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Registered number. 06580786

SERVEBASE GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2012



SERVEBASE GROUP LIMITED

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SERVEBASE GROUP LIMITED

COMPANY INFORMATION

Directors	R Steytler R Johnson S Webster K Willey
Registered number	06580786
Registered office	The Corn Mill Roydon Road Stanstead Abbots Herts SG12 8XL
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

SERVEBASE GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2012

The directors present their report and the financial statements for the period ended 31 March 2012

Principal activities

The principal activity of the Group in the year under review was that of software design with technical support and computer consultancy services

Business review

All Servebase entities and its Intellectual Property were acquired in early May 2011 by Abacus Partners (now Servebase Group Limited). The acquisition of the business (at a group level) has allowed the Servebase Computers Limited subsidiary to invest heavily in the business, to prepare it to execute our vision of multi-channel payment processing on a much larger global stage. Despite difficult trading conditions in a depressed European market, the company was able to grow revenue by 6% to over £4m over the year.

The company did make losses in the year as a consequence of investing a full 25% of its revenue in the business. This investment was focused on long-term developments to our new platform and the creation of a solution adaptable for our world-wide client base.

The company, with over 25 years' payments expertise and experience, retains accreditation for its solutions with 87 accredited acquirer links and has transaction presence in 32 countries throughout the world, delivered from the UK and other Servebase subsidiaries. The company processes over \$16bn worth of transactions each year with over 8 Million transactions per month. Servebase continues to take data security extremely seriously and we have been PCI-DSS Level-1 certified since 2006 and PA-DSS certified since 2008.

The company is strongly focused on its growth in the hospitality, travel and leisure markets and has successfully grown its presence through the year in the international retail market and sees this as a key development area for the next few years. Servebase delivers payment solutions that give our clients the ability to mix and match their multi-channel transaction capability whether in in-store, on-line or mobile environments and across multiple geographic territories.

The suite of solutions offered by the company, creating added value for our clients (and their customers) include the ability to pay the native currency of their debit/credit card (Dynamic Currency Conversion), Tokenisation and Offline and Online PIN verification for processing local debit/credit cards in online PIN regions.

The year has been a focus for development and redress and the directors are very confident that the platforms and direction of the company is best placed for growth in 2012/13 and beyond. The directors believe that our multi-channel strategy is starting to bear fruit and we have consequently identified several opportunities that will deliver substantial benefit to our customers in the years to come.

Results

The loss for the period, after taxation, amounted to £1,584,135 (2011 - loss £125,769)

SERVEBASE GROUP LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2012**

Directors

The directors who served during the period were

R Steytler
R Johnson
S Webster
K Willey

Provision of information to auditor

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

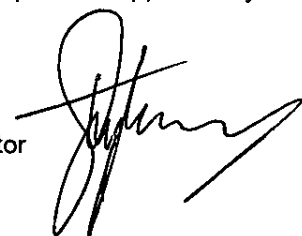
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor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

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 15 - 2 - 2013 and signed on its behalf

Director



RITZ STEYTLER.

SERVEBASE GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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SERVEBASE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SERVEBASE GROUP LIMITED

We have audited the financial statements of Servebase Group Limited for the period ended 31 March 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group 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 auditor

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of the group's loss for the period 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1.1 in the financial statements concerning the financial support provided by the investors (detailed in note 17). This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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.

SERVEBASE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SERVEBASE GROUP LIMITED

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

Nexia Smith & Williamson

Stephen Drew (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditor

25 Moorgate

London

EC2R 6AY

Date *9 March 2013*

SERVEBASE GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2012**

	Note	11 Months 2012 £	2011 £
TURNOVER	1,2		
Continuing operations		-	4,999
Acquisitions		3,806,073	-
		<u>3,806,073</u>	<u>4,999</u>
Cost of sales	4	(1,070,269)	-
GROSS PROFIT		2,735,804	4,999
Administrative expenses	4	(4,243,766)	(130,957)
Other operating income	3	4,001	-
OPERATING LOSS	5		
Continuing operations		(1,065,365)	(125,958)
Acquisitions		(438,596)	-
		<u>(1,503,961)</u>	<u>(125,958)</u>
Interest receivable and similar income		230	189
Interest payable and similar charges	9	(381,958)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,885,689)	(125,769)
Tax on loss on ordinary activities	10	301,554	-
LOSS FOR THE FINANCIAL PERIOD	20	<u>(1,584,135)</u>	<u>(125,769)</u>

