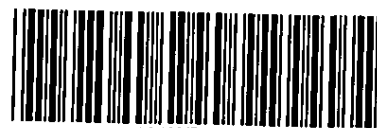


**4 T L SOFTWARE LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**

**for the period from  
1st September 2006 to  
31st October 2007**

**Company Registration Number 04786450**

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# **4 T L SOFTWARE LIMITED**

## **Financial Statements**

**Period from 1st September 2006 to 31st October 2007**

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## **4 T L SOFTWARE LIMITED**

### **Officers and Professional Advisers**

<b>The board of directors</b>	R I Templeton J R Haddon V Kaminski
<b>Company secretary</b>	R I Templeton
<b>Registered office</b>	c/o Acorn Capital Partners Bollin House Riverside Park Wilmslow Cheshire SK9 1DP
<b>Auditor</b>	Mitchell Charlesworth Chartered Accountants Registered Auditor Victoria House 488 Knutsford Road Warrington Cheshire WA4 1DX
<b>Bankers</b>	Bank of Scotland
<b>Corporate advisors:</b>	Acorn Capital Partners Limited

# **4 T L SOFTWARE LIMITED**

## **The Directors' Report**

### **Period from 1st September 2006 to 31st October 2007**

The directors present their report and the financial statements of the group for the period from 1st September 2006 to 31st October 2007

#### **Principal activities and business review**

The principal activity of the group during the period was the supply of software products by Knowledge powered Solutions Limited, its wholly owned subsidiary. Apart from interest payable on a bank loan all activities of the group are carried out by Knowledge Powered Solutions Limited

The company trades principally through partners whose trading performance is skewed to calendar quarter ends. The companies previous year end of 31st August meant that we were not aligned with the trading performance of our partners. We are generally advised in the month following quarter end of orders/products shipped. We therefore decided to change our year end to 31st October to give us time to process sales invoices relating to our partners previous quarter performance. These figures therefore represent 14 months trading.

Sales for the year on a like for like basis increased by 55% and through the company failed to achieve profitability, the loss reduced substantially from £268,812 in 2006 to £84,560. As the company trades principally through partners the focus of the business has been to pro-actively support existing partners and to increase the number of partners actively selling KPS products. Existing partners have delivered greater revenue in this period, in addition the company has signed new partnership agreements, which is a key performance indicator for the company and this will help to increase revenue in the period to 31st October 2008.

The KPS cost base has increased during this period as the product development, support and testing functions have been strengthened which has allowed the company to further develop the Universal Knowledge product to meet the demands of existing customers, partners and the market. The company continues to seek innovative ways of improving the product and providing new levels of performance to keep pace with customer demand and as such the company qualifies for Research and Development Tax relief.

Overall the Directors are pleased with the progress made in 2006/07 in terms of creating a platform for growth and the company is well positioned to move into profit during the next fiscal year.

#### **Results and dividends**

The loss for the period amounted to £84,560. The directors have not recommended a dividend.

#### **Business risks**

Knowledge Powered Solutions Limited is a software company delivering an advanced software product through channel partners who integrate the product within their own software. Those partners currently sell the product principally in the United Kingdom and the USA.

A significant downturn in the UK/US economy could produce a risk to the business but the company believes the software product with inbuilt Knowledge management capabilities are now increasingly required by CRM, Service Management vendors and as a result the company believes the risk to be minimal in the foreseeable future.

The company losses are funded principally by the parent company.

At the year end the company had a positive bank balance but does have an overdraft facility and operates well within its bank arrangements.

## 4 T L SOFTWARE LIMITED

### The Directors' Report *(continued)*

Period from 1st September 2006 to 31st October 2007

#### Directors

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

R I Templeton  
J R Haddon  
V Kaminski

#### Auditor

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

Registered office  
c/o Acorn Capital Partners  
Bollin House  
Riverside Park  
Wilmslow  
Cheshire  
SK9 1DP

Signed by order of the directors



R I Templeton  
Company Secretary

Approved by the directors on 11<sup>th</sup> February 2008

## **4 T L SOFTWARE LIMITED**

### **Statement of Directors' Responsibilities**

**Period from 1st September 2006 to 31st October 2007**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. 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.

