Registered number: 04400413

Micromuse UK Holdings Limited

Financial Statements

31 December 2012



Micromuse UK Holdings Limited

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Micromuse UK Holdings Limited

Company Information

Director	I Ferguson
Company secretary	A Sullivan
Registered number	04400413
Registered office	PO Box 41 North Harbour Portsmouth Hampshire PO6 3AU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Savannah House 3 Ocean Way Ocean Village Southampton Hampshire SO14 3TJ

Director's Report
For the Year Ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012

Principal activities and business review

The company acted as an intermediary holding company during the year

The director intends the company to continue as an intermediary holding company for the foreseeable future

The director has not recommended a dividend (2011 £nil)

Results

The profit for the financial year amounted to £2,000,000 (2011 £7,000, 000)

Principal risks and uncertainties

The director does not manage the principal risks and uncertainties of the company separately, given its status as a holding company Instead, these are integrated within the principal risks and uncertainties of the main trading subsidiary Micromuse Software Ireland Limited These are considered to be foreign exchange risk, credit risk and liquidity risk Foreign exchange risk is managed via a hedging programme, credit risk is reduced via prescribed credit terms and stringent checks on counterparties, liquidity risk is mitigated via the maintenance of a finance facility with IBM Treasury to ensure the company has sufficient funds for operations and planned expansions The company is considered to be further exposed to inherent risks associated with the macro economic environment and competition in the markets in which it operates

Key performance indicators

Given the straightforward nature of the business, the director is of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The company does not trade or have any bank accounts As a result its operations do not expose it to any material risks, including the effects of change in debt market prices, credit risk, interest rate risk and liquidity risk

Director's indemnity and insurance

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The company has granted this indemnity in favour of the director of the company as is permitted by Section 232-235 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force International Business Machines Corporation has purchased Directors' and Officers' liability insurance cover for the director against liabilities arising in relation to the company, as permitted by the Companies Act 2006 This insurance does not cover criminal activity

Director

The director who served during the year and up to the date of signing the financial statements was

I Ferguson

Provision of information to auditors

In so far as the director is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Independent auditors

PricewaterhouseCoopers LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006

This report was approved by the board and signed on its behalf

I Ferguson
Director

Date 20 August 2013

Statement of Director's Responsibilities
For the Year Ended 31 December 2012

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006 He is 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

Independent Auditors' Report to the Members of Micromuse UK Holdings Limited For the Year Ended 31 December 2012

We have audited the financial statements of Micromuse UK Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet 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 director and auditors
As explained more fully in the Statement of Director's Responsibilities set out on page 4 the director is 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

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 director, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Director's 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 December 2012 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Micromuse UK Holdings Limited For the Year Ended 31 December 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Trevor Smith (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

20 August 2013

Micromuse UK Holdings Limited

Profit and Loss Account
For the Year Ended 31 December 2012

	Note	2012 £000	2011 £000
Income from fixed asset investments	5	**2,000**	7,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,000**	7,000
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR		**2,000**	7,000

All results derive from continuing activities

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

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

The notes on pages 9 to 13 form part of these financial statements

Micromuse UK Holdings Limited
Registered number 04400413

Balance Sheet
As at 31 December 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Intangible assets	7	-	-
Investments	8	**60,746**	60,746
		60,746	60,746
CURRENT ASSETS			
Debtors	9	**9,000**	7,000
TOTAL ASSETS LESS CURRENT LIABILITIES		**69,746**	67,746
CAPITAL AND RESERVES			
Called up share capital	11	**60,746**	60,746
Profit and loss account	12	**9,000**	7,000
TOTAL SHAREHOLDERS' FUNDS	13	**69,746**	67,746

The financial statements were approved and authorised for issue by the director on 20 August 2013 and were signed by

I Ferguson
Director

The notes on pages 9 to 13 form part of these financial statements

1 ACCOUNTING POLICIES

1 1 Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

1 2 Consolidation

The financial statements contain information about Micromuse UK Holdings Limited as an individual company and do not contain consolidated financial information as the intermediary parent of the group The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, International Business Machines Corporation, which are publically available International Business Machines Corporation is incorporated in the United States of America

