Grant Thornton

Group financial statements Causeway Technologies Limited

For the year ended 31 December 2008

Company No. 3921897

Company information

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 SL8 5AQ
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 2008.

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 the continued growth of the business in the year to 31 December 2008 with consolidated turnover for the Group of £14.9 million (2007: £10.7 million), an increase of 39% over the previous year. This increase resulted from a greater adaption of the Group's products in the market place, and the revenues generated following the opening of a Middle East office in Dubai Internet City coupled with a full year's trade in Elstree Computing Limited.

In April 2008, the company merged the underlying business and net assets of Valleyhall Limited and Elstree Computing Limited (ECL), which it acquired in 2006. ECL develops and markets a range of computer software and associated services for the property and construction related industries. This business is now an integral part of Causeway Technologies. As part of this process, the Directors have rationalised operations to eliminate duplication and to centralise common business processes across the Group to provide top quality customer support and product delivery.

In June 2008 the Group's parent company, Causeway Software Solutions Limited, acquired the business of Connect Software in Ireland. Connect supplies plant and scaffold hire and management software to both the Irish and UK construction industries, thus giving the wider Group further penetration into the construction industry supply chain.

In December, the company acquired "E-SAFE 100" the mobile auditing and compliance software product, which dramatically improves audits and inspections across single or multiple locations with Health and Safety being a particular focus. By simplifying and automating the audit process, it enables companies to meet their compliance challenges, and further compliments Causeway's product offerings to the construction sector.

Both acquisitions are now fully integrated and provide significant cross selling opportunities with the wider Group.

The Directors will continue to review other potential acquisitions that can further strengthen the group's position as the leading supplier of software solutions to the construction market place. The Group's client list continues to grow with some 1,330 customers. The business is supported by our highly knowledgeable and dedicated staff operating from our offices in Bourne End (Buckinghamshire), Matlock (Derbyshire), Watford (Hertfordshire), and through its overseas offices in Dublin (Ireland), Dubai Internet City (United Arab Emirates) and at our R&D facility in Bangalore (India).

Consolidated total assets have grown to £17.3 million as at 31 December 2008 (2007: £13.7 million) and the group continues to enjoy strong liquidity with cash reserves of £2.4 million at the end of the year. Shareholders' funds have grown from £3.0 million in 2007 to £5.2 million at 31 December 2008, representing a further growth in the underlying financial strength of the business.

Results and dividends

Group Earnings Before Interest Taxation, Depreciation and Amortisation (EBITDA) was £3.3 million, an increase of 72.7% over the previous year. The Group Profit before Tax for the year was £2.7 million (2007: £1.5 million). Notwithstanding the current economic climate the Group is well placed with its long term recurring support revenues and therefore expects to maintain profitability in 2009.

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
P D Nagle

Directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 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;
- 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 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 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

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF 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 2008 which comprise the principal accounting policies, group profit and loss account, company profit and loss account, group balance sheet and company balance sheet, group cash flow statement, statement of total recognised gains and losses and notes 1 to 24. 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.

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

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.

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 2008 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 UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD

20 April 2009

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, 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.

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
Motor vehicles	-	3 years

Research and development

Expenditure on research and development is written off to the profit and loss account as incurred.

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	2008 £	2007 £
Turnover	1	**14,852,561**	10,712,021
Cost of sales		**1,869,537**	1,528,920
Gross profit		**12,983,024**	9,183,101
Other operating charges	2	**10,119,399**	7,587,121
Operating profit before interest, tax, depreciation and amortisation		**3,279,611**	1,898,759
Depreciation of tangible fixed assets		**(160,292)**	(111,151)
Amortisation of intangible fixed assets		**(255,694)**	(191,628)
Operating profit	3	**2,863,625**	1,595,980
Interest receivable		**140,746**	135,251
Interest payable and similar charges	6	**(342,493)**	(218,535)
Profit on ordinary activities before taxation		**2,661,878**	1,512,696
Tax on profit on ordinary activities	7	**(438,513)**	280,000
Profit for the financial year	19	**2,223,365**	1,792,696

