

ITRS Europe Limited

Report and Financial Statements

Year Ended

31 March 2012

Company Number 03464252

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ITRS Europe Limited

Report and financial statements for the year ended 31 March 2012

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Directors

K Covington
K Waterton

Secretary and registered office

K Waterton, 31 Worship Street, London, EC2A 2DX

Company number

03464252

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

ITRS Europe Limited

Report of the directors for the year ended 31 March 2012

The directors present their report together with the audited financial statements for the year ended 31 March 2012

Results and developments during the year

The profit and loss account for the year is set out on page 6. Turnover for the year was £8.0 million (2011 - £11.9 million) which translated into an operating profit of £1.0 million (2011 - £2.2 million).

ITRS Europe Limited is 100% owned by ITRS Group Limited. Within the consolidated infrastructure, ITRS Europe predominantly sells products within the European Union region, although it does also provide out of hours support services to its global customers when our New York and Hong Kong offices are closed. Annual revenues were 33% less than our last financial year in part due to our global customers reduced activity but also the fact that there were significant licence sales last year which would not be repeated in the current year.

Principal activity

The principal activity of the Company continues to be the sale or rental of licences for, and maintenance of, computer software acquired through its parent company, ITRS Group Limited, under a reseller's arrangement, together with ancillary consultancy services.

Key performance indicators

	2012	2011
Operating profit (£000)	965	2,207
Rate of growth of operating profit against prior year	(56.3%)	69.0%
Average turnover per employee (£000)	268	518
Staff costs as percentage of turnover	28.4%	26.3%
Shareholder's funds (£000)	4,416	3,451

Market conditions

ITRS Europe Limited operates exclusively within the investment banking market sector. Although we remain positive about the future growth and profitability of the business in both the short and medium terms, this must be tempered by the uncertainty of the global financial markets.

Having highlighted the exposure that we have to the investment banking community, ITRS does continue to outperform its peers in the marketplace. This has been due to technology leadership and the continuing demands of its clients to "see more". It is no longer acceptable to "think" that every application is functioning in an appropriate manner, it is no longer acceptable to believe that transactions are being completed. In today's market financial institutions must have this visibility across asset classes and in real time.

It is ITRS' ability to provide this granularity of detail that sets itself above the competition. Whilst the market in general is very cautious in a business sense, this caution is reinforcing the need for products such as ITRS Geneos. We see no change in this outlook for the foreseeable future.

ITRS Europe Limited

Report of the directors for the year ended 31 March 2012 (*continued*)

Key clients

The Company's business is concentrated in the investment banking community with an enviable list of blue-chip clients. In the year ended 31 March 2012, the business development was in the sale of product licences which also attracts a maintenance fee. Future client development is to diversify so that we can leverage the strength of the Geneos product in other market segments.

Key personnel

We are committed to providing our employees with appropriate tools and effective training to maintain our competitive advantage. We are currently developing training needs analysis documents to further improve the services that we provide to our client base.

Liquidity risk

The Company maintains its liquidity via the careful management and timing of its billing to customers. The collection of debtors in an efficient and effective manner is vital to our positive cash flow.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The company does not force its own terms of payments on its suppliers, thereby supporting the smaller supplier.

Directors

The directors in office throughout the year and up to the date of this report

S J Bates	(resigned 22 September 2011)
M Kipnis	(resigned 22 September 2011)
D S Curnow	(resigned 22 September 2011)
K Covington	(appointed 22 September 2011)
K Waterton	(appointed 22 September 2011)

Future developments and post-balance sheet events

We continue to invest in support personnel to further improve our service to our clients and also plan to upgrade our IT infrastructure.

There are no post balance sheet events that are required to be disclosed.

ITRS Europe Limited

Report of the directors for the year ended 31 March 2012 (*continued*)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed auditors of the company on 1 June 2012 and have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

K Covington



Director

28 February 2013

ITRS Europe Limited

Independent auditor's report

TO THE MEMBERS OF ITRS EUROPE LIMITED

We have audited the financial statements of ITRS Europe Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and 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 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs at 31 March 2012 and of its profit for the year then ended, and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Principles, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

ITRS Europe Limited

Independent auditor's report (*continued*)

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



*Scott McNaughton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

28 February 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

ITRS Europe Limited

Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	8,035,804	11,915,921
Cost of sales		(4,389,478)	(7,249,887)
Gross profit		3,646,326	4,666,034
Administrative expenses		(2,681,216)	(2,458,573)
Operating profit	5	965,110	2,207,461
Interest payable and similar charges		42	-
Profit on ordinary activities before taxation		965,152	2,207,461
Taxation on profit from ordinary activities	6	-	(631,502)
Profit for the financial year		965,152	1,575,959

All amounts relate to continuing activities

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 12 form part of these financial statements

ITRS Europe Limited

Balance sheet
at 31 March 2012

Company number 03464252	Note	2012 £	2011 £
Current assets			
Debtors	7	9,449,953	8,614,549
Cash at bank and in hand		50,265	5,084
		<u>9,500,218</u>	<u>8,619,633</u>
Creditors: amounts falling due within one year	8	(5,084,484)	(5,169,051)
		<u>4,415,734</u>	<u>3,450,582</u>
Net current assets			
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	4,415,732	3,450,580
		<u>4,415,734</u>	<u>3,450,582</u>
Shareholders' funds	11		

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2013


K Covington
Director

The notes on pages 8 to 12 form part of these financial statements

ITRS Europe Limited

Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the generally accepted accounting practice of the United Kingdom

Current taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax assets are only accounted for when it is more likely than not that there will be taxable profits in the future against which they can be offset. Deferred tax balances are not discounted.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Pensions

The company operates a non-contributory defined contribution pension scheme covering some of the directors and other employees. The pension cost charged in the profit and loss account represents the amounts payable by the company to the fund. This fund is separately administered by an external provider and is independent of the finances of the company.

