Cordys UK Limited

Report and Financial Statements

31 December 2011

Directors
Cordys Holdıng B V
W Van Grootheest

Secretary
A G Secretarıal Lımıted

Auditors
Ernst & Young LLP
400 Capabılıty Green
Luton LU1 3LU

Solicitors
Addleshaw Goddard
100 Barbırollı Square
Manchester M2 3AB

Registered Office
100 Barbırollı Square
Manchester KT13 OTT

Registered No 03974484

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation amounted to £808,048 (2010 – loss of £2,130,912) The directors do not recommend a final dividend (2010 – £nil)

Principal activities and review of the business

The company's principal activity is to provide services in the field of information technology

Directors

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

Cordys Holding B V
P Jonsson (resigned 3 January 2012)
W Van Grootheest (appointed 3 January 2012)

Going concern

The company has net liabilities at the year end The directors of Cordys UK Limited have satisfied themselves that Cordys UK Limited is a going concern on the basis that written confirmation has been received from its ultimate parent undertaking, Cordys Holding B V, that they will continue to provide financial support for the foreseeable future and at least for the next twelve months from the date of signing these financial statements In providing this financial support, Cordys Holding B V and its group undertakings will not therefore demand from Cordys UK Limited the repayment of the £9,436,236 balance owing to Cordys Holding B V and its group undertakings, as at 31 December 2011, until such time as the company is in a position to repay this balance

The ability of Cordys Holding B V to provide this financial support to Cordys UK Limited is dependent on it raising sufficient additional funding in its fundraising activities in 2013 The financial statements of Cordys Holding B V contain the following disclosure

"Going concern

As of December 31, 2011 the Company has a negative working capital This situation is continued in 2012 and projected business results show additional cash outflows in 2013 Based on this, additional funding is needed At the moment of preparation of the financial statements, discussions with present and possible future shareholders are ongoing Based on these discussions and given the new cloud initiatives, positive pipeline development and increased analyst ratings, management is confident that the required additional funding will be realised and that the Company's ability to continue its operations as a going concern can be secured The financial statements are prepared accordingly on a going concern basis "

The directors of Cordys Holding B V have advised the directors of Cordys UK Limited that they are confident the fundraising activities in 2013 will be successful and that sufficient additional funding will be obtained to enable Cordys Holding B V to provide the necessary financial support to Cordys UK Limited The directors of Cordys UK Limited have satisfied themselves of the ability of Cordys Holding B V to provide financial support on this basis However, the conditions described above constitute a material uncertainty and the group may be unable to realise its assets and discharge its liabilities in the normal course of business resulting in a material uncertainty over future funding available for Cordys UK Limited

The financial statements do not include any adjustments which would result if the company was not considered a going concern

Registered No 03974484

Directors' report

Disclosure of information to the auditors

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

Auditors

Mazars LLP resigned as auditors on the 18th of January 2012 and Ernst & Young LLP was appointed in their place

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

On behalf of the Board

Director

W van Grootheest

5 March 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Cordys UK Limited

We have audited the financial statements of Cordys UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the company's ability to continue as a going concern The conditions described in Note 1 indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Opinion on other matter 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

to the members of Cordys UK 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 been received from branches not visited by us, or

- the financial statements are not in agreement with the accounting records and returns, or

- certain disclosures of directors' remuneration specified by law are not made, or

- we have not received all the information and explanations we require for our audit

- the directors were not entitled the prepare the financial statements and the Director's Report in accordance with the small companies regime

Ernst + Young LLP

Juliet Thomas (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Luton

Date 8/3/13

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover		2,949,281	1,240,663
Cost of sales		(958,392)	(347,595)
Gross profit		1,990,889	893,068
Administrative expenses		(2,334,727)	(2,632,171)
Operating loss	2	(343,838)	(1,739,103
Interest receivable and similar income		–	–
Interest payable and similar charges	5	(464,210)	(391,809)
Loss on ordinary activities before taxation		(808,048)	(2,130,912)
Tax	6	–	–
Net loss for the financial year	12	(808,048)	(2,130,912)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the loss of £808,048 attributable to the shareholders' equity of the company in the year ended 31 December 2011 (2010 – loss of £2,130,912)

Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	21,119	28,417
Current assets			
Debtors	8	2,272,463	848,442
Cash at bank and in hand		269,775	89,918
		2,542,238	938,360
Creditors amounts falling due within one year	9	(3,848,804)	(2,304,027)
Net current (liabilities)/ assets		(1,306,566)	(1,365,667)
Total assets less current liabilities		(1,285,447)	(1,337,250)
Creditors. amounts falling due after more than one year	10	(9,436,236)	(8,576,385)
Net liabilities		(10,721,683)	(9,913,635)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(10,721,684)	(9,913,636)
Shareholders' funds	12	(10,721,683)	(9,913,635)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Director

W van Grootheest

5 March 2013

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

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Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant and machinery – 3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Revenue recognition

