

Camwood Limited

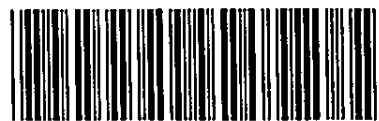
Report and Financial Statements

Year Ended

31 March 2010

Company Number 03469812

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Camwood Limited

Report and financial statements for the year ended 31 March 2010

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Directors

F J Foxall
R G Healey
G R Norfolk
M J Welling

Secretary and registered office

F J Foxall, Marlow House, Lloyd's Avenue, London, EC3N 3AL

Company number

03469812

Auditors

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

Camwood Limited

Report of the directors for the year ended 31 March 2010

The directors present their report together with the audited financial statements for the year ended 31 March 2010

Results

The profit and loss account is set out on page 7 and shows the profit for the year

Principal activities and review of business

The principal activity of the Group is to provide an application migration specialism through the deployment of both software tools and consulting services

Camwood Limited offers services and AppDNA Limited ("App-DNA") is a software development and licensing company. Each company is described below

- i) Camwood Limited is the leading UK consultancy delivering a comprehensive range of services and solutions to support operating systems migrations and ongoing operations management strategies. Camwood assists businesses to envision, prepare and execute the programs and changes required to deliver excellence in managing their application environment
- ii) AppDNA Limited are authors of a number of products including the market leading tool for analysing application portfolios, enabling organisations to plan and manage the impact of application change across the business. AppTitude addresses compatibility, interoperability, virtualisation and application change

The Group's revenues have increased by £2.1m year on year, a 44% increase. Operating profits have risen by £0.6m year on year – from £22,082 to £646,110 in 2010

This is a considerable achievement in a difficult market. As well as a fall-off in general IT activities and projects, there has been considerable pricing pressures from customers on existing Camwood business which has exerted downward pressures on margins in consulting engagements

Towards the end of the financial year, Camwood won a number of large new contracts including delivering BAE's SharePoint solution (£1.46m) and has been engaged by Capgemini to undertake the application work on the Environment Agency's outsource (£0.77m)

Camwood has remained cost-conscious during the recession, but has made key investments in the fourth quarter to enable it to capitalise on the upturn in the economy and the activities around the Windows 7 launch. Investment has been focussed on building the marketing function and delivering new messaging and a clean and fresh website

Camwood is diversifying its service offerings and is now well positioned to capitalise on the upturn. New service lines include an IE 8 assessment service and a focus on 'Readiness' consulting

App-DNA's innovative product, AppTitude, has been a great success in the market with worldwide revenues of £3.0m, up 268% year on year. AppTitude is now being used by large enterprise customers and the technology has been proven

App-DNA's route to market is through either direct sales to end-user customers or through leveraging its relationships with large global IT outsourcers or smaller niche IT specialists

To capitalise on opportunities in the North America market, AppDNA Limited opened a subsidiary in the US, AppDNA Inc., and is based out of Schaumburg, Illinois on the edge of Chicago to service US customers. During the first year of trading, the US subsidiary has realised revenues of £0.6m (\$0.87m)

Camwood Limited

Report of the directors for the year ended 31 March 2010 (Continued)

Principal activities and review of business (continued)

There has been an improvement in the general economy during the year as the key markets emerged from recession. On the technology front, one of the particular highlights which have led to more activity is Microsoft's launch of Windows 7.

Investment in AppTitude is continuing with the most recent release of AppTitude being version 4.5 which includes a number of new product features including improved installation and ease of deployment, more scalable reporting and remediation level action reporting.

App-DNA has continued to build on its strategic alliances. There are technology partners such as Microsoft and Citrix. A number of technology PoCs have taken place during the year for Microsoft clients demonstrating the technologies of AppTitude. App-DNA exhibited at the Citrix Synergy show in San Francisco and won not only the Process Improvement award but also the Best in Show awards.

We are confident that Camwood is in a position to take advantage of new services and software opportunities caused by the release of products from a number of vendors, such as the planned release of Windows 7 (the new desktop operating system by Microsoft) and increased adoption of virtualisation technologies such as App-V, Citrix and VMware.

Future developments

The Group is attracting a growing number of clients as they seek to manage their applications more effectively.

