Cedar HR Software Limited

Financial Statements

11 month period ended 28 February 2010

Registered number: 4139228

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The directors present their Directors' Report and financial statements for the 11 month period ended 28 February 2010

Principal activity

The principal activity of the company is the development and sale of computer software, associated hardware and consultancy services

Business review

During the period the company had turnover of £4,788,000 *(31 March 2009 £5,317,000),* and recorded a profit for the period of £1,070,000 *(31 March 2009 £1,408,000)*

On 11 February 2010 the company's ultimate parent, Redac Holdings Ltd, was acquired by Drury Lane (Jersey) Ltd, a subsidiary of Advanced Computer Software plc Advanced Computer Software plc is a provider of software and IT services, with a focus on the primary care sector The company's year-end has been changed to 28 February in line with the enlarged group

Dividend

The directors do not recommend payment of a dividend *(31 March 2009 £nil)*

Directors

The directors who held office during the year and up to the date of this report were as follows

P D. Gibson		B A Firth	Appointed 11th February 2010
K J Gordon		V. Murria	Appointed 11th February 2010
F M Timothy	Resigned 11th February 2010	M Thompson	Appointed 10th February 2010

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Employees

Details of the average monthly number of employees and related costs can be found in the notes to the financial statements The directors aim to keep employees informed on matters relevant to them through regular meetings and updates

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged

Payment of creditors

The company has a policy to pay creditors within the agreed credit terms and continues to operate this policy

Political and charitable contributions

The company made charitable contributions amounting to £nil during the period *(31 March 2009 £nil)* It has made no political contributions during the period *(31 March 2009 £nil)*

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

On behalf of the board

P.D. Gibson
Director

Munro House
Portsmouth Road
Cobham
Surrey KT11 1TF

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG Audit Plc
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditors' report to the members of Cedar HR Software Limited

We have audited the financial statements of Cedar HR Software Limited for the 11 month period ended 28 February 2010 set out on pages 6 to 18 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2010 and of its result for the 11 month period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Cedar HR Software Limited *(Continued)*

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

W Southwood 13 July 2010

W Southwood (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
RG7 4SD

	Note	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Turnover	2	**4,788**	5,317
Cost of sales		**(2,102)**	(2,302)
Gross profit		**2,686**	3,015
Selling costs		**(123)**	(137)
Administrative expenses		**(1,493)**	(1,594)
Operating profit		**1,070**	1,284
Other interest receivable and similar income	5	**-**	124
Profit on ordinary activities before taxation	3	**1,070**	1,408
Tax charge on profit on ordinary activities	6	**-**	-
Profit for the financial period/year		**1,070**	1,408

There are no recognised gains and losses for the year other than as stated above

The results derive from continuing activities

	Note	28 February 2010 £'000	31 March 2009 £'000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	**43**	31
		43	31
Current assets			
Debtors	9	**6,798**	2,025
Cash at bank and in hand		**700**	4,697
		7,498	6,722
Creditors: amounts falling due within one year	10	**(2,557)**	(2,839)
Net current assets		**4,941**	3,883
Net assets		**4,984**	3,914
Capital and reserves			
Called-up share capital	11	-	-
Share premium account	12	**2,000**	2,000
Profit and loss account	12	**2,984**	1,914
Shareholder's funds	13	**4,984**	3,914

These financial statements were approved by the board of directors on 21 June 2010 and were signed on its behalf by

P.D. Gibson
Director

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The company has considerable financial resources together with long contracts with a number of UK based customers and suppliers As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook The directors have a reasonable expectation that the company has adequate resource to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

The company is part of a group of companies that meet their day-to-day working capital requirements through a group banking facility. As at 28 February 2010 this comprised a £25 0m term loan facility and a £30 0m revolving credit facility, of which £26 3m had been drawn down As a member of the group the company is a guarantor for both loans

Repayment of the £25 0m term loan commences on 31 August 2010, with bi-annual repayments of £3.75m and a final repayment of £2 5m on 31 August 2013 The termination date of the £30.0m revolving facility is the earlier of 11 August 2013 and the termination of the term loan As at the date of signing, the Directors believe they will continue to operate within the current agreed facilities

