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MARKLOGIC (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012

Company Registration Number 6080277

RSM Tenon Limited

Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

MARKLOGIC (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

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MARKLOGIC (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2012

The board of directors	C P Denten P S Norman
Business address	1 Kingdom Street Paddington Central London W2 6BD
Registered office	1st Floor, West Wing Davidson House Forbury Square Reading Berkshire RG1 3EU
Auditor	RSM Tenon Audit Limited Davidson House Forbury Square Reading Berkshire RG1 3EU
Accountants	RSM Tenon Limited Davidson House Forbury Square Reading Berkshire RG1 3EU

MARKLOGIC (UK) LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 JANUARY 2012

The directors present their report and the financial statements of the company for the year ended 31 January 2012

Principal activities

The principal activity of the company during the year was the provision of marketing and support functions to the parent company

Director

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

G M Bado
S R Springsteel

G M Bado was appointed as a director on 1 May 2011
S R Springsteel was appointed as a director on 1 May 2011
C P Denten was appointed as a director on 10 February 2012
P S Norman was appointed as a director on 1 March 2012
G M Bado resigned as a director on 1 March 2012
S R Springsteel resigned as a director on 10 February 2012

Directors' responsibilities

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 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 those 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, 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 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

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company'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

MARKLOGIC (UK) LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 JANUARY 2012

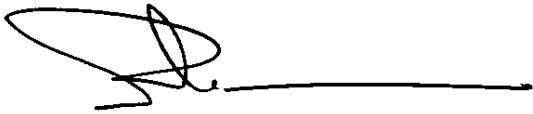
Auditor

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors



P S Norman

Director

Approved by the directors on September 10, 2012

MARKLOGIC (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MARKLOGIC (UK) LIMITED

YEAR ENDED 31 JANUARY 2012

We have audited the financial statements of MarkLogic (UK) Limited for the year ended 31 January 2012 on pages 6 to 15. 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 2, 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 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 January 2012 and of its profit 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.

Opinion on other matters 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.

MARKLOGIC (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MARKLOGIC (UK) LIMITED *(continued)*

YEAR ENDED 31 JANUARY 2012

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

RSM Tenon Audit Limited

Mayulee Pinkerton, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

Date - 10/09/12

MARKLOGIC (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2012

	Note	Year to 31 Jan 12 £	<i>Period from 1 Jan 10 to 31 Jan 11 £</i>
Turnover		4,821,329	3,355,545
Administrative expenses		(4,382,816)	(3,050,625)
Operating profit	2	<u>438,513</u>	<u>304,920</u>
Interest payable and similar charges		(209)	128
Profit on ordinary activities before taxation		<u>438,304</u>	<u>305,048</u>
Tax on profit on ordinary activities	3	(128,993)	(84,871)
Profit for the financial year		<u><u>309,311</u></u>	<u><u>220,177</u></u>

The notes on pages 8 to 15 form part of these financial statements

MARKLOGIC (UK) LIMITED

Registered Number 6080277

BALANCE SHEET**31 JANUARY 2012**

	Note	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	4		4,082		-
Investments	5		4,695		-
			<u>8,777</u>		<u>-</u>
Current assets					
Debtors	6	851,784		185,734	
Cash at bank		462,354		564,359	
		<u>1,314,138</u>		<u>750,093</u>	
Creditors Amounts falling due within one year	7	<u>(536,880)</u>		<u>(274,339)</u>	
Net current assets			777,258		475,754
Total assets less current liabilities			<u>786,035</u>		<u>475,754</u>
Provisions for liabilities					
Deferred taxation	9		(970)		-
			<u>785,065</u>		<u>475,754</u>
Capital and reserves					
Called-up share capital	11		1		1
Profit and loss account	13		785,064		475,753
Shareholders' funds			<u>785,065</u>		<u>475,754</u>

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)

These financial statements were approved by the directors and authorised for issue on ~~Sept 10, 2012~~ and are signed on their behalf by



P S Norman

Director

The notes on pages 8 to 15 form part of these financial statements

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Cash flow statement

The company has adopted the Financial Reporting Standard For Smaller Entities (2008) and is consequently exempt from the requirement to include a cash flow statement in the financial statements.

Turnover

The turnover shown in the profit and loss account, all of which is overseas turnover, represents amounts receivable from the ultimate parent undertaking, MarkLogic Corporation, during the year, for the provision of marketing and support functions, exclusive of Value Added Tax.

Turnover in respect of sales and marketing services provided to MarkLogic Corporation is calculated as attributable costs plus 10% in accordance with an intercompany agreement between MarkLogic (UK) Limited and MarkLogic Corporation.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 33 33% straight line
Equipment	- 33 33% straight line

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 and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

1 Accounting policies *(continued)*

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 tax, or a right to pay less tax, or a right to receive repayments of tax

Deferred tax assets are recognised only to the extent that the directors consider it 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 a non-discounted basis at the average 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

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Comparative period of account

The comparative period of account for these financial statements covers the 13 month period from 1 January 2010 to 31 January 2011

2. Operating profit

Operating profit is stated after charging

	Year to 31 Jan 12 £	Period from 1 Jan 10 to 31 Jan 11 £
Directors' remuneration	—	—
Staff pension contributions	11,631	—
Depreciation of owned fixed assets	571	99
Auditors remuneration	6,350	5,900
Net loss on foreign currency translation	10,283	2,985

During both the current and prior periods, the directors were remunerated by the parent company, MarkLogic Corporation. It is not possible to separately identify amounts paid to the directors in respect of their services provided to this company