Camwood continues to align to the vendors deployment strategy and the current financial year will provide opportunities for new software technology partnerships and growth in high level end user consulting services.

App-DNA is continually developing new products to align their offerings with that of other Software vendors within the application migration and virtualisation markets.

Research and development activities

The Group invested into research and development during the year £519,539 (2009 - £416,011) and we expect to see a further increase in the coming financial year.

Principal risks and uncertainties

The Group is reliant on customers adopting an approach for application management utilising software and services as part of an overall migration strategy. Customers' decisions may be influenced by general macroeconomic factors and in particular is dependent upon the adoption of new technologies.

Competitive activities over the past year have increased in both the software and services business areas.

Credit risk

The group has a £1m debenture loan owed to the VCT investors which was repayable in September 2010. As part of the demerger (see note 25), £0.5m of this loan has been transferred from Camwood Limited to AppDNA Limited and is repayable on demand.

Liquidity risk

The group prepares cash flow forecasts and reviews these at board level at monthly intervals. Regular communication with the VCT investors takes place to identify and manage the risk of any cash shortfalls.

Camwood Limited

Report of the directors for the year ended 31 March 2010 (*Continued*)

Principal risks and uncertainties (continued)

Price risk

The services that the group offers – be they Camwood services or App-DNA software – are marketed in a way to command a price premium. The market for Camwood's specialised services and tools is new and the revenues earned are steady.

Key performance indicators

The board monitor a range of KPIs to evaluate group performance. These indicators cover revenues and profitability through to resources, cost control and productivity. As a labour intensive business, cost controls and productivity involve monitoring salary and contractor costs and the utilisation ratios of these billable resources.

Charitable contributions

The group made charitable donations of £1,419 (2009 - £500) during the year.

Post balance sheet event

Subsequent to the end of the year, the shareholders of Camwood Limited agreed to demerge AppDNA Limited from the group for commercial reasons. The demerger was completed in November 2010. Full disclosure is included in note 25.

Directors

The directors of the company during the year were

F J Foxall
R G Healey
G R Norfolk
M J Welling

Camwood Limited

Report of the directors for the year ended 31 March 2010 (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 group and company 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 group and company and of the profit or loss of the group and 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.

Adler Shine LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP 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.

By order of the Board

F J Foxall

Secretary

Date

22/2/11

Camwood Limited

Independent auditor's report

TO THE MEMBERS OF CAMWOOD LIMITED

We have audited the financial statements of Camwood Limited for the year ended 31 March 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 31 March 2010 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 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.

Camwood 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 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



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

Date 22/2/11.

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

Camwood Limited

Consolidated profit and loss account for the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	6,837,133	4,755,634
Cost of sales		(2,141,465)	(1,947,807)
Gross profit		4,695,668	2,807,827
Research and development costs		(519,539)	(416,011)
Administrative expenses		(3,530,019)	(2,369,734)
Operating profit	5	646,110	22,082
Interest receivable		89	10,674
Interest payable	6	(85,760)	(88,061)
Profit / (loss) on ordinary activities before taxation		560,439	(55,305)
Taxation on loss from ordinary activities	7	(133,906)	4,854
Profit / (loss) for the financial year	15	426,533	(50,451)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 11 to 23 form part of these financial statements

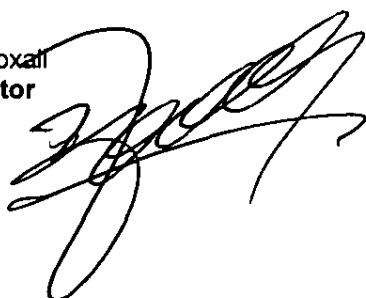
Camwood Limited

Consolidated balance sheet at 31 March 2010

<i>Company number 03469812</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	8		58,165		60,467
Current assets					
Debtors	10	2,041,798		1,147,980	
Cash at bank and in hand		1,698,503		505,299	
		<u>3,740,301</u>		<u>1,653,279</u>	
Creditors: amounts falling due within one year	11	(3,654,125)		(994,382)	
		<u></u>		<u></u>	
Net current assets			86,176		658,897
			<u></u>		<u></u>
Total assets less current liabilities			144,341		719,364
			<u></u>		<u></u>
Creditors' amounts falling due after more than one year	12		-		(1,000,000)
			<u></u>		<u></u>
			144,341		(280,636)
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14		208,716		208,716
Share premium account	15		404,016		404,016
Employee benefit trust reserve	15		(198,490)		(198,490)
Other reserves	15		7,606		9,162
Profit and loss account	15		(277,507)		(704,040)
			<u></u>		<u></u>
Shareholders' funds / (deficit)	16		144,341		(280,636)
			<u></u>		<u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 22/2/11