# Mitchell Charlesworth

Chartered Accountants

Victoria House 488 Knutsford Road Warrington Cheshire

## **4 T L SOFTWARE LIMITED**

### **Independent Auditor's Report to the Shareholders of 4 T L Software Limited**

#### **Period from 1st September 2006 to 31st October 2007**

We have audited the group and parent company financial statements ("the financial statements") of 4 T L Software Limited for the period from 1st September 2006 to 31st October 2007, which have been prepared on the basis of the accounting policies set out on pages 11 to 12

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 financial statements in accordance with applicable law and United Kingdom 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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit 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.

# Mitchell Charlesworth

Chartered Accountants

Victoria House 488 Knutsford Road Warrington Cheshire

## 4 T L SOFTWARE LIMITED

### Independent Auditor's Report to the Shareholders of 4

T L Software Limited *(continued)*

#### Period from 1st September 2006 to 31st October 2007

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 31st October 2007 and of the group's loss for the period then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

#### Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £84,560 (2006 £268,812) during the period and although the group is in a net assets position. Along with the matters set out in note 1 of the financial statements indicates the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Victoria House  
488 Knutsford Road  
Warrington  
Cheshire  
WA4 1DX

11th February 2008



MITCHELL CHARLESWORTH  
Chartered Accountants  
Registered Auditor



## **4 T L SOFTWARE LIMITED**

### **Profit and Loss Account**

**Period from 1st September 2006 to 31st October 2007**

		<b>Period from 1 Sep 06 to 31 Oct 07</b>	<b>Year to 31 Aug 06</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Group turnover</b>	<b>2</b>	<b>853,066</b>	<b>473,010</b>
Cost of sales		<u>19,714</u>	<u>4,200</u>
<b>Gross profit</b>		<b>833,352</b>	<b>468,810</b>
Administrative expenses		<u>941,408</u>	<u>728,302</u>
<b>Operating loss</b>	<b>3</b>	<b>(108,056)</b>	<b>(259,492)</b>
Interest payable and similar charges	<b>6</b>	<u>6,820</u>	<u>9,320</u>
<b>Loss on ordinary activities before taxation</b>		<b>(114,876)</b>	<b>(268,812)</b>
Tax on loss on ordinary activities	<b>7</b>	<u>(30,316)</u>	<u>—</u>
<b>Loss for the financial period</b>	<b>8</b>	<b><u>(84,560)</u></b>	<b><u>(268,812)</u></b>

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 period as set out above

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 11 to 23 form part of these financial statements

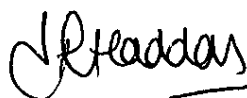
# 4 T L SOFTWARE LIMITED

## Group Balance Sheet

31st October 2007

	Note	31 Oct 07 £	31 Aug 06 £
<b>Fixed assets</b>			
Intangible assets	9	180,000	210,000
Tangible assets	10	4,052	8,448
		<u>184,052</u>	<u>218,448</u>
<b>Current assets</b>			
Debtors	12	321,177	96,918
Cash at bank		4,582	640
		<u>325,759</u>	<u>97,558</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>332,100</u>	<u>277,433</u>
<b>Net current liabilities</b>		<u>(6,341)</u>	<u>(179,875)</u>
<b>Total assets less current liabilities</b>		<u>177,711</u>	<u>38,573</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	2,493	46,795
		<u>175,218</u>	<u>(8,222)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	1,062,547	789,547
Share premium account	21	70,123	75,123
Profit and loss account	21	(957,452)	(872,892)
<b>Shareholders' funds/(deficit)</b>	22	<u>175,218</u>	<u>(8,222)</u>

These financial statements were approved by the directors and authorised for issue on 11<sup>th</sup> February 2008, and are signed on their behalf by



J R Haddon

The notes on pages 11 to 23 form part of these financial statements.

# 4 T L SOFTWARE LIMITED

## Balance Sheet

31st October 2007

	Note	31 Oct 07 £	31 Aug 06 £
<b>Fixed assets</b>			
Intangible assets	9	180,000	210,000
Investments	11	700,000	426,002
		<u>880,000</u>	<u>636,002</u>
<b>Current assets</b>			
Debtors	12	—	47,532
Cash at bank		129	640
		<u>129</u>	<u>48,172</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>44,309</u>	<u>35,125</u>
<b>Net current (liabilities)/assets</b>		<b>(44,180)</b>	<b>13,047</b>
<b>Total assets less current liabilities</b>		<b>835,820</b>	<b>649,049</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>2,493</u>	<u>46,795</u>
		<u>833,327</u>	<u>602,254</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	1,062,547	789,547
Share premium account	21	70,123	75,123
Profit and loss account	21	(299,343)	(262,416)
<b>Shareholders' funds</b>		<u>833,327</u>	<u>602,254</u>