2 Turnover

Turnover represents the total amount receivable by the company for services provided net of VAT.

The company derives revenue from the sale of software licences, maintenance fees (post contract customer support) and services income.

Licence revenue include fees from the sale of software developed and licenced by the company's parent undertaking, ITRS Group Limited. Licence fees are recognised when persuasive evidence of an arrangement exists, delivery has occurred, and the fee is fixed or determinable and collectability is probable. Where the company rents under extended payment terms of more than one period, the fee under these arrangements is recognised evenly over those periods, assuming all other revenue recognition criteria have been met. Software licence rentals billed and not recognised as revenue are included in deferred income.

Maintenance fees associated with software licences include telephone support, bug fixes, and rights to upgrades on a when-and-if-available basis. These fees are invoiced annually in advance and recognised evenly over the year. Unrecognised maintenance fees are included in deferred income.

ITRS Europe Limited

Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

2 Turnover (continued)

Services revenue includes consulting, implementation services and training. Services are generally separable from the other elements of turnover, since the performance of the services is not essential to the functionality of the software. Such revenue for services are recognised as the services are performed.

Where the group enters into bundled contracts, the fair value of post-contract services is calculated and accounted for in line with the appropriate revenue recognition policies detailed within this note. The remaining value of the contract is treated as licence revenue and is accounted for in accordance with the licence revenue recognition policy. Post-contract activities covered under the contract may include installation assistance, training services and continuing maintenance.

3 Employees

	2012 £	2011 £
Staff costs (including directors) consist of		
Wages and salaries	2,560,114	2,723,466
Social security costs	308,521	399,775
Defined contribution scheme pension costs	43,015	9,422
	<u>2,911,650</u>	<u>3,132,663</u>
The average monthly number of employees during the year was	Number	Number
Directors	3	2
Technical support	12	10
Sales	11	8
Administration	4	3
	<u>30</u>	<u>23</u>

4 Directors

	2012 £	2011 £
Directors' remuneration consist of		
Emoluments	160,002	702,391
Defined contribution scheme pension costs	9,167	7,719
	<u>169,169</u>	<u>710,110</u>
Emoluments of the highest paid director	<u>58,615</u>	<u>524,275</u>
Pension contributions for highest paid director	<u>2,887</u>	<u>18,061</u>

ITRS Europe Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

5 Operating profit

	2012 £	2011 £
This has been arrived at after charging		
Foreign exchange losses	26,444	11,748

Auditors' remuneration is borne by the parent company, ITRS Group Limited, and is fully disclosed in its financial statements

6 Taxation on profit from ordinary activities

	2012 £	2011 £
Current tax		
UK corporation tax provided	-	631,502
Taxation on profit on ordinary activities	-	631,502
Factors affecting total current tax		
Profit before tax	965,152	2,207,461
Corporation tax on profit at 26% (2011 - 28%)	250,940	618,089
Adjusted for		
Expenses not deductible for tax purposes	7,068	13,413
Group relief taken	(258,008)	-
	-	631,502

7 Debtors

	2012 £	2011 £
Trade debtors	5,272,866	4,268,701
Amounts receivable from group undertakings	1,552,007	244,220
Other debtors	-	59,028
Prepayments and accrued income	2,318,408	4,042,600
Corporation tax	306,672	-
	9,449,953	8,614,549

All amounts are due within one year

ITRS Europe Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	2,998	4,062
Corporation tax	-	421,979
Other taxation and social security	862,686	-
Other creditors	141,037	-
Amounts payable to group undertakings	446,339	478,399
Accruals and deferred income	3,631,424	4,264,611
	<u>5,084,484</u>	<u>5,169,051</u>

9 Share capital

	2012 Number	Authorised 2011 Number	2012 £	2011 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	2012 Number	Allotted, called up and fully paid 2011 Number	2012 £	2011 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

10 Reserves

	Profit and loss account £
At 1 April 2011	3,450,580
Profit for the year	965,152
	<u>4,415,732</u>
At 31 March 2012	

ITRS Europe Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

11 Shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	3,450,582	1,874,623
Profit for the financial year	965,152	1,575,959
	<hr/>	<hr/>
Closing shareholders' funds	4,415,734	3,450,582
	<hr/>	<hr/>

12 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party disclosures" not to disclose transactions with members of the group headed by ITRS Group Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements

13 Ultimate controlling party

The company's immediate parent company is ITRS Group Limited. The largest and smallest group in which its results are consolidated is headed by ITRS Global Holdings Limited.

Ultimate control of ITRS Europe Limited rests with Carlyle European Technology Partners II Sarl, SICAR, a corporation incorporated in the Grand Duchy of Luxembourg.

14 Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised) "Cash Flow Statements", the company has not prepared a cash flow statement because it's included in the consolidated accounts of ITRS Global Holdings Limited, which is registered in England and Wales. These financial statements contain a cash flow statement and are publically available.