Turnover comprises revenue recognised by the company in respect of goods and services supplied exclusive of Value Added Tax and trade discounts

Licence revenue

Revenue earned for selling licences for the group's products is recognised when the risks and rewards of ownership of the licensed software is transferred to the customer

Service revenue

Revenue earned for the selling of professional IT services is recognised on a service provided basis

Maintenance revenue

Revenue earned for the maintenance of software and IT systems sold to customers under a maintenance contract is recognised over the period of the contract Costs associated with these contracts are expensed as incurred

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transactions Exchange gains and losses are recognised in the profit and loss account

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Operating loss

This is stated after charging/(crediting)

	2011	*2010*
	£	*£*
Auditors' remuneration	10,000	10,000
– non-audit – tax services	3,000	700
Depreciation of owned fixed assets	13,705	6,786
Operating lease rentals – land and buildings	12,667	16,050

Notes to the financial statements

at 31 December 2011

3. Directors' remuneration

	2011	2010
	£	£
Remuneration	401,822	179,113

During the year retirement benefits were accruing to one director (2010 – 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £401,822 (2010 – £179,113)

4. Staff costs

	2011	2010
	£	£
Wages and salaries	1,749,790	2,596,054
Other pension costs	111,220	93,530
	1,861,010	2,689,584

The average monthly number of employees, including the director, during the year was made up as follows

	No	No
Administration	14	15

5. Interest payable and similar charges

	2011	2010
	£	£
Interest paid on intercompany balances	464,210	391,809

Notes to the financial statements

at 31 December 2011

6. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2011 £	2010 £
Current tax		
UK corporation tax on the loss for the year	–	–

(b) Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 26 5% (2010 – 28%) A reduction in the rate of corporation tax is issued by law, from 28% to 26% as from April 1, 2011 (rather than to 27% as previously enacted in 2010), with the expectation of further annual reductions of 1% until the main rate reaches 23% on April 1, 2014 So the weighted average corporation tax rate for 2011 will be calculated at 26 5% But after these reductions as announced in 2011 on 21 March 2012, the Chancellor of the Exchequer announced a further rate reduction to 24% effective from 1 April 2012, with expected rate reductions to 22% by 2014

(c) Factors that may affect future tax charges

Potential deferred tax assets amounting to £ 2,281,308 (2010 – 2,295,267) arising from trade deficits have not been recognised The potential deferred tax asset would only become recoverable if sufficient taxable profits of similar nature are earned in future periods by the company As disclosed above on 21 March 2012, the Chancellor of the Exchequer announced a further rate reduction to 24% effective from 1 April 2012, with expected rate reductions to 22% by 2014 As this was not substantively enacted by the balance sheet date the unrecognised deferred tax above has been measured using the substantively enacted rates of 25%

7. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2011	37,725
Additions	6,407
At 31 December 2011	44,132
Depreciation	
At 1 January 2011	9,308
Charge for the year	13,705
At 31 December 2011	23,013
Net book value	
At 31 December 2011	21,119
At 1 January 2011	28,417

Notes to the financial statements

at 31 December 2011

8. Debtors

	2011	*2010*
	£	*£*
Trade debtors	486,059	62,008
Amounts owed by group undertakings	1,626,922	692,499
Other debtors	159,482	93,935
	2,272,463	848,442

9. Creditors: amounts falling due within one year

	2011	*2010*
	£	*£*
Trade creditors	201,577	45,419
Amounts owed to group undertakings	3,183,551	1,756,932
Other taxes and social security costs	89,155	94,463
Other creditors	374,521	407,213
	3,848,804	2,304,027

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

	2011	*2010*
	£	*£*
Amounts owed to group undertakings	9,436,236	8,576,385

11. Issued share capital

		2011		*2010*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	1	1	1	1

12. Reconciliation of shareholders' funds and movements on reserves

	Profit and loss account
	£
At 1 January 2010	(7,782,724)
Loss for the year	(2,130,912)
At 1 January 2011	(9,913,636)
Loss for the year	(808,048)
At 31 December 2011	(10,721,684)

Notes to the financial statements

at 31 December 2011

13. Pensions

The company operates a defined contributions pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £111,220 (2010 – £93,530) Contributions totalling £6,335 (2010 – £44,719) were payable to the fund at the balance sheet date and are included within creditors

14. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011	*2010*
	£	*£*
Operating leases which expire		
Within one year	12,667	16,050

15. Related party transactions

The company is a wholly owned subsidiary of Cordys Holding B V and has taken advantage of the exemption permitted under FRS 8 not to provide details of transactions with fellow group undertaking in these financial statements

16. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking and the parent undertaking of the smallest group for which group financial statements are drawn up is Cordys Holding B V which is incorporated in The Netherlands

Copies of financial statements of Cordys Holding B V are available from The Company Secretary, PO Box 118 3880 AE Putten, The Netherlands