

Company Registration No. 3889532 (England and Wales)

**COMPANIES
HOUSE COPY**

CSF MANAGED SERVICES PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MAY 2007

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CSF MANAGED SERVICES PLC

COMPANY INFORMATION

Directors	I Williams E J Halpin
Secretary	W B Homan-Russell
Company number	3889532
Registered office	First Floor Station House 4-8 High Street West Drayton Middlesex UB7 7DJ
Auditors	KPMG Audit Plc St James' Square Manchester M2 6DS
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

CSF MANAGED SERVICES PLC

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CSF MANAGED SERVICES PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MAY 2007

The directors present their report and financial statements for the 5 month period ended 31 May 2007

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of computer equipment and related services to its customers

The directors consider the results achieved on ordinary activities to be satisfactory given the changes that have taken place following the acquisition of the business by Cantono plc on 4th January 2007, particularly given current market conditions. The financial position at the Balance Sheet date was also satisfactory.

The company's results are dependent upon the market for outsourced products and the general economy at large and changes to these are likely to affect its future performance.

The directors consider the company is in a stronger financial position at the end of the period following its integration into the managed services activities of Cantono plc.

Turnover for the 5 month period was £2,119,580 compared to £4,382,430 for the 12 months in 2006. Gross profit for the 5 month period was £1,805,264 compared to £2,930,756 for the 12 months in 2006. The company made a profit on ordinary activities before taxation of £8,045,825 benefiting from the agreed waiver of intra group charges at acquisition. This compares to an loss on ordinary activities before taxation in 2006 of £3,642,602.

Results and dividends

The results for the period are set out on page 6.

Directors

The following directors have held office since 1 January 2007

M Cohen	(Resigned 4 January 2007)
M J Northall	(Resigned 5 December 2007)
D M Greenberg	(Resigned 4 January 2007)
I Williams	
C M Keeble	(Resigned 4 January 2007)
C Chapman	(Resigned 28 January 2008)
P A Beer	(Resigned 4 January 2007)
E J Halpin	(Appointed 4 January 2007)

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and

- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 89 (2006- 66) days' purchases.

Auditors

KPMG LLP resigned as auditors and KPMG Audit Plc were appointed in their place. In accordance with section 384 of the Companies Act 1985, a resolution proposing that KPMG Audit Plc be re-appointed will be proposed at the forthcoming Annual General Meeting.

CSF MANAGED SERVICES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2007

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the board



E J Halpin

Director

26-8-08

CSF MANAGED SERVICES PLC

DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 MAY 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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 business.

The directors are responsible for keeping proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

CSF MANAGED SERVICES PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CSF MANAGED SERVICES PLC

We have audited the financial statements of CSF Managed Services PLC for the period ended 31 May 2007 which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The director's responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CSF MANAGED SERVICES PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CSF MANAGED SERVICES PLC

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 May 2007 and of its profit for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc

19/9/08

Chartered Accountants
Registered Auditor

St James' Square
Manchester
M2 6DS

CSF MANAGED SERVICES PLC

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MAY 2007

	Notes	Period ended 31 May 2007 £	Year ended 31 December 2006 £
Turnover	2	2,119,580	4,382,430
Cost of sales		(314,316)	(1,451,674)
Gross profit		1,805,264	2,930,756
Administrative expenses		5,563,790	(6,479,593)
Operating profit/(loss)	3	7,369,054	(3,548,837)
Profit on disposal of fixed assets		678,628	-
Interest payable and similar charges	4	(1,857)	(93,765)
Profit/(loss) on ordinary activities before taxation		8,045,825	(3,642,602)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the period	12	8,045,825	(3,642,602)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CSF MANAGED SERVICES PLC

BALANCE SHEET

AS AT 31 MAY 2007

	Notes	2007 £	£	31 December 2006 £	£
Fixed assets					
Tangible assets	6		978,025		1,112,153
Current assets					
Stocks	7	7,214		96,642	
Debtors	8	1,119,176		1,872,474	
Cash at bank and in hand		105,624		58,643	
		<u>1,232,014</u>		<u>2,027,759</u>	
Creditors, amounts falling due within one year	9	<u>(2,927,642)</u>		<u>(11,838,993)</u>	
Net current liabilities			<u>(1,695,628)</u>		<u>(9,811,234)</u>
Total assets less current liabilities			<u>(717,603)</u>		<u>(8,699,081)</u>
Creditors, amounts falling due after more than one year	10		-		(64,347)
			<u>(717,603)</u>		<u>(8,763,428)</u>
Capital and reserves					
Called up share capital	11	50,000		50,000	
Profit and loss account	12	(767,603)		(8,813,428)	
Shareholders' funds	13	<u>(717,603)</u>		<u>(8,763,428)</u>	

Approved by the Board and authorised for issue on *29th August 2008*



E J Halpin
Director

CSF MANAGED SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MAY 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through loan arrangements made by the parent company. On the basis of the continued support of the parent company, the directors consider that the going concern basis for the preparation of the accounts is appropriate

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

1.3 Turnover

Turnover represents the amounts derived from the provision of goods and services to third party customers during the period and is exclusive of value added tax

The Group has three main income streams: software sales and associated maintenance income, managed services and professional services

Software sales of standard product are recognised to the extent that the company has obtained the right to consideration through its performance. Revenue from support and maintenance is recognised on a straight-line basis over the period to which the maintenance agreement relates

Revenue from managed services is recognised on a straight-line basis over the period of the contract

Professional services income is recognised as services are performed

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	33% straight line
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1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.6 Stock

Stock is valued at the lower of cost and net realisable value

CSF MANAGED SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2007

1 Accounting policies

(continued)

1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.8 Foreign currency translation

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 recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Classification

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

1.10 Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

CSF MANAGED SERVICES PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MAY 2007****2 Turnover**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit/(loss)