As the company is a wholly owned subsidiary of a group owned by Advanced Computer Software Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Advanced Computer Software Plc group (or investees of the group qualifying as related parties) The consolidated financial statements of Advanced Computer Software Plc, within which this company is included, can be obtained from the address given in note 16

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

1. Accounting policies *(continued)*

Turnover

The company's revenues are derived from the sale of software product licences, the associated professional services, maintenance and support services and supplies of third party software All revenue is reported exclusive of value added tax

The company follows guidance set out in November 2003 under Application note G to FRS 5

Revenue is allocated to each component of the sales arrangement, software product licence, professional service and product support service, based on its relative fair value. Revenue is recognised separately for each component if it is considered to represent a separable good or service

The company's approach to revenue recognition is that the software licence fee is recognised when

- persuasive evidence of an arrangement exists,
- the price to the customer is fixed or determinable,
- the licence arrangement does not require significant modification or customisation of the underlying software,
- physical delivery has occurred, and
- collectibility is reasonably assured and there are no material outstanding conditions or contingencies attaching to the receipt of monies due.

Revenue from professional services (project management, implementation and training) is recognised as the services are performed

Revenue from maintenance and product support services is recognised proportionally over the period of the arrangement Payments received are recorded in the balance sheet as deferred income.

Revenue from arrangements where the recognition criteria are considered uncertain due to the existence of specific acceptance clauses, typically with full refund rights or where successful completion and collection of amounts due is highly dependent on performance by the client or third parties, is recognised on the achievement of contract specific milestones

In those circumstances where revenue cannot be recognised separately for each component of the sales arrangement, all amounts receivable are recognised as turnover on a straight-line basis over the term of the arrangement, or on a percentage-of-completion basis if long-term contract accounting is appropriate

1. Accounting policies *(continued)*

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over five years Any impairment of goodwill is written off as soon as it is apparent

Intangible assets – intellectual property rights

Purchased intellectual property rights are included at cost and depreciated in equal annual instalments over a period of five years, which the directors believe to be the appropriate useful economic life of the asset Any impairment is written off as soon as it becomes apparent

Fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their expected useful economic lives as follows:

Equipment - $33^1/_3$%-100% per annum, straight line
Fixtures and fittings - 20%-$33^1/_3$% per annum, straight line

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Research and development

Research and development costs, representing staff remuneration and sub-contract labour costs, are expensed in the year in which they occur.

Pension scheme

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

2. Turnover

The directors consider that the company's business comprises a single activity, the development and sale of computer software, associated hardware and consultancy services However, additional analysis is provided in respect of turnover as the directors believe it to be informative:

Class of business	**11 month period ended 28 February 2010 £'000**	Year ended 31 March 2009 £'000
Software products and services		
Licences	**1,258**	776
Consultancy and training	**1,491**	2,534
Maintenance	**2,039**	2,007
	4,788	5,317

3. Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging.

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Depreciation and other amounts written off tangible fixed assets	**21**	32
Hire of plant and machinery under operating leases	**5**	8
Other operating lease rentals	**39**	50
Research and development costs	**886**	935

Auditors' remuneration

	2010 £'000	2009 £'000

Audit of these financial statements	**10**	10

Amounts receivable by the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent, Advanced Computer Software Plc Audit fees for 2009 relate to amounts paid to KPMG LLP

4. Staff costs

Staff costs including directors' remuneration, amounted to

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Wages and salaries	**2,253**	2,465
Social security costs	**231**	276
Other pension costs	**92**	98
	2,576	2,839

Directors' remuneration included above

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Directors' emoluments	**209**	254
Company contributions to money purchase pension scheme	**7**	8
	216	262

The remuneration of the highest paid director was £209,000 *(31 March 2009 £254,000)* and pension contributions paid by the company on his behalf were £7,000 *(31 March 2009 £8,000)*

