

Axispoint Solutions Limited

Company Registration No 05882122

Directors' report and financial statements

For the year ended 31 December 2009



AXISPOINT SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

D DiSano
S Powell
F Scanga

Company secretary

BPE Secretaries Limited

Company number

05882122

Registered office

First Floor
St James' House
St James' Square
Cheltenham
Gloucestershire
GL50 3PR

Auditors

Mazars LLP
Chartered accountants & Registered auditors
Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

AXISPOINT SOLUTIONS LIMITED

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AXISPOINT SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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.

Principal activities

The principal activity of Axispoint Solutions Limited during the year was a fast growing and global IT Services firm focused on delivering complete, end-to-end, turn-key technology solutions. We specialize in providing Technology Consulting and Business Process Management, Application Development, Enterprise Web 2.0, Network Infrastructure, Wireless Solutions, Unified Communications, Data Center, and Managed Services to a wide range of industries and clients. Axispoint has several offices in the US and UK, and we partner with the world's leading technology providers to deliver exceptional value and measurable results to our clients.

Directors

The directors who served during the year were

D DiSano
S Powell
F Scanga

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AXISPOINT SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board and signed on its behalf



D DiSano
Director

Date *28 April 2010*

Independent auditor's report to the members of Axispoint Solutions Limited

We have audited the financial statements of Axispoint Solutions Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 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.

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/UKNP.

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 as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)

Stephen Brown (Senior statutory auditor)

Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

Date 29 April 2010

AXISPOINT SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Turnover	1,2	3,191,922	2,780,715
Cost of sales		(1,347,669)	(922,376)
Gross profit		1,844,253	1,858,339
Selling and distribution costs		(1,302,443)	(236,213)
Administrative expenses		(564,142)	(311,914)
Operating (loss)/profit	3	(22,332)	1,310,212
Interest receivable		5,998	29,047
(Loss)/profit on ordinary activities before taxation		(16,334)	1,339,259
Tax on (loss)/profit on ordinary activities	4	2,412	(335,398)
(Loss)/profit for the financial year		(13,922)	1,003,861

The notes on pages 7 to 13 form part of these financial statements

AXISPOINT SOLUTIONS LIMITED

Registered number 05882122

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Intangible fixed assets	5,18		33,474		-
Tangible fixed assets	6		32,736		29,103
			<u>66,210</u>		<u>29,103</u>
Current assets					
Debtors	7	1,143,608		664,334	
Cash at bank		530,817		1,393,609	
		<u>1,674,425</u>		<u>2,057,943</u>	
Creditors amounts falling due within one year	8	(1,214,990)		(591,446)	
Net current assets			<u>459,435</u>		<u>1,466,497</u>
Total assets less current liabilities			<u>525,645</u>		<u>1,495,600</u>
Creditors amounts falling due after more than one year	9		(24,000)		-
Provisions for liabilities					
Deferred tax	10		(7,905)		(6,850)
Net assets			<u>493,740</u>		<u>1,488,750</u>
Capital and reserves					
Called up share capital	11		10,000		10,000
Profit and loss account	12		483,740		1,478,750
Shareholders' funds			<u>493,740</u>		<u>1,488,750</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


D DiSano
Director

Date 28 April 2010

The notes on pages 7 to 13 form part of these financial statements

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Goodwill is being amortised over a two year period.

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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	50%	straight line
Computer equipment	-	50%	straight line

1.5 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.

1.6 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.

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies (continued)

1.7 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

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.9 Earnout

Under the terms of the Baseline Limited purchase agreement, the company is committed to paying an earnout relating to the results of 2009 and 2010, both of which are payable on the 28 February following the year end

The earnout is payable as 40% of EBITDA on certain projects that were 'purchased' at the same time as the trade and assets of Baseline Limited

2 Turnover

12.8% of the company's turnover (2008 - 0.8%) is attributable to geographical markets outside the United Kingdom

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting)

	2009 £	2008 £
Amortisation - intangible fixed assets	33,477	-
Depreciation of tangible fixed assets		
- owned by the company	29,327	15,677
Auditors' remuneration	9,400	9,000
Pension costs	23,209	9,701
Difference on foreign exchange	4,544	(9,742)
Operating lease - land & building	106,841	110,625

During the year, no director received any emoluments (2008 - £NIL)