1 3 Cash flow statements

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) "Cash Flow Statements" from including a cash flow statement in the financial statements on the grounds that it is wholly owned and its ultimate parent company, International Business Machines Corporation, publishes a consolidated cash flow statement in their consolidated financial statements, which are publically available

1 4 Intangible fixed assets

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their estimated useful economic lives as follows

Developed technology	-	2 years
Contracts	-	6 months

1 5 Investments

Investments are valued at the lower of cost less any impairment losses, or recoverable amounts

1 6 Taxation

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

2 AUDITORS' REMUNERATION

Audit fees of £2,500 (2011 £2 500) have been borne by a fellow group undertaking in both years There are no fees payable for other services (2011 none)

3 DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were £nil (2011 £nil) as his services to this company represent a very small part of his duties and his emoluments are deemed to be wholly attributable to services to IBM United Kingdom Limited The director was remunerated by IBM United Kingdom Limited, a fellow subsidiary undertaking

4 PARTICULARS OF EMPLOYEES

The monthly average number of persons employed by the company (including directors) during the year was nil (2011 nil)

5. DIVIDEND INCOME

	2012 £000	2011 £000
Income from shares in subsidiary undertakings	**2,000**	7,000

During the year a dividend was received from Micromuse Limited

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
UK corporation tax based on the results for the year at 24 5% (2011 26 5%)	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	**2,000**	7,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	**490**	1,855
Effects of		
Non-taxable UK dividend income	**(490)**	(1,855)
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The 2012 Finance Act was substantively enacted on 3 July 2012 and included legislation to reduce the main rate of corporation tax to 23% with effect from 1 April 2013

The 2013 Finance Act was substantively enacted on 2 July 2013 and included legislation further reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 As these reductions were not substantively enacted at the balance sheet date, the effects of these are not included in these financial statements The effect of the changes are not considered material

7 INTANGIBLE ASSETS

	Developed Technology £000	Contracts £000	Total £000
Cost			
At 1 January 2012 and 31 December 2012	**893**	**574**	**1,467**
Accumulated amortisation			
At 1 January 2012 and 31 December 2012	**893**	**574**	**1,467**
Net book value			
At 31 December 2012	**-**	**-**	**-**
At 31 December 2011	-	-	-

8 INVESTMENTS

	£000
Cost	
At 1 January 2012 and 31 December 2012	**60,746**
Net book value	
At 31 December 2012	**60,746**
At 31 December 2011	60,746

Subsidiary undertakings

The company had beneficial ownership of ordinary share capital and voting rights of the following companies at 31 December 2012 and at 31 December 2011

Name	Nature of business	Holding
Micromuse Limited	Holding company	100%
Micromuse Software Ireland Limited	Software	100%

Micromuse Limited is a company registered in England and Wales

The investment in Micromuse Software Ireland Limited, a company registered in the Republic of Ireland, is held indirectly through Micromuse Limited

The directors consider the value of the investments to be supported by their underlying future cash flows

9. DEBTORS

	2012 £000	2011 £000
Amounts owed by group undertakings	**9,000**	7,000

Amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand

10. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed in accordance with Financial Reporting Standard No 8 "Related Party Disclosures" as the consolidated financial statements of International Business Machines Corporation in which the company is included are available at the address shown in note 14

11. CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid		
60,745,922 (2011 60,745,922) Ordinary shares of £1 each	**60,746**	60,746

12. RESERVES

	Profit and loss account £000
At 1 January 2012	**7,000**
Profit for the financial year	**2,000**
At 31 December 2012	**9,000**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	**67,746**	60,746
Profit for the financial year	**2,000**	7,000
Closing shareholders' funds	**69,746**	67,746

14 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is IBM Ireland Product Distribution Limited, registered in Ireland, which is a majority owned subsidiary of IBM Atlantic Group B V, registered in the Netherlands

IBM International Group B V , registered in the Netherlands is the parent undertaking of the smallest group to consolidate these financial statements Copies of these consolidated financial statements may be obtained from IBM International Group B V , Johan Huizingalaan 765, 1066 VH Amsterdam, Netherlands

The company's ultimate parent undertaking and controlling party is International Business Machines Corporation which is incorporated in the United States of America and is the parent undertaking of the largest group to consolidate these financial statements Copies of the financial statements of this undertaking may be obtained from IBM Corporate Headquarters, New Orchard Road, Armonk, New York 10504, USA