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	2008 £	2007 £
Turnover	1	13,192,897	8,130,639
Cost of sales		1,486,891	777,597
Gross profit		11,706,006	7,353,042
Other operating charges	2	9,069,030	6,130,922
Operating profit before interest, tax, depreciation and amortisation		2,961,151	1,411,506
Depreciation of tangible fixed assets		(149,461)	(94,077)
Amortisation of intangible fixed assets		(174,714)	(95,309)
Operating profit	3	2,636,976	1,222,120
Income from shares in group undertakings		1,588,730	–
Impairment of investment in group undertakings	10	(1,588,730)	–
Interest receivable		140,746	129,502
Interest payable and similar charges	6	(342,493)	(218,535)
Profit on ordinary activities before taxation		2,435,229	1,133,087
Tax on profit on ordinary activities	7	(438,513)	280,000
Profit for the financial year	19	1,996,716	1,413,087

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	2008 £	2007 (restated) £
Fixed assets			
Intangible assets	8	**3,389,351**	3,645,045
Tangible assets	9	**440,979**	297,364
		3,830,330	3,942,409
Current assets			
Stocks	11	**13,091**	16,295
Debtors	12	**11,109,058**	7,475,182
Cash at bank		**2,381,951**	2,302,139
		13,504,100	9,793,616
Creditors: amounts falling due within one year	14	**8,305,609**	6,768,131
Net current assets		**5,198,491**	3,025,485
Total assets less current liabilities		**9,028,821**	6,967,894
Creditors: amounts falling due after more than one year	15	**3,812,693**	3,975,131
		5,216,128	2,992,763
Capital and reserves			
Called-up equity share capital	18	**11,200**	11,200
Share premium account	19	**5,340,800**	5,340,800
Profit and loss account	19	**(135,872)**	(2,359,237)
Shareholder's funds	20	**5,216,128**	2,992,763

These financial statements were approved by the directors and authorised for issue on 17 April 2009 and are signed on their behalf by:

P D Nagle

Company balance sheet

	Note	2008 £	2007 (restated) £
Fixed assets			
Intangible assets	8	**2,713,978**	618,279
Tangible assets	9	**440,979**	241,293
Investments	10	**271,634**	4,130,777
		3,426,591	4,990,349
Current assets			
Stocks	11	**13,091**	–
Debtors	12	**11,114,285**	6,606,651
Cash at bank		**2,381,951**	1,900,484
		13,509,327	8,507,135
Creditors: amounts falling due within one year	14	**8,513,355**	6,909,199
Net current assets		**4,995,972**	1,579,936
Total assets less current liabilities		**8,422,563**	6,588,285
Creditors: amounts falling due after more than one year	15	**3,812,693**	3,975,131
		4,609,870	2,613,154
Capital and reserves			
Called-up equity share capital	18	**11,200**	11,200
Share premium account	19	**5,340,800**	5,340,800
Profit and loss account	19	**(742,130)**	(2,738,846)
Shareholder's funds		**4,609,870**	2,613,154

These financial statements were approved by the directors and authorised for issue on 17 April 2009 and are signed on their behalf by:

P D Nagle

Group cash flow statement

	Note	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	21	**(2,757,950)**	3,369,299
Returns on investments and servicing of finance	21	**(201,747)**	(83,284)
Taxation	21	**(318)**	(25,600)
Capital expenditure and financial investment	21	**(303,907)**	(242,470)
Acquisitions and disposals	21	**-**	(1,610,092)
Cash (outflow)/inflow before financing		**(3,263,922)**	1,407,853
Financing	21	**3,796,788**	7,465
Increase in cash	21	**532,866**	1,415,318

The accompanying accounting policies and notes form part of these financial statements.

