

REGISTERED NUMBER 03386264 (England and Wales)

Abbreviated Accounts
for the Year Ended 31 December 2009
for
MERCED SYSTEMS LIMITED

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MERCED SYSTEMS LIMITED

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for the Year Ended 31 DECEMBER 2009

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MERCED SYSTEMS LIMITED

Company Information
for the Year Ended 31 DECEMBER 2009

DIRECTORS

Matthew Glickman
Mark Selcow
David Wittenkamp

SECRETARY

OHS Secretaries Limited

REGISTERED OFFICE

Century Court
Millenium Way
Bracknell
Berkshire
RG12 2XT

REGISTERED NUMBER

03386264 (England and Wales)

AUDITORS

The Norton Practice
Registered Auditors
Highlands House
Basingstoke Road
Spencers Wood
Reading
Berkshire
RG7 1NT

Report of the Independent Auditors to
Merced Systems Limited
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages three to five, together with the full financial statements of Merced Systems Limited for the year ended 31 December 2009 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



Anthony Campbell (Senior Statutory Auditor)
for and on behalf of The Norton Practice
Registered Auditors
Highlands House
Basingstoke Road
Spencers Wood
Reading
Berkshire
RG7 1NT

Date 1 April 2010

MERCED SYSTEMS LIMITED

Abbreviated Balance Sheet
31 DECEMBER 2009

	Notes	2009 £	2008 as restated £
FIXED ASSETS			
Tangible assets	2	180,630	126,028
CURRENT ASSETS			
Debtors		1,587,625	1,151,261
Cash at bank and in hand		1,106,605	342,682
		<u>2,694,230</u>	<u>1,493,943</u>
CREDITORS			
Amounts falling due within one year		<u>(3,823,808)</u>	<u>(1,434,869)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,129,578)</u>	<u>59,074</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(948,948)</u>	<u>185,102</u>
CREDITORS			
Amounts falling due after more than one year		<u>-</u>	<u>(508,000)</u>
NET LIABILITIES		<u>(948,948)</u>	<u>(322,898)</u>
CAPITAL AND RESERVES			
Called up share capital	3	100	100
Profit and loss account		<u>(949,048)</u>	<u>(322,998)</u>
SHAREHOLDERS' FUNDS		<u>(948,948)</u>	<u>(322,898)</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on its behalf by

April 1, 2010

and were signed on



David Wittenkamp - Director

The notes form part of these abbreviated accounts

1 ACCOUNTING POLICIES

Basis of Preparation - Going Concern

The accounts have been prepared on the going concern basis notwithstanding the net liabilities of £921,782 (2008 £322,899) as the directors believe that the company will continue to have access to adequate funding from the ultimate parent company Merced Systems Inc to enable it to continue to operate as a going concern, and have received assurances to this effect. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The financial statements do not include any adjustments that would result in this basis of preparation being inappropriate.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Revenue is recognised on the sale of software upon delivery of the software media with a license agreement in place.

Revenue in respect of maintenance and support services are spread over the period of the contract.

Consultancy and training revenue is recognised as the service is performed.

Tangible fixed assets

Tangible fixed assets are recorded at historical cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Depreciation is provided at the following annual rates in order to write down the cost of each asset to its estimated residual value over its estimated useful life:

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

Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account 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. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

MERCED SYSTEMS LIMITED

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 DECEMBER 2009

2 TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 January 2009	351,799
Additions	132,846
At 31 December 2009	<u>484,645</u>
DEPRECIATION	
At 1 January 2009	225,770
Charge for year	78,245
At 31 December 2009	<u>304,015</u>
NET BOOK VALUE	
At 31 December 2009	<u>180,630</u>
At 31 December 2008	<u>126,029</u>

3 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2009 £	2008 as restated £
100	Ordinary	£1	<u>100</u>	<u>100</u>

4 ULTIMATE PARENT COMPANY

The ultimate parent company at 31 December 2009 was Merced Systems Incorporated, a company incorporated in the USA. The results of Merced Systems Limited are included in the consolidated financial statements of Merced Systems Incorporated. A set of consolidated accounts can be obtained from 333 Twin Dolphin Drive, Suite 500, Redwood Shores, CA 94065.

5 CONTINGENT LIABILITY

In January 2010 one of the Company's Customers notified the Company of the termination of the License and System Integration Agreement. Accompanying the termination letter was a request for direct damages and liquidated damages. The Company disputes that any damages can be claimed under the Agreement and is currently evaluating its business and legal alternatives to resolve the dispute. The dispute could move to Arbitration and may result in damages to be paid by the Company. The Company's Directors are of the opinion that this is an unlikely result and will vigorously defend itself against such a result. Since the directors believe that the likelihood of the claim being successful is remote a provision has been made in the financial statements only for the liquidated damages.