

Jonas Computing (UK) Limited

**Directors' report and financial
statements**

Registered number 5301607

31 December 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company is that of software sales and consulting

Business review

The results for the year are set out on page 5 of the financial statements

Proposed dividend

The directors do not recommend the payment of a dividend (2006 Nil)

Directors and directors' interests

The directors who held office during the year and subsequently were as follows

Klavs Veijlang (resigned 5 May 2008)

Jeffrey McKee

Patrick G Arkeveld (appointed 5 May 2008)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to the directors or their immediate families, or exercised by them, during the financial year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



Jeffrey McKee
Director

50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

29 October 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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.

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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of Jonas Computing (UK) Limited

We have audited the financial statements of Jonas Computing (UK) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 judgments 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.

Independent auditors' report to the members of Jonas Computing (UK) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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 Directors' Report is consistent with the financial statements



KPMG LLP
Chartered Accountants
Registered Auditor

31 October 2008

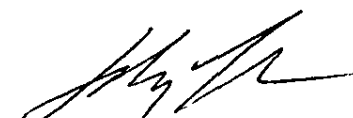
Profit and Loss Account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Turnover	2	1,289,056	645,878
Cost of sales		(127,274)	(118,301)
Gross profit		1,161,782	527,577
Administrative expenses		(925,098)	(771,998)
Operating profit/(loss)		236,684	(244,421)
Interest receivable and similar income	6	-	21,895
Interest payable and similar charges	7	(14,484)	-
Profit/(loss) on ordinary activities before taxation	3	222,200	(222,526)
Tax on profit/(loss) on ordinary activities	8	1,652	-
Profit/(loss) for the financial year		223,852	(222,526)

Balance Sheet
at 31 December 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Intangible assets	9	102,954		142,760	
Fixed assets	10	6,397		5,864	
			109,351		148,624
Current assets					
Stocks	11	13,143		-	
Debtors	12	753,379		428,431	
Cash at bank and in hand		129,051		16,110	
		895,573		444,541	
Creditors amounts falling due within one year	13	(1,004,409)		(816,502)	
Net current liabilities			(108,836)		(371,961)
Net assets/(liabilities)			515		(223,337)
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		514		(223,338)
Shareholders' deficit			515		(223,337)

These financial statements were approved by the board of directors on Oct. 29, 2008 and were signed on its behalf by


Jeffrey McKee
Director

Reconciliation of movement in shareholders' fund/(deficit)
for the year ended 31 December 2007

	2007 £	2006 £
Profit/(loss) for the financial year	223,852	(222,526)
Net increase in shareholders' fund/(deficit)	223,852	(222,526)
Opening shareholders' deficit	(223,337)	(811)
Closing shareholders' fund/(deficit)	515	(223,337)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Results of operations from acquired businesses are included in the combined financial statements from the date of acquisition.

The financial statements have been prepared under the going concern basis which the directors believe to be appropriate for the following reasons. The company is reliant on funds provided to it by its immediate parent company, Gary Jonas Computing Limited, which has provided the company with an understanding that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue. Although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. If the company were unable to continue to trade adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities that may arise, and to reclassify fixed assets as current assets.

The Company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. The financial statements present information about the individual company and not about its group.

Under FRS 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Gary Jonas Computing Ltd, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

The Company primarily sells bundled arrangements, including software licenses, third party hardware, professional services and maintenance. Revenue from maintenance fees in software sales is unbundled and deferred based on the price charged for renewal maintenance fees.

The Company recognises revenue on the elements when there is persuasive evidence of an agreement with customers, a fixed fee that is collectible, and delivery has occurred. The total revenue from such contracts is allocated to each element of the agreement based upon vendor-specific objective evidence.

Professional services revenue is recognised as such services are performed. Maintenance revenue is recognised rateably over the term of the related maintenance agreement, which is normally one year. Hardware revenue is recognised upon shipment.

