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COMPANY REGISTRATION NUMBER 01555529

DATEL COMPUTING LIMITED

Directors Report and Financial Statements

31 May 2011

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DATEL COMPUTING LIMITED

Financial Statements

YEAR ENDED 31 MAY 2011

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DATEL COMPUTING LIMITED

Officers and Professional Advisers

The Board of Directors	A K Simpson D J Preston
Company Secretary	D J Preston
Registered Office	Cinnamon Park Fearnhead Warrington Cheshire WA2 0XP
Auditor	Ashworth Treasure Limited Chartered Accountants & Statutory Auditor 17-19 Park Street Lytham Lancashire FY8 5LU

DATEL COMPUTING LIMITED

The Directors Report

YEAR ENDED 31 MAY 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the sale of business management software systems and associated implementation and support services Datel is the UK's leading provider of business management systems to medium sized enterprises and is Sage's largest business partner Businesses across a diverse cross section of markets and industries have chosen Datel to deliver critical software solutions

Performance in the year

The business performed well despite a continuing difficult economic background Revenues for most areas of the business were at similar levels to last year, with the exception of annual support revenues, which increased by 5% as a result of high customer retention and new sales Overall turnover increased by 2% to £14 2 million The proportion of revenue attributable to annual support contracts increased from 52% to 53%

We have continued to invest in and develop throughout our business Of particular significance during the year was the ramp up of our business centred on Sage ERP X3 We have increased the size of the team working solely on this product from four to eight, as well as providing X3 training and obtaining accreditation for people working elsewhere in our business In establishing our X3 business we have invested in significant amounts of training, created marketing collateral, built a strong sales pipeline, developed our own software, increased significantly our product knowledge, and carried out several new customer implementations We expect this part of our business to become a significant contributor to revenue and profit in the coming years

As a result of the level of investment, overheads increased more quickly than gross profits and therefore there was a reduction in EBITDA from £1 46 million to £1 13 million Profit before tax was £588,000 (2010 £919,000) and profit for the year £486,000 (2010 £662,000) We are optimistic of seeing the benefits of the investment in future years' trading results

In 2010 we were delighted to be winners of several of Sage's annual awards, including Sage Business Partner of the Year, Sage 200 and Sage 1000 Business Partner of the Year, and Sage Innovation Partner of the Year, and we were again the overall winners of Sage's 'Circle of Excellence' award This latter award reflects the commitment to outstanding customer service that our staff deliver in all areas of our business

Position at the end of the year

The company was net debt-free at the year end, with net cash funds of £178,000 The company has no bank or other secured indebtedness

Principal risk and uncertainties

The company maintains a strategy of strong management, leadership and training This strategy enables the company to react quickly to changes in the business environment Accordingly, the company is well placed to react to any future risks or uncertainties arising out of the business environment

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £485,876 Particulars of dividends paid are detailed in note 8 to the financial statements

RESEARCH AND DEVELOPMENT

The company has introduced a research and development programme in order to strengthen its product base The company's total expenditure on research and development during the year was £74,674 (2010 - £157,195)

DIRECTORS

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

A K Simpson
D J Preston

POLICY ON THE PAYMENT OF CREDITORS

Amounts due to suppliers are settled as expeditiously as possible within the terms of payment

In practice, the number of days taken to pay creditors, for the period covered by this report, calculated by dividing the total amount of trade creditors by the total value of supplies and multiplied by the number of days in the period was 75 days

DIRECTORS RESPONSIBILITIES

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations made in the year amounted to £8,403 (2010 - £3,128)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITOR
The auditors, Ashworth Treasure Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting

Registered office
Cinnamon Park
Fearnhead
Warrington
Cheshire
WA2 0XP

Signed by order of the directors

D J Preston
Company Secretary

Approved by the directors on 23 November 2011

DATEL COMPUTING LIMITED

Report of the Independent Auditors to the Members of Datel Computing Limited

YEAR ENDED 31 MAY 2011

We have audited the financial statements of Datel Computing Limited for the year ended 31 May 2011 on pages 7 to 18 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 Directors Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors report

ANTHONY COONEY (Senior Statutory Auditor)
For and on behalf of
ASHWORTH TREASURE LIMITED
Chartered Accountants
& Statutory Auditor

17-19 Park Street
Lytham
Lancashire
FY8 5LU

23 November 2011

DATEL COMPUTING LIMITED

Profit and Loss Account

YEAR ENDED 31 MAY 2011

	Note	2011 £	2010 £
TURNOVER	2	14,211,702	13,988,885
Cost of sales		4,934,219	4,662,080
GROSS PROFIT		9,277,483	9,326,805
Distribution costs		6,217,265	5,924,760
Administrative expenses		1,929,827	1,937,374
OPERATING PROFIT BEFORE AMORTISATION AND DEPRECIATION		1,130,391	1,464,671
Amortisation of intangible fixed assets		412,522	412,596
Depreciation of tangible fixed assets		128,323	120,395
OPERATING PROFIT	3	589,546	931,680
Interest receivable		12,000	12,000
Interest payable and similar charges	6	(13,553)	(24,301)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		587,993	919,379
Tax on profit on ordinary activities	7	102,117	257,825
PROFIT FOR THE FINANCIAL YEAR		485,876	661,554

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 18 form part of these financial statements.