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 11 to 27 form part of these financial statements

SERVEBASE GROUP LIMITED
REGISTERED NUMBER 06580786

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	31 March 2012 £	£	30 April 2011 £
FIXED ASSETS					
Intangible assets	11		4,453,890		-
Tangible assets	12		223,668		-
			<u>4,677,558</u>		<u>-</u>
CURRENT ASSETS					
Stocks	14	73,643		-	
Debtors	15	1,081,741		1,757	
Cash at bank		317,767		1,096,531	
		<u>1,473,151</u>		<u>1,098,288</u>	
CREDITORS amounts falling due within one year	16	(1,393,280)		(975,985)	
NET CURRENT ASSETS			<u>79,871</u>		<u>122,303</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,757,429</u>		<u>122,303</u>
CREDITORS amounts falling due after more than one year					
	17		4,784,321		-
ACCRUALS AND DEFERRED INCOME	18		222,881		-
CAPITAL AND RESERVES					
Called up share capital	19	1,512,059		300,000	
Profit and loss account	20	(1,761,832)		(177,697)	
	21		<u>(249,773)</u>		<u>122,303</u>
			<u>4,757,429</u>		<u>122,303</u>

The notes on pages 11 to 27 form part of these financial statements

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

15-2-2013

Director

The notes on pages 11 to 27 form part of these financial statements

RITZ STEYTLER.

SERVEBASE GROUP LIMITED
REGISTERED NUMBER: 06580786

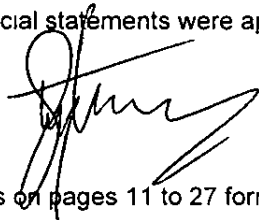
COMPANY BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	31 March 2012 £	£	30 April 2011 £
FIXED ASSETS					
Intangible assets	11		2,556,770		-
Investments	13		1,875,486		-
			<u>4,432,256</u>		-
CURRENT ASSETS					
Debtors	15	970,007		1,757	
Cash at bank		449		1,096,531	
		<u>970,456</u>		<u>1,098,288</u>	
CREDITORS amounts falling due within one year	16	(307,578)		(975,985)	
NET CURRENT ASSETS			<u>662,878</u>		122,303
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,095,134</u>		<u>122,303</u>
CREDITORS amounts falling due after more than one year					
	17		4,715,086		-
CAPITAL AND RESERVES					
Called up share capital	19	1,512,059		300,000	
Profit and loss account	20	(1,132,011)		(177,697)	
	21		<u>380,048</u>		122,303
			<u>5,095,134</u>		<u>122,303</u>

The notes on pages 11 to 27 form part of these financial statements

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

Director



RITZ STEYTLER.

The notes on pages 11 to 27 form part of these financial statements

SERVEBASE GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2012**

	Note	11 Months 2012 £	2011 £
Net cash flow from operating activities	22	(11,780)	137,998
Returns on investments and servicing of finance	23	(74,075)	189
Taxation		(49,180)	-
Capital expenditure and financial investment	23	(1,161,286)	-
Acquisitions and disposals	23	(2,609,763)	-
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(3,906,084)	138,187
Financing	23	3,127,320	735,272
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(778,764)	873,459

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 MARCH 2012**

	11 Months 2012 £	2011 £
(Decrease)/Increase in cash in the period	(778,764)	873,459
Cash inflow from increase in debt and lease financing	(1,915,261)	(735,272)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(2,694,025)	138,187
Other non-cash changes	(2,172,581)	-
MOVEMENT IN NET DEBT IN THE PERIOD	(4,866,606)	138,187
Net funds at 1 May 2011	361,259	223,072
NET (DEBT)/FUNDS AT 31 MARCH 2012	(4,505,347)	361,259

The notes on pages 11 to 27 form part of these financial statements

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

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 applicable accounting standards

The group made a loss after tax for the period of £ 1,584,135 and had net current assets of £79,871 at 31 March 2012

The directors have prepared cash flow forecasts for at least 12 months from the date of their approval of the financial statements. The forecasts show that the Group is reliant on the financial support of the investors who have provided various loans expiring on 30 June 2013, 31 March 2014 and 30 June 2017 (see note 17). The company is in discussions with the loan note holders to defer or convert the loan notes due for repayment on 30 June 2013 and March 2014.