F J Foxall
Director



The notes on pages 11 to 23 form part of these financial statements

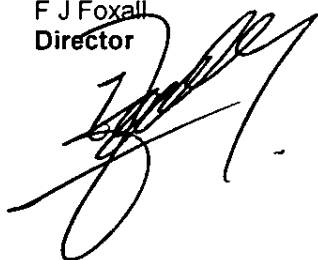
Camwood Limited

Company balance sheet at 31 March 2010

<i>Company number 03469812</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	8		28,003		53,427
Investments	9		2		2
			<hr/>		<hr/>
			28,005		53,429
Current assets					
Debtors	10	1,890,604		1,388,886	
Cash at bank and in hand		587,863		358,949	
		<hr/>		<hr/>	
		2,478,467		1,747,835	
Creditors, amounts falling due within one year	11	(2,451,088)		(749,189)	
		<hr/>		<hr/>	
Net current assets			27,379		998,646
			<hr/>		<hr/>
Total assets less current liabilities			55,384		1,052,075
Creditors: amounts falling due after more than one year	12		-		(1,000,000)
			<hr/>		<hr/>
			55,384		52,075
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		208,716		208,716
Share premium account	15		404,016		404,016
Employee benefit trust reserve	15		(198,490)		(198,490)
Other reserves	15		7,606		9,162
Profit and loss account	15		(366,464)		(371,329)
			<hr/>		<hr/>
Shareholders' funds	16		55,384		52,075
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 22/2/11

F J Foxall
Director



The notes on pages 11 to 23 form part of these financial statements

Camwood Limited

Consolidated cash flow statement for the year ended 31 March 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	21		1,296,484		476,109
Returns on investments and servicing of finance					
Interest received		89		10,674	
Interest paid		(15,760)		(9)	
Debenture loan interest		(70,000)		(70,000)	
Net cash outflow from returns on investments and servicing of finance			(85,671)		(59,335)
Taxation received			36,375		87,994
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(53,984)		(9,574)
Increase in cash	22		1,193,204		495,194

The notes on pages 11 to 23 form part of these financial statements

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of consolidation

The financial statements consolidate the accounts of Camwood Limited and its subsidiary undertakings ('subsidiaries') as at 31 March 2010 using the acquisition method of accounting. The results of subsidiaries are included from the effective date of acquisition. Intra-group sales and profits are eliminated fully on consolidation.

Revenue recognition policies

Turnover earned from the provision of services is recognised on a basis in accordance with the delivery of services over the duration of the contracted project.

Turnover is the fair value of the total amount receivable by the company for supplies of services which are provided in the normal course of business. VAT or similar local taxes and trade discounts are excluded.

Turnover from the provision of services is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a) The amount of revenue can be measured reliably,
- b) It is probable that the economic benefits associated with the transaction will flow to the entity,
- c) The stage of completion of the transaction at the balance sheet date can be measured reliably, and
- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Licensing

The Group licenses software under non-cancellable licence agreements. Licence fee revenues are generally recognised when a non-cancellable licence agreement has been signed, there are no uncertainties surrounding product acceptance, there are no significant vendor obligations, the fees are fixed and determinable and collection is considered probable.

Where appropriate, the Group allocates a portion of contracted fees to post-contract activities covered under the contract, which may include installation assistance, training services and first year maintenance.

Support services

The Group provides support services which include installation, consulting, training and product support. Revenues for training or consulting services are recognised as the services are performed. Revenues from support agreements are recognised rateably over the support period.