DATEL COMPUTING LIMITED

Balance Sheet

31 MAY 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Intangible assets	9	2,299,929	2,712,451
Tangible assets	10	281,688	236,137
Investments	11	28	28
		2,581,645	2,948,616
CURRENT ASSETS			
Stocks	12	155,913	40,058
Debtors	13	5,959,554	5,691,830
Cash at bank		428,368	39,619
		6,543,835	5,771,507
CREDITORS: Amounts Falling due Within One Year	15	3,019,865	3,170,633
NET CURRENT ASSETS		3,523,970	2,600,874
TOTAL ASSETS LESS CURRENT LIABILITIES		6,105,615	5,549,490
CREDITORS: Amounts Falling due after More than One Year	16	194,451	207,451
ACCRUALS AND DEFERRED INCOME	18	4,404,275	4,221,026
		1,506,889	1,121,013
CAPITAL AND RESERVES			
Called-up equity share capital	22	25,000	25,000
Profit and loss account	23	1,481,889	1,096,013
SHAREHOLDERS' FUNDS	24	1,506,889	1,121,013

These financial statements were approved by the directors and authorised for issue on 23 November 2011, and are signed on their behalf by

D J Preston
Director

Company Registration Number 01555529

The notes on pages 9 to 18 form part of these financial statements.

DATEL COMPUTING LIMITED

Notes to the Financial Statements

YEAR ENDED 31 MAY 2011

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention

Preparation of consolidated financial statements

The financial statements contain information about Datel Computing Limited as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its associated undertaking are included in the consolidated financial statements of its parent, Datel Group PLC, a company registered in England

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration

Research and Development

Research and development expenditure is written off in the year in which it is incurred

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	-	straight line basis over 10 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & fittings	-	15% on reducing balance
Computer equipment	-	33% on cost

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension Costs and Other Post-Retirement Benefits

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension costs charged represents contributions paid by the company to the fund

1 ACCOUNTING POLICIES *(continued)*

Deferred Taxation

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

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

Long Term Contracts

When the outcome of an individual contract can be foreseen with reasonable certainty and can be estimated reliably, margin is recognised by reference to the stage of completion, based on the lower of the percentage margin earned to date and that prudently forecast at completion This is after the deduction of any foreseeable losses and applicable payments on account

Operating profit is stated after attributable profit on long term contracts completed and amounts recoverable on contracts uncompleted, the latter also being included within debtors due within one year

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activity of the company

3. OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£	£
Amortisation of intangible assets	**412,522**	412,596
Depreciation of owned fixed assets	**128,323**	120,395
Auditor's remuneration		
- as auditor	**6,000**	6,000
- for other services	**17,486**	23,748
Operating lease costs		
- Other	**–**	7,911

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011	2010
	No	No
Sales, distribution and programming	120	116
Office and management	16	17
	136	133

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	5,920,496	5,765,788
Social security costs	637,412	622,566
Other pension costs	203,564	189,516
	6,761,472	6,577,870

5. DIRECTORS REMUNERATION

The directors aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	177,221	192,891
Value of company pension contributions to money purchase schemes	550	17,189
	177,771	210,080

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	2	2

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Other interest	4,175	7,619
Other loan interest	9,378	16,682
	13,553	24,301

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax:		
In respect of the year		
UK Corporation tax based on the results for the year at 27 50% (2010 - 28%)	**127,547**	264,406
Over/under provision in prior year	**(35,074)**	-
Total current tax	**92,473**	264,406
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	**9,644**	(6,581)
Tax on profit on ordinary activities	**102,117**	257,825

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 27 50% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	**587,993**	919,379
Profit on ordinary activities by rate of tax	**161,698**	257,426
Expenses not deductible for tax purposes	**1,976**	4,134
Depreciation in excess of capital allowances	**(4,116)**	11,998
Small company rates	**(16,859)**	(9,152)
Adjustments to tax charge in respect of previous periods	**(35,074)**	-
R&D Expenditure	**(15,152)**	-
Total current tax (note 7(a))	**92,473**	264,406

8. DIVIDENDS

	2011 £	2010 £
Paid during the year		
Ordinary shares of £1 each	**100,000**	900,000

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Total £
COST			
At 1 June 2010 and 31 May 2011	**4,152,015**	**912,833**	**5,064,848**
AMORTISATION			
At 1 June 2010	**1,439,564**	**912,833**	**2,352,397**
Charge for the year	**412,522**	–	**412,522**
At 31 May 2011	**1,852,086**	**912,833**	**2,764,919**
NET BOOK VALUE			
At 31 May 2011	**2,299,929**	–	**2,299,929**
At 31 May 2010	2,712,451	–	2,712,451

10. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Computer Equipment £	Total £
COST			
At 1 June 2010	**693,666**	**592,848**	**1,286,514**
Additions	**70,575**	**103,299**	**173,874**
Disposals	–	**(72,464)**	**(72,464)**
At 31 May 2011	**764,241**	**623,683**	**1,387,924**
DEPRECIATION			
At 1 June 2010	**532,152**	**518,225**	**1,050,377**
Charge for the year	**18,968**	**109,355**	**128,323**
On disposals	–	**(72,464)**	**(72,464)**
At 31 May 2011	**551,120**	**555,116**	**1,106,236**
NET BOOK VALUE			
At 31 May 2011	**213,121**	**68,567**	**281,688**
At 31 May 2010	161,514	74,623	236,137

11. INVESTMENTS

	Investment in Associate
	£
COST	
At 1 June 2010 and 31 May 2011	**28**
NET BOOK VALUE	
At 31 May 2011 and 31 May 2010	**28**

Investments (neither listed nor unlisted) were as follows

Associated Company

Datel Advansys Limited
Country of incorporation England
Nature of business Information Technology

Class of shares	% holding
Ordinary	28 00

	2011 £	2010 £
Aggregate capital and reserves	(103,723)	(66,498)
Loss for the period	(37,225)	(66,598)

12. STOCKS

	2011 £	2010 £
Stocks	**155,913**	40,058

13. DEBTORS

	2011 £	2010 £
Trade debtors	**3,058,574**	3,100,595
Amounts owed by group undertakings	**2,616**	2,616
Other debtors	**411,813**	207,362
Prepayments	**635,274**	506,370
Prepaid maintenance costs	**1,845,152**	1,859,118
Deferred taxation (note 14)	**6,125**	15,769
	5,959,554	5,691,830

14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 13)	6,125	15,769

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	15,769	9,188
Profit and loss account movement arising during the year	(9,644)	6,581
Balance carried forward	6,125	15,769

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

	2011	2010
	£	£
Excess of depreciation over taxation allowances	6,125	15,769
	6,125	15,769

15. CREDITORS: Amounts Falling due Within One Year

	2011	2010
	£	£
Other loans	55,548	55,548
Trade creditors	1,266,363	1,377,944
Corporation tax	92,474	264,407
PAYE and social security	175,602	142,906
VAT	482,952	387,760
Directors current accounts	605,757	736,165
Accruals	341,169	205,903
	3,019,865	3,170,633

16. CREDITORS: Amounts Falling due after More than One Year

	2011	2010
	£	£
Other loans	194,451	207,451

17. LOANS

An analysis of the maturity of loans is given below

	2011 £	2010 £
Amounts falling due within one year or on demand		
Other loans	**55,548**	55,548
Amounts falling due within one and two years		
Other loans 1-2 years	**55,548**	55,548
Amounts falling due between two and five years		
Other loans 2-5 years	**138,903**	151,903

18. ACCRUALS AND DEFERRED INCOME

	2011 £	2010 £
Deferred income on maintenance agreements	**4,404,275**	4,221,026

19. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	**Other Items £**	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	**45,000**	-	57,566	649
After more than 5 years	**248,164**	-	248,164	-
	293,164	-	305,730	649

20. CONTINGENT LIABILITIES

The company has entered into a guarantee structure with its bankers An associate, Datel Protex Systems Limited has indebtedness at 31 May 2011 of nil (31 May 2010 £59,918), included within the guarantee

21. RELATED PARTY DISCLOSURES

The ultimate holding company is Datel Group plc, a company registered in England and Wales

Exemption has been taken of related party disclosures in respect of group transactions on the grounds that details of the company are included in publicly available consolidated financial statements

Datel Protex Systems Limited is an associate of Datel Group plc

Datel Advansys Limited is an associate of Datel Computing Limited

At the balance sheet date, Datel Protex Systems Limited owed Datel Computing Limited a net amount of £259,580 (2010 £96,025) During the year, Datel Computing Limited invoiced Datel Protex Systems Limited a net amount of £136,373 (2010 £149,957) Datel Protex Systems Limited invoiced Datel Computing Limited a net amount of £23,807 (2010 nil) in respect of the provision of goods and services These transactions were undertaken on an arms length basis

At the balance sheet date, Datel Advansys Limited owed Datel Computing Limited a net amount of £124,827 (2010 £72,046) During the year, Datel Computing Limited invoiced Datel Advansys Limited a net amount of £32,301 (2010 £10,986) Datel Advansys Limited invoiced Datel Computing Limited a net amount of £50,454 (2010 £23,750) in respect of the provision of goods and services These transactions were undertaken on an arms length basis

22. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	**25,000**	**25,000**	25,000	25,000

23. PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Balance brought forward	**1,096,013**	1,334,459
Profit for the financial year	**485,876**	661,554
Equity dividends	**(100,000)**	(900,000)
Balance carried forward	**1,481,889**	1,096,013

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	**485,876**	661,554
Equity dividends	**(100,000)**	(900,000)
Net addition/(reduction) to shareholders' funds	**385,876**	(238,446)
Opening shareholders' funds	**1,121,013**	1,359,459
Closing shareholders' funds	**1,506,889**	1,121,013

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party throughout the year was A K Simpson