Statement of total recognised gains and losses

	The group		The company	
	2008	2007	**2008**	2007
	£	£	**£**	£
Profit for the financial year	**2,223,365**	1,792,696	**1,996,716**	1,413,087
Total recognised gains and losses for the year	**2,223,365**	1,792,696	**1,996,716**	1,413,087
Prior year adjustment (see note 14)	**(574,438)**	–	**(574,438)**	–
Total gains and losses recognised since the last financial statements	**1,648,927**	1,792,696	**1,422,278**	1,413,087

The accompanying accounting policies and notes form part of these financial statements.

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		The company	
	Year to 31 Dec 08	Year to 31 Dec 07	**Year to 31 Dec 08**	Year to 31 Dec 07
	£	£	**£**	£
United Kingdom	**12,758,743**	9,726,439	**11,405,526**	7,145,057
Rest of World	**2,093,818**	985,582	**1,787,371**	985,582
	14,852,561	10,712,021	**13,192,897**	8,130,639

2 Other operating charges

	The group		The company	
	Year to 31 Dec 08	Year to 31 Dec 07	**Year to 31 Dec 08**	Year to 31 Dec 07
	£	£	**£**	£
Administrative expenses	**10,119,399**	7,587,121	**9,069,030**	6,130,922

3 Operating profit

Operating profit is stated after charging:

	The group		The company	
	Year to 31 Dec 08	Year to 31 Dec 07	**Year to 31 Dec 08**	Year to 31 Dec 07
	£	£	**£**	£
Amortisation	**255,694**	191,628	**174,714**	95,309
Depreciation of owned fixed assets	**160,292**	111,151	**149,461**	94,077
Auditor's remuneration:				
Audit of the financial statements	**19,050**	19,750	**12,000**	9,250
Taxation compliance fees	**5,500**	6,000	**3,000**	2,750

4 Particulars of employees

The average number of staff employed by the group during the year amounted to 108 (2007: 96).

	The group		The company	
	Year to 31 Dec 08	Year to 31 Dec 07	**Year to 31 Dec 08**	Year to 31 Dec 07
	£	£	**£**	£
Wages and salaries	**4,549,815**	4,345,061	**4,023,339**	3,543,579
Social security costs	**515,964**	480,258	**460,033**	415,033
Other pension costs	**135,293**	106,529	**97,763**	57,912
	5,201,072	4,931,848	**4,581,135**	4,016,524

5 Directors

Remuneration in respect of directors was as follows:

	Group and company	
	Year to 31 Dec 08	Year to 31 Dec 07
	£	£
Emoluments receivable	**560,784**	697,975
Value of company pension contributions to money purchase schemes	**66,209**	45,590
	626,993	743,565

Emoluments of highest paid director:

	Year to 31 Dec 08	Year to 31 Dec 07
	£	£
Total emoluments (excluding pension contributions)	**283,084**	303,000

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

	2008	2007
	No	No
Money purchase schemes	**2**	3

6 Interest payable and similar charges

	Group and company	
	2008	2007
	£	£
Interest payable on bank borrowing	**113,195**	5,236
Other similar charges payable	**229,298**	213,299
	342,493	218,535

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	The group		The company	
	Year to 31 Dec 08 £	Year to 31 Dec 07 £	**Year to 31 Dec 08 £**	Year to 31 Dec 07 £
Current tax:				
Corporation tax based on the results for the year	**33,678**	–	**33,678**	–
Total current tax	**33,678**	–	**33,678**	–
Deferred tax:				
Tax losses (note 13)	**404,835**	(280,000)	**404,835**	(280,000)
Total taxation charge for the year	**438,513**	(280,000)	**438,513**	(280,000)

(b) Factors affecting current tax charge

	The group		The company	
	Year to 31 Dec 08 £	Year to 31 Dec 07 £	**Year to 31 Dec 08 £**	Year to 31 Dec 07 £
Profit on ordinary activities before taxation	**2,661,878**	1,512,696	**2,435,229**	1,133,087
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	**552,340**	453,809	**505,310**	339,926
Net expenses not deductible for tax purposes	**213,399**	66,991	**73,398**	33,762
Depreciation for the period in excess of capital allowances	**1,760**	27,597	**3,663**	28,229
Group relief	–	6,552	–	6,543
Movement in provisions	–	3,623	–	3,623
Movement in losses	**(734,228)**	(558,572)	**(549,046)**	(412,083)
Other	**407**	–	**353**	–
Current tax (note 7(a))	**33,678**	–	**33,678**	–

The group has tax losses available for set off against future profits of approximately £565,000 (2007: £1,880,000).

