Grant Thornton

Financial Statements
Kerridge Commercial Systems Limited

For the year ended 30 September 2011

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Registered number: 07090521

Company Information

Company number	07090521
Registered office	Unit 2A Herongate Charnham Park Hungerford Berkshire RG17 0YU
Directors	I B Bendelow K C Briddon N J Bedford D A Liddle D Nangle C Austin M Green
Bankers	HSBC Bank Plc 26 Broad Street Reading Berkshire RG1 2BU
Solicitors	Osborne Clark Apex Plaza Forbury Road Reading Berkshire RG1 1AX
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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Chairman's statement

For the year ended 30 September 2011

The chairman presents his statement for the period

In its first full year of trading since its buy out from ADP, Kerridge Commercial Systems Limited ("KCSL") has achieved forecast and made good progress on many fronts

During the year, the management team has been strengthened by the addition of Duncan Smillie as Sales Director and Alan Cross as Operations Director The continued development of the business depends upon the leadership of the management team and the business now has the right level of experienced hands to help achieve growth and service excellence

Work continues apace on the development of additional products and services that will add and extend the value that we are able to deliver to our customers both in the UK and internationally

The business has been further strengthened since the financial year end by the acquisition of TIS Software Holdings Limited (which traded under the name Strategix) on 14 October 2011 There is an excellent fit between Strategix and KCSL, which will provide Strategix customers with a platform for further highly rewarding investment in the systems that have been developed to meet their specific needs

Finally, I would like to acknowledge the skill, hard work and commitment of all the Company's staff throughout the UK, Ireland, Holland and South Africa We look forward to providing them with the opportunity for development and growth as we face the challenges and exploit the opportunities that lie ahead

Ken Briddon
Chairman

Date 21/12/11

Directors' report

For the year ended 30 September 2011

The directors present their report and the financial statements for the year ended 30 September 2011

Principal activities and business review

The Group and Company's principal activity during the year was the continued development and sale of its K8 computer software system together with the provision of hosting and outsourced network services, other services and hardware, consultancy services and training

Kerridge Commercial Systems Limited has branches in Ireland and Holland

Financial performance and dividends

During the year (with comparatives shown for the 8 month trading period ended 30 September 2010), the Group generated

- Turnover of £18 9m (2010 - £11 6m)
- Operating profit before depreciation and goodwill amortisation ("EBITDA") of £5 5m (2010 - £3 0m) and
- Profits before tax of £1 2m (2010 - £0 7m)

Turnover EBITDA and profit before tax were in line with Board expectations

The acquisition of the Kerridge Commercial Systems ("KCS") business in March 2010, gave rise to goodwill of £15 5m The Board continues to believe the expected useful life of the purchased goodwill to be five years with a resultant annual amortisation charge of £3 1m through the remainder of the expected useful life of that goodwill

The Group saw an increase in cash balances from £4 5m at the beginning of the year to £7 5m at the year end

Business review and current trading

The business has continued to perform strongly in its first full year since acquisition It has continued to implement K8 software systems with new customers in all three of its key customer sectors (National, regional and local) and in both the UK and South African markets

The Group further strengthened its management team during the year with the additional of a Sales Director and an Operations Director The Group has also started to invest in the development of a larger international marketplace and invested in expertise in that area

The Group continued to spend in excess of £2m on research and development activities in the year The Board expect this to continue at this level in the current financial year Significant further progress has been made in providing fast, scalable and resilient platforms for its systems to operate on The Group increasingly offers these platforms on a hosted service basis

On 14 October 2011, the Group completed the acquisition of TIS Software Holdings Limited, a competitor in the Group's UK general distribution marketplace The Board saw this as an excellent opportunity to acquire a valuable and complimentary business strengthening the Group's contracted revenue base

Summary of key performance indicators

The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the Group

The Key Performance Indicators ("KPIs"), which are monitored at Board level, have been devised to allow the

Directors' report

For the year ended 30 September 2011

Board and shareholders to monitor the Company, and Group, as a whole

The performance indicators which the Board currently considers to be the most important are as follows

