

Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2009

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COMPANIES HOUSE

Patsystems (UK) Limited
DIRECTORS AND ADVISERS

Directors	David Webber
	Martin Thorneycroft
Secretary	Martin Thorneycroft
Registered office	Riverside House 2A Southwark Bridge Road London SE1 9HA
Company number	3086310
Principal Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	DLA Piper 3 Noble Street London EC2V 7EE
Registered auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Patsystems (UK) Limited

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Patsystems (UK) Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report for Patsystems (UK) Limited and audited financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the Company was the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges

In 2008 a branch of Patsystems (UK) Limited was established in Hong Kong. The results of the Hong Kong branch have been included in these financial statements

Results and dividends

The profit of the Company after taxation for the year ended 31 December 2009 was £1,935,363 compared to a profit of £1,119,670 for the year ended 31 December 2008. The profit before taxation for the year ended 31 December 2009 was £1,750,667 compared to a profit before taxation of £1,615,188 for the year ended 31 December 2008. The directors do not recommend the payment of a dividend for the year (2008 Nil)

Review of business

The Directors are pleased with the Company's performance during the year and its position at 31 December 2009. The Directors are confident that performance will continue to improve in 2010 and beyond.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Patsystems Group, which include those of the Company, are discussed in the Chief Executive's Report and the Finance Director's Review of the Group's annual report which does not form part of this report.

Key performance indicators (KPIs)

From the perspective of the Company, the KPIs as to the development, performance and position of the Company are integrated with the KPIs of the Group and are not analysed separately. The KPIs of the Patsystems Group, which include those of the Company, are discussed in the Finance Director's Review of the Group's annual report which does not form part of this report.

Directors

The directors who held office during the year were

David Webber

Martin Thorneycroft

Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

Research and development

All expenditure, whether incurred through internal staff costs or through third party suppliers, relating to research and development is written off to the profit and loss account in the period incurred

Charitable and political donations

The Company made charitable contributions of £600 during the year (2008 £500) The donations in the current year were made to The Manna Society, The Tiltas Trust and St Raphael's Hospice No political donations were made in 2009 or 2008

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 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,
- 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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

Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

Disclosure of information to auditors

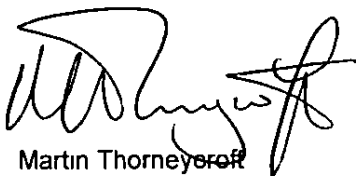
For each of the persons who were directors at the time this report was prepared, the following applies

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The directors dispensed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary

By order of the Board



Martin Thorneycroft
Company Secretary

14 April 2010

Patsystems (UK) Limited

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PATSYSTEMS (UK) LIMITED

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2009 which comprise the primary statements such as the Profit and Loss, Statement of Total Recognised Gains and Losses, Balance sheet, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 year for which the financial statements are prepared is consistent with the financial statements.

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.



Nigel Reynolds (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2010

Patsystems (UK) Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	£	£
Turnover	2	6,722,037	5,874,017
Cost of sales		(243,207)	(216,265)
Gross profit		6,478,830	5,657,752
Administrative expenses		(11,094,167)	(10,946,461)
Other income		6,278,924	6,878,939
Operating profit	5	1,663,587	1,590,230
Interest receivable and similar income	6	87,080	24,983
Interest payable and similar charges	7	-	(25)
Profit on ordinary activities before taxation		1,750,667	1,615,188
Tax on profit on ordinary activities	8	184,696	(495,518)
Profit for the financial year	18	1,935,363	1,119,670

The profit and loss account has been prepared on the basis that all operations are continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

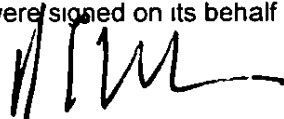
Statement of Total Recognised Gains and Losses

	2009	2008
	£	£
Profit for the financial year	1,935,363	1,119,670
Exchange adjustments offset in reserves	(618)	8,318
Total recognised gains since last annual report	1,934,745	1,127,988

