LOMBARD RISK SYSTEMS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

(Company No. 2322432)

DIRECTORS

John Wisbey (Chairman)
Cliff van Tonder (Appointed 3 October 2005)
Lee Wakeman (Appointed 3 October 2005)

SECRETARY

Spencer Backhouse

REGISTERED OFFICE

21st Floor
Empress State
Empress Approach
Lillie Road
London
SW6 1TR

AUDITORS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

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Chairman's statement

For the year ended 31 March 2006

The following is the text of the Chairman's Report for the year ended 31 March 2006 of Lombard Risk Management plc, the parent company of Lombard Risk Systems Ltd.

Summary

The year was one of laying the ground for a real advance in our business. Major investments, all expensed, were made in the second half of the year in the establishment of the new Shanghai operation and in R&D for Colline and other products. The acquisition of STB Systems in August 2005 for around £3.0m brought Lombard Risk market leadership for UK bank regulatory reporting software, and relationships with 140 out of 350 banks in the UK. The positive result of the investment in Colline was already starting to be apparent at the end of the financial year, while the cost and revenue benefits of investment in the Shanghai operation should progressively become apparent during the 2007 and 2008 financial years.

The sale of the ValuSpread business to Fitch Ratings Ltd for up to £6.0m (of which £5.9m had been recognized by the end of the period) was a significant event. This ensured that despite the heavy investment in the future the Group was able to end the period with a relatively strong balance sheet and cash position for a company of its size, as well as having an excellent platform for growth.

The Company made a Profit After Tax of £3.22m, a record result.

Towards the end of the financial year and since then the group has traded very strongly with particularly good performance by the Colline collateral management product and the STB-Reporter regulatory reporting product. In the strongest start yet to a new financial year since the Company was founded, the Company has achieved June quarter revenues of just under £2m.

Financial

Revenue increased to £4.70m against £4.62m in the comparable period last year. Profit before tax was £3.22m, made up of an operating loss of £2.75m balanced by a profit of £5.97m on the sale of the ValuSpread business. Cash and marketable securities at the end of the period were a total of £2.29m.

The sale of the ValuSpread business, in August 2005, was at a price that represented more than 10 years of contribution from that business, and the Board believes it was a very good deal for the Company. The downside of that is of course that the Group no longer enjoys either the contribution it had from ValuSpread nor the ability to charge various shared resources to ValuSpread. The operating result was affected by the fact that it has taken a little while for the rest of the business to make up for ValuSpread's positive results. STB Systems should go some way towards that in profit terms, and it also has higher revenues than ValuSpread did.

Recurrent revenue has historically been a high proportion of revenues at Lombard Risk. We have more than replaced the recurrent revenues lost with the sale of ValuSpread with recurrent revenues from STB Systems, with the definition of such revenue being that we continue to receive it unless we lose the customer. Recurrent revenues for the Group are running at around £4m. In addition, the revenue profile remains well dispersed, with no single client last year accounting for more than 5 % of total revenue.

Valuation and Risk Management Software Products

Oberon, the trading and risk management system, remained profitable for the seventeenth consecutive year. Oberon continues to provide capital to support the development of other products, and has gained some new customers although it has lost others. Work has continued to make Oberon a very open system using our OBI utility, and this work is now being carried out largely in our Shanghai operation. Functionally the product has made good progress with new pricing models and support for additional instruments.

Colline, our software for collateral management, has enjoyed several contract wins and has seen a particularly large increase in sales pipeline which is promising for the current financial year. Client wins for Colline have included banks, asset management firms, hedge funds and energy companies. An ASP service for Colline has also successfully gone live. Drivers for Colline's growth include the need for many entities to free up credit lines, reduction of economic capital and Basel II. We obtained a rating for the product in Risk Magazine.

Regulatory and Compliance Software Products

The Group's regulatory and compliance software business STB Systems has continued to make good progress with a growing pipeline ahead of the Basel II regulatory changes. There has been an excellent start to the new financial year with two important orders received in April. However, the delayed timing of some significant expected deals meant that the second and final earn-out arising from last August's acquisition and based on results to the end of March 2006 has not been achieved in full.

