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**PRACTIQUE ASSOCIATES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2006**

**Company Registration Number 03386264**

MONDAY



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COMPANIES HOUSE

**Tenon Limited**  
Amberley Place  
107 - 111 Peascod Street  
Windsor  
Berkshire  
SL4 1TE

**PRACTIQUE ASSOCIATES LIMITED**

**FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**PRACTIQUE ASSOCIATES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**15 MONTHS ENDED 31 DECEMBER 2006**

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**The board of directors**

S J Bowe  
J C Walker

**Company secretary**

S M Bowe

**Business address**

Century Court  
Millenium Way  
Bracknell  
Berkshire  
RG12 2XT

**Registered office**

Century Court  
Millenium Way  
Bracknell  
Berkshire  
RG12 2XT

**Accountants**

Tenon Limited  
Amberley Place  
107 - 111 Peascod Street  
Windsor  
Berkshire  
SL4 1TE

# **PRACTIQUE ASSOCIATES LIMITED**

## **THE DIRECTORS' REPORT**

### **15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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The directors present their report and the unaudited financial statements of the company for the 15 months from 1 October 2005 to 31 December 2006. The decision was taken to extend the year financial period to 15 months in order to bring it in line with the calendar year.

#### **Principal activities and business review**

The principal activity of the company during the period continued to be that of software design, development, sales and support.

Practique is privately held independent software vendor specialising in Incentive Compensation Software (ICM). The company is the author of INCA ICM, a best of breed, web based solution designed to automate the entire process of variable pay administration. The company has established itself as the premier leading European based "best of breed" provider with significant traction in the Telecommunications, Finance and Retail markets.

Revenue for the period rose 35% to £ 2,687,277 with pre-tax profits of £316,551. A number of significant new corporate customers were gained during the period, adding to revenue and forward maintenance income.

Revenue from Europe has also increased significantly, as part of a drive to expand sales and delivery operations into the continent. Practique is actively engaging with European partners as part of this strategy, and it is anticipated that Europe will form an even more significant part of future revenues.

Shareholders funds as at 31 December 2006 were £ 635,361. During the period significant investment was made in growth, to develop the skills base and increase consulting headcount as well as funding product road map research and development which has been funded organically by a number of significant business gains from both the previous and current financial periods. Much of this investment was focussed on the development of a major new Version of the INCA product designed to capitalise on the latest industry technologies and best practices, as well as a deliberate expansion in personnel and infrastructure to cope with an anticipated significant increase in delivery and maintenance income.

Globally the market is signalling growth with strong appetite from EMEA. Practique is well poised to strengthen its market leading position in response to this increased demand and continues to maintain a strategy of steady structured growth in a rapidly growing market space and to consolidate its position as the premier European Vendor of Incentive Compensation Management solutions.

#### **Results and dividends**

The profit for the 15 months, after taxation, amounted to £257,539. Particulars of dividends paid are detailed in note 6 to the financial statements.

#### **Directors**

The directors who served the company during the 15 months were as follows:

S J Bowe  
J C Walker

**PRACTIQUE ASSOCIATES LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed on behalf of the directors



J.C Walker

Director

Approved by the directors on 10.5.07

**PRACTIQUE ASSOCIATES LIMITED**

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE  
UNAUDITED FINANCIAL STATEMENTS OF PRACTIQUE ASSOCIATES  
LIMITED**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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In accordance with the engagement letter dated 29 March 2007, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss Account, Balance Sheet and the related notes from the accounting records and information and explanations you have given to us

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the 15 months.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Tenon Limited  
Amberley Place  
107 - 111 Peascod Street  
Windsor  
Berkshire  
SL4 1TE