Patsystems (UK) Limited
BALANCE SHEET
AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Fixed assets			
Intangible assets	9	104,213	252,753
Tangible assets	10	431,544	374,436
		<u>535,757</u>	<u>627,189</u>
Current assets			
Stock	11	1,240	-
Debtors	12	6,454,669	8,720,446
Deferred tax asset	13	5,496,913	5,300,971
Cash at bank		7,651,044	3,762,601
		<u>19,603,866</u>	<u>17,784,018</u>
Creditors: amounts falling due within one year	14	<u>(1,478,743)</u>	<u>(2,002,788)</u>
Net current assets		<u>18,125,123</u>	<u>15,781,230</u>
Total assets less current liabilities		<u>18,660,880</u>	<u>16,408,419</u>
Creditors, amounts falling due after more than one year	15	(35,004,456)	(34,791,169)
Provisions	16	(325,071)	(220,542)
Net liabilities		<u>(16,668,647)</u>	<u>(18,603,292)</u>
Capital and reserves			
Called up share capital	17	1,874	1,874
Share premium account	18	3,961,366	3,961,366
Profit and loss account	18	(20,631,887)	(22,566,632)
Total shareholders' deficit	19	<u>(16,668,647)</u>	<u>(18,603,392)</u>

The financial statements on pages 5 to 17 were approved by the board of directors 14 April 2010 and were signed on its behalf



David Webber – Director

Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006, under the historical cost convention

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements

1.1. Going concern

The accounts have been prepared on a going concern concept because the Parent Company, Patsystems Plc, has agreed to provide funds for the Company to meet its liabilities as they fall due for twelve months from the date of this report

1.2. Turnover and revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value added tax

Revenue is recognised as follows

- Non-refundable installation income, consultancy and software development projects revenue is taken to the profit and loss account in line with the performance of the work
- Monthly end user or lot charges, monthly maintenance and income on any rentals – these are credited to the profit and loss account in the period in which the service is provided
- Income from perpetual licences – this is recognised in the profit and loss account when the Company has fulfilled all of its obligations in accordance with the terms for acceptance set out in the customer contracts and the Company has reasonable assurance over the collectability of the debt
- Revenue relating to development projects is recognised using the percentage of completion method, based primarily on contract costs incurred to date, compared to estimated overall contract costs

1.3 Cost of sales

Cost of sales represents cost of goods resold directly to customers

1 4 Software licences

The software licences purchased are being amortised over their estimated useful lives (three years)

1 5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	- over period of lease
Computer equipment	- over 3 years on a straight-line basis
Fixtures and fittings	- over 4 years on a straight-line basis

1.6. Research and development

All research and development expenditure is written off as incurred

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1.7. Stocks

Stocks are stated at the lower of cost and net realisable value

1.8. Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

1.9. Deferred taxation

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses and against which the reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

1.10 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, except, where the transaction is settled at a contracted rate, the contracted rate is used

The results and financial position of the overseas branch are translated into the presentation currency as follows

- assets and liabilities are translated at the closing rate at the date of that balance sheet,
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised in reserves

1.11. Related party transactions

Financial Reporting Standard (FRS) 8, "Related Party Transactions", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between group companies

1.12. Pension costs

The Company operates a defined contribution scheme which is open to all Company employees and was set up in 2001. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable in respect of the financial year

1.13. Cash flow statement

The Company is a wholly owned subsidiary of Patsystems Holdings Limited and is included in the consolidated financial statements of Patsystems Plc, which are publicly available. Consequently, the

Patsystems (UK) Limited**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009**

Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

2. Segmental analysis

	2009	2008
	£	£
Analysis of turnover on continuing operations		
By origin		
United Kingdom	<u>6,722,037</u>	<u>5,874,017</u>
By destination		
United Kingdom	5,636,590	4,445,038
Asia Pacific	<u>1,085,447</u>	<u>1,428,979</u>
	<u>6,722,037</u>	<u>5,874,017</u>