STB Systems is the market leader for U.K. Bank Regulatory Reporting with over 140 out of 350 banks in the U.K. using the STB-Reporter product for regulatory reporting to the FSA. We believe that the high average level of customer satisfaction offers an excellent opportunity for the Group to expand its business with many of these clients.

The firm's ability to offer global solutions has been greatly enhanced through its now having regulatory offerings available or under production for several EMEA and Asian countries as well as the United States. In addition the AML product STB-Detector has seen good revenue growth in several countries.

Independent Valuations

The Group's Independent Valuation business, which from 2005 has operated as a separate subsidiary, is progressing well with the full implementation of an important contract with a large bank-owned administrator of hedge funds. There are a number of other opportunities in prospect. The Board believe there is a clear and important opportunity, in conjunction with partners, to move beyond the provision of niche valuations to an industry solution for independent valuations. This transition will require a high level of additional investment and the Board believes it is prudent and appropriate that the Independent Valuation subsidiary attracts third party investors to assist with the funding of this further expansion rather than for the Group itself to fund all that investment. This process is underway and a few interested parties have been identified, although it is too early to give any guidance on whether that will lead to those parties actually investing.

Personnel

Following the acquisition of STB Systems, we were pleased to welcome Michael Thomas onto our board on successful completion of the first part of STB's earn-out. We welcome many excellent new colleagues into the Group, most from STB Systems and our Shanghai office.

With the sale of the ValuSpread business we sadly had to say goodbye to a number of talented former colleagues. We wish them well with Fitch Ratings.

Investments

Lombard Risk still holds a stake of 2.9% (5.6 million shares) in its former subsidiary IDOX plc, which is quoted on AIM. Although that company has had a difficult past two months with a profit warning and the subsequent departure of its Chief Executive, the board takes comfort from IDOX's strong cash position and customer base among local authorities and believes it has sound fundamentals. The Board's position is that it will continue to review the level of this holding based on investment considerations alone.

IDOX is an example of a business successfully incubated by Lombard Risk and then spun out at an appropriate time. This is a model that the Board feels comfortable with, and over the next few years it can be anticipated that the Company will engage in further similar corporate activity. As mentioned above, we recently announced that we were seeking external investors for our Independent Valuation business.

Prospects

The Board believes that the high level of recurrent revenues of the business overall and the product positioning of Lombard Risk provides a strong foundation for growth. The Board is confident that market demand in our focus areas of collateral management, derivatives, regulation and compliance will continue to grow, as will the area of independent valuations. Backed up by the fast growth experienced in the first three months of the new financial year, the Board is very positive on revenue growth for FY 2007 and remains positive about the prospects for the Company over the next few years – subject to the Board's normal caveat that there will inevitably be some volatility of earnings arising from the exact timing of the Group's larger software licence deals.

The outlook for the cost side is likely to be one of higher costs initially owing to the establishment of Shanghai, but followed by an extremely promising outlook for future cost containment as a progressively higher proportion of software development and other functions are carried out. Shanghai should allow revenues to grow much faster than costs from now on.

Our first full year as a quoted company was a significant year for the Group. The acquisition of STB Systems and the establishment and build-up of the new Shanghai operation inevitably meant that many of our team had to put in considerable extra effort. I would like to thank all my colleagues, as well as our advisors, for their hard work and support.

John Wisbey
Chairman and CEO

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year, which 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

AWARENESS OF RELEVANT AUDIT INFORMATION

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,289,073 (2005: Loss £504,018).

The directors do not recommend the payment of a final dividend. The transfer to reserves is £5,289,073 (2005: From reserves £504,018).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the design, sale and rental of financial software systems, with particular emphasis on the derivatives market. Following the sale of the ValuSpread business in August 2005, the continuing profitability of Oberon and a strong pipeline for the Colline product, the directors are optimistic about the prospects for the year to March 2007.

