

ACL Europe Ltd.

Report and Financial Statements

31 July 2010



ACL Europe Ltd
Registered No 6548121

Directors

Stephen Livingstone Greaves
Harald Jens Will

Secretary

Abogado Nominees Limited

Auditors

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Registered Office

100 New Bridge Street
London
EC4V 6JA

Directors' report

The directors present their report and financial statements for the period 01 August 2009 to 31 July 2010.

Principal activity and business review

The principal activity of the company is a global provider of audit analytics and continuous monitoring software to financial executive's compliance professionals and auditors

The company was incorporated on 28 March, 2008 and has been trading in the UK, Europe, Middle East and Africa. The company sells to both direct and indirect markets through its distributors

Future prospects

The directors expect the general level of activity to continue in the foreseeable future

Review of business risk

ACL Europe Ltd is a subsidiary ACL Services Ltd and is dependent on this parent company for the supply of products and for its brand strength

Any risks impacting the ultimate parent company will cascade to ACL Europe Ltd. A full description of the risks and uncertainties impacting ACL Services Ltd can be found in the ACL group financial statements

A review of business risks within the UK group, of which the company forms a part, has been included within the financial statements of ACL Services Ltd

Market conditions

Levels of business activity will vary for each of the markets in which ACL Europe Ltd operates, but ultimately this is dependent on factors such as economic cycles, consumer confidence and growth of the economy. A weak economy could affect the level of customer spending on ACL's products

Competitive pressures

The company operates in a number of highly competitive markets with differing characteristics. Market share could be affected by the emergence of new competitors, product distribution issues, quality, and reputation

Customers

The company must maintain its ability to continue to provide an innovative service to the local customer base and develop in a profitable way in an increasingly price sensitive market. If the company fails to do this, customers may spend less on ACL products

Financial key performance indicators

The directors monitor the company's progress against its strategic objectives and the financial performance of the company's operations on a regular basis

The overall performance of the company is measured against benchmarked data in three main areas, being people, financial, and operational excellence

Directors' report (continued)

Employee involvement

The company continues to place importance upon the education and development of its people. There is a well-developed employee involvement programme within the company. Employee representatives are consulted regularly on a wide range of matters. Employees receive regular newsletters and have the opportunity to provide feedback to senior management by participating in an annual employee survey.

ACL's goal is to create health and safety practices and work environments that enable employees to work injury-free. This is accomplished by continually reducing occupational injury and illness risks while promoting employee health and well-being.

The company believes that a diverse workforce encourages creativity and innovation and helps build an exciting, stimulating work environment. A diverse workforce, reflecting the demographics of the many different markets where ACL operates, also provides a competitive advantage and helps acquire new business.

Employment of disabled employees

All applications from disabled persons are fully considered. Should an employee become disabled, it is the company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Results and dividends

The profit for the period, after taxation, amounted to £132,076. The directors do not recommend a final ordinary dividend, making the total of ordinary dividends paid for the period £nil.

Directors' report (continued)

Directors

The directors of the company during the period and to the date of this report were as follows

Stephen Livingstone Greaves
Harald Jens Will

No directors have any interests in the share capital of the company

During the period, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of all the directors of the company

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditors are unaware. Having made enquiries of fellow directors and of the company's auditors, each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

- In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the company

By order of the Board



Stephen Livingstone Greaves

Director

Date *December 29,* 2010

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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). 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 judgments 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, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditor's report

to the members of ACL Europe Ltd.

We have audited the company's financial statements for the year ended 31 July 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. 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 Directors' Responsibilities Statement set out on page 5, 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 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 July 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 matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of ACL Europe Ltd. (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Brown, Senior Statutory Auditor

for and on behalf of Ernst & Young LLP

Statutory Auditor

Reading

Date

21 December 2010

Profit and loss account

for the year ended 31 July 2010

		2010	2009
	Note	£'000	£'000
Turnover	2	5,016	4,159
Cost of sales		(2,632)	(1,702)
Gross profit		2,384	2,457
Administrative expenses		(2,167)	(2,280)
Operating profit	3	217	177
Interest payable	6	(10)	(1)
Profit on ordinary activities before taxation		207	176
Tax charge on profit on ordinary activities	7	(75)	(83)
Profit for the financial period	14	132	93

All operations are from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 July 2010

There were no recognised gains or losses in the period, other than those passing through the profit and loss account

Balance sheet

at 31 July 2010

Registered Number 06548121

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	20	12
Intangible assets	9	23	45
		<u>43</u>	<u>57</u>
Current assets			
Debtors - amounts falling due within one year	10	1,037	1,126
Cash at bank and in hand		2,274	1,254
		<u>3,311</u>	<u>2,380</u>
Current liabilities			
Creditors - amounts falling due within one year	11	3,113	2,344
		<u>198</u>	<u>36</u>
Long term liabilities			
Creditors - amounts falling due after one year	12	16	-
		<u>225</u>	<u>93</u>
Net assets			
Capital and Reserves			
Called up share capital	13	-	-
Profit and loss account	15	225	93
		<u>225</u>	<u>93</u>
Shareholders' funds - equity	15	225	93