	Year to 30 September 2011	Period to 30 September 2010
Revenue (£'000)	**18,900**	11,600
Level of recurring revenue (Note 1) (%)	**59**	62
Gross profit (£'000)	**15,100**	9,200
EBITDA (Note 2) (£'000)	**5,500**	3,000
Cash (£'000)	**7,500**	4,500
Working capital (£'000)	**(2,400)**	(2,600)
Net cash from operations (£'000)	**6,200**	5,500

Note 1 – Revenue from renewable service contracts
Note 2 – Operating profit before depreciation and goodwill amortisation

Principal risks and uncertainties facing the business

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate That being said, the Board monitors sales pipeline and order take activity and believe this shows that the business' customer base are continuing to invest in their internal systems in order to improve business efficiency and competitiveness

Future developments

The Board continues to focus on its future business strategy, looking at delivering business growth in a responsible and sustainable way in line with the following key objectives

- Developing exceptional software and systems for the Group's current and future customers
- Providing excellent levels of service to customers
- Providing rewarding and challenging careers for the Group's employees
- Delivering strong growth in shareholder value

Financial risk management objectives and policies

The Group uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors, which arise directly from its operations The main purpose of these financial instruments is to provide working capital for the Group's operations

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the Company's finance department The directors are of the view that main risks arising from the Group's financial instruments are exchange risk, interest rate risk, liquidity risk and credit risk

The directors set and review policies for managing each of these risks and they are summarised below

Exchange rate risk

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than sterling In addition, the Group's overseas operations continue to grow The directors do not consider that the potential downside associated with this risk at this stage in the Group's development is of sufficient size to require hedging however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge

Directors' report

For the year ended 30 September 2011

Interest rate risk

The Group finances its operations through a combination of bank and loan note debt finance and shareholders' funds The interest rate of the debt funding is variable with 'LIBOR' The directors are of the view that the risk of material interest rate increase is limited but the Group uses certain financial instruments to restrict the effective cost of 50% of its bank borrowing over the initial 3 years of the life of the loan An interest rate cap is in place restricting 'LIBOR' to 2 25% for this period

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably The funding for significant new ventures is secured before commitments are made The cash position is reviewed regularly and cash flows are monitored monthly

Credit risk

The Group's principal financial assets are cash and trade debtors The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies The principal credit risk arises therefore from its trade debtors

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history

Directors

The directors who served during the year were

I B Bendelow
K C Briddon
N J Bedford
D A Liddle
D Nangle
C Austin
M Green

Results and dividends

The profit for the year, after taxation, amounted to £865,000 (2010 - £532,000)

No interim dividend was paid during the year The directors do not recommend payment of a final dividend (2010 - £nil)

Directors' report

For the year ended 30 September 2011

Statement of 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 the Group and of the profit or loss of the Group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditor in connection with preparing its report and to establish that the Company and the Group's auditor is aware of that information

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

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



I B Bendelow
Director

Date 21/12/11

Grant Thornton

Independent auditor's report to the members of Kerridge Commercial Systems Limited

We have audited the financial statements of Kerridge Commercial Systems Limited for the year ended 30 September 2011, which comprise the Consolidated profit and loss Account, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Consolidated statement of total recognised gains and losses 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)

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 Statement of directors' responsibilities, 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
A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 September 2011 and of the Group's 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

Grant Thornton

Independent auditor's report to the members of Kerridge Commercial Systems Limited

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company 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

Grant Thornton UK LLP

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date 22 December 2011

Consolidated profit and loss account

For the year ended 30 September 2011

	Note	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Turnover	1,2	**18,944**	11,576
Cost of sales		**(3,894)**	(2,424)
Gross profit		**15,050**	9,152
Administrative expenses		**(12,841)**	(7,821)
Operating profit		**2,209**	1,331
Interest receivable and similar income	6	**22**	5
Interest payable and similar charges	7	**(1,073)**	(613)
Profit on ordinary activities before taxation		**1,158**	723
Tax on profit on ordinary activities	8	**(293)**	(191)
Profit for the financial year	19	**£ 865**	£ 532

All amounts relate to continuing operations

The notes on pages 13 to 33 form part of these financial statements

Statement of total recognised gains and losses

For the year ended 30 September 2011

	Note	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Profit for the financial year		865	532
Currency translation differences on foreign currency net investments		(125)	39
Total recognised gains and losses relating to the year		£ 740	£ 571