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

4 Taxation

	2009 £	2008 £
Analysis of tax credit in the year		
Current tax		
UK corporation tax charge on (loss)/profit for the year	-	377,000
Adjustments in respect of prior periods	(3,467)	(48,452)
Total current tax	<u>(3,467)</u>	<u>328,548</u>
Deferred tax (see note 10)		
Origination and reversal of timing differences	1,055	6,850
Tax on (loss)/profit on ordinary activities	<u>(2,412)</u>	<u>335,398</u>

5. Intangible fixed assets

	Goodwill £
Cost	
Additions	66,951
At 31 December 2009	<u>66,951</u>
Amortisation	
Charge for the year	33,477
At 31 December 2009	<u>33,477</u>
Net book value	
At 31 December 2009	<u>33,474</u>

Goodwill has arisen due to the purchase of the trade and assets of Baseline Limited on the 1 January 2009

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6 Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 January 2009	48,867
Additions	32,960
At 31 December 2009	<u>81,827</u>
Depreciation	
At 1 January 2009	19,764
Charge for the year	29,327
At 31 December 2009	<u>49,091</u>
Net book value	
At 31 December 2009	<u>32,736</u>
At 31 December 2008	<u>29,103</u>

7 Debtors

	2009 £	2008 £
Trade debtors	902,385	604,853
Amounts owed by group undertakings	-	40,669
Other debtors	241,223	18,812
	<u>1,143,608</u>	<u>664,334</u>

8 Creditors: Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	188,610	-
Trade creditors	69,641	77,395
Amounts owed to group undertakings	557,055	-
Corporation tax	-	364,042
Social security and other taxes	83,070	116,520
Other creditors	316,614	33,489
	<u>1,214,990</u>	<u>591,446</u>

Included in other creditors is £23,662 of deferred consideration in relation to the purchase of the trade and assets of Baseline Limited (note 19) This was paid, in accordance with the agreement, on the 26 February 2010

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

9 Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Deferred consideration	24,000	-

10. Deferred taxation

	2009 £	2008 £
At beginning of year	6,850	-
Released during year	1,055	6,850
At end of year	7,905	6,850

The provision for deferred taxation is made up as follows

	2009 £	2008 £
Accelerated capital allowances	8,517	7,338
Other short term timing differences	(612)	(488)
	7,905	6,850

11. Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
9,500 'A' Ordinary shares of £1 each	9,500	9,500
500 'B' Ordinary shares of £1 each	500	500
	10,000	10,000

12 Reserves

	Profit and loss account £
At 1 January 2009	1,478,750
Loss for the year	(13,922)
Dividends Equity capital	(981,088)
At 31 December 2009	483,740

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

13 Dividends

	2009 £	2008 £
Dividends paid on equity capital	981,088	-

14 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,709 (2008 £9,701). Contributions totalling £3,204 (2008 £2,405) were payable to the fund at the balance sheet date and are included in creditors.

15 Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009 £	2008 £
Expiry date.		
Between 2 and 5 years	98,400	98,400

16. Related party transactions

During the year Axispoint Solutions Limited made no sales, (2008 £23,293 (US \$43,427)) to Axispoint Inc, the ultimate parent company.

During the year commissions of £703,828 (US \$1,190,645), were payable to Axispoint Inc by Axispoint Solutions Limited, (2008 £nil). See note 19.

During the prior year Axispoint Inc settled £945 (US \$1,916) of liabilities relating to Axispoint Solutions Limited.

As at 31 December 2009 there was a balance of £557,055 US \$953,656 owing to Axispoint Inc by Axispoint Solutions Limited, (2008 £40,669 (US \$58,474)) owing to Axispoint Solutions Limited by Axispoint Inc.

17. Ultimate parent undertaking and controlling party

The ultimate parent and controlling party is Axispoint Inc, a company incorporated in the USA.

Consolidated financial statements are produced by Axispoint Inc, which is the parent of the smallest and largest group of which Axispoint Solutions Limited is a member.

The consolidated financial statements are available from 350 Madison Avenue, 4th Floor, New York, 10017.

AXISPOINT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

18 Acquisition

On the 1 January 2009 the company purchased the trade and assets of Baseline Limited

	£
Initial consideration	47,250
Deferred consideration due within 1 year (note 8)	23,662
Deferred consideration due after 1 year (note 9)	24,000
	<hr/>
Total consideration	94,912
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Assets acquired	
Fixed assets	4,366
Prepayments and accrued income	23,595
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Total assets	27,961
	<hr/>
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Goodwill on acquisition (note 5)	66,951
	<hr/>

19 Commission payable

A commission of 15% of the EMI sales made by the company is payable to the parent company Axispoint Inc. A total charge of £703,828 was incurred in 2009 this includes £350,735 in respect of 2008 sales