assets

Group

	Goodwill £	Software licences and trademarks £	Total £
Cost			
At 1 January 2007	659,457	630,036	1,289,493
Additions	3,123,085	27,616	3,150,701
Disposals	–	(50,000)	(50,000)
At 31 December 2007	**3,782,542**	**607,652**	**4,390,194**
Amortisation			
At 1 January 2007	25,542	577,979	603,521
Charge for the year	170,202	21,426	191,628
On disposals	–	(50,000)	(50,000)
At 31 December 2007	**195,744**	**549,405**	**745,149**
Net book value			
At 31 December 2007	**3,586,798**	**58,247**	**3,645,045**
At 31 December 2006	633,915	52,057	685,972

Company	Goodwill £	Software licences and trademarks £	Total £
Cost			
At 1 January 2007	659,457	630,036	1,289,493
Additions	–	27,616	27,616
Disposals	–	(50,000)	(50,000)
At 31 December 2007	**659,457**	**607,652**	**1,267,109**
Amortisation			
At 1 January 2007	25,542	577,979	603,521
Charge for the year	73,883	21,426	95,309
On disposals	–	(50,000)	(50,000)
At 31 December 2007	**99,425**	**549,405**	**648,830**
Net book value			
At 31 December 2007	**560,032**	**58,247**	**618,279**
At 31 December 2006	633,915	52,057	685,972

10 Tangible fixed assets

Group	Building refurbishments £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2007	34,003	322,339	1,178,972	1,535,314
Additions	11,510	31,137	172,207	214,854
Additions from subsidiary acquisitions	–	254,885	–	254,885
Disposals	–	(16,795)	–	(16,795)
At 31 December 2007	45,513	591,566	1,351,179	1,988,258
Depreciation				
At 1 January 2007	3,160	302,366	1,082,127	1,387,653
Additions from subsidiary acquisitions	–	208,885	–	208,885
Charge for the year	3,400	22,423	85,328	111,151
On disposals	–	(16,795)	–	(16,795)
At 31 December 2007	6,560	516,879	1,167,455	1,690,894
Net book value				
At 31 December 2007	**38,953**	**74,687**	**183,724**	**297,364**
At 31 December 2006	30,843	19,973	96,845	147,661

Company	**Building refurbishments £**	**Fixtures & fittings £**	**Computer equipment £**	**Total £**
Cost				
At 1 January 2007	34,003	322,339	1,178,972	1,535,314
Additions	11,510	3,992	172,207	187,709
At 31 December 2007	45,513	326,331	1,351,179	1,723,023
Depreciation				
At 1 January 2007	3,160	302,366	1,082,127	1,387,653
Charge for the year	3,400	5,349	85,328	94,077
At 31 December 2007	6,560	307,715	1,167,455	1,481,730
Net book value				
At 31 December 2007	**38,953**	**18,616**	**183,724**	**241,293**
At 31 December 2006	30,843	19,973	96,845	147,661

11 Investments

Company	**Shares in group undertakings £**
Cost	
Additions	**4,130,777**
At 31 December 2007	**4,130,777**
Net book value	
At 31 December 2007	**4,130,777**
At 31 December 2006	-

During the year Causeway Technologies Limited acquired the share capital of Valleyhall Limited for a consideration of £4,130,777 (see note 26)

Subsidiary undertakings

	Country of incorporation	**Holding**	**Proportion of voting rights and shares held**	**Nature of business**
Valleyhall Limited	England	Ordinary shares	100%	Holding company
Elstree Computing Limited (*)	England	Ordinary shares	100%	Supplier of construction software

* Held by Valleyhall Limited

12 Stocks

	The group		The company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Finished goods	**16,295**	39,750	**-**	39,750

13 Debtors

	The group		The company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Trade debtors	**1,833,761**	996,384	**1,192,285**	996,384
Amounts owed by group undertakings	**4,763,439**	1,935,462	**4,763,439**	1,935,462
Other debtors	**94,073**	13,858	**52,853**	13,858
Directors loan accounts	**8,339**	-	**8,339**	-
Prepayments and accrued income	**309,735**	144,453	**309,735**	144,453
Deferred taxation (Note 14)	**465,835**	-	**280,000**	-
	7,475,182	3,090,157	**6,606,651**	3,090,157