8 Intangible fixed assets

Group

	Goodwill on consolidation £	Software licences and trademarks £	Total £
Cost			
At 1 January 2008 and 31 December 2008	3,782,542	607,652	4,390,194
Amortisation			
At 1 January 2008	195,744	549,405	745,149
Charge for the year	227,536	28,158	255,694
At 31 December 2008	423,280	577,563	1,000,843
Net book value			
At 31 December 2008	**3,359,262**	**30,089**	**3,389,351**
At 31 December 2007	3,586,798	58,247	3,645,045

Company

	Purchased goodwill £	Software licences and trademarks £	Total £
Cost			
At 1 January 2008	659,457	607,652	1,267,109
Arising on hive-up of trade and assets of subsidiary undertakings (see note 10)	2,270,413	–	2,270,413
At 31 December 2008	2,929,870	607,652	3,537,522
Amortisation			
At 1 January 2008	99,425	549,405	648,830
Charge for the year	146,556	28,158	174,714
At 31 December 2008	245,981	577,563	823,544
Net book value			
At 31 December 2008	**2,683,889**	**30,089**	**2,713,978**
At 31 December 2007	560,032	58,247	618,279

9 Tangible fixed assets

Group	Building refurbishments £	Fixtures & Fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2008	45,513	591,566	1,351,179	–	1,988,258
Additions	119,000	74,806	110,101	–	303,907
Reclassification	–	(206,232)	178,468	27,767	–
Disposals	–	–	–	(7,772)	(7,772)
At 31 December 2008	164,513	503,019	1,596,866	19,995	2,284,393
Depreciation					
At 1 January 2008	6,560	516,879	1,167,455	–	1,690,894
Charge for the year	12,618	19,298	133,902	14,474	160,292
Reclassification	–	(155,716)	148,992	6,724	–
On disposals	–	–	–	(7,772)	(7,772)
At 31 December 2008	19,178	380,461	1,430,349	13,426	1,843,414
Net book value					
At 31 December 2008	**145,335**	**122,558**	**166,517**	**6,569**	**440,979**
At 31 December 2007	38,953	74,687	183,724	–	297,364

Company	Building refurbishments £	Fixtures & Fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2008	45,513	326,331	1,351,179	–	1,723,023
Additions	119,000	117,421	64,573	–	300,994
Disposals	–	–	–	(7,772)	(7,772)
Hived up from subsidiary undertakings	–	59,267	181,114	27,767	268,148
At 31 December 2008	164,513	503,019	1,596,866	19,995	2,284,393
Depreciation					
At 1 January 2008	6,560	307,715	1,167,455	–	1,481,730
Charge for the year	12,618	18,497	106,957	11,389	149,461
On disposals	–	–	–	(7,772)	(7,772)
Hived up from subsidiary undertakings	–	54,249	155,937	9,809	219,995
At 31 December 2008	19,178	380,461	1,430,349	13,426	1,843,414
Net book value					
At 31 December 2008	**145,335**	**122,558**	**166,517**	**6,569**	**440,979**
At 31 December 2007	38,953	18,616	183,724	–	241,293

10 Investments

Company	Shares in group undertakings £
Cost and net book value	
At 1 January 2008	4,130,777
Impairment	(1,588,730)
Transferred to goodwill	(2,270,413)
At 31 December 2008	**271,634**

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.

On 30 April 2008 the trade and assets of Valleyhall Limited and of Elstree Computing Limited were hived up to Causeway Technologies Limited through the inter-company account. The consideration was at book value. Valleyhall Limited declared a dividend of £1,588,730 to the company following the hive-up, which resulted in an impairment of the same value to the company's investment. The remaining difference between the net assets of the subsidiary undertakings and the fair value of the trade and assets hive-up has been transferred to purchased goodwill (see note 8).