3 Staff Costs

Staff costs (including directors' emoluments) during the year amounted to

	2009	2008
	£	£
Wages and salaries	6,783,206	6,634,889
Social security costs	816,100	676,160
Pension costs	613,880	603,972
	<u>8,213,186</u>	<u>7,915,021</u>

There is no pension prepayment or accrual

The average monthly number of employees (including directors) during the year was

	2009	2008
Sales and Account Management	6	7
Customer Operations, Testing and Technical	45	45
Development	38	33
Finance, Administration and Board	15	14
	<u>104</u>	<u>99</u>

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

4. Directors' emoluments

	2009 £	2008 £
Aggregate emoluments	661,738	760,989
Pension contributions	42,367	40,108

Retirement benefits are accruing to two (2008 three) directors under defined contribution schemes

Highest paid director

Total emoluments for the highest paid Director for the year ended 31 December 2009 are £405,039 (2008 £467,077) and pension contributions for the year are £25,960 (2008 £24,600)

5. Operating profit

	2009 £	2008 £
Operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	185,938	193,943
Depreciation of tangible assets	317,466	340,920
Operating lease rentals – plant and machinery	31,510	38,556
– other	307,918	244,111
Research and development costs	609,840	810,869
Auditors' remuneration	37,500	41,000
Remuneration of auditors for non-audit work*	42,370	35,233
Foreign exchange gain	116,616	(197,417)
Other income – royalties	6,278,924	6,878,939

*The fees paid to auditors for non-audit purposes in 2009 were for tax compliance advice and transfer pricing review services (2008 tax compliance advice and human resource services)

Operating expenses are all of an administrative nature

6. Interest receivable and similar income

	2009 £	2008 £
Bank interest	87,080	24,983

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

7. Interest payable and similar charges

	2009 £	2008 £
On bank loans and overdrafts	-	25

8. Taxation

	2009 £	2008 £
Current tax		
Withholding tax	11,246	12,489
Deferred tax (note 13)	(195,942)	483,029
Taxation (credit)/charge	(184,696)	495,518

The tax for the year is different from that which would result from applying the standard rate of Corporation Tax in the UK (28%) The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	1,750,667	1,615,188
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 28% (2008 28.5%)	490,187	460,329
Effects of		
Expenses not deductible for tax purposes	186,954	38,714
Relief for parent company share options exercised	(55,317)	(23,695)
Losses surrendered by group companies	(24,214)	(6,971)
Unrealised foreign exchange gains	-	(6,782)
Deferred tax asset not recognised	(17,352)	35,598
Accelerated capital allowances and other timing differences recognised in the year	-	104,535
Withholding tax	11,246	12,489
Relief claimed on withholding tax	(3,149)	(3,559)
Brought forward losses utilised	(577,109)	(598,169)
Current tax charge	11,246	12,489

From 1 April 2008 the UK Corporation Tax rate changed from 30% to 28%

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

9 Intangible fixed assets

	Software Licences
Cost	£
At 1 January 2009	1,216,420
Additions	37,398
Disposals	(63,275)
At 31 December 2009	1,190,543
Amortisation	
At 1 January 2009	963,667
Charge for year	185,938
Disposals	(63,275)
At 31 December 2009	1,086,330
Net book value	
At 31 December 2009	104,213
At 31 December 2008	252,753

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

10. Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2009	485,788	654,011	93,567	1,233,366
Additions	103,510	216,739	54,325	374,574
Disposals	(485,788)	(221,364)	(10,349)	(717,501)
At 31 December 2009	103,510	649,386	137,543	890,439
Depreciation				
At 1 January 2009	395,562	412,114	51,254	858,930
Charge for the year	97,032	177,583	42,851	317,466
Disposals	(485,788)	(221,364)	(10,349)	(717,501)
At 31 December 2009	6,806	368,333	83,756	458,895
Net book value				
At 31 December 2009	96,704	281,053	53,787	431,544
At 31 December 2008	90,226	241,897	42,313	374,436