Date - 10 May 2007

**PRACTIQUE ASSOCIATES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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	<b>Note</b>	<b>31 Dec 06 £</b>	<b>Year to 30 Sep 05 £</b>
<b>Turnover</b>	3	2,687,277	1,984,526
Administrative expenses		(2,380,152)	(1,450,662)
<b>Operating profit</b>	4	<u>307,125</u>	<u>533,864</u>
Interest receivable		10,169	8,744
Interest payable and similar charges		(743)	-
<b>Profit on ordinary activities before taxation</b>		<u>316,551</u>	<u>542,608</u>
Tax on profit on ordinary activities	5	(59,012)	(138,291)
<b>Profit for the financial period/year</b>		<u>257,539</u>	<u>404,317</u>

The notes on page 5 form part of these financial statements

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**PRACTIQUE ASSOCIATES LIMITED**

**BALANCE SHEET**

**31 DECEMBER 2006**

	<b>Note</b>	<b>31 Dec 06</b>		<b>30 Sep 05</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	7		105,817		88,694
<b>Current assets</b>					
Debtors	8	539,996		462,096	
Cash at bank and in hand		375,552		479,078	
		<u>915,548</u>		<u>941,174</u>	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(380,281)</u>		<u>(520,293)</u>	
<b>Net current assets</b>			535,267		420,881
<b>Total assets less current liabilities</b>			<u>641,084</u>		<u>509,575</u>
<b>Provisions for liabilities</b>					
Deferred taxation	11		<u>(5,723)</u>		<u>(6,753)</u>
			<u>635,361</u>		<u>502,822</u>
<b>Capital and reserves</b>					
Called-up share capital	14		100		100
Profit and loss account	15		635,261		502,722
<b>Shareholders' funds</b>			<u>635,361</u>		<u>502,822</u>

The Balance sheet continues on the following page  
The notes on page 6 form part of these financial statements



**PRACTIQUE ASSOCIATES LIMITED**

**BALANCE SHEET (continued)**

**31 DECEMBER 2006**

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The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the 15 months by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial 15 months and of its profit or loss for the financial 15 months in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 10 5 07 and are signed on their behalf by

  
J C Walker  
Director

The notes on page 7 form part of these financial statements

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**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**1. Accounting Policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

**Cash flow statement**

The company has 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 small

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable during the 15 months, exclusive of Value Added Tax

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Leasehold improvements	- over the lease term
Plant & equipment	- 25% - 33% straight line

**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**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund

**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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and 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

**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**1. Accounting Policies** *(continued)*

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2. Period of Account**

These financial statements cover the period from 1 September 2005 to 31 December 2006.

**3. Turnover**

In the period to 31 December 2006 24% (2005 - nil%) of the company's turnover was to markets outside the United Kingdom.

**4. Operating Profit**

Operating profit is stated after charging/(crediting)

	31 Dec 06 £	Year to 30 Sep 05 £
Directors' emoluments	71,745	59,132
Directors' pension contributions	12,000	18,000
Staff pension contributions	35,866	—
Depreciation of owned fixed assets	47,907	28,469
(Profit)/loss on disposal of fixed assets	—	850
Net profit on foreign currency translation	<u>(2,353)</u>	<u>—</u>

**5. Taxation on Ordinary Activities**

**(a) Analysis of charge in the 15 months**

	31 Dec 06 £	Year to 30 Sep 05 £
In respect of the 15 months		
UK Corporation tax	60,000	134,890
Over/under provision in prior year	42	—
	<u>60,042</u>	<u>134,890</u>
Deferred tax		
Origination and reversal of timing differences	<u>(1,030)</u>	<u>3,401</u>
Tax on profit on ordinary activities	<u>59,012</u>	<u>138,291</u>

**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**5. Taxation on Ordinary Activities** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the 15 months is lower than the standard rate of corporation tax in the UK of 19% (2005 - 30%)

	<b>31 Dec 06</b>	<i>Year to</i> <b>30 Sep 05</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>316,551</u>	<u>542,608</u>
Profit/(loss) on ordinary activities by rate of tax	60,145	162,782
Effects of		
Expenses not deductible for tax purposes	152	2,150
Capital allowances for period in excess of depreciation	(376)	(3,582)
Tax chargeable at lower rates	-	(26,460)
Adjustments to tax charge in respect of previous periods	42	-
Sundry tax adjusting items	79	-
Total current tax (note 5(a))	<u>60,042</u>	<u>134,890</u>