Tangible assets and depreciation

Tangible 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 Improvements	-	33% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% straight line

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Employee Benefit Trust

The cost of the company's shares held by the EBT is deducted from shareholders' funds in the company and group balance sheets under the heading ESOP share reserve. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the company

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Investments

Investments in subsidiaries are valued at cost less provision for impairment

Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Research and development

Expenditure on research and development in respect of the development of software projects is fully charged to the profit and loss account in the year the expenditure is incurred

Capital instrument finance costs

Finance costs in respect of the issue of equity and debt are dealt with on the following basis

Equity share issues
charged in full against the share premium account

Debenture loans
finance costs are charged to the profit and loss account over the term of the respective debenture loans

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

1 Accounting policies (continued)

Share-based payments

When share options are awarded to employees, the fair value of the options at the date of the grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Details of the movement in share option valuation are disclosed in note 18.

2 Turnover

Turnover is wholly attributable to the revenues earned through the provision of services and technology solutions to support application packaging and technical software solutions development.

A geographical analysis of turnover is as follows:

	2010 £	2009 £
United Kingdom	5,501,599	4,407,589
European Union	308,146	179,109
Rest of World	1,027,388	168,936
	<u>6,837,133</u>	<u>4,755,634</u>

3 Employees

	2010 £	2009 £
Staff costs consist of		
Wages and salaries	3,050,192	1,877,804
Social security costs	262,667	166,047
	<u>3,312,859</u>	<u>2,043,851</u>

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

3 Employees (continued)

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

	Number	Number
Administration	8	5
Sales	10	8
Developments	11	7
Operations	16	16
Finance	2	3
	<hr/>	<hr/>
	47	39
	<hr/>	<hr/>

4 Directors

	2010 £	2009 £
Emoluments	345,613	369,986
Amounts paid to third parties in respect of directors' salaries	49,003	44,505
	<hr/>	<hr/>
	394,616	414,491
	<hr/>	<hr/>

The highest paid director received remuneration of £142,425 (2009 - £122,000)

5 Operating profit

	2010 £	2009 £
This has been arrived at after charging		
Depreciation of fixed assets - owned by the group	51,895	51,762
Auditors' remuneration	30,500	14,000
Difference on foreign exchange	(40,695)	2,480
Research and development expenditure written off	519,539	416,011
Operating lease rentals	128,014	100,456
	<hr/>	<hr/>

6 Interest payable

	2010 £	2009 £
On bank loans and overdrafts	15,760	10
On other loans	-	18,051
On debenture loans	70,000	70,000
	<hr/>	<hr/>
	85,760	88,061
	<hr/>	<hr/>

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

7 Taxation on profit from ordinary activities

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax on loss of the year	76,624	(40,435)
Adjustment in respect of prior periods	4,060	-
	<u>80,684</u>	<u>(40,435)</u>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	44,908	35,581
Adjustment in respect of prior periods	8,314	-
	<u>53,222</u>	<u>35,581</u>
Taxation on profit / (loss) on ordinary activities	<u>133,906</u>	<u>(4,854)</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

	2010 £	2009 £
Profit / (loss) on ordinary activities before tax	<u>560,439</u>	<u>(55,305)</u>
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	156,923	(15,485)
Effects of		
Expenses not deductible for tax purposes	14,589	6,752
Depreciation in excess of capital allowances for year	2,679	7,878
Utilisation of tax losses	(44,635)	(90,755)
Additional deduction for research and development expenditure	(50,824)	(31,018)
Surrender of tax losses for research and development tax credit	-	38,773
Other tax adjustments	(2,758)	43,420
Overseas tax payable	650	-
	<u>76,624</u>	<u>(40,435)</u>
Current tax charge / (credit) for year		

Factors that may affect future tax charges

The group has tax losses of £nil (2009 - £159,563) available to carry forward against future trading profits