11. Stock

	2009	2008
	£	£
Goods for resale	1,240	-

12. Debtors

	2009	2008
	£	£
Trade debtors	763,136	500,218
Amounts owed by group undertakings	4,757,530	7,304,954
Other debtors	278,888	233,418
Prepayments and accrued income	655,115	681,856
	6,454,669	8,720,446

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

13 Deferred tax asset

	<u>Trading losses</u>	<u>Capital allowances</u>	<u>Other timing differences and share options</u>	<u>Total</u>
	£	£	£	£
At 1 January 2009	4,472,796	748,323	79,852	5,300,971
Adjustments in respect of prior years	569,201	-	-	569,201
Utilisation of losses against current year profits	(577,109)	-	-	(577,109)
Other credits arising in the year	-	122,634	81,216	203,850
Deferred tax (charge) / credit for the year	(7,908)	122,634	81,216	195,942
At 31 December 2009	4,464,888	870,957	161,068	5,496,913

14. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	319,800	245,798
Other creditors	3,069	57,839
Other taxes and social security costs	277,432	286,836
Accruals and deferred income	878,442	1,412,315
	<u>1,478,743</u>	<u>2,002,788</u>

15 Creditors. amounts falling due after more than one year

	2009	2008
	£	£
Amounts due to group undertakings	<u>35,004,456</u>	<u>34,791,169</u>

Amounts due to group undertakings are unsecured and interest free

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

16 Provisions

	At 1 January 2009	Utilised in year	Movement in year	At 31 December 2009
<i>No later than one year</i>				
Cash-based long term incentive scheme	138,542	-	178,529	317,071
<i>Later than one year and no later than five years</i>				
Dilapidations provision	82,000	(104,000)	30,000	8,000
	220,542	(104,000)	208,529	325,071

The dilapidations provision is in respect of work to be carried out at the end of the lease on property. The provision in respect of the Cotton's Centre was discharged in September 2009 (£104,000) at the end of the lease, and a new provision for Riverside House (£8,000) was established and this is due to expire in 2014.

The cash-based long term incentive scheme is due to expire in 2010.

17 Share capital

	2009 £	2008 £
Authorised		
10,000,000 Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid		
187,432 (2008: 187,432) Ordinary shares of 1p each	1,874	1,874

18. Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	3,961,366	(22,566,632)
Profit for the year	-	1,935,363
Foreign exchange movement	-	(618)
Balance at 31 December 2009	3,961,366	(20,631,887)

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

19. Reconciliation of movements in shareholders' deficit

	2009	2008
	£	£
Profit for the financial year	1,935,363	1,119,670
Foreign exchange movement	(618)	8,318
Opening shareholders' deficit	(18,603,392)	(19,731,380)
Closing shareholders' deficit	(16,668,647)	(18,603,392)

20. Financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

Land and buildings	2009	2008
	£	£
Expiry date		
Within 1 year	-	158,883
In 2 – 5 five years	135,273	-
Plant and machinery	2009	2008
	£	£
Expiry date		
In 2 – 5 five years	30,181	34,389
Total	2009	2008
	£	£
Expiry date		
Within 1 year	-	158,883
In 2 – 5 five years	165,454	34,389
	165,454	193,272

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

21 Related party transactions

Turnover includes £428,000 (2008 £425,000) in respect of Banca Caboto Spa (London Branch), a member of a group of companies which include CAI (Suisse), a shareholder of the ultimate parent company. At 31 December 2009 the amount owing by Banca Caboto Spa (London Branch) was £78,870 (2008 £nil).

22. Ultimate parent undertaking

The immediate parent undertaking is Patsystems Holdings Limited. The ultimate controlling party is Patsystems Plc, a company incorporated in Great Britain. Copies of the financial statements of Patsystems Plc can be obtained from the Company Secretary at the Company's registered office at Riverside House, 2A Southwark Bridge Road, London, SE1 9HA or from the Investor Relations section of the Company's internet site at www.patsystems.com.