	Period ended 31 May 2007 £	Year ended 31 December 2006 £
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	175,110	263,091
Costs of reorganisation	2,287,709	-
Loss on foreign exchange transactions	99	7,451
Auditors' remuneration	-	25,000
Write back of a formally waived inter group loan	(9,578,199)	-

Auditors' remuneration - audit of these financial statements is paid by the parent company

4 Interest payable

	Period ended 31 May 2007 £	Year ended 31 December 2006 £
On bank loans and overdrafts	-	93,765
Lease interest	1,857	-
	<u>1,857</u>	<u>93,765</u>

CSF MANAGED SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2007

5 Taxation	Period ended 31 May 2007	Year ended 31 December 2006
Current tax charge	-	-
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	8,045,825	(3,642,602)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	2,413,748	(1,092,781)
Effects of		
Non deductible expenses	592,143	15,914
Depreciation add back	52,533	-
Capital allowances	(33,776)	96,637
Tax losses utilised	52,401	-
Formally waived loan write off	(2,873,461)	-
Other tax adjustments	(203,588)	980,230
	(2,413,748)	1,092,781
Current tax charge	-	-

The unrecognised deferred tax asset is £21,000

The future tax charge is anticipated to follow the UK statutory rate of corporation taxation. The UK statutory rate of corporation tax will reduce to 28% from 1 April 2008.

CSF MANAGED SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2007

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2007	2,061,417
Additions	112,354
Disposals	(823,650)
	<u>1,350,121</u>
At 31 May 2007	<u>1,350,121</u>
Depreciation	
At 1 January 2007	949,264
On disposals	(752,278)
Charge for the period	175,110
	<u>372,096</u>
At 31 May 2007	<u>372,096</u>
Net book value	
At 31 May 2007	<u>978,025</u>
At 31 December 2006	<u>1,112,153</u>

7 Stocks

	31 May 2007 £	31 December 2006 £
Finished goods and goods for resale	<u>7,214</u>	<u>96,642</u>

8 Debtors

	31 May 2007 £	31 December 2006 £
Trade debtors	417,742	324,677
Amounts owed by fellow subsidiary undertakings	603,692	-
Prepayments and accrued income	97,742	1,547,797
	<u>1,119,176</u>	<u>1,872,474</u>

CSF MANAGED SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2007

9	Creditors. amounts falling due within one year	31 May	31 December
		2007	2006
		£	£
	Net obligations under hire purchase contracts	-	20,021
	Trade creditors	765,940	260,774
	Amounts owed to parent and fellow subsidiary undertakings	196,130	10,721,648
	Taxes and social security costs	395,899	210,508
	Accruals and deferred income	1,569,673	626,042
		<u>2,927,642</u>	<u>11,838,993</u>
10	Creditors. amounts falling due after more than one year	31 May	31 December
		2007	2006
		£	£
	Net obligations under hire purchase contracts	-	64,347
		<u>-</u>	<u>64,347</u>
	Net obligations under hire purchase contracts		
	Repayable within one year	-	20,021
	Repayable between one and five years	-	64,347
		<u>-</u>	<u>84,368</u>
	Included in liabilities falling due within one year	-	(20,021)
		<u>-</u>	<u>64,347</u>
11	Share capital	31 May	31 December
		2007	2006
		£	£
	Authorised		
	50,000 Ordinary shares of £1 each	50,000	50,000
		<u>50,000</u>	<u>50,000</u>
	Allotted, called up and fully paid		
	50,000 Ordinary shares of £1 each	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

CSF MANAGED SERVICES PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MAY 2007****12 Statement of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 2007	(8,813,428)
Profit for the period	8,045,825
Balance at 31 May 2007	<u>(767,603)</u>

13 Reconciliation of movements in shareholders' funds

	31 May 2007 £	31 December 2006 £
Profit/(Loss) for the financial period	8,045,825	(3,642,602)
Opening shareholders' funds	(8,763,428)	(5,120,826)
Closing shareholders' funds	<u>(717,603)</u>	<u>(8,763,428)</u>

14 Cross guarantees and commitments

The company was party to a group banking arrangement up until 4 January 2007 with the associate companies Computer Solutions & Finance Group Plc and CSF Solutions Limited. As a result of this, the company was contingently liable for any overdrafts and other loans of the group companies within the arrangement. The company was acquired by Cantono plc on 4 January 2007 and was released from these obligations. The company is now included in the Cantono plc VAT group.

The company had no committed future capital expenditure at the year end.

15 Directors' emoluments

Directors' emoluments of £49,333 (2006: £nil) was paid by the company and a further £12,500 (2006: £nil) was paid by I-Revolution Limited, another group company.

In 2006 the costs of directors' emoluments were borne by the previous parent company, Computer Solutions & Finance Group Plc. The share of directors' emoluments recharged to the company for the year was £298,153.

CSF MANAGED SERVICES PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MAY 2007****16 Employees**

Employment costs	Period ended 31 May 2007 £	Year ended 31 December 2006 £
Wages and salaries	933,896	2,521,518
Social security costs	104,194	287,276
	<u>1,038,090</u>	<u>2,808,794</u>

In 2006 the company drew on the resources of Computer Solutions & Finance Group Plc, the costs of which were borne directly by the company. The recharge was made to the company by Computer Solutions & Finance Group Plc to reflect this. This recharge amounted to £859,682.

17 Control

At 31 December 2006, Computer Solutions and Finance Group plc was the ultimate holding company. On 4 January, following the acquisition of 100% of the share capital of the company, the ultimate controlling party became Cantono plc.

Cantono plc prepares group financial statements and copies can be obtained from First Floor, Station House, 4-8 High Street, West Drayton, Middlesex, UB7 7DJ.

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