The notes on pages 13 to 33 form part of these financial statements

Consolidated balance sheet

As at 30 September 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Intangible assets	9		**10,854**		13,985
Tangible assets	10		**421**		307
			11,275		14,292
Current assets					
Debtors	12	**3,933**		3,057	
Cash at bank		**7,545**		4,531	
		11,478		7,588	
Creditors amounts falling due within one year	14	**(8,401)**		(7,139)	
Net current assets			**3,077**		449
Total assets less current liabilities			**14,352**		14,741
Creditors amounts falling due after more than one year	15		**(11,925)**		(13,054)
Net assets			**£ 2,427**		£ 1,687
Capital and reserves					
Called up share capital	18		**455**		455
Share premium account	19		**701**		701
Employee benefit trust reserve	19		**(40)**		(40)
Profit and loss account	19		**1,311**		571
Shareholders' funds	21		**£ 2,427**		£ 1,687

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

I B Bendelow
Director

Date 21/12/11

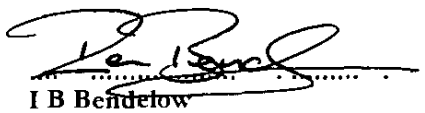
The notes on pages 13 to 33 form part of these financial statements

Company balance sheet

As at 30 September 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Intangible assets	9		**10,778**		13,875
Tangible assets	10		**285**		208
			11,063		14,083
Current assets					
Debtors	12	**3,035**		3,271	
Cash at bank		**6,927**		4,020	
		9,962		7,291	
Creditors amounts falling due within one year	14	**(7,806)**		(7,088)	
Net current assets			**2,156**		203
Total assets less current liabilities			**13,219**		14,286
Creditors amounts falling due after more than one year	15		**(11,925)**		(13,054)
Net assets			**£ 1,294**		£ 1,232
Capital and Reserves					
Called up share capital	18		**455**		455
Share premium account	19		**701**		701
Employee benefit trust reserve	19		**(40)**		(40)
Profit and loss account	19		**178**		116
Shareholders' funds	21		**£ 1,294**		£ 1,232

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



I B Bendelow
Director

Date 21/12/11

The notes on pages 13 to 33 form part of these financial statements

Consolidated cash flow statement

For the year ended 30 September 2011

	Note	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Net cash flow from operating activities	22	**6,174**	5,460
Returns on investments and servicing of finance	23	**(899)**	(1,298)
Taxation		**(388)**	(205)
Capital expenditure and financial investment	23	**(273)**	(213)
Acquisitions and disposals	23	**-**	(15,581)
Cash inflow/(outflow) before financing		**4,614**	(11,837)
Financing	23	**(1,600)**	16,368
Increase in cash in the year		**£ 3,014**	£ 4,531

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 30 September 2011

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Increase in cash in the year	**3,014**	4,531
Repayment of bank borrowings	**1,600**	800
Receipts from issue of new loans	**-**	(8,000)
Receipts from issue of new loan notes	**-**	(8,053)
Change in net debt resulting from cash flows	**4,614**	(10,722)
Other non-cash changes	**(151)**	-
Movement in net debt in the year	**4,463**	(10,722)
Net (debt)/funds at 1 October 2010	**(10,041)**	681
Net debt at 30 September 2011	**£ (5,578)**	£ (10,041)

The notes on pages 13 to 33 form part of these financial statements

Notes to the financial statements

For the year ended 30 September 2011

1. Accounting policies

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The principal accounting policies of the Group are set out below The directors have reviewed the accounting policies and consider that they are appropriate for the Group

The accounting policies remain unchanged from the prior period

1 2 Basis of consolidation

The Group financial statements consolidate the financial statements of Kerridge Commercial Systems Limited and its subsidiary undertakings drawn up to 30 September each year No profit and loss account is presented for Kerridge Commercial Systems Limited as permitted by section 408 of the Companies Act 2006

In the Group financial statements the acquisition method is adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are consolidated for the periods from or to the date on which control passed Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over its expected useful life, being not more than 20 years Provision is made for impairment

In accordance with this standard, the results and cash flows of all the combining entities have been brought into the consolidated financial statements as if they had always been part of the same Group

