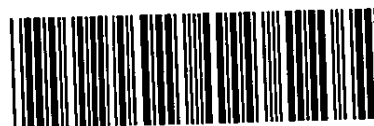


COMPANY REGISTRATION NUMBER 3780600

**Princeton Softech UK Limited**  
**Financial Statements**  
**31 January 2010**

FRIDAY



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# **Princeton Softech UK Limited**

## **Financial Statements**

**Year Ended 31 January 2010**

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# **Princeton Softech UK Limited**

## **Company Information**

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<b>The board of directors</b>	P Garstang A Bradley
<b>Company secretary</b>	A Sullivan
<b>Registered office</b>	PO Box 41 North Harbour Portsmouth Hampshire PO6 3AU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Savannah House 3 Ocean Way Ocean Village Southampton Hampshire SO14 3TJ

# **Princeton Softech UK Limited**

## **The Directors' Report**

**Year Ended 31 January 2010**

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The directors present their annual report and the audited financial statements of the company for the year ended 31 January 2010

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the company during the year were the provision of software for developing and deploying strategic enterprise and related maintenance contracts

On 1 February 2008 the company entered into a transfer of trade agreement with IBM United Kingdom Limited. The majority of contracts, all assets and all liabilities were transferred to IBM United Kingdom Limited at net book value. Any contracts that were excluded and remain within the company will be performed by IBM United Kingdom Limited, for and on behalf of Princeton Softech UK Limited, until novation under IBM United Kingdom Limited terms and conditions allows or termination.

### **RESULTS AND DIVIDENDS**

The profit for the company after taxation of £115,372 (2009 £115,004) is set out on page 6

The directors do not recommend payment of a dividend (2009 £nil)

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks affecting the company are considered to relate to the economic environment and competition.

The company operates in a highly competitive market but as part of the IBM group it has an ability to innovate and integrate which is considered to be unique to IBM, and sets it apart from its competition.

If overall demand for software changes, whether due to general economic conditions or a shift in corporate buying patterns, sales performance could be impacted.

### **KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **FINANCIAL RISK MANAGEMENT**

The company's operations do not expose it to any material risks including the effects of change in debt market prices, credit risk, liquidity risk and interest rate risk.

### **DIRECTORS**

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

P Garstang  
A Bradley  
L Enns

(appointed 20 April 2009)  
(resigned 20 April 2009)

# Princeton Softech UK Limited

## The Directors' Report *(continued)*

Year Ended 31 January 2010

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### STATEMENT OF 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm they have complied with the above requirements in preparing the financial statements.

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

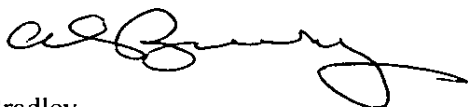
there is no relevant audit information of which the company's auditors are unaware, and

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 auditors are aware of that information.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



A Bradley  
Director

Date 19 October 2010

# **Princeton Softech UK Limited**

## **Independent Auditors' Report to the Members of Princeton Softech UK Limited**

**Year Ended 31 January 2010**

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We have audited the financial statements of Princeton Softech UK Limited for the year ended 31 January 2010 which comprise the Profit and Loss Account, Balance Sheet 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).

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 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 company's affairs as at 31 January 2010 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.

## **Princeton Softech UK Limited**

### **Independent Auditors' Report to the Members of Princeton Softech UK Limited *(continued)***

**Year Ended 31 January 2010**

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#### **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



Nicholas Smith  
Senior Statutory Auditor  
For and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Southampton

*20 October 2010*

# Princeton Softech UK Limited

## Profit and Loss Account

Year Ended 31 January 2010

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		2010	2009
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>109,970</b>	136,474
Administrative expenses		—	3,008
<b>OPERATING PROFIT</b>	<b>3</b>	<b>109,970</b>	139,482
Interest receivable and similar income	6	14,037	12,031
Interest payable	7	(1,806)	(36,509)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>122,201</b>	115,004
Tax on profit on ordinary activities	8	(6,829)	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>115,372</b>	115,004

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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

There is no difference between the profit and loss account reported above and its historical cost equivalent

The notes on pages 8 to 13 form part of these financial statements.

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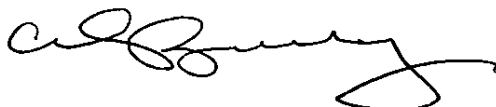
# Princeton Softech UK Limited

## Balance Sheet

As at 31 January 2010

	Note	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors	9	134,670	453,846
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(298,212)</u>	<u>(732,760)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(163,542)</u>	<u>(278,914)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(163,542)</u>	<u>(278,914)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	1,401,276	1,401,276
Capital contribution	14	1,168,733	1,168,733
Profit and loss account	14	<u>(2,733,551)</u>	<u>(2,848,923)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	14	<u>(163,542)</u>	<u>(278,914)</u>

These financial statements were approved by the directors and authorised for issue on 19 October 2010 and are signed on their behalf by



A Bradley  
Director

Company Registration Number 3780600

The notes on pages 8 to 13 form part of these financial statements

# **Princeton Softech UK Limited**

## **Notes to the Financial Statements**

**Year Ended 31 January 2010**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

These financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Going concern**

The financial statements have been prepared on a going concern basis as the immediate parent company, IBM United Kingdom Holdings Limited, has confirmed its continuing financial support to the company for the foreseeable future and accordingly the directors believe it is appropriate to prepare the financial statements on a going concern basis.

#### **Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" from including a cash flow statement in the financial statements on the grounds that it is wholly owned and its ultimate parent company, International Business Machines Corporation, publishes a consolidated cash flow statement in their consolidated financial statements, which are publicly available.

#### **Turnover**

Turnover is shown net of VAT and other taxes.