Amounts billed in accordance with customer contracts, but not yet earned, are recorded as deferred revenue.

Provisions for estimated losses on contracts are recorded when identifiable.

Notes (continued)

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life of five years.

Tangible fixed assets

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

Office equipment - 5 years

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Analysis of turnover

All of the company's turnover is derived in the UK and the Republic of Ireland from its principal activity.

3 Profit/(loss) on ordinary activities before taxation

	2007 £	2006 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Amortisation	39,806	39,139
Depreciation	1,979	1,016
Auditors' remuneration		
- audit	11,000	12,000
Operating lease payments	34,322	35,598

4 Remuneration of directors

No emoluments were paid to the directors during the period.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Sales and administration	3	3
Professional services and maintenance	8	6
	<u>11</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	513,891	384,325
Social security costs	51,366	29,184
	<u>565,257</u>	<u>413,509</u>

6 Interest receivable and similar income

	2007 £	2006 £
Foreign exchange gains	-	21,895
	<u>-</u>	<u>21,895</u>

7 Interest payable and similar charges

	2007 £	2006 £
Foreign exchange losses	14,484	-
	<u>14,484</u>	<u>-</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	2007 £	2006 £
<i>UK corporation tax</i>		
Total current tax on profit/(loss) for the year	-	-
<i>Deferred tax</i>		
Current year credit (see note 12)	1,652	-
Total tax credit	1,652	-

The current tax charge is lower (2006 higher) than the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	222,200	(222,526)
Current tax at 30%	66,660	(66,212)
<i>Effects of</i>		
Capital allowances for period in excess of depreciation	(1,652)	(305)
Utilisation of tax losses	(65,008)	66,517
Total current tax charge for the year	-	-

Notes (continued)

9 Intangible fixed assets

	Goodwill
	£
<i>Cost</i>	
At beginning and end of year	191,350
<i>Amortisation</i>	
At beginning of year	(48,590)
Charged in year	(39,806)
At end of year	(88,396)
<i>Net book value</i>	
At 31 December 2007	102,954
At 31 December 2006	142,760

10 Tangible fixed assets

	Office equipment
	£
<i>Cost</i>	
At beginning of year	7,029
Additions	2,512
At end of year	9,541
<i>Depreciation</i>	
At beginning of year	(1,165)
Charged in year	(1,979)
At end of year	(3,144)
<i>Net book value</i>	
At 31 December 2007	6,397
At 31 December 2006	5,864

Notes (continued)

11 Stocks

	2007 £	2006 £
Finished goods	13,143	-

12 Debtors amounts falling due within one year

	2007 £	2006 £
Trade debtors	456,842	364,240
Other debtors	14,234	3,634
Amounts owed by group undertakings	269,793	54,709
Deferred tax (note 8)	2,000	348
Prepayments and deposits	10,510	5,500
	753,379	428,431

Deferred tax assets of £2,000 (2006 £348) have been recognised in respect of capital allowances

13 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	49,068	27,829
Amounts owed to group undertakings	694,174	561,223
Taxation and social security	39,086	44,730
Other creditors	28,615	21,447
Accruals and deferred income	193,466	161,273
	1,004,409	816,502

14 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	1	1

Notes (continued)

15 Reserves

	Profit and loss account £
At beginning of year	(223,338)
Profit for the year	223,852
	514

16 Financial commitments

At 31 December 2007 the company had no commitments under non-cancellable operating leases (2006 Nil)

17 Ultimate parent company

The Company is a subsidiary undertaking of Constellation Software Inc, a company incorporated in Canada

The smallest group in which the results of the Company are consolidated is that headed by Gary Jonas Computing Ltd, a company incorporated in Canada. The largest group in which the results of the Company are consolidated is that headed by Constellation Software inc. The consolidated accounts of the Company are available to the public and may be obtained from Gary Jonas Computing Ltd, 45 Vogell Road, Richmond Hill, Ontario, L4B 3P6