**6. Dividends**

**Equity dividends**

	<b>31 Dec 06</b>	<i>Year to</i> <b>30 Sep 05</b>
	<b>£</b>	<b>£</b>
Paid during the year		
Equity dividends on ordinary shares	<u>125,000</u>	<u>195,000</u>

**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

**7 Tangible Fixed Assets**

	Leasehold improve- ments £	Plant & equipment £	Total £
<b>Cost</b>			
At 1 October 2005	38,083	130,889	168,972
Additions	5,080	59,950	65,030
Disposals	—	(11,307)	(11,307)
At 31 December 2006	<u>43,163</u>	<u>179,532</u>	<u>222,695</u>
<b>Depreciation</b>			
At 1 October 2005	1,904	78,374	80,278
Charge for the 15 months	9,521	38,386	47,907
On disposals	—	(11,307)	(11,307)
At 31 December 2006	<u>11,425</u>	<u>105,453</u>	<u>116,878</u>
<b>Net book value</b>			
At 31 December 2006	<u>31,738</u>	<u>74,079</u>	<u>105,817</u>
At 30 September 2005	<u>36,179</u>	<u>52,515</u>	<u>88,694</u>

**8. Debtors**

	31 Dec 06 £	30 Sep 05 £
Trade debtors	459,429	430,752
Other debtors	80,567	31,344
	<u>539,996</u>	<u>462,096</u>

**9. Creditors: Amounts falling due within one year**

	31 Dec 06 £	30 Sep 05 £
Trade creditors	60,490	47,670
Corporation tax	60,000	134,848
Other taxation and social security	50,828	84,565
Other creditors	208,963	253,210
	<u>380,281</u>	<u>520,293</u>

**10. Pensions**

**Defined contributions**

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 cost charge represents contributions payable by the company to the fund and amounted to £47,866 during the period. Pension contributions of £3,467 were outstanding at the period end.

**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**11. Deferred Taxation**

The movement in the deferred taxation provision during the 15 months was

	31 Dec 06 £	Year to 30 Sep 05 £
At 1 October 2005	6,753	3,352
Profit and loss account movement arising during the 15 months	(1,030)	3,401
At 31 December 2006	<u>5,723</u>	<u>6,753</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	31 Dec 06 £	30 Sep 05 £
Excess of taxation allowances over depreciation on fixed assets	5,723	6,753
	<u>5,723</u>	<u>6,753</u>

**12. Commitments under Operating Leases**

At 31 December 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	31 Dec 06 £	30 Sep 05 £
Operating leases which expire Within 2 to 5 years	117,798	114,006

**13. Related Party Transactions**

During the period the company was invoiced £13,977 by MyFiscal Limited a company in which the wife of S Bowe, a director, is a shareholder and director At the balance sheet date £7,669 was outstanding and is included within creditors above

**14. Share Capital**

**Authorised share capital:**

	31 Dec 06 £	30 Sep 05 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**Allotted, called up and fully paid:**

	31 Dec 06 No	£	30 Sep 05 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**PRACTIQUE ASSOCIATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**15 MONTHS FROM 1 OCTOBER 2005 TO 31 DECEMBER 2006**

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**15. Profit and Loss Account**

	<b>31 Dec 06</b>	<i>Year to</i> <b>30 Sep 05</b>
	<b>£</b>	<b>£</b>
Balance brought forward	502,722	293,405
Profit for the financial 15 months	257,539	404,317
Equity dividends paid (FRS 25)	(125,000)	(195,000)
Balance carried forward	<u>635,261</u>	<u>502,722</u>

**16. Control**

The two directors, S J Bowe and J C Walker, control the company by virtue of each owning 50% of the issued share capital of the company