There is significant risk to many businesses world-wide in the current climate. However, the company feels it has protection through a good spread of business over many clients with little dependency upon one, or a small number of clients. The company has demonstrated growth during the year and is forecasting further growth over the next 18 months with little change to its business costs.

Similarly, the company has over 70% of its business annually recurring and a significant number of clients remain on 12 months or longer contracts which it feels confident will be renewed and reinforce security to cashflow.

The directors, therefore, consider that it is appropriate to prepare the financial statements on a going concern basis.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Servebase Group Limited and all of its subsidiary undertakings ('subsidiaries') made up to 31 March 2012.

The results of subsidiaries acquired during the period are included from the effective date of acquisition, 11 May 2011.

1.3 Turnover

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

Turnover derives mainly from services provided under software and support agreements, which comprise of licence fees, set up fees, engineering consultancy fees, sale of hardware, support and maintenance charges for the term of the agreement.

Fees from hosting, support and maintenance agreements are invoiced in advance of the services provided and an adjustment is made at period end to account for the deferred income element.

For all existing agreements and where customers are operated on a hosted service, volume invoices are generated at month end for the number of transactions processed through the company's platforms. The revenue is recognised in the month or year in which the process or service took place and is therefore not subject to the same deferment adjustment as with the above.

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.4 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.

Acquired goodwill is written off in equal annual instalments over five years. In the opinion of the directors, this rate of amortisation is reasonable.

Amortisation is provided at the following rates:

Goodwill	-	Over 5 years
Intellectual Property Rights	-	20% on a straight line basis

1.5 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	-	25% straight line
Computer equipment	-	25% straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account 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.

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress is assessed by the implementation manager at each stage of the project life from the point at which an order has been placed. Work in progress is calculated where a project has not reached the 'go live' date by the period end. An average margin over the last three years is then applied to the order value to calculate the cost.

1.10 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.

1.11 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.

1.12 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 period.

1.13 Change in presentation

The Directors have decided to change the totalling of the balance sheet to emphasise their view that the value of the fixed assets is more fairly reflected by grouping long term creditors with Capital and Reserves.

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

2. TURNOVER

The whole of the turnover is attributable to software design with technical support and computer consultancy services

The majority of the turnover arose within the United Kingdom

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

3 OTHER OPERATING INCOME

	2012 £	2011 £
Other operating income	4,001	-

4. ANALYSIS OF OPERATING LOSS

	2012 Continuing £	2011 Continuing £
Turnover	3,806,073	4,999
Cost of sales	(1,070,269)	-
Gross profit	2,735,804	4,999
Administrative expenses	(4,243,766)	(130,957)
Other operating income	4,001	-
	(1,503,961)	(125,958)

The following amounts were included within continuing activities in relation to acquisitions during the period

	2012 £
Turnover	3,806,073
Cost of sales	(1,036,987)
Gross profit	2,769,086
Administrative expenses	(3,191,460)
Other operating income	4,001
Other operating charges	(20,223)
Operating (loss)/profit	(438,596)

5. OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2012 £	2011 £
Amortisation - intangible fixed assets	1,048,220	-
Depreciation of tangible fixed assets		
- owned by the group	63,419	-
- held under finance leases	22,779	-
Operating lease rentals		
- other operating leases	160,988	-
Difference on foreign exchange	503	-

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

6. AUDITORS' REMUNERATION

	2012	2011
	£	£
Fees payable to the company's auditor for the audit of the group's annual accounts	22,420	-
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	12,445	-
	<u><u> </u></u>	<u><u> </u></u>

7. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	2,259,495	-
Social security costs	234,998	-
	<u><u> </u></u>	<u><u> </u></u>
	2,494,493	-
	<u><u> </u></u>	<u><u> </u></u>

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

	2012	2011
	No.	No.
Administration	69	4
	<u><u> </u></u>	<u><u> </u></u>

8. DIRECTORS' REMUNERATION

	2012	2011
	£	£
Emoluments	174,592	-
	<u><u> </u></u>	<u><u> </u></u>
Company pension contributions to defined contribution pension schemes	1,000	-
	<u><u> </u></u>	<u><u> </u></u>