1 3 Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company, and wider Group, taking into account expected level of recurring revenue and current pipeline for new businesses The board closely monitor overheads and aim to keep the group's cost base as low as possible and only a small proportion of the total bank loans and other loans are due for repayment within 12 months at the year end The directors are satisfied that sufficient cash facilities are secured, in respect of positive cash inflows from operations, to meet its working capital requirement for at least 12 months from the date of signing of these financial statements The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis

1 4 Turnover

Turnover represents amounts derived from the sale of software licences, installation, consultancy support, training services and maintenance, which falls within the Company's ordinary continuing activities after deduction of trade discounts and value added tax

Revenues from software licence sales are recognised on delivery to a customer, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable In instances where significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied Maintenance is recognised on a straight line basis over the period of the contract Installation, training services and consultancy support are recognised when the services are performed

Notes to the financial statements

For the year ended 30 September 2011

1. Accounting policies (continued)

1 5 Intangible fixed assets and amortisation

Goodwill arising in the acquisition of the trade and assets of the Kerridge Commercial Systems business, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is deemed to be 5 years Provision is made for any impairment

1 6 Impairment testing of goodwill

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill and related intangible assets Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

1 7 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold property	-	length of lease
Motor vehicles	-	4 years
Fixtures & fittings	-	2 to 4 years
Computer equipment	-	2 to 4 years
Computer Software	-	2 years

1.8 Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off Provisions are made for impairment Only dividends received and receivable are credited to the Company's profit and loss account Fixed asset investments are shown at cost less any provision for impairment

1 9 Operating leases

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

Notes to the financial statements

For the year ended 30 September 2011

1. Accounting policies (continued)

1 10 Pensions

The Group operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the Group The annual contributions payable are charged to the profit and loss account

1 11 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 will result in an obligation to pay more, or a right to pay less or receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the 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

1 12 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 the transaction Exchange differences are taken into account in arriving at the operating profit

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year Gains or losses on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the financial statements

For the year ended 30 September 2011

1. Accounting policies (continued)

1 14 Share based payments

All significant share-based payment arrangements are recognised in the financial statements The Company operates equity-settled share based compensation plans for remuneration of some of its employees

All employee services received in exchange for the grant of any share based compensation are measured at their fair values These are indirectly determined by reference to the fair value of the shares awarded Their value is appraised at the grant date and excludes the impact of any non-market conditions (for example, profitability and sales growth targets)

All share based compensation is ultimately recognised as an expense in the profit and loss account with a corresponding credit to reserves

No adjustment to expense recognised in prior periods is made if the number of share options ultimately exercised differs from the number originally estimated Upon exercise of share options, the proceeds received net of any directly attributable transactions costs up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as additional paid in capital

1.15 Employee benefit trust

Urgent Issues Task Force abstract 38 'Accounting for ESOP trusts' requires the recognition of the assets and liabilities of the Employee Benefit Trust on the balance sheet of the sponsoring Company as if those assets and liabilities were its own The Company's own shares held in the Employee Benefit Trust are accounted for as a deduction from shareholders' funds No gains or losses are reported in the profit and loss account or the statement of total recognised gains or losses on the purchase, sale, issue or cancellation of the Company's own shares

1 16 Research and development

Research and development costs are expensed through the profit and loss account as incurred

Notes to the financial statements

For the year ended 30 September 2011

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Group

An analysis of turnover is given below by geographical region

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
United Kingdom	**13,373**	8,002
South Africa	**5,571**	3,574
	£ 18,944	£ 11,576

3. Operating profit

Operating profit is stated after charging

	2011 £000	2010 £000
Depreciation of owned fixed assets	**161**	54
Amortisation	**3,122**	1,624
Auditors remuneration		
- in respect of the parent company	**21**	21
- in respect of the subsidiary	**6**	6
Tax fees	**3**	3
Net loss on currency translation	**10**	12
Other operating lease charges	**288**	230

Notes to the financial statements

For the year ended 30 September 2011

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Wages and salaries	5,875	3,902
Social security costs	895	509
Other pension costs	581	352
	£ 7,351	£ 4,763

The average monthly number of employees, including the directors, during the year was as follows

	Year ended 30 September 2011 No.	Period ended 30 September 2010 No
Sales staff	17	12
Operations staff	82	78
Technical staff	42	43
Administrative staff	12	11
	153	144

5. Directors' remuneration

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Emoluments	£ 558	£ 246
Company pension contributions to defined contribution pension schemes	£ 44	£ 23