Camwood Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

8 Tangible assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
Group				
<i>Cost</i>				
At 1 April 2009	28,684	127,024	44,115	199,873
Additions	5,735	45,129	3,120	53,984
Disposals	(28,684)	-	(2,615)	(31,299)
At 31 March 2010	2,087,540	1,147,980	44,620	222,558
<i>Depreciation</i>				
At 1 April 2009	25,405	83,907	30,674	139,406
Additions	1,216	38,798	11,881	51,895
Disposals	(25,425)	-	(1,434)	(26,909)
At 31 March 2010	1,216	122,705	40,471	164,392
<i>Net book value</i>				
At 31 March 2010	4,519	49,498	4,149	58,165
At 31 March 2009	3,259	43,167	19,041	60,467
	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
Company				
<i>Cost</i>				
At 1 April 2009	28,684	117,361	44,115	190,160
Additions	5,735	16,049	1,908	23,692
Disposals	(28,684)	-	(2,615)	(31,299)
At 31 March 2010	5,735	133,410	43,408	182,553
<i>Depreciation</i>				
At 1 April 2009	25,425	81,234	30,074	136,733
Additions	1,216	31,856	11,654	44,726
Disposals	(25,425)	-	(1,484)	(26,909)
At 31 March 2010	1,216	113,090	40,244	154,550
<i>Net book value</i>				
At 31 March 2010	4,519	20,320	3,164	28,003
At 31 March 2009	3,259	36,127	19,041	53,427

Camwood Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (Continued)

9 Investments

Company	Shares in group undertakings £
Cost of valuation At 1 April 2009 and 31 March 2010	2

Name	Country	Percentage shareholding	Nature of business
AppDNA Limited	England and Wales	100%	Provision of software
AppDNA Inc*	USA	100%	Provision of software

*AppDNA Inc is held indirectly by the company

10 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	1,870,834	970,427	1,243,380	921,534
Amounts owed by group undertakings	-	-	519,266	375,217
Other debtors	30,956	30,983	30,969	30,983
Prepayments and accrued income	140,008	60,407	96,989	60,067
Tax recoverable	-	40,435	-	-
Deferred tax asset (see note 13)	-	45,728	-	1,085
	<u>2,041,798</u>	<u>1,147,980</u>	<u>1,890,604</u>	<u>1,388,886</u>

11 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade creditors	621,003	332,094	463,766	310,934
Corporation tax creditor	76,610	332,094	15,913	310,934
Social security and other taxes	269,063	208,156	160,386	172,986
Other creditors	77,601	10,468	62,883	2,970
Accruals and deferred income	1,602,354	443,664	746,518	262,299
Debenture loans	1,000,000	-	1,000,000	-
Deferred tax liability (see note 13)	7,494	-	1,622	-
	<u>3,654,125</u>	<u>994,382</u>	<u>2,451,088</u>	<u>749,189</u>

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

11 Creditors: amounts falling due within one year (continued)

The debenture loans are secured by fixed and floating charges over the company's assets. The debenture was repayable in September 2010 but has been rolled over (see note 25).

Interest is accrued at 7% (9% from November 2010) and is payable quarterly in arrears on the last day of June, September, December and March.

12 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Debenture loans	-	1,000,000	-	1,000,000

13 Deferred taxation

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
At 1 April 2009	45,728	81,309	1,085	81,309
Charged for during the year	(53,222)	(35,581)	(2,707)	(80,224)
At 31 March 2010	(7,494)	45,728	(1,622)	1,085
The deferred tax (liability) / asset is made up as follows				
Accelerated capital allowances	(7,570)	7,878	(1,622)	8,361
Tax losses brought forward	76	37,850	-	(7,276)
	(7,494)	45,728	(1,622)	1,085

14 Share capital

	2010 Number	Authorised 2009 Number	2010 £	2009 £
Ordinary shares of 1p each	78,355,500	78,355,500	783,555	783,555
Ordinary 'A' shares of 1p each	6,644,500	6,644,500	66,445	66,445
Preferred shares of 1p each	15,000,000	15,000,000	150,000	150,000
	100,000,000	100,000,000	1,000,000	1,000,000

Camwood Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (Continued)

14 Share capital (Continued)

	Allotted, called up and fully paid			
	2010 Number	2009 Number	2010 £	2009 £
Ordinary shares of 1p each	10,000,000	10,000,000	100,000	100,000
Ordinary 'A' shares of 1p each	6,644,500	6,644,500	66,445	66,445
Preferred shares of 1p each	4,227,100	4,227,100	42,271	42,271
	<u>20,871,600</u>	<u>20,871,600</u>	<u>208,716</u>	<u>208,716</u>

All classes of shares are equity shares and rank pari passu except as follows

Preferred shares have priority distribution of 1 pence in every 1,000 pence available for distribution in respect of each and every income distribution