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012

9. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	2,448	-
On other loans	363,398	-
On finance leases and hire purchase contracts	8,784	-
Interest and penalties on overdue tax	7,328	-
	<u>381,958</u>	<u>-</u>

10. TAXATION

	2012 £	2011 £
Analysis of tax (credit)/charge in the period/year		
Current tax (see note below)		
UK corporation tax (credit)/charge on loss for the period/year	(155,000)	-
Adjustments in respect of prior periods	(170,524)	-
Total current tax	<u>(325,524)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	15,329	-
Over/(under)provision	8,641	-
Total deferred tax	<u>23,970</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(301,554)</u>	<u>-</u>

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012

10. TAXATION (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 20% (2011 - 21%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(1,885,689)	(125,769)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 21%)	(377,138)	(26,411)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	94,850	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,248	-
Capital allowances for period/year in excess of depreciation	(2,527)	-
Adjustments to tax charge in respect of prior periods	(170,524)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(155,000)	-
Unrelieved tax losses and other deductions in period	259,161	-
Other differences leading to an increase in the tax charge	22,406	26,411
Current tax (credit)/charge for the period/year (see note above)	(325,524)	-

Factors that may affect future tax charges

The group has estimated trading losses of £574,669 (2011 £233,050) available to carry forward against future trading profits

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

11. INTANGIBLE FIXED ASSETS

	Intellectual property rights £	Goodwill £	Total £
Group			
Cost			
At 1 May 2011	-	-	-
Additions	3,130,739	2,371,371	5,502,110
At 31 March 2012	3,130,739	2,371,371	5,502,110
Amortisation			
At 1 May 2011	-	-	-
Charge for the period	573,969	474,251	1,048,220
At 31 March 2012	573,969	474,251	1,048,220
Net book value			
At 31 March 2012	2,556,770	1,897,120	4,453,890
At 30 April 2011	-	-	-
Company			
Cost			
At 1 May 2011			-
Additions			3,130,739
At 31 March 2012			3,130,739
Amortisation			
At 1 May 2011			-
Charge for the period			573,969
At 31 March 2012			573,969
Net book value			
At 31 March 2012			2,556,770
At 30 April 2011			-

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

12. TANGIBLE FIXED ASSETS

Group	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 May 2011	-	-	-
Additions	6,308	166,960	173,268
On acquisition of subsidiaries	117,935	627,954	745,889
At 31 March 2012	<u>124,243</u>	<u>794,914</u>	<u>919,157</u>
Depreciation			
At 1 May 2011	-	-	-
Charge for the period	2,179	84,515	86,694
On acquisition of subsidiaries	117,935	490,860	608,795
At 31 March 2012	<u>120,114</u>	<u>575,375</u>	<u>695,489</u>
Net book value			
At 31 March 2012	<u>4,129</u>	<u>219,539</u>	<u>223,668</u>
<i>At 30 April 2011</i>	<u>-</u>	<u>-</u>	<u>-</u>

13. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2011	-
Additions	1,875,486
At 31 March 2012	<u>1,875,486</u>
Net book value	
At 31 March 2012	<u>1,875,486</u>
<i>At 30 April 2011</i>	<u>-</u>

Details of the principal subsidiaries can be found under note number 29

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012**

14. STOCKS

	<u>Group</u>		<u>Company</u>	
	31 March 2012 £	30 April 2011 £	31 March 2012 £	30 April 2011 £
Raw materials	9,707	-	-	-
Work in progress	63,936	-	-	-
	<u>73,643</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	<u>Group</u>		<u>Company</u>	
	31 March 2012 £	30 April 2011 £	31 March 2012 £	30 April 2011 £
Due after more than one year				
Other debtors	100,316	-	84,506	-
Due within one year				
Trade debtors	503,685	-	-	-
Other debtors	65,252	1,757	885,501	1,757
Prepayments and accrued income	54,687	-	-	-
Tax recoverable	357,801	-	-	-
	<u>1,081,741</u>	<u>1,757</u>	<u>970,007</u>	<u>1,757</u>

16. CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	31 March 2012 £	30 April 2011 £	31 March 2012 £	30 April 2011 £
Other loans	-	735,272	-	735,272
Net obligations under finance leases and hire purchase contracts	57,689	-	-	-
Trade creditors	279,923	2	-	2
Social security and other taxes	573,175	-	-	-
Directors' current account	-	240,711	-	240,711
Other creditors	102,042	-	-	-
Accruals and deferred income	380,451	-	307,578	-
	<u>1,393,280</u>	<u>975,985</u>	<u>307,578</u>	<u>975,985</u>

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17. CREDITORS

Amounts falling due after more than one year

	Group		Company	
	31 March 2012	30 April 2011	31 March 2012	30 April 2011
	£	£	£	£
Shareholder loans	4,715,086	-	4,715,086	-
Net obligations under finance leases and hire purchase contracts	50,339	-	-	-
Other creditors	18,896	-	-	-
	4,784,321	-	4,715,086	-

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	31 March 2012	30 April 2011	31 March 2012	30 April 2011
	£	£	£	£
Repayable by instalments	2,064,553	-	2,064,553	-

In respect of the loan note instrument 2011 constituting up to £2,150,000 15% fixed rate secured loan notes 2011, interest is accrued on a calendar quarter basis in arrears from 1 July 2011 and the principal is contracted to be repaid by 30 June 2013

A further loan note instrument constituting up to £500,000 15 % fixed rate unsecured loan notes dated 31 March 2012 was issued at the end of the year. Interest is accrued on a calendar quarter basis in arrears from 1 May 2012 and the principal shall be repaid by 31 March 2014. In addition, each loan note holder is issued a warrant to purchase 12 ordinary shares in the capital of the Servebase Group Limited per £100 of principal value of notes at an exercise price of £0.01 per share up to an aggregate of 60,000 ordinary shares at any date until the expiration date of 31 March 2022.

In respect of a further loan note instrument 2011 constituting up to £2,150,000 fixed rate secured loan notes 2011, interest is payable on a monthly basis in arrears from 1 July 2011 and the principal shall be repaid by 30 June 2017. Interest shall accrue at the rate of 100 basis points above the 1- year fixed term deposit rate per annum, as determined and approved annually.

All loans are to existing shareholders and as such, the principle debt and accrued interest has been re-classified as non-current liabilities.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group		Company	
	31 March 2012	30 April 2011	31 March 2012	30 April 2011
	£	£	£	£
Between one and five years	50,339	-	-	-

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18. ACCRUALS AND DEFERRED INCOME

	Group		Company	
	31 March 2012 £	30 April 2011 £	31 March 2012 £	30 April 2011 £
1 to 2 years	222,881	-	-	-

19. SHARE CAPITAL

	31 March 2012 £	30 April 2011 £
Allotted, called up and fully paid		
1,208,181 Redeemable Preferred shares of £1 each	1,208,181	-
395,212 Ordinary shares of £0.01 each	3,952	-
449,310 A Preferred shares of £0.666188 each	299,325	-
300,000 Ordinary shares of £1 each	-	300,000
60,100 Warrants issued for 60,000 ordinary shares of £0.01 each	601	-
	1,512,059	300,000

During the period, 300,000 ordinary £1 shares were redesignated as 449,310 A preferred shares of £0.666188 each and 67,500 ordinary £0.01 shares. There was also an allotment of 327,716 ordinary £0.01 shares and 1,208,181 redeemable preference £1 shares which were paid up in full.

The warrants issued during the period are pursuant to the loan note instrument dated 31 March 2012 relating to up to £500,000 15% fixed rate unsecured loan notes 2012 of the Company. Each loan note holder is issued a warrant to purchase 12 ordinary shares in the capital of the Servebase Group Limited per £100 of principal value of notes at an exercise price of £0.01 per share up to an aggregate of 60,000 ordinary shares at any date until the expiration date of 31 March 2022.

Shareholders holding a majority of the redeemable preferred shares may require the Company by notice in writing to redeem all the redeemable preferred shares at that time in issue upon the occurrence of a liquidation or sale event, and if any redemption notice is served, all the redeemable preferred shares will immediately become due for redemption on the date of the redemption notice. The redeemable preferred shares may also be redeemed (in whole or in part) at any time at the election of the Company, subject to approval by the directors with Investor Director Consent.