11 Stocks

	The group 2008 £	The group 2007 £	The company 2008 £	The company 2007 £
Finished goods	**13,091**	16,295	**13,091**	–

12 Debtors

	The group 2008 £	The group 2007 £	The company 2008 £	The company 2007 £
Trade debtors	**2,819,714**	1,833,761	**2,819,714**	1,192,285
Amounts owed by parent undertaking	**7,796,487**	4,763,439	**7,796,487**	–
Amounts owed by group undertakings	–	–	–	4,763,439
Other debtors	**82,347**	94,073	**87,574**	52,853
Directors loan accounts	–	8,339	–	8,339
Deferred taxation (Note 13)	**61,000**	465,835	**61,000**	280,000
Prepayments and accrued income	**349,510**	309,735	**349,510**	309,735
	11,109,058	7,475,182	**11,114,285**	6,606,651

The directors do not consider that the amounts owed by the parent undertaking will be recovered in the coming year.

13 Deferred taxation

The movement in the deferred taxation asset during the year was:

	The group 2008 £	The group 2007 £	The company 2008 £	The company 2007 £
At 1 January	**465,835**	–	**280,000**	–
Profit and loss movement during the year	**(404,835)**	280,000	**(404,835)**	280,000
On acquisition of subsidiaries	–	185,835	**185,835**	–
At 31 December	**61,000**	465,835	**61,000**	280,000

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

Group	2008 Provided £	2008 Unprovided £	2007 Provided £	2007 Unprovided £
Tax losses available	**61,000**	**118,000**	465,835	64,400

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

Company	2008 Provided £	2008 Unprovided £	2007 Provided £	2007 Unprovided £
Tax losses available	**61,000**	**118,000**	280,000	56,000

14 Creditors: amounts falling due within one year

	The group 2008 £	The group 2007 *(restated)* £	The company 2008 £	The company 2007 *(restated)* £
Bank loans and overdraft	**712,640**	500,379	**712,640**	500,379
Trade creditors	**281,342**	613,499	**281,342**	484,777
Amounts owed by related parties	**969,070**	–	**969,070**	–
Amounts owed to group undertakings	–	–	**207,746**	1,310,000
Other creditors	**855,294**	929,466	**855,294**	741,773
Corporation tax	**33,360**	–	**33,360**	–
Deferred consideration	**142,083**	379,791	**142,083**	379,791
Accruals and deferred income	**5,311,820**	4,344,996	**5,311,820**	3,492,479
	8,305,609	6,768,131	**8,513,355**	6,909,199

Prior year adjustment
The comparative figures for accruals and deferred income have been restated by £574,438 to reflect an adjustment required to the deferral of revenue which arose prior to 1 January 2007. The directors have adopted a more comprehensive approach to the monitoring of contract revenue following consolidation of all contract revenue streams within the business. The opening profit and loss reserve at 1 January 2007 has been restated accordingly.

15 Creditors: amounts falling due after more than one year

	The group		The company	
	2008	2007	**2008**	2007
	£	£	**£**	£
Bank loans	**3,479,360**	110,696	**3,479,360**	110,696
Amounts owed to group undertakings	**–**	3,531,101	**–**	3,531,101
Deferred consideration	**333,333**	333,334	**333,333**	333,334
	3,812,693	3,975,131	**3,812,693**	3,975,131

16 Commitments under operating leases

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as set out below.

The group	**2008**		2007	
	Land and buildings	**Other items**	Land and Buildings	Other items
	£	**£**	£	£
Operating leases which expire:				
Within 2 to 5 years	**52,000**	**–**	62,507	26,775
After more than 5 years	**100,000**	**–**	100,000	–
	152,000	**–**	162,507	26,775

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

The company	**2008**		2007	
	Land and buildings	**Other items**	Land and buildings	Other items
	£	**£**	£	£
Operating leases which expire:				
After more than 5 years	**100,000**	**–**	100,000	–

17 Related party transactions

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

18 Share capital

Authorised share capital:

	2008 £	2007 £
15,000,000 Ordinary shares of £0.001 each	15,000	15,000

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £0.001 each	11,200,001	11,200	11,200,001	11,200

19 Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2008	5,340,800	(1,784,799)
Prior year adjustment (see note 14)	–	(574,438)
Restated balance brought forward	5,340,800	(2,359,237)
Profit for the year	–	2,223,365
At 31 December 2008	5,340,800	(135,872)

Company	Share premium account £	Profit and loss account £
At 1 January 2008	5,340,800	(2,164,408)
Prior year adjustment (see note 14)	–	(574,438)
Restated balance brought forward	5,340,800	(2,738,846)
Profit for the year	–	1,996,716
At 31 December 2008	5,340,800	(742,130)

20 Reconciliation of movements in shareholder's funds

Group

	2008 £	2007 £
Profit for the financial year	2,223,365	1,792,696
Opening shareholder's funds	3,567,201	1,774,505
Prior year adjustment (see note 14)	(574,438)	–
Closing shareholder's funds	5,216,128	3,567,201

21 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	2007 £
Operating profit	2,863,625	1,595,980
Amortisation	255,695	191,628
Depreciation	160,291	111,151
Decrease in stocks	3,203	33,898
Increase in debtors	(4,038,710)	(3,174,822)
(Decrease)/increase in creditors	(2,002,054)	4,611,464
Net cash (outflow)/inflow from operating activities	(2,757,950)	3,369,299

Returns on investments and servicing of finance

	2008 £	2007 £
Income from group undertakings	–	122,360
Interest received	140,746	12,891
Interest paid	(342,493)	(218,535)
Net cash outflow from returns on investments and servicing of finance	(201,747)	(83,284)

Taxation

	2008 £	2007 £
Taxation	(318)	(25,600)

Capital expenditure and financial investment

	2008 £	2007 £
Payments to acquire intangible fixed assets	–	(27,616)
Payments to acquire tangible fixed assets	(303,907)	(214,854)
Net cash outflow for capital expenditure and financial investment	(303,907)	(242,470)

21 Notes to the statement of cash flows (continued)

Aquisitions

	2008 £	2007 £
Acquisition of shares in group undertakings	–	(2,798,902)
Cash on acquisition of group undertakings	–	1,188,810
Net cash outflow from acquisitions and disposals	–	(1,610,092)

Financing

	2008 £	2007 £
New bank loans	**4,192,000**	148,145
Repayment of bank loans	**(158,021)**	(45,680)
Repayment of deferred consideration	**(237,191)**	(95,000)
Net cash inflow from financing	**3,796,788**	7,465

Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
Increase in cash in the period	**532,866**	1,415,318
Net cash (inflow) from new bank loans	**(4,192,000)**	(148,145)
Net cash outflow from repayment of bank loans	**158,021**	45,680
Net cash outflow from repayment of deferred consideration	**237,191**	95,000
Change in net funds from cash-flows	**(3,263,922)**	1,407,853
Non-cash movements:		
Deferred consideration	–	(713,125)
Change in net funds	**(3,263,922)**	694,728
Net debt at 1 January 2008	**977,939**	283,211
Net debt at 31 December 2008	**(2,285,983)**	977,939

21 Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	2,302,139	79,812	2,381,951
Overdrafts	(453,054)	453,054	–
	1,849,085	532,866	2,381,951
Debt:			
Debt due within 1 year	(47,325)	47,325	–
Debt due after 1 year	(110,696)	(4,081,304)	(4,192,000)
Deferred consideration	(713,125)	237,191	(475,934)
	(871,146)	(3,796,788)	(4,667,934)
Net funds	977,939	(3,263,922)	(2,285,983)

22 Capital commitments

The Group had no capital commitments at 31 December 2008 or 31 December 2007.

23 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 Causeway Software Solutions Limited.

At 31 December 2008 the extent of this contingent liability was £Nil (2007: £Nil).

24 Ultimate parent company

The ultimate parent undertaking of this company is Causeway Software Solutions 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.