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

3 Taxation on ordinary activities

Analysis of charge in the year

	Year to 31 Jan 12 £	Period from 1 Jan 10 to 31 Jan 11 £
In respect of the year		
UK Corporation tax	119,659	88,101
Over/under provision in prior year	<u>1,205</u>	<u>2,921</u>
	120,864	91,022
Deferred tax		
Origination and reversal of timing differences	<u>8,129</u>	<u>(6,151)</u>
Tax on profit on ordinary activities	<u>128,993</u>	<u>84,871</u>

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 February 2011	1,014
Additions	4,653
Disposals	<u>(507)</u>
At 31 January 2012	<u>5,160</u>
Depreciation	
At 1 February 2011	1,014
Charge for the year	571
On disposals	<u>(507)</u>
At 31 January 2012	<u>1,078</u>
Net book value	
At 31 January 2012	<u>4,082</u>
At 31 January 2011	<u>-</u>

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

5 Investments

	Investment in subsidiary £
Cost	
Additions	4,695
At 31 January 2012	<u>4,695</u>
Net book value	
At 31 January 2012	<u>4,695</u>
At 31 January 2011	<u>-</u>

The investment in subsidiary relates to the 100% ownership of the issued ordinary share capital of MarkLogic (Sweden) AB, a company incorporated in Sweden. The principal activity is the provision of sales and marketing support function to the ultimate parent entity.

The aggregate amount of capital and reserves and the result of this undertaking for the last relevant financial year were

	£
Aggregate capital and reserves	
MarkLogic (Sweden) AB	<u>17,060</u>
Profit and (loss) for the year	
MarkLogic (Sweden) AB	<u>12,329</u>

6 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	726,167	119,610
VAT recoverable	45,817	14,407
Other debtors	79,800	44,558
Deferred taxation (note 9)	-	7,159
	<u>851,784</u>	<u>185,734</u>

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

7. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	61,438	42,663
Corporation tax	119,659	86,930
Other taxation and social security	76,879	77,414
Other creditors	278,904	67,332
	<u>536,880</u>	<u>274,339</u>

8 Pensions

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. During the year contributions amounting to £11,631 (2011: £nil) were paid into the scheme. There were no outstanding contributions payable to the fund at the year end.

9 Deferred taxation

The deferred tax included in the Balance Sheet is as follows:

	Year to 31 Jan 12	Period from 1 Jan 10 to 31 Jan 11
	£	£
Included in debtors (note 6)	-	(7,159)
Included in provisions	970	-
	<u>970</u>	<u>(7,159)</u>

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

	Year to 31 Jan 12	Period from 1 Jan 10 to 31 Jan 11
	£	£
At 1 February 2011	(7,159)	(1,008)
Profit and loss account movement arising during the year	8,129	(6,151)
At 31 January 2012	<u>970</u>	<u>(7,159)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2012	2011
	£	£
Other timing differences	970	(7,159)
	<u>970</u>	<u>(7,159)</u>

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

10. Related party transactions

During the period the company had the following transactions with its parent undertaking MarkLogic Corporation

- i) Monies received on behalf of the parent undertaking totalling £806,451 (2011 £1,711,672),
- ii) Funding received from the parent undertaking totalling £3,599,437 (2011 £1,197,597),
- iii) Expenses paid on behalf of the parent undertaking totalling £32,298 (2011 £242),
- iv) Amounts invoiced to the parent undertaking totalling £4,821,329 (2011 £3,355,545)

At the balance sheet date the amount due from MarkLogic Corporation totalled £567,349 (2011 £119,610)

During the year, the company also incurred costs on behalf of its subsidiary undertaking, MarkLogic (Sweden) AB amounting to £158,818 (2011 £nil) At the balance sheet date the amount due from MarkLogic (Sweden) AB totalled £158,818 (2011 £nil)

11. Share capital

Allotted, called up and fully paid

	2012		2011	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

12 Share options

The following options relate to Ordinary shares in the parent company, MarkLogic Corporation

	2012 No	2011 No
Options outstanding at 1 February 2011	258,500	167,500
Options granted during the period	175,500	148,500
Options exercised during the period	—	(5,555)
Options cancelled during the period	(27,500)	(51,945)
Options outstanding at 31 January 2012	<u>406,500</u>	<u>258,500</u>

There are 13 UK employees who have been granted share options in the parent company during the period (2011 - 4 employees)

The share options were granted on the following dates

Date	Number of shares	Exercise price (\$)
8 April 2011	5,000	1 42
10 May 2011	37,500	1 42
16 June 2011	75,000	1 42
12 September 2011	22,500	2 35
25 October 2011	25,000	2 35
6 January 2012	10,500	2 40
	<u>175,500</u>	

All options granted will be eligible to be exercised as long as the following vesting conditions are satisfied

- Options generally vest over 48 months
- The vested share options may not be exercised three months after the Optionholder no longer holds employment with any member of the Group or has given or received notice of termination of their employment with any member of the group, except in some circumstances as documented in the share options agreement
- All options will lapse 10 years after date of grant

13. Profit and loss account

	Year to 31 Jan 12 £	Period from 1 Jan 10 to 31 Jan 11 £
Balance brought forward	475,753	255,576
Profit for the financial year	309,311	220,177
Balance carried forward	<u>785,064</u>	<u>475,753</u>

MARKLOGIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

14. Ultimate parent company and controlling party

The directors regard MarkLogic Corporation, a company incorporated in the United States of America and duly organised under the laws of the state of Delaware to be the ultimate parent undertaking and largest group for which consolidated accounts are prepared

The directors consider that there is no ultimate controlling party