Within the amounts owed by group undertakings is £2,800,000 due from Farbay Limited, which falls due in more than one year

14 Deferred taxation

The movement in the deferred taxation asset during the year was

	The group		The company	
	Year to 31 Dec 07	Period from 1 Jun 06 to 31 Dec 06	**Year to 31 Dec 07**	Period from 1 Jun 06 to 31 Dec 06
	£	£	**£**	£
On acquisition of subsidiaries	**185,835**	-	-	-
Profit and loss account movement arising during the year (note 8)	**280,000**	-	**280,000**	-
Asset carried forward	**465,835**	-	**280,000**	-

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2007		2006	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Tax losses available	**465,835**	**64,400**	-	807,000

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	**2007**		2006	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Tax losses available	**280,000**	**56,000**	-	807,000

A deferred tax asset has been recognised in the financial statements to the extent to which the directors believe that there is sufficient certainty of future trading profits within the group which to relieve past trading losses against

In addition to the above unprovided tax losses, the group is in the process of making a claim for R&D tax relief

15 Creditors amounts falling due within one year

	The group		The company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Bank loans and overdrafts	**500,379**	33,333	**500,379**	33,333
Trade creditors	**613,499**	289,186	**484,777**	289,186
Amounts owed to group undertakings	–	–	**1,310,000**	–
Corporation tax	–	25,600	–	25,600
Other taxation and social security	–	484,141	–	484,141
Other creditors	**929,466**	13,247	**741,773**	13,247
Deferred consideration	**379,791**	95,000	**379,791**	95,000
Accruals and deferred income	**3,770,558**	1,660,072	**2,918,041**	1,660,072
	6,193,693	2,600,579	**6,334,761**	2,600,579

16 Creditors amounts falling due after more than one year

	The group		The company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Bank loans	**110,696**	22,223	**110,696**	22,223
Amounts owed to group undertakings	**3,531,101**	–	**3,531,101**	–
Deferred consideration	**333,334**	–	**333,334**	–
	3,975,131	22,223	**3,975,131**	22,223

17 Commitments under operating leases

At 31 December 2007 the group had annual commitments under non-cancellable operating leases as set out below

The group	**2007** Land and buildings £	**2007** Other items £	2006 Land and Buildings £	2006 Other items £
Operating leases which expire				
Within 2 to 5 years	**62,507**	**72,070**	-	-
After more than 5 years	**100,000**	**-**	60,000	-
	162,507	**72,070**	60,000	-

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

The company	**2007** Land and buildings £	**2007** Other items £	2006 Land and Buildings £	2006 Other items £
Operating leases which expire				
After more than 5 years	**100,000**	**-**	60,000	-

18 Related party transactions

As a wholly owned subsidiary of Farbay Limited , the group is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Farbay Limited Copies of the group financial statements can be obtained from Comino House, Furlong Road, Bourne End, SL8 5AQ

19 Share capital

Authorised share capital

	2007 £	2006 £
15,000,000 Ordinary shares of £0 001 each	**15,000**	15,000

Allotted, called up and fully paid

	2007 No	**2007** £	2006 No	2006 £
Ordinary shares of £0 001 each	**11,200,001**	**11,200**	11,200,001	11,200

20 Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2007	5,340,800	(3,577,495)
Profit for the year	–	1,792,696
At 31 December 2007	5,340,800	(1,784,799)

Company	Share premium account £	Profit and loss account £
At 1 January 2007	5,340,800	(3,577,495)
Profit for the year	–	1,413,087
At 31 December 2007	5,340,800	(2,164,408)

21 Reconciliation of movements in shareholder's funds

	2007 £	2006 £
Profit/(loss) for the financial year	1,792,696	(1,346,919)
New equity share capital subscribed	–	2,800
Premium on new share capital subscribed	–	2,797,200
Net addition to shareholder's funds	1,792,696	1,453,081
Opening shareholder's funds	1,774,505	321,424
Closing shareholder's funds	3,567,201	1,774,505

22 Notes to the statement of cash flows

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Operating profit/(loss)	1,595,180	(1,334,397)
Amortisation	191,628	36,403
Depreciation	111,151	72,607
Loss on disposal of fixed assets	–	48,177
Decrease in stocks	33,898	25,326
Increase in debtors	(3,174,022)	(2,292,754)
Increase in creditors	4,611,464	1,905,591
Net cash inflow/(outflow) from operating activities	3,369,299	(1,539,047)