During the year retirement benefits were accruing to 4 directors (2010 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £157,000 (2010 - £82,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2010 - £10,000)

Notes to the financial statements

For the year ended 30 September 2011

6. Interest receivable

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Bank interest receivable	£ 22	£ 5

7. Interest payable

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
On bank loans and overdrafts	429	225
On other loans	644	388
	£ 1,073	£ 613

8. Taxation

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	49	65
	49	65
Foreign tax on income for the year/period	345	181
Total current tax	394	246
Deferred tax (see note 13)		
Origination and reversal of timing differences	(101)	(55)
Tax on profit on ordinary activities	£ 293	£ 191

Notes to the financial statements

For the year ended 30 September 2011

8. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26 5% (2010 - 28%) The differences are explained below

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Profit on ordinary activities before tax	£ 1,158	£ 723
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 - 28%)	307	202
Effects of		
Expenses not deductible for tax purposes	22	48
Capital allowances for year/period in excess of depreciation	(10)	(18)
Higher rate taxes on overseas earnings	75	-
Other timing differences	-	14
Current tax charge for the year/period (see note above)	£ 394	£ 246

9. Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 October 2010	15,609
Foreign exchange movement	(13)
At 30 September 2011	15,596
Amortisation	
At 1 October 2010	1,624
Charge for the year	3,122
Foreign exchange movement	(4)
At 30 September 2011	4,742
Net book value	
At 30 September 2011	£ 10,854
At 30 September 2010	£ 13,985

Notes to the financial statements

For the year ended 30 September 2011

9. Intangible fixed assets (continued)

Company	Goodwill £000
Cost	
At 1 October 2010 and 30 September 2011	**15,487**
Amortisation	
At 1 October 2010	**1,612**
Charge for the year	**3,097**
At 30 September 2011	**4,709**
Net book value	
At 30 September 2011	£ **10,778**
At 30 September 2010	£ 13,875

Notes to the financial statements

For the year ended 30 September 2011

10. Tangible fixed assets

Group	Leasehold Property £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Computer Software £000	Total £000
Cost						
At 1 October 2010	-	57	5	856	11	929
Additions	40	-	16	204	22	282
Disposals	-	(55)	-	(2)	-	(57)
Foreign exchange movement	-	-	(1)	(15)	-	(16)
At 30 September 2011	40	2	20	1,043	33	1,138
Depreciation						
At 1 October 2010	-	52	3	566	1	622
Charge for the year	3	3	2	143	10	161
On disposals	-	(54)	-	(2)	-	(56)
Foreign exchange movement	-	-	(1)	(9)	-	(10)
At 30 September 2011	3	1	4	698	11	717
Net book value						
At 30 September 2011	£ 37	£ 1	£ 16	£ 345	£ 22	£ 421
At 30 September 2010	£ -	£ 5	£ 2	£ 290	£ 10	£ 307

Notes to the financial statements

For the year ended 30 September 2011

Company	Motor vehicles £000	Computer equipment £000	Computer Software £000	Total £000
Cost				
At 1 October 2010	55	711	11	777
Additions	-	174	22	196
Disposals	(55)	(2)	-	(57)
At 30 September 2011	-	883	33	916
Depreciation				
At 1 October 2010	52	516	1	569
Charge for the year	2	106	10	118
On disposals	(54)	(2)	-	(56)
At 30 September 2011	-	620	11	631
Net book value				
At 30 September 2011	£ -	£ 263	£ 22	£ 285
At 30 September 2010	£ 3	£ 195	£ 10	£ 208

11. Principal subsidiaries

Company name	Country	Percentage Shareholding	Class of share held
Kerridge Commercial Systems (South Africa) (Proprietary) Limited	South Africa	100%	Ordinary
Kerridge Commercial Systems Trustee Company Limited	England and Wales	100%	Ordinary

The principal activity of Kerridge Commercial Systems (South Africa)(Proprietary) Limited is the provision of computer software, consultancy services and training

Kerridge Commercial Systems Trustee Company Limited is a dormant company It's principal activity is to act as trustee for the Group's Employee Benefit Trust

Shares in subsidiary undertakings - Company

	2011 £000	2010 £000
Cost and net book value		
At 1 October 2010 and 30 September 2011	-	-