CLOSE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year, and their interests in the share capital of the parent company Lombard Risk Management plc at 31 March 2006, were:

Lombard Risk Management plc

		Number of ordinary shares	
	Class of Share	**2006**	**2005**
John Wisbey	Ordinary 0.5p	81,024,562	81,024,562
Christopher Rose (Resigned 3 October 2005)	Ordinary 0.5p	125,000	125,000
Cliff van Tonder (Appointed 3 October 2005)	Ordinary 0.5p	68,750	68,750
Lee Wakeman (Appointed 3 October 2005)	Ordinary 0.5p	-	-

No director had, during or at the end of the year, an interest in the share capital of the company or any other group undertakings.

AUDITORS

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Spencer Backhouse

21st Floor
Empress State
Empress Approach
Lillie Road
London
SW6 1TR

Spencer Backhouse
Secretary
4 July 2006

Report of the Independent Auditors
To the members of Lombard Risk Systems Ltd

We have audited the financial statements of Lombard Risk Systems Ltd for the year ended 31 March 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheets and notes 1 to 21. 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 directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

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 March 2006 and of its profit for the year then ended;

- 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 for the year ended 31 March 2006.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON
4 JULY 2006

Profit and loss account
For the year ended 31 March 2006

	Note	2006 £	2005 £
Turnover	1	3,122,780	4,591,604
External charges		(182,631)	(288,466)
Gross profit		2,940,149	4,303,138
Staff costs	2	2,730,465	3,710,208
Other operating charges		872,866	1,030,161
		(3,603,331)	(4,740,369)
Operating loss	3	(663,182)	(437,231)
Profit on disposal of business	9	5,971,446	-
Interest receivable	4	2,457	5,793
Interest payable	5	(21,648)	(72,580)
Profit / (loss) on ordinary activities before taxation		5,289,073	(504,018)
Tax on profit / (loss) on ordinary activities	6	-	-
Profit / (loss) for the year transferred to / from reserves	17	5,289,073	(504,018)

All operations are attributable to continuing operations.
There were no recognised gains and losses other than the profit for the year.
The accompanying accounting policies and notes form an integral part of these accounts.

Balance sheet
As at 31 March 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	7	-	285,061
Investment in group companies	8	1,875	1,875
		1,875	286,936
Current assets			
Debtors due within one year	11	477,369	1,177,206
Debtors due in more than one year	12	2,696,932	-
Cash at bank and in hand		1,430,178	323,435
		4,604,479	1,500,641
Creditors: Amounts falling due within one year	13	(771,201)	(1,224,901)
Net current assets		3,833,278	275,740
Total assets less current liabilities		3,835,153	562,676
Creditors: Amount falling due after one year	14	-	(1,286,968)
Deferred income		(865,709)	(1,595,337)
Net assets / (liabilities)		2,969,444	(2,319,629)
Capital and reserves			
Called up share capital	16	500,000	500,000
Profit and loss account	17	2,469,444	(2,819,629)
Shareholders' funds / (deficit)	17	2,969,444	(2,319,629)

The financial statements were approved by the board on 4 July 2006 and signed on its behalf by:

John Wisbey
Director

The accompanying accounting policies and notes form an integral part of these accounts.

Notes to the accounts
For the year ended 31 March 2006

1. **ACCOUNTING POLICIES**

(a) Accounting convention
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies have remained unchanged from the previous year and are set out below.

(b) Turnover
Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax. Turnover and pre-tax profit are wholly attributable to the principal activities. Analysis of turnover by geographical market is not disclosed because in the opinion of the directors disclosure would not be in the interests of the company.

The recognition of revenue depends on the type of income.

Licence income	For long term projects which do not include the up-front delivery of immediately usable software, revenue is recognised on both the consultancy and initial licence elements in line with the estimated percentage of completion of the project. That part of licence and maintenance revenue invoiced simultaneously with the initial licence but considered to relate to the period when the licence is deemed to be live is deferred in its entirety until the live date, following which it is released to profit in equal daily instalments over the duration of the relevant licence or maintenance. For other projects which do include the up-front delivery of immediately usable software, revenue is recognised in accordance with the invoicing schedule. For non-refundable licences of over one years duration revenue is recognised at invoicing date, for those licences under one year revenue is recognised immediately.
Customisation income	recognised once the customisation has taken place.
Maintenance income	recognised evenly over the term of the maintenance contract.
Rental income	recognised evenly over the term of the rental contract.
Data subscription income	recognised evenly over the term of the data contract.
Training income	recognised when the relevant courses are run.