Returns on investments and servicing of finance

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Income from group undertakings	**122,360**	–
Interest received	**12,891**	–
Interest paid	**(218,535)**	(12,522)
Net cash outflow from returns on investments and servicing of finance	**(83,284)**	(12,522)

Taxation

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Taxation	**(25,600)**	25,600

Capital expenditure

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Payments to acquire intangible fixed assets	**(27,616)**	(117,293)
Payments to acquire tangible fixed assets	**(214,854)**	(293,409)
Receipts from sale of fixed assets	–	24,964
Net cash outflow from capital expenditure	**(242,470)**	(385,738)

Aquisitions

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Acquisition of shares in group undertakings	**(2,798,902)**	(510,082)
Cash on acquisition of group undertakings	**1,188,810**	–
Net cash outflow from acquisitions and disposals	**(1,610,092)**	(510,082)

Financing

	Year to 31 Dec 07 £	Period from 1 Jun 06 to 31 Dec 06 £
Issue of equity share capital	–	2,800
Share premium on issue of equity share capital	–	2,797,200
New bank loans	**148,145**	55,556
Repayment of bank loans	**(45,680)**	–
Repayment of deferred consideration	**(95,000)**	
Net cash inflow from financing	7,465	2,855,556

Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
Increase in cash in the period	**1,415,318**	433,767
Net cash (inflow) from new bank loans	**(148,145)**	(55,556)
Net cash outflow from repayment of bank loans	**45,680**	–
Net cash outflow from repayment of deferred consideration	**95,000**	–
Change in net funds from cash-flows	**1,407,853**	378,211
Non-cash movements		
Deferred consideration	**(713,125)**	(95,000)
Change in net funds	**694,728**	283,211
Net funds at 1 January 2007	**283,211**	–
Net funds at 31 December 2007	**977,939**	283,211

Analysis of changes in net debt

	At 1 Jan 2007	Cash flows	Non-cash movements	At 31 Dec 2007
	£	£	£	£
Net cash				
Cash in hand and at bank	433,767	1,868,372	–	2,302,139
Overdrafts	–	(453,054)	–	(453,054)
	433,767	1,415,318	–	1,849,085
Debt				
Debt due within 1 year	(33,333)	(13,992)	–	(47,325)
Debt due after 1 year	(22,223)	(88,473)	–	(110,696)
Deferred consideration	(95,000)	95,000	(713,125)	(713,125)
	(150,056)	(7,465)	(713,125)	(871,146)
Net funds	283,211	1,407,853	(713,125)	977,939

23 Capital commitments

The group had no capital commitments at 31 December 2007 or 31 December 2006

24 Contingent liabilities

The group is part of a composite banking arrangement whereby it has jointly undertaken to cross guarantee the bank overdrafts of Building Register Limited and Farbay Limited

At 31 December 2007 the extent of this contingent liability was £Nil (2006 £Nil)

25 Ultimate parent company

The ultimate parent undertaking of this company is Farbay Limited, a company incorporated in the Republic of Ireland Copies of the group financial statements can be obtained from Comino House, Furlong Road, Bourne End, SL8 5AQ

26 Acquisition of subsidiary undertaking

On 1 May 2007 the company acquired 100% of the ordinary share capital of Valleyhall Limited The assets and liabilities acquired were as follows

	Fair value
	£
Fixed assets	
Tangible fixed assets	46,000
Current assets	
Stocks	10,443
Cash at bank	1,188,810
Debtors	931,019
Total assets	2,176,272
Creditors	1,168,580
Net assets	**1,007,629**
Goodwill (note 9)	3,123,085
	4,130,777
Satisfied by	
Cash consideration	2,575,346
Shares in holding company	618,750
Deferred consideration and warranted payments due in less than one year	379,791
Warranted payments due in greater than one year	333,334
Attributable acquisition costs	223,556
	4,130,777

An adjustment was made to recognise a deferred tax asset of £182,000 at 1 May 2007 The deferred tax asset was recognised to the extent to which the directors considered that there was sufficient certainty of future trading profits within the company which to relieve past trading losses against

Note that the amounts included above are provisional and are open to hindsight amendments by the Board in later periods