The company recognises revenue when it is realised or realisable and earned. The company considers revenue realised or realisable and earned when it has persuasive evidence of an arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable and collectibility is reasonably assured.

Revenue from perpetual (one-time charge) license software is recognised at the inception of the license term if all revenue recognition criteria have been met. Revenue from term (monthly license charge) license software is recognised upfront at net present value where cash is expected to be received over an extended period. Revenue from services and maintenance contracts are recognised over the life of the agreement.

Revenue in multi-element arrangements which may include any combination of software and maintenance is separated into more than one unit of account if the commercial substance is that the individual components operate independently of each other and a reliable fair value can be attributed to each component. If the components are not deemed to operate independently of each other then the arrangement is accounted for as a whole to reflect the company's right to consideration in exchange for the performance of its obligations.

#### **Foreign currencies**

Monetary assets and liabilities denominated 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

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# Princeton Softech UK Limited

## Notes to the Financial Statements

Year Ended 31 January 2010

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### 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

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

### 2. TURNOVER

An analysis of turnover by geographical destination is as follows

	2010 £	2009 £
United Kingdom	<u>109,970</u>	<u>136,474</u>

All turnover is derived from one class of business

### 3. OPERATING PROFIT

Operating profit is stated after crediting

	2010 £	2009 £
Net profit on foreign currency translation	<u>—</u>	<u>(3,008)</u>

Auditors' remuneration of £15,000 (2009 £15,000) was borne by a fellow subsidiary undertaking

### 4. DIRECTORS' EMOLUMENTS

The directors' emoluments in respect of qualifying services were £nil (2009 £nil) The directors were remunerated by IBM United Kingdom Limited, a fellow subsidiary undertaking

### 5. PARTICULARS OF EMPLOYEES

At 1 February 2008, all employees were transferred to IBM United Kingdom Limited Thereafter the employees were remunerated by IBM United Kingdom Limited

# Princeton Softech UK Limited

## Notes to the Financial Statements

Year Ended 31 January 2010

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Unwinding of discount on accrued income (note 9)	<u>14,037</u>	<u>12,031</u>

### 7. INTEREST PAYABLE

	2010 £	2009 £
Interest payable to fellow subsidiary undertaking	<u>1,806</u>	<u>36,509</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 28 33%)	3,425	-
Adjustments relating to prior periods	3,404	-
Total current tax	<u>6,829</u>	<u>-</u>

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

The tax assessed on the profit on ordinary activities for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28 33%)

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for the prior accounting year have been taxed at an effective rate of 28 33% and the current accounting year profits will be taxed at 28%

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>122,201</u>	<u>115,004</u>
Profit on ordinary activities multiplied by the standard rate of tax	34,216	32,584
Utilisation of tax losses	(30,791)	(32,584)
Adjustments relating to prior periods	3,404	-
Total current tax (note 8(a))	<u>6,829</u>	<u>-</u>

# Princeton Softech UK Limited

## Notes to the Financial Statements

Year Ended 31 January 2010

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

#### (c) Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 27 July 2010, includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

### 9. DEBTORS

	2010	2009
	£	£
Trade debtors	76,608	–
Prepayments and accrued income	58,062	453,846
	<u>134,670</u>	<u>453,846</u>

In the prior year a discount of 10.7% was used in the calculation of the accrued income.

### 10. DEFERRED TAXATION

No deferred tax assets (2009: £nil) are recognised in the financial statements; the potential deferred tax asset not recognised is set out below.

	2010	2009
	£	£
Tax losses available	<u>253,205</u>	<u>276,785</u>

On 1 February 2008 the deferred tax assets were transferred to IBM United Kingdom Limited with the exception of the deferred tax assets arising on capital and restricted pre-acquisition trading tax losses of £276,785 which remained within the company. The restricted losses were revised as part of the prior year tax computation and the associated deferred tax restated to £283,996. During the year £30,791 of deferred tax was realised. The remaining deferred tax assets have not been recognised since there is insufficient evidence that they will be utilised in the future.

# Princeton Softech UK Limited

## Notes to the Financial Statements

Year Ended 31 January 2010

### 11. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Amounts owed to group undertakings	212,540	718,723
Corporation tax payable	3,425	—
Other taxation and social security	76,696	—
Accruals and deferred income	5,551	14,037
	<u>298,212</u>	<u>732,760</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest is charged at LIBOR plus 0.15%

### 12. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed in accordance with Financial Reporting Standard No. 8 "Related Party Disclosures" as the consolidated accounts of International Business Machines Corporation in which the company is included are available at the address shown in note 15

### 13. SHARE CAPITAL

#### Authorised share capital:

	2010	2009
	£	£
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

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

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	<u>1,401,276</u>	<u>1,401,276</u>	<u>1,401,276</u>	<u>1,401,276</u>

### 14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT AND RESERVES

	Share capital	Capital contribution	Profit and loss account	Total share-holders' deficit
	£	£	£	£
At 1 February 2008	1,401,276	1,168,733	(2,963,927)	(393,918)
Profit for the financial year	—	—	115,004	115,004
At 1 February 2009	1,401,276	1,168,733	(2,848,923)	(278,914)
Profit for the financial year	—	—	115,372	115,372
At 31 January 2010	<u>1,401,276</u>	<u>1,168,733</u>	<u>(2,733,551)</u>	<u>(163,542)</u>

# **Princeton Softech UK Limited**

## **Notes to the Financial Statements**

**Year Ended 31 January 2010**

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### **15. ULTIMATE PARENT COMPANY**

The company's immediate parent undertaking is IBM United Kingdom Holdings Limited which is registered in Great Britain

The company's ultimate parent undertaking and controlling party is International Business Machines Corporation which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of this undertaking may be obtained from IBM Corporate Headquarters, New Orchard Road, Armonk, New York 10504