These financial statements were approved by the directors and authorised for issue on 11<sup>th</sup> February 2008 and are signed on their behalf by



J R Haddon

The notes on pages 11 to 23 form part of these financial statements

# **4 T L SOFTWARE LIMITED**

## **Group Cash Flow**

**Period from 1st September 2006 to 31st October 2007**

		<b>Period from 1 Sep 06 to 31 Oct 07</b>	<b>Year to 31 Aug 06</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net cash outflow from operating activities</b>	<b>23</b>	<b>(213,792)</b>	<b>(318,509)</b>
<b>Returns on investments and servicing of finance</b>	<b>23</b>	<b>(6,820)</b>	<b>81,395</b>
<b>Taxation</b>	<b>23</b>	<b>30,316</b>	<b>—</b>
<b>Cash outflow before financing</b>		<b>(190,296)</b>	<b>(237,114)</b>
<b>Financing</b>	<b>23</b>	<b>227,916</b>	<b>(37,592)</b>
<b>Increase/(decrease) in cash</b>	<b>23</b>	<b><u>37,620</u></b>	<b><u>(274,706)</u></b>

**The notes on pages 11 to 23 form part of these financial statements**



# **4 T L SOFTWARE LIMITED**

## **Notes to the Financial Statements**

**Period from 1st September 2006 to 31st October 2007**

### **1. Accounting policies *(continued)***

#### **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

Leasehold Property Improvements	- 5 years
Fixtures & Fittings	- 5 years
Computer & Office Equipment	- 4 years

#### **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

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **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.

#### **Foreign currencies**

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.

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 2. Turnover

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

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
United Kingdom	808,109	434,564
Overseas	44,957	38,446
	<u>853,066</u>	<u>473,010</u>

### 3. Operating loss

Operating loss is stated after charging

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Amortisation	30,000	90,000
Depreciation of owned fixed assets	4,396	9,204
Auditor's remuneration - audit of the financial statements	4,350	5,250
Auditor's remuneration - other fees	<u>600</u>	<u>1,000</u>

The total costs classified as research and development and expensed to the Profit and Loss account in the year amounted to £68,411 (2006 £57,770)

	31 Oct 07 £	31 Aug 06 £
Auditor's remuneration - audit of the financial statements	<u>4,350</u>	<u>5,250</u>
Auditor's remuneration - other fees		
- Taxation services	<u>600</u>	<u>1,000</u>

## 4 T L SOFTWARE LIMITED

### Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

#### 4. Particulars of employees

The average number of staff employed by the group during the financial period amounted to

	Period from 1 Sep 06 to 31 Oct 07 No	Year to 31 Aug 06 No
Number of consultancy staff	9	8
Number of management staff	2	2
	<u>11</u>	<u>10</u>

The aggregate payroll costs of the above were

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Wages and salaries	628,845	432,436
Social security costs	71,768	49,591
Other pension costs	13,261	12,946
	<u>713,874</u>	<u>494,973</u>

#### 5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Emoluments receivable	175,913	141,486
Value of company pension contributions to money purchase schemes	7,041	6,035
	<u>182,954</u>	<u>147,521</u>

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

	Period from 1 Sep 06 to 31 Oct 07 No	Year to 31 Aug 06 No
Money purchase schemes	2	2



## 4 T L SOFTWARE LIMITED

### Notes to the Financial Statements

#### Period from 1st September 2006 to 31st October 2007

##### 5. Directors' emoluments *(continued)*

In addition the company paid £23,799 (2006 £15,553) to Acorn Corporate Finance Limited, a company of which R I Templeton is a director, in respect of his services to the company

The company also paid £27,694 to VFK Consultancy Limited, a company of which V Kaminski is a director, in respect of his services to the company

##### 6. Interest payable and similar charges

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Interest payable on bank borrowing	<u>6,820</u>	<u>9,320</u>

##### 7. Taxation on ordinary activities

###### (a) Analysis of charge in the period

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Current tax		
UK Corporation tax based on the results for the period at 30% (2006 - 30%)	(16,419)	-
(Over)/under provision in prior year	(13,897)	-
Total current tax	<u>(30,316)</u>	<u>-</u>

###### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Loss on ordinary activities before taxation	<u>(114,876)</u>	<u>(268,812)</u>
Loss on ordinary activities by rate of tax	(34,463)	-
Expenses not deductible for tax purposes	9,449	-
Capital allowances for period in excess of depreciation	(2,941)	-
Unrelieved tax losses	7,432	-
Adjustments to tax charge in respect of previous periods	(13,897)	-
Additional deduction for R & D expenditure	(10,262)	-
Surrender of tax losses for R & D tax credit	14,366	-
Total current tax (note 7(a))	<u>(30,316)</u>	<u>-</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 8. Loss attributable to members of the parent company

The loss dealt with in the accounts of the parent company was £(36,927) (2006 - £(99,320))

### 9. Intangible fixed assets

Group and company	Intellectual Property £
<b>Cost</b>	
At 1st September 2006 and 31st October 2007	<u>300,000</u>
<b>Amortisation</b>	
At 1st September 2006	90,000
Charge for the period	<u>30,000</u>
At 31st October 2007	<u>120,000</u>
<b>Net book value</b>	
At 31st October 2007	<u>180,000</u>
At 31st August 2006	<u>210,000</u>

### 10. Tangible fixed assets

Group	L'hold Improve- ments £	Fixtures & Fittings £	Equipment £	Total £
<b>Cost</b>				
At 1st September 2006 and 31st October 2007	<u>6,406</u>	<u>10,000</u>	<u>43,500</u>	<u>59,906</u>
<b>Depreciation</b>				
At 1st September 2006	856	7,682	42,920	51,458
Charge for the period	<u>1,498</u>	<u>2,318</u>	<u>580</u>	<u>4,396</u>
At 31st October 2007	<u>2,354</u>	<u>10,000</u>	<u>43,500</u>	<u>55,854</u>
<b>Net book value</b>				
At 31st October 2007	<u>4,052</u>	<u>—</u>	<u>—</u>	<u>4,052</u>
At 31st August 2006	<u>5,550</u>	<u>2,318</u>	<u>580</u>	<u>8,448</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 11. Investments

	Knowledge Powered Solutions Limited £
<b>Cost</b>	
At 1st September 2006	426,002
Additions	273,998
At 31st October 2007	<u>700,000</u>
<b>Net book value</b>	
At 31st October 2007	<u>700,000</u>
At 31st August 2006	<u>426,002</u>

The company holds 100% of the issued share capital of Knowledge Powered Solutions Limited, a company registered in England

The loss for the period amounted to £47,633 (2006 £169,492) and aggregate share capital and reserves of £41,891 (2006 £(184,474))

### 12. Debtors

	<b>Group</b>		<b>Company</b>	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Trade debtors	272,579	72,390	—	—
Amounts owed by group undertakings	—	—	—	47,532
Other debtors	37,282	20,863	—	—
Prepayments and accrued income	11,316	3,665	—	—
	<u>321,177</u>	<u>96,918</u>	<u>—</u>	<u>47,532</u>

### 13. Creditors: Amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Bank loans and overdrafts	39,343	68,803	39,343	35,125
Trade creditors	36,738	26,883	—	—
Amounts owed to group undertakings	—	—	4,966	—
Other creditors	48,392	54,213	—	—
Accruals and deferred income	207,627	127,534	—	—
	<u>332,100</u>	<u>277,433</u>	<u>44,309</u>	<u>35,125</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 13. Creditors: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group		Company	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Bank loans and overdrafts	<u>23,627</u>	<u>—</u>	<u>23,627</u>	<u>—</u>

The bank loan and overdraft is secured by a debenture on all the group's assets. The bank loan bears interest rate of 4% above base rate.

### 14. Creditors: Amounts falling due after more than one year

	Group		Company	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Bank loans and overdrafts	2,493	24,857	2,493	24,857
Other creditors	—	21,938	—	21,938
	<u>2,493</u>	<u>46,795</u>	<u>2,493</u>	<u>46,795</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Bank loans and overdrafts	<u>2,493</u>	<u>—</u>	<u>2,493</u>	<u>—</u>

The bank loan is secured by a debenture on all the group's assets. It is repayable by monthly instalments and bears interest at a rate of 4% over base rate. The other loan is also repayable by monthly instalments and bears interest at a rate of 8.5%.