Notes to the financial statements

For the year ended 30 September 2011

12. Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade debtors	**2,691**	2,484	**2,060**	1,895
Amounts owed by group undertakings	**-**	-	**-**	946
Other debtors	**3**	24	**2**	23
Prepayments and accrued income	**1,064**	463	**973**	407
Tax recoverable	**33**	31	**-**	-
Deferred tax asset (see note 13)	**142**	55	**-**	-
	£ 3,933	£ 3,057	**£ 3,035**	£ 3,271

13. Deferred taxation

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
At beginning of year/period	**55**	-	**-**	-
Released during the year	**101**	55	**-**	-
Other movement	**(14)**	-	**-**	-
At end of year/period	**£ 142**	£ 55	**£ -**	£ -

The deferred taxation balance is made up as follows

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Other timing differences	**£ 142**	£ 55	**£ -**	£ -

Notes to the financial statements

For the year ended 30 September 2011

14. Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Bank loans and overdrafts	**1,518**	1,518	**1,518**	1,518
Trade creditors	**894**	850	**692**	704
Amounts owed to group undertakings	**-**	-	**301**	606
Corporation tax	**49**	65	**49**	65
Social security and other taxes	**563**	437	**498**	394
Other creditors	**318**	82	**305**	76
Accruals and deferred income	**5,059**	4,187	**4,443**	3,725
	£ 8,401	£ 7,139	**£ 7,806**	£ 7,088

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Bank loans and overdrafts	**3,798**	5,317	**3,798**	5,317
Loan notes	**7,807**	7,737	**7,807**	7,737
Other creditors	**320**	-	**320**	-
	£ 11,925	£ 13,054	**£ 11,925**	£ 13,054

Notes to the financial statements

For the year ended 30 September 2011

Borrowings

Creditors include borrowings which are due for repayment as follows

		2011 £000		2010 £000
Group and company				
Amounts repayable				
In one year or less or on demand				
Bank loans and overdrafts		**1,600**		1,600
Loan notes		**-**		-
In more than one year but not more than two years				
Bank loans and overdrafts		**1,600**		1,600
Loan notes		**-**		-
In more than two years but not more than five years				
Bank loans and overdrafts		**2,400**		4,000
Loan notes		**8,053**		8,053
Total borrowings		**13,653**		15,253
Unamortised capitalised loan fees and bank charges		**(529)**		(681)
Total borrowings	£	**13,124**	£	14,572

The bank loans currently attract interest at a variable rate of 2 75% (2010 - 3 75%) per annum above LIBOR The loans are repayable in equal quarterly instalments up to 21 March 2015 The loans are secured by a debenture by the borrower including fixed and floating legal charges over the Group's assets

The Group has also taken out an interest rate cap on 50% of the bank loan outstanding restricting 'LIBOR' to a maximum of 2 25% The interest rate cap arrangement costs the Group £6,000 per quarter

The loan notes amount to £8,053,000 and are repayable in full on 31 March 2015 The loan notes attract interest at 5% above LIBOR subject to a minimum interest rate of 8% per annum The rights of the note holders are subordinated to the rights of the bank

16. Pension commitments

The Group operates a defined contributions pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The pension cost charge represents contributions payable by the Group to the fund and amounted to £581,000 (2010 - £352,000) Contributions totalling £nil (2010 - £nil) were payable to the fund at the balance sheet date and are included in creditors

Notes to the financial statements

For the year ended 30 September 2011

17. Operating lease commitments

At 30 September 2011 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	**2011**	2010
Group	**£000**	£000	**£000**	£000
Operating leases which expire				
Within 1 year	**-**	132	**10**	48,000
Between 2 and 5 years	**252**	-	**101**	-
After more than 5 years	**-**	156	**-**	-

At 30 September 2011 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	**2011**	2010
Company	**£000**	£000	**£000**	£000
Operating leases which expire				
Within 1 year	**-**	-	**10**	48,000
Between 2 and 5 years	**140**	-	**101**	-
After more than 5 years	**-**	156	**-**	-

18. Share capital

		2011		2010
		£000		£000
Authorised, allotted, called up and fully paid				
20,454 545 A Ordinary shares of £0 01 each		**205**		205
10,000 B Ordinary shares of £0 01 each		**-**		-
25,000,000 C Ordinary shares of £0 01 each		**250**		250
5 D Ordinary shares of £0 01 each		**-**		-
	£	**455**	£	455