Preferred shares and ordinary "A" shares have an initial tranche right to capital distribution in the event of a sale of the company and a value maintenance mechanism in respect of any further issue of shares at a lower price

Ordinary shares have a second tranche right to capital distribution in the event of a sale of the company

15 Reserves

Group	Share premium account £	Employee benefit trust reserve £	Other reserves £	Profit and loss account £
At 1 April 2009	404,016	(198,490)	9,162	(704,040)
Profit for the year	-	-	-	426,533
Share based payment credit	-	-	(1,556)	-
	<u>404,016</u>	<u>(198,490)</u>	<u>7,606</u>	<u>(277,507)</u>
At 31 March 2010	404,016	(198,490)	7,606	(277,507)
Company				
At 1 April 2009	404,016	(198,490)	9,162	(371,329)
Profit for the year	-	-	-	4,865
Share based payment credit	-	-	(1,556)	-
	<u>404,016</u>	<u>(198,490)</u>	<u>7,606</u>	<u>(366,464)</u>
At 31 March 2010	404,016	(198,490)	7,606	(366,464)

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

16 Employee benefit trust shares

The Employee Benefit Trust (EBT) was established in October 2005 to provide for the future obligations of the company for shares awarded under the EMI Scheme which are conditionally awarded to employees. Under the scheme, the trustee purchases the company's ordinary shares financed by a loan from Camwood Limited. At 31 March 2010, 2,850,000 (2009 – 2,850,000) shares held by the EBT are under option to employees. Subsequent to the end of the year, a further 500,000 shares were gifted to two employee shareholders.

	Group 2010	Group 2009	Company 2010	Company 2010
EBT shares				
Number of shares held	3,350,000	3,350,000	3,350,000	3,350,000

17 Reconciliation of movement in shareholders' funds / (deficit)

Group	2010 £	2009 £
Opening shareholders' deficit	(280,636)	(233,780)
Profit / (loss) for the year	426,533	(50,451)
Share based payment (credit) / charge	(1,556)	3,595
	<hr/>	<hr/>
Closing shareholders' funds / (deficit)	144,341	(280,636)
	<hr/>	<hr/>
Company		
Opening shareholders' funds / (deficit)	52,075	(233,780)
Profit for the year	4,865	282,258
Share based payment (credit) / charge	(1,556)	3,595
	<hr/>	<hr/>
Closing shareholders' funds	55,384	52,075
	<hr/>	<hr/>

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 dealt with in the accounts of the company was £4,865 (2009 - £282,258).

18 Share-based payments

The Group has historically issued share options under the EMI (Enterprise management incentive) scheme which is in line with the Income Tax (Earnings and Pension) Act 2003, Schedule 5. Therefore, when an employee who holds share options ceases to work for the group, their options lapse.

The fair value of the options has been computed using the Black Scholes Model. No performance conditions are attached to the options and all options are equity settled.

The credit in the group and the company profit and loss account for share based payments for the year ended 31 March 2010 was £1,556 (2009 – charge of £3,595).

The exercise price of options outstanding at year end ranged from 1.00p to 25.00p (2009 – 1.00p to 25.00p) and their weighted average contracted life was 4 years (2009 – 4 years).

Of the total options outstanding at year end, 4,747,200 (2009 – 4,967,200) had vested and were exercisable at the end of the year.

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

18 Share-based payments (continued)

The following information is relevant in the determination of the fair value of options granted during the previous year

	2010	2009
Weighted average share price at grant date	-	1 00p
Exercise price	-	1 00p
Weighted average contracted life	-	4 years
Expected volatility	-	48.8%
Rent-free interest rate	-	2.35%
Expected dividend growth rate	-	-

The expected volatility was based on an average rate of historical volatility of the share prices of three comparable companies listed on the London Stock Exchange

A reconciliation of option movements over the year to 31 March 2010 follows

	2010 Number	2010 Weighted average exercise price	2009 Number	2009 Weighted average exercise price
Outstanding at 1 April	4,967,200	3.86p	4,062,200	4.50p
Granted during the year	-	-	1,005,000	1.00p
Lapsed during the year	(220,000)	1.00p	(100,000)	1.00p
Outstanding at 31 March	4,747,200	3.99p	4,967,200	3.86p
Exercisable at 31 March	4,747,200	3.99p	4,967,200	3.86p