The company shall, without resolution of the board of the directors or the Company in general meeting and before application of any profits to reserve or for any other purpose first, pay in respect of each preferred share, a fixed cumulative preferred dividend at the annual rate of 0.5% of the nominal value per preferred share which shall be deemed to accrue from day to day until, and shall not be paid until, such time as the preferred shares are redeemed or the occurrence of a liquidation or sale event. Each preferred dividend shall, provided the Company has sufficient available profits out of which to pay the same and notwithstanding that such dividend is expressed to be cumulative, automatically become a debt due from and immediately payable by the Company on the relevant payment date.

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. RESERVES

	Profit and loss account £
Group	
At 1 May 2011	(177,697)
Loss for the period	(1,584,135)
	<u>(1,761,832)</u>
At 31 March 2012	<u>(1,761,832)</u>
 Company	 Profit and loss account £
At 1 May 2011	(177,697)
Loss for the period	(954,314)
	<u>(1,132,011)</u>
At 31 March 2012	<u>(1,132,011)</u>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2012 £	30 April 2011 £
Group		
Opening shareholders' funds	122,303	248,072
Loss for the period/year	(1,584,135)	(125,769)
Shares issued during the period/year	1,212,059	-
	<u>(249,773)</u>	<u>122,303</u>
Closing shareholders' (deficit)/funds	<u>(249,773)</u>	<u>122,303</u>
 Company	 31 March 2012 £	 30 April 2011 £
Opening shareholders' funds	122,303	248,072
Loss for the period/year	(954,314)	(125,769)
Shares issued during the period/year	1,212,059	-
	<u>380,048</u>	<u>122,303</u>
Closing shareholders' funds	<u>380,048</u>	<u>122,303</u>

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 loss for the period/year dealt with in the accounts of the company was £954,314 (2011 - £-125,769)

SERVEBASE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(1,503,961)	(125,958)
Amortisation of intangible fixed assets	1,048,220	-
Depreciation of tangible fixed assets	86,694	-
Increase in stocks	(57,906)	-
Decrease in debtors	404,139	23,243
Increase in creditors	11,034	240,713
Net cash (outflow)/inflow from operating activities	(11,780)	137,998

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	230	189
Interest paid	(65,521)	-
Hire purchase interest	(8,784)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	(74,075)	189

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(1,066,162)	-
Purchase of tangible fixed assets	(95,124)	-
Net cash outflow from capital expenditure	(1,161,286)	-

	2012 £	2011 £
Acquisitions and disposals		
Acquisition of subsidiaries	(2,302,242)	-
Net overdraft acquired with subsidiaries	(307,521)	-
Net cash outflow from acquisitions and disposals	(2,609,763)	-

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23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £	2011 £
Financing		
Issue of ordinary shares	1,212,059	-
Other new loans	1,915,261	735,272
Net cash inflow from financing	<u>3,127,320</u>	<u>735,272</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	1 May 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	1,096,531	(778,764)	-	317,767
Debt				
Debts due within one year	(735,272)	(1,915,261)	2,592,844	(57,689)
Debts falling due after more than one year	-	-	(4,765,425)	(4,765,425)
Net funds	<u>361,259</u>	<u>(2,694,025)</u>	<u>(2,172,581)</u>	<u>(4,505,347)</u>

25. CONTINGENT LIABILITY

In respect of the redeemable preferred shares and A preferred shares issued during the period, the preferred dividend is payable if the redeemable preferred shares are redeemed or a liquidation or sale event takes place, provided the Company has sufficient available profits. Such unpaid dividend is expressed as cumulative and will automatically become a debt due from the Company to the preferred shareholders.

At the date of approval of the financial statements, the contingent liability is £8,287.

26. OPERATING LEASE COMMITMENTS

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 31 March 2012 £	30 April 2011 £
Group		
Expiry date:		
Between 2 and 5 years	<u>164,582</u>	<u>-</u>

SERVEBASE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

27 RELATED PARTY TRANSACTIONS

Name of related party	Nature of related party	Transaction type	Transaction value £	Debtor/(creditor) at 31 March 2012 £
Servebase Computers Limited	Subsidiary	loan	-	857,539

28. CONTROLLING PARTY

The group is controlled by the Directors of the parent company

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Servebase Computers Limited	United Kingdom	100	IT consultancy services
Servebase Australia Asia Pacific PTY Limited	Australia	100	IT consultancy services
Servebase (US) Inc	US	100	IT consultancy services
Servebase Limited	United Kingdom	100	Dormant