Approved by the Board

S. L. Greaves

Stephen Greaves

Director

Date December 29, 2010

Notes to the financial statements

at 31 July 2010

1. Accounting policies

Accounting convention

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

Cash Flow

The company is exempt under the terms of FRS1 (revised) from publishing a cash flow statement and accordingly no cash flow statement has been prepared as part of these financial statements

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, of each asset on a straight line basis over its expected useful life as follows

Computer Equipment	-	3 years
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Intangible fixed assets

Intangible fixed assets consists of a customer contract that was assigned from ACL Europe NV SA to ACL Europe Ltd on July 31, 2009, with a valuation of £45,000 as determined by a third party

The contract between the Company and the customer has a perpetual nature, however states a termination option by either party with a notice period of 24 months. Therefore, the Company has adopted 24 months to amortize the intangible on a straight-line basis starting August 1, 2009

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, with the following exceptions

- 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 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

Notes to the financial statements

at 31 July 2010

1. Accounting policies (continued)

Foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions are translated at the rate of exchange ruling at the date of the relevant transaction. Exchange gains and losses are dealt with through the profit and loss.

Leases

Rentals payable on operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Revenue recognition

The Company enters into arrangements for the sale of [i] licenses of software products, [ii] technical support services, and [iii] professional services including training and implementation services.

The Company recognizes revenue for each of the arrangements only when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectibility is probable. If any of these criteria are not met, revenue is deferred until such time as all of the criteria have been met. In instances where maintenance is bundled with a license of software productions, such maintenance terms are typically one year.

Software revenue is earned from the sale of licenses of off-the-shelf software requiring no customization and on products that require implementation services.

For those contracts that consist solely of license and maintenance, the Company recognizes net license revenues based upon the residual method, after all license software product has been delivered. The Company recognizes maintenance revenues over the term of the maintenance contract. The maintenance rates for both license agreements with and license agreements without stated renewal rates are based upon the Company's price list. Vendor-specific objective evidence of fair value of maintenance is determined by reference to the price paid by the Company's customers when maintenance is sold separately [that is the prices paid by customers in connection with renewals]. In the absence of vendor-specific objective evidence for the fair value of maintenance, when this is the only undelivered element, license revenues are amortized ratably over the related maintenance term. During the year ended July 31, 2010, the total revenues recognized related to multiple element arrangements where the evidence of fair value cannot be determined is nil.

Professional services revenue is comprised of course fees for customer training and education, as well as implementation services billed. In all cases, the Company assesses whether the service element of the arrangement is essential to the functionality of the other elements of the agreement.

Notes to the financial statements

at 31 July 2010

When software services are considered essential or the arrangement involves customization or modification of the software, both the net license and services revenues under the arrangement are recognized under the percentage of completion method of contract accounting, based on input measures of labour hours. For those arrangements for which the Company has concluded that the service element is not essential to the other elements of the arrangement, the Company determines whether [i] the services are available from other vendors, [ii] the services involve a significant degree of risk or unique acceptance criteria, and [iii] the Company has sufficient experience in providing the service to be able to separately account for the service. When the service qualifies for separate accounting, the Company uses vendor-specific objective evidence of fair value for the services and the maintenance to account for the arrangement using the residual method, regardless of any separate prices stated within the contract for each element. Vendor-specific objective evidence of fair value of consulting and training services is based upon average daily rates and revenues allocable to services are recognized as the services are performed.

Deferred revenue represents amounts from customers under certain license, technical support services and professional services arrangements for which the revenue earnings process has not been completed. These amounts relate primarily to provisions of technical support arrangements and software implementations with future deliverables.

The Company recognizes revenue from distributors upon receipt of an order confirmation detailing the sale and end-user information. The Company does not provide right of return to distributors.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

<i>Geographical area</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Europe	3,221	2,599
Africa	535	626
United Kingdom	484	552
Middle East	776	382
	<hr/>	<hr/>
Total Turnover	5,016	4,159
	<hr/>	<hr/>

Notes to the financial statements

at 31 July 2010

3 Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£'000	£'000
Foreign exchange (gain)	70	(57)
Depreciation of tangible fixed assets - owned	7	2
Amortisation of intangible fixed assets	22	-
Operating lease rentals - land and buildings	83	73
Auditors' remuneration - audit services	8	8
- taxation services	6	6
	<u> </u>	<u> </u>

4. Staff costs

	2010	2009
	£'000	£'000
Wages and salaries	1,045	1,183
Social security costs	182	224
	<u> </u>	<u> </u>
	1,227	1,407
	<u> </u>	<u> </u>

The monthly average number of employees during the period was as follows

	2010	2009
	No	No
<i>Sales</i>	14	15
<i>Management and administration</i>	3	3
	<u> </u>	<u> </u>
	17	18
	<u> </u>	<u> </u>

5. Directors' remuneration

These directors of the company are also directors or officers of other companies within the ACL group. These directors' services to the company do not occupy a significant amount of their time. As such a director has received minimal remuneration in the amount of US\$2,000 for his services to the company for the period ended 31 July 2010.