19 Contingent liabilities

If the debenture loan of £1,000,000 is repaid as a result of the whole or partial sale of the company, or the company is listed on a recognised stock exchange, then a 50% premium is payable on the outstanding amount

20 Related party transactions

During the year the company paid £22,756 (2009 - £19,813) to Foresight Group, a company that manages the Foresight VCT Plc investment in Camwood Limited, relating to RG Healey's director fees. R G Healey, is also a partner in Foresight Group. Debenture loan interest of £23,333 (2009 - £23,333) was paid to Foresight Group VCT Plc and a balance of £38,045 is held in trade creditors as at 31 March 2010

The company paid £26,247 (2009 - £21,172) to Acorn Corporate Finance Limited relating to GR Norfolk's director fees. G Norfolk, director, is also a director in Acorn Corporate Finance Limited. At the year end, the balance owing to Acorn Corporate Finance Limited was £5,288 (2009 - £nil)

The company accrued debenture loan interest to The Income & Growth VCT Plc, a shareholder, of £46,667 (2009 - £46,667). The balance outstanding as at 31 March 2010 is £11,507 and is held within trade creditors (2009 - £192)

Camwood Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*Continued*)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	646,110	22,082
Depreciation	51,895	48,626
Loss on disposal of fixed assets	4,390	4,463
(Increase) / decrease in debtors	(979,995)	290,658
Increase in creditors	1,574,084	110,280
	<hr/>	<hr/>
Net cash inflow from operating activities	1,296,484	476,109
	<hr/>	<hr/>

22 Reconciliation of net cash inflow to movement in net debt

	2010 £	2009 £
Increase in cash in the year	1,193,204	495,194
	<hr/>	<hr/>
Movement in the year	1,193,204	495,194
Opening net debt	(494,701)	(989,895)
	<hr/>	<hr/>
Closing net cash / (debt)	698,503	(494,701)
	<hr/>	<hr/>

23 Analysis of net debt

	At 1 April 2009 £	Cash flow £	Other non-cash changes £	At 30 March 2010 £
Cash in hand and at bank	505,299	1,193,204	-	1,698,503
Debt due less than one year	-	-	(1,000,000)	(1,000,000)
Debt due after one year	(1,000,000)	-	1,000,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net (debt) / cash	(494,701)	1,193,204	-	698,503
	<hr/>	<hr/>	<hr/>	<hr/>

24 Controlling party

In the opinion of the directors there is no ultimate controlling party

Camwood Limited

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

25 Subsequent events

After the year end, the shareholders agreed to demerge the App-DNA software business from the group for commercial reasons and this transaction was completed at the end of January 2011

In order to facilitate the demerger, Camwood Limited was acquired by Hallco 1741 Limited through a share for share exchange with the existing Camwood Limited shareholders. This had the effect of triggering all employee option schemes, allowing option holders to exercise their options to receive equity in the new holding company Hallco 1741 Limited.

The Group was subsequently reorganised, and then a new company was formed, Hallco 1761 Limited, who then purchased the Group's holding in AppDNA Limited by issuing shares to the shareholders of Hallco 1741 Limited, in direct proportion to their existing holdings in the company.

Thus on completion, Camwood Limited and AppDNA Limited are now both held by separate holding companies with the same shareholders in each company.

From the date of demerger, AppDNA Limited has assumed half of the VCT debenture loan liability being £0.5m previously held by Camwood Limited (see note 11) in exchange for £0.5m of cash transferred from Camwood Limited.

AppDNA Limited and Camwood Limited have provided cross guarantees in respect of the respective debenture loans.

26 Operating leases

At the Balance Sheet date, the Group had annual commitments under non-cancellable operating leases for land and buildings, as follows:

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
<i>Operating leases which expire</i>				
Within one year	127,800	127,800	29,550	29,550
Between two and five years	-	-	-	-
Greater than five years	-	-	-	-
	<u>127,800</u>	<u>127,800</u>	<u>29,550</u>	<u>29,550</u>

Operating lease commitments relate to payments for the rental of leasehold properties.