	11 month period ended 28 February	Year ended 31 March

	2010	2009
Retirement benefits accruing to the following number of directors under		
Money purchase scheme	1	1

All other directors are also directors of other group companies. They received no remuneration in respect of their services to Cedar HR Software Limited

The average number of persons employed by the company during the year, analysed by category, was as follows

	11 month period ended 28 February 2010 Number	Year ended 31 March 2009 Number
Technical	39	38
Office and management	3	3
	42	41

5 Other interest receivable and similar income

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Receivables from group undertakings	-	124

6. Tax charge on profit on ordinary activities

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000

Corporation tax	-	-

The current tax charge for the year is lower *(2009 lower)* than the standard rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	11 month period ended 28 February 2010 £'000	Year ended 31 March 2009 £'000
Profit on ordinary activities before tax	**1,070**	1,407
Current tax at 28% *(2009 28%)*	**300**	394
Effects of		
Permanent differences	**1**	1
Depreciation in excess of Capital allowances	**(17)**	9
Other timing differences (amortisation and provisions)	**(2)**	(1)
Group relief	**(282)**	(403)
Total current tax (see above)	**-**	-

The company has an unrecognised deferred tax asset of £115,000 (*2009 £160,000*) relating to timing differences between capital allowances and depreciation

7. Intangible fixed assets

	Goodwill £'000	Intellectual property rights £'000	Total £'000
Cost			
At 1 April 2009 and 28 February 2010	**3,500**	**975**	**4,475**
Amortisation			
At 1 April 2009 and 28 February 2010	**3,500**	**975**	**4,475**
Net book value			
At 31 March 2009 and 28 February 2010	**-**	**-**	**-**

8. Tangible fixed assets

	Equipmen t	Fixtures & fittings	Total
	£'000	£'000	£'000
Cost			
At beginning of period	231	67	298
Additions	33	-	33
At end of period	**264**	**67**	**331**
Depreciation			
At beginning of period	203	64	267
Charge for period	20	1	21
At end of period	**223**	**65**	**288**
Net book value			
At 28 February 2010	**41**	**2**	**43**
At 31 March 2009	28	3	31

9. Debtors

	28 February 2010	31 March 2009
	£'000	£'000
Trade debtors	**1,042**	1,444
Amounts owed by group undertakings	**5,281**	110
Other debtors	**130**	206
Prepayments and accrued income	**345**	265
	6,798	2,025

All debts are due within one year

10. Creditors: amounts falling due within one year

	28 February 2010	31 March 2009
	£'000	£'000
Trade creditors	**87**	81
VAT	**164**	235
Social security and PAYE	**59**	61
Other creditors	**-**	-
Accruals and deferred income	**2,247**	2,462
	2,557	2,839

11. Called-up share capital

	28 February 2010	31 March 2009
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called-up and fully paid:	**£**	£
12 ordinary shares of £1 each	**12**	12

12. Share premium and reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of period	2,000	1,914
Profit for the period	-	1,070
At end of period	**2,000**	**2,984**

13. Reconciliation of movements in shareholder's funds

	28 February 2010 £'000	31 March 2009 £'000
Retained profit for the year	**1,070**	1,408
Opening shareholder's funds	**3,914**	2,506
Closing shareholder's funds	**4,984**	3,914

14. Commitments

Annual commitments under non-cancellable operating leases are as follows

	28 February 2010		31 March 2009	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	**31**	-	-	6
In the second to fifth years inclusive	-	**2**	-	-
Over five years	-	-	-	-
	31	**2**	-	6

15. Pension costs

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £92,000 *(31 March 2009 £98,000)* There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16. Ultimate controlling party

The immediate parent company is Redac Limited, a company registered in England and Wales, and the ultimate parent company is Advanced Computer Software Plc, a company registered in Guernsey. The only group in which the results of the company are consolidated is that headed by Advanced Computer Software Plc The consolidated financial statements of this group are available to the public from the Registrar of Companies or from Quadrant House, Floor 6, 17 Thomas More Street, Thomas More Square, London E1W 1YW