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**Report of the Directors and  
Audited Financial Statements  
for the Year Ended 30 June 2007  
for  
ITM Software UK Limited**

TUESDAY



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**ITM Software UK Limited**  
**Company Information**  
**for the Year Ended 30 June 2007**

<b>DIRECTORS:</b>	H Leingang R Houston
<b>SECRETARY</b>	Wrights Secretaries Limited
<b>REGISTERED OFFICE</b>	8 Lincoln's Inn Fields London WC2A 3BP
<b>REGISTERED NUMBER</b>	5175121
<b>AUDITORS</b>	Fitzgerald and Law LLP Chartered Accountants and Registered Auditors 8 Lincoln's Inn Fields London WC2A 3BP

**ITM Software UK Limited**  
**Report of the Directors**  
**for the Year Ended 30 June 2007**

The directors present their report with the financial statements of the company for the year ended 30 June 2007

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an agent involved in the marketing of computer software products

**DIRECTORS**

H Leingang has held office during the whole of the period from 1 July 2006 to the date of this report

Other changes in directors holding office are as follows

P Rogers - resigned 29 June 2007

R Houston - appointed 29 June 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 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 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 company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

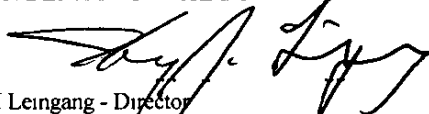
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Fitzgerald and Law LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD.**

  
H Leingang - Director

Date 2-7-2008

## **Report of the Independent Auditors to the Shareholders of ITM Software UK Limited**

We have audited the financial statements of ITM Software UK Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, 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 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**

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 Report of the Directors is consistent with the financial statements.

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

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

### **Basis of 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 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 applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2007 and of its 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.

**Report of the Independent Auditors to the Shareholders of  
ITM Software UK Limited**

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made within the financial statements concerning the basis of preparation of the accounts. In view of the significance of this matter, we consider it should be drawn to your attention. Our report is not qualified in this respect.

*Fitzgerald and Law LLP*

Fitzgerald and Law LLP  
Chartered Accountants  
and Registered Auditors  
8 Lincoln's Inn Fields  
London  
WC2A 3BP

Date *7 February 2008*

**ITM Software UK Limited**  
**Profit and Loss Account**  
**for the Year Ended 30 June 2007**

	Notes	2007 £	2006 £
<b>TURNOVER</b>	2	654,967	313,465
Administrative expenses		623,778	298,538
<b>OPERATING PROFIT</b>	3	31,189	14,927
Interest receivable and similar income		741	284
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		31,930	15,211
Tax on profit on ordinary activities	4	7,400	7,287
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		24,530	7,924

The notes form part of these financial statements

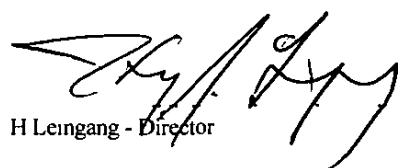
**ITM Software UK Limited**

**Balance Sheet  
30 June 2007**

	Notes	2007 £	£	2006 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		5,575		3,167
<b>CURRENT ASSETS</b>					
Debtors	6	32,680		14,081	
Cash at bank		42,870		30,575	
		<u>75,550</u>		<u>44,656</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	48,287		39,626	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			27,263		5,030
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			32,838		8,197
<b>PROVISIONS FOR LIABILITIES</b>	9		383		272
			<u></u>		<u></u>
<b>NET ASSETS</b>			32,455		7,925
			<u></u>		<u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1		1
Profit and loss account	11		32,454		7,924
			<u></u>		<u></u>
<b>SHAREHOLDERS' FUNDS</b>			32,455		7,925
			<u></u>		<u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on 2-7-2008 and were signed on its behalf by

  
H Leingang - Director

The notes form part of these financial statements

## ITM Software UK Limited

### Notes to the Financial Statements for the Year Ended 30 June 2007

#### 1 ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements have been prepared on the going concern basis as the company's ultimate parent company has indicated its continuing financial support of the company. Should this support be withdrawn, then all the company's assets would have to be restated at their net realisable values and its liabilities would have to be treated as falling due on demand.

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, on a non-discontinued basis.

Deferred taxation assets are recognised only to the extent that it is more likely than not, that there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

##### **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 transaction. Exchange differences are taken into account in arriving at the operating result.

#### 2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	2007	2006
USA	100.00%	100.00%
	<u>100.00%</u>	<u>100.00%</u>

All turnover generated was to ITM Software Corporation, USA, the parent company.

#### 3 OPERATING PROFIT

The operating profit is stated after charging

	2007	2006
	£	£
Depreciation - owned assets	2,105	455
Auditors' remuneration	<u>4,800</u>	<u>4,500</u>
Directors' emoluments and other benefits etc	<u>160,238</u>	<u>112,944</u>



**ITM Software UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2007**

**4 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2007 £	2006 £
Current tax		
UK corporation tax	7,173	3,713
Under/(over) provision in prior year	116	3,302
Total current tax	7,289	7,015
Deferred tax	111	272
Tax on profit on ordinary activities	<u>7,400</u>	<u>7,287</u>

**5 TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 July 2006	3,697
Additions	4,513
At 30 June 2007	<u>8,210</u>
<b>DEPRECIATION</b>	
At 1 July 2006	530
Charge for year	2,105
At 30 June 2007	<u>2,635</u>
<b>NET BOOK VALUE</b>	
At 30 June 2007	<u>5,575</u>
At 30 June 2006	<u>3,167</u>

**6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Amounts owed by group undertakings	22,788	-
Other debtors	2,760	2,760
VAT	2,395	7,824
Prepayments and accrued income	4,737	3,497
	<u>32,680</u>	<u>14,081</u>

**ITM Software UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2007**

**7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007	2006
	£	£
Amounts owed to group undertakings	-	9,394
Tax	7,173	7,014
Social security and other taxes	15,991	7,593
Other creditors	1,021	-
Accrued expenses	24,102	15,625
	<u>48,287</u>	<u>39,626</u>

**8 OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year

	2007	2006
	£	£
Expiring Within one year	<u>22,500</u>	<u>-</u>

**9 PROVISIONS FOR LIABILITIES**

	2007	2006
	£	£
Deferred tax	<u>383</u>	<u>272</u>

	Deferred tax £
Balance at 1 July 2006	272
Accelerated capital allowances	111
Balance at 30 June 2007	<u>383</u>

**10 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	2007 £	2006 £
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2007 £	2006 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

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**ITM Software UK Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2007**

**11 RESERVES**

	Profit and loss account £
At 1 July 2006	7,924
Profit for the year	24,530
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At 30 June 2007	<u>32,454</u>

**12 RELATED PARTY DISCLOSURES**

Included within debtors, as at the balance sheet date is an amount of £22,788 (2006 - £Nil) due from ITM Software Corporation, the ultimate parent company

Included within creditors, as at the balance sheet date is an amount of £Nil (2006 - £9,394) due to ITM Software Corporation, the ultimate parent company

During the year inter company sales invoices amounting to £654,967 (2006 - £313,465) were raised to ITM Software Corporation in respect of sales and marketing support services

**13 PARENT COMPANY**

The directors of the company consider ITM Software Corporation, a company based in the United States of America, to be the parent company of ITM Software UK Limited