The A Ordinary shares have the right to enhanced voting rights upon certain events or defaults occurring as noted in the companies articles of association A Ordinary share holders have rights to participate in a capital distribution and these rights rank pari passu to all other issued shares save for the B Ordinary Shares whose rights are set out below

The B Ordinary shares have the right to enhanced voting rights upon certain events or defaults occurring as noted in the companies articles of association B Ordinary share holders have rights to participate in a capital distribution and are entitled to an additional payment, out of the sales proceeds, upon an exit where the total Exit Capitalisation (as defined in the articles) is less than £17,000,000

The C Ordinary shares have the right to enhanced voting rights upon certain events or defaults occurring as noted in the companies articles of association C Ordinary share holders have rights to participate in a capital distribution and these rights rank pari passu to all other issued shares save for the B Ordinary Shares

Notes to the financial statements

For the year ended 30 September 2011

18. Share capital (continued)

whose rights are set out above

The D Ordinary shares have no voting rights D Ordinary share holders have restricted rights to participate in a capital distribution and these rights rank below those attached to the A, B and C ordinary shares

19. Reserves

Group	Share premium account £000	Employee benefit trust reserve £000	Profit and loss account £000
At 1 October 2010	701	(40)	571
Profit for the year	-	-	865
Currency translation differences on foreign currency net investment	-	-	(125)
At 30 September 2011	£ 701	£ (40)	£ 1,311

Company	Share premium account £000	Employee benefit trust reserve £000	Profit and loss account £000
At 1 October 2010	701	(40)	116
Profit for the year	-	-	62
At 30 September 2011	£ 701	£ (40)	£ 178

The Kerridge Commercial Systems Employee Benefit Trust (EBT) was set up for the benefit of employees and directors of Kerridge Commercial Systems Limited and its subsidiaries

The EBT owns 3,977,272 C ordinary shares Options have been granted over 3,545,454 (2010 - 681,815) shares leaving 431,818 shares

20. Share based payments

The Company has a share option scheme for its employees (including directors) Options are exercisable over C Ordinary shares at an estimated market value at the date of the grant The options vest on a stock market listing, IPO or similar "float" event

If the options remain unexercised after a period of 10 years from the date of grant, the options expire Options are forfeited if the employee leaves the Company before the options vest

Notes to the financial statements

For the year ended 30 September 2011

20. Share based payments (continued)

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows

	No	2011 WAEP £	No	2010 WAEP £
Outstanding at the beginning of the year	681,815	0 01	-	-
Granted during the year	2,863,639	0 02	681,815	0 01
Outstanding at the end of the period	**3,545,454**	**0 02**	681,815	0 01

No share options were exercised during the period

In the year ended 30 September 2011 2,863,639 (2010 681,815) options were granted The estimated fair value of the options granted was £0 02 (£0 01) per share The fair values were calculated using the Black Scholes pricing model

The inputs into the model were as follows

	2011	2010
Weighted average exercise price - £	0 02	0 01
Expected volatility - %	75	75
Expected life - years	10	10
Risk free rate - %	1	1
Market value at date of grant - £	0 02	0 01

Expected volatility was determined as 75% based on the standard deviation of the estimated share issue prices The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The Group has not recognised an expense in period on the grounds that the directors consider it to not be material to the financial statements No options have been granted to employees after the period end

The shares available for issue under the Group's share scheme are held by Kerridge Commercial Systems employee benefit trust At 30 September 2011, 431,818 (2010 - 3,295,457) shares held by the trust were available for future options to be granted

Notes to the financial statements

For the year ended 30 September 2011

21. Reconciliation of movement in shareholders' funds

Group		2011 £000		2010 £000
Opening shareholders' funds		1,687		-
Profit for the year/period		865		532
Shares issued at par		-		455
Share premium on shares issued (net of issue costs)		-		701
Currency translation differences on foreign currency net investment		(125)		39
EBT purchase of shares		-		(40)
Closing shareholders' funds	£	2,427	£	1,687

Company		2011 £000		2010 £000
Opening shareholders' funds		1,232		-
Profit for the year/period		62		116
Shares issued at par		-		455
Share premium on shares issued (net of issue costs)		-		701
EBT purchase of shares		-		(40)
Closing shareholders' funds	£	1,294	£	1,232