### 15. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	Group		Company	
	31 Oct 07	31 Aug 06	31 Oct 07	31 Aug 06
	£	£	£	£
Amounts repayable In more than one year but not more than two years	<u>2,493</u>	<u>—</u>	<u>2,493</u>	<u>—</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 16. Deferred taxation

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

Group	31 Oct 07		31 Aug 06	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of depreciation over taxation allowances/(Excess of taxation allowances over depreciation on fixed assets)	-	(9,738)	-	14,222
Tax losses available	-	<u>393,911</u>	-	<u>(146,987)</u>
	<u>-</u>	<u>384,173</u>	<u>-</u>	<u>(132,765)</u>

### 17. Derivatives

The company has included all derivatives at their fair value

### 18. Commitments under operating leases

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

Group	Land and buildings	
	31 Oct 07 £	31 Aug 06 £
Operating leases which expire		
Within 1 year	21,000	1,000
Within 2 to 5 years	-	12,000
	<u>21,000</u>	<u>13,000</u>

## 4 T L SOFTWARE LIMITED

### Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

#### 19. Related party transactions

On 18th September 2006 2,500,000 £0 001 (£2,500) A ordinary shares were issued at par to J R Haddon, a director of the company

On 28th September 2006 10,000,000 £0 001 (£10,000) A ordinary shares were issued at par to R I Templeton, a director of the company

On 28th September 2006 2,000,000 £0 001 (£2,000) A ordinary shares were issued at par to V Kaminski, a director of the company

On 28th September 2006 2,000,000 £0 001 (£2,000) A ordinary shares were issued at par to M Kaminski, related to V Kaminski

On 22nd December 2006 5,000,000 £0 001 (£5,000) A ordinary shares were issued at par to V Kaminski, a director of the company

On 09th February 2007 10,000,000 £0 001 (£10,000) A ordinary shares were issued at par to R I Templeton, a director of the company

On 31st March 2007 30,500,000 £0 001 (£30,500) A ordinary shares were issued at par to V Kaminski, a director of the company

On 28th September 2007 10,000,000 £0 001 (£10,000) A ordinary shares were issued at par to V Kaminski, a director of the company

#### 20. Share capital

##### Authorised share capital:

	31 Oct 07	31 Aug 06
	£	£
47,400,000 Ordinary shares of £0 01 each	474,000	474,000
152,600,000 'A' Ordinary shares shares of £0 01 each	1,526,000	1,526,000
	<u>2,000,000</u>	<u>2,000,000</u>

##### Allotted, called up and fully paid:

	31 Oct 07		31 Aug 06	
	No	£	No	£
Ordinary shares of £0 01 each	47,400,000	474,000	47,400,000	474,000
'A' Ordinary shares shares of £0 001 each	588,546,651	588,547	315,546,651	315,547
	<u>635,946,651</u>	<u>1,062,547</u>	<u>362,946,651</u>	<u>789,547</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 20. Share capital *(continued)*

During the year 'A' £0 001 ordinary shares were issued as follows

	Number	Nominal Value
Issued at par on 18 September 2006	2,500,000	£0 001
Issued at par on 21 September 2006	10,000,000	£0 001
Issued at par on 28 September 2006	19,000,000	£0 001
Issued at par on 22 December 2006	5,000,000	£0 001
Issued at par on 9 February 2007	10,000,000	£0 001
Issued at par on 31 March 2007	30,500,000	£0 001
Issued at par on 28 September 2007	196,000,000	£0 001

### 21. Reserves

Group	Share premium account £	Profit and loss account £
Balance brought forward	75,123	(872,892)
Loss for the period	—	(84,560)
Other movements		
Issue costs	(5,000)	—
Balance carried forward	<u>70,123</u>	<u>(957,452)</u>
Company	Share premium account £	Profit and loss account £
Balance brought forward	75,123	(262,416)
Loss for the period	—	(36,927)
Other movements		
Issue costs	(5,000)	—
Balance carried forward	<u>70,123</u>	<u>(299,343)</u>

### 22. Reconciliation of movements in shareholders' funds

	31 Oct 07 £	31 Aug 06 £
Loss for the financial period	(84,560)	(268,812)
New ordinary share capital subscribed	273,000	—
Issue costs on new share subscriptions	(5,000)	—
	<u>183,440</u>	<u>(268,812)</u>
Net addition/(reduction) to shareholders' (deficit)/funds	183,440	(268,812)
Opening shareholders' (deficit)/funds	(8,222)	260,590
Closing shareholders' funds/(deficit)	<u>175,218</u>	<u>(8,222)</u>

# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 23. Notes to the statement of cash flows

#### Reconciliation of operating loss to net cash outflow from operating activities

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Operating loss	(108,056)	(259,492)
Amortisation	30,000	—
Depreciation	4,396	—
Increase in debtors	(224,259)	(11,945)
Increase/(decrease) in creditors	84,127	(47,072)
Net cash outflow from operating activities	<u>(213,792)</u>	<u>(318,509)</u>

#### Returns on investments and servicing of finance

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Interest paid	<u>6,820</u>	<u>81,395</u>
Net cash outflow from returns on investments and servicing of finance	<u>6,820</u>	<u>81,395</u>

#### Taxation

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Taxation	<u>30,316</u>	<u>—</u>

#### Financing

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
Issue of equity share capital	273,000	—
Share premium on issue of equity share capital	(5,000)	—
Repayment of bank loans	(18,146)	(59,530)
Net (outflow)/inflow from other long-term creditors	<u>(21,938)</u>	<u>21,938</u>
Net cash inflow/(outflow) from financing	<u>227,916</u>	<u>(37,592)</u>



# 4 T L SOFTWARE LIMITED

## Notes to the Financial Statements

Period from 1st September 2006 to 31st October 2007

### 23. Notes to the statement of cash flows *(continued)*

#### Reconciliation of net cash flow to movement in net debt

	31 Oct 07 £	31 Aug 06 £
Increase/(decrease) in cash in the period	37,620	(274,706)
Net cash outflow from bank loans	18,146	59,530
Net cash outflow from/(inflow) from other long-term creditors	21,938	(21,938)
	<u>77,704</u>	<u>(237,114)</u>
Change in net debt	77,704	(237,114)
Net debt at 1 September 2006	(114,958)	(97,766)
Net debt at 31 October 2007	<u>(37,254)</u>	<u>(114,958)</u>

#### Analysis of changes in net debt

	At 1 Sep 2006 £	Cash flows £	At 31 Oct 2007 £
Net cash			
Cash in hand and at bank	640	3,942	4,582
Overdrafts	(33,678)	33,678	—
	<u>(33,038)</u>	<u>37,620</u>	<u>4,582</u>
Debt			
Debt due within 1 year	(35,125)	(4,218)	(39,343)
Debt due after 1 year	(46,795)	44,302	(2,493)
	<u>(81,920)</u>	<u>40,084</u>	<u>(41,836)</u>
Net debt	<u>(114,958)</u>	<u>77,704</u>	<u>(37,254)</u>

# 4 T L SOFTWARE LIMITED

## Detailed Profit and Loss Account

Period from 1st September 2006 to 31st October 2007

	Period from 1 Sep 06 to 31 Oct 07 £	Year to 31 Aug 06 £
<b>Turnover</b>	<b>853,066</b>	<b>473,010</b>
Purchases	<u>19,714</u>	<u>4,200</u>
<b>Gross profit</b>	<b><u>833,352</u></b>	<b><u>468,810</u></b>
<b>Overheads</b>		
Wages and salaries	628,845	432,436
Employers national insurance contributions	71,768	49,591
Staff pension contributions	13,261	12,946
Rent, rates and water	20,739	30,523
Insurance	2,526	5,748
Repairs and maintenance	—	1,216
Legal contract support	9,655	8,311
Acorn	23,799	15,553
Healthcare fees	8,178	5,873
Motor expenses	41,089	38,341
Advertising and promotion costs	16,605	18,479
Telephone	5,020	4,143
Sundry expenses	8,338	7,170
Legal and professional fees	38,579	—
Recruitment fees	14,065	—
R & D Tax Credit	—	(2,428)
Auditors remuneration	1,500	—
Amortisation	30,000	90,000
Depreciation	4,396	9,204
Bank charges	<u>3,045</u>	<u>1,196</u>
	<b><u>941,408</u></b>	<b><u>728,302</u></b>
<b>Operating loss</b>	<b>(108,056)</b>	<b>(259,492)</b>
Bank interest payable	<u>(6,820)</u>	<u>(9,320)</u>
<b>Loss on ordinary activities</b>	<b><u>(114,876)</u></b>	<b><u>(268,812)</u></b>