6 Interest payable

	2010	2009
	£'000	£'000
<i>Interest payable and similar charges</i>		
Interest payable to fellow group undertakings	10	1
	<u> </u>	<u> </u>
	10	1
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 July 2010

7. Tax charge on profit on ordinary activities

	2010 £'000	2009 £'000
<i>Current tax</i>	64	57
Group loss relief received for nil payment		
Adjustments in respect of previous periods	7	-
Double taxation relief	(6)	-
ACT recoverable	-	-
Total current tax	65	57
<i>Foreign Tax</i>		
Current year	6	28
Total current tax	71	85
<i>Deferred taxation</i>		
Origination and reversal of timing differences	4	(2)
Total tax on profit on ordinary activities	75	83

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	207	176
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK at 28% (2009 28%)	57	49
<i>Effects of</i>		
Non taxable items	11	6
Other timing differences	(1)	5
Capital allowances in excess of depreciation	(2)	(3)
Adjustment in respect of previous periods (Higher taxes on overseas earnings)	7	28
Other	(1)	
Total current tax	71	85

Notes to the financial statements

at 31 July 2010

8. Tangible fixed assets

	2010 £'000	2009 £'000
Prior year balance	14	-
Additions	15	14
At 31 July 2010	29	14
<i>Depreciation</i>		
Prior year balance	(2)	-
Charge for the period	(7)	(2)
At 31 July 2010	(9)	(2)
<i>Net book value</i>		
At 31 July 2010	20	12

9 Intangible fixed assets

	2010 £'000	2009 £'000
Prior year balance	45	-
Additions	-	45
At 31 July 2010	45	45
<i>Amortisation</i>		
Prior year balance	-	-
Charge for the period	22	-
At 31 July 2010	22	-
<i>Net book value</i>		
At 31 July 2010	23	45

Notes to the financial statements

at 31 July 2010

10. Debtors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade debtors	1,007	1,084
Other debtors	-	5
Prepayments and accrued income	30	35
Deferred taxation (Note 13)	-	2
	<u>1,037</u>	<u>1,126</u>

11. Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	51	24
Amounts owed to group undertakings	1,685	919
Other taxation and social security	135	176
Accruals and deferred income	55	61
Deferred revenue	1,063	1,107
UK corporation tax	124	57
	<u>3,113</u>	<u>2,344</u>

12. Creditors: amounts falling due after one year

	2010	2009
Deferred revenue	14	-
Deferred tax liability (Note 13)	2	-
	<u>16</u>	<u>-</u>

13. Deferred taxation

	Deferred taxation £'000
Balance at 01 August 2009	(2)
Transfer to Profit and Loss account	4
Balance at 31 July 2010	<u>2</u>

Notes to the financial statements

at 31 July 2010

The deferred tax asset is recognised as follows

	2010 £'000	2009 £'000
Accelerated capital allowances	5	3
Other timing differences	(3)	(5)
Total deferred tax liability	<u>2</u>	<u>(2)</u>

Deferred tax asset has been provided at 28% (2009 28%)

A deferred tax asset has been recognised where the directors believe that based on forecast results 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

14. Called up share capital

	2010 £'000
<i>Authorised equity share capital</i>	
1,000,000 ordinary shares of £1 each	1,000
<i>Allotted, called up and fully paid equity share capital</i>	
1 ordinary shares of £1 each	-

On the date of incorporation, one share of nominal value of £1 was allotted to and paid for in cash at par by the company's parent undertaking, ACL Services Ltd

15 Reconciliation of shareholders funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
Issue of shares	-	-	-
Prior year profit	-	93	93
Profit for the period	-	132	132
At 31 July 2010	<u>-</u>	<u>225</u>	<u>225</u>

Notes to the financial statements

at 31 July 2010

16. Financial commitments

A debenture has been signed for the banking relationship with HSBC to cover extended facilities such as card acquiring facilities, payment settlement lines and business credit card lines

17. Ultimate controlling party and controlling party

The company is a wholly owned subsidiary undertaking of ACL Services Ltd, a company incorporated in the province of British Columbia, Canada

The ultimate controlling party and controlling party is ACL Services Ltd, a company incorporated in the province of British Columbia, Canada

The smallest and largest consolidated financial statements in which the operations of the company are included are the financial statements of ACL Services Ltd. Copies of the ultimate parent's consolidated financial statements may be obtained from ACL Services Ltd, 100 New Bridge Street, London EC4V 6JA, England

18. Related party transactions

The company is exempt from the requirements of FRS8 'Related Party Disclosures' to disclose transactions with other companies which qualify as related parties within the ACL group of companies