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit for the year/period dealt with in the accounts of the Company was £62,000 (2010 - £116,000

22. Net cash flow from operating activities

		Year ended 30 September 2011 £000		Period ended 30 September 2010 £000
Operating profit		2,209		1,331
Amortisation of intangible fixed assets		3,122		1,624
Depreciation of tangible fixed assets		161		52
Loss on disposal of tangible fixed assets		(9)		-
(Increase)/decrease in debtors		(1,337)		760
Increase in creditors		2,028		1,693
Net cash inflow from operating activities	£	6,174	£	5,460

Notes to the financial statements

For the year ended 30 September 2011

23. Analysis of cash flows for headings netted in cash flow statement

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Returns on investments and servicing of finance		
Interest received	22	(5)
Interest paid	(921)	(533)
Issue cost on new bank loans	-	(408)
Issue costs on new loan notes	-	(352)
Net cash outflow from returns on investments and servicing of finance	£ (899)	£ (1,298)

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(282)	(213)
Sale of tangible fixed assets	9	-
Net cash outflow from capital expenditure	£ (273)	£ (213)

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Acquisitions and disposals		
Purchase of business undertakings	£ -	£ (15,581)

	Year ended 30 September 2011 £000	Period ended 30 September 2010 £000
Financing		
Issue of ordinary shares	-	1,156
Expenses paid in connection with share issue	-	(41)
New secured loans	-	8,000
Repayment of loans	(1,600)	(800)
Other new loans	-	8,053
Net cash (outflow)/inflow from financing	£ (1,600)	£ 16,368

Notes to the financial statements

For the year ended 30 September 2011

24. Analysis of changes in net debt

	1 October 2010 £000	Cash flow £000	Other non-cash changes £000	30 September 2011 £000
Cash at bank and in hand	4,531	3,014	-	7,545
Debt				
Debts due within one year	(1,518)	1,600	(1,600)	(1,518)
Debts falling due after more than one year	(13,054)	-	1,449	(11,605)
Net debt	£ (10,041)	£ 4,614	£ (151)	£ (5,578)

25. Related party transactions

The directors consider the following to be related parties due to common ownership and/or control by the directors

Related party transactions 2011

	Consultancy Fees £000	Monitoring and Director fees £000	Loan note interest £000	Issue costs £000	Balance outstanding at 30 September 2011 £000
Prime Contracts Limited	46	-	-	-	22
NVM Private Equity Limited	-	50	-	-	-
Northern Investors Company Plc	-	-	286	-	-
Northern Venture Trust Plc	-	-	125	-	-
Northern 2 VCT Plc	-	-	125	-	-
Northern AIM VCT Plc	-	-	13	-	-
Northern 3 VCT Plc	-	-	94	-	-

Notes to the financial statements

For the year ended 30 September 2011

Related party transactions 2010

	Consultancy Fees £000	Monitoring and Director fees £000	Loan note interest £000	Issue costs £000	Balance outstanding at 30 September 2010 £000
Prime Contracts Limited	30	-	-	-	33
NVM Private Equity Limited	-	26	-	270	-
Northern Investors Company Plc	-	-	156	-	-
Northern Venture Trust Plc	-	-	68	-	-
Northern 2 VCT Plc	-	-	68	-	-
Northern AIM VCT Plc	-	-	10	-	-
Northern 3 VCT Plc	-	-	49	-	-

As at 30 September the following was owed in respect of loan notes

	2011 £000	2010 £000
Related party		
Northern Investors Company Plc	3,578	3,578
Northern Venture Trust Plc	1,565	1,565
Northern 2 VCT Plc	1,565	1,565
Northern AIM VCT Plc	225	225
Northern 3 VCT Plc	1,120	1,120

All transactions were on an arm's length basis

26. Contingent liabilities

The Group had no contingent liabilities at 30 September 2011 or 30 September 2010

27. Controlling party

The directors consider there to be no overall ultimate controlling party

28. Post balance sheet events

On the 14 October 2011 Kerridge Commercial Systems Limited acquired the entire share capital of TIS Software Holdings Limited The acquisition was funded through cash from the Group's resources and a further £3m loan from the bank