(c) Depreciation
Depreciation is provided using the following rates and bases so as to write off the cost or valuation of tangible fixed assets over their useful lives in the company's business: -

Computer software	50% to 100% straight line
Computer hardware	50% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line

(d) Valuation of investments
Investments held as fixed assets are valued at cost less any provision for a permanent diminution in value. Investments held as current assets are valued at the lower of cost and market value.

(e) Foreign exchange
Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All differences are taken to the profit and loss account.

(f) Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(g) Pension costs
The company contributes from time to time to employees' own personal pension schemes. The pensions cost charge represents contributions payable by the company to these schemes. The schemes are defined contribution schemes.

(h) Leased assets
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

(i) Deferred income
Where services are invoiced in advance that proportion of revenue relating to future periods is deferred.

2. DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Directors:		
Aggregate emoluments	269,500	336,000
Highest paid director:		
Aggregate emoluments	108,750	178,500
Staff costs including directors:		
Wages and salaries	2,408,306	3,134,204
Social security costs	295,085	333,757
Pension costs	5,605	9,404
Total staff costs - ongoing	2,708,996	3,477,365
Exceptional staff costs (note 10)	21,469	232,843
	2,730,465	3,710,208

The average weekly number of employees (excluding directors) during the year was:

	2006 Number	2005 Number
Office and administration	4	6
Operational	39	50
	43	56

3. OPERATING LOSS

		2006 £	2005 £
This is stated after charging:			
Auditors remuneration	- Audit	28,144	28,000
	- Other services	23,223	45,943
		51,367	73,943
Depreciation		92,366	128,057
Operating leases	- Land and buildings	225,801	256,788

4. INTEREST RECEIVABLE

	2006 £	2005 £
Interest on bank deposits	2,457	5,793

5. INTEREST PAYABLE

	2006	2005
	£	£
In respect of:		
Bank loans and overdrafts repayable in 5 years	-	1
Other interest	21,648	72,579
	21,648	72,580

6. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

There is no charge to tax for the year (2005: £nil) because of the availability of losses within the group. The company has received to date R&D tax credits of £570,008. As for all companies that have received these credits, the amounts are subject to potential future Revenue clawback.

The tax assessed for the period is different than at the standard rate of corporation tax in the UK 30% (2005: 30%). The differences are explained as follows:

Profit / (loss) on ordinary activities before tax	5,289,073	(504,018)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%).	1,586,722	(151,205)
Effect of:		
Expenses not deductible for tax purposes	(294,477)	27,791
Capital allowances in excess of depreciation	(39,743)	(37,005)
Other short term timing differences	6,244	1,135
Tax losses (utilised) / arising in the year	(1,258,746)	159,284
Current tax charge for period	-	-

The directors have not recognised the deferred tax amount of £151,667 (2005: £1,093,445) arising on trading losses carried forward.

7. TANGIBLE FIXED ASSETS

	Computer hardware	Fixtures, fittings & equipment	Software	Other	Total
	£	£	£	£	£
Cost at 1 April 2005	1,846,826	413,847	706,728	19,266	2,986,667
Additions	81,875	3,146	13,130	-	98,151
Transfer to Group Company	(1,869,827)	(416,993)	(710,418)	(19,266)	(3,016,504)
Disposals	(58,874)	-	(9,440)	-	(68,314)
At 31 March 2006	-	-	-	-	-
Depreciation at 1 April 2005	1,697,512	285,565	699,263	19,266	2,701,606
Charge	67,532	17,307	7,527	-	92,366
Transfer to Group Company	(1,706,170)	(302,872)	(697,350)	(19,266)	(2,725,658)
Disposals	(58,874)	-	(9,440)	-	(68,314)
At 31 March 2006	-	-	-	-	-
NBV at 31 March 2006	-	-	-	-	-
At 31 March 2005	149,314	128,282	7,465	-	285,061

8. FIXED ASSET INVESTMENTS

	2006	2005
	£	£
At 31 March 2006 and 31 March 2005	1,875	1,875

The subsidiary undertakings at the end of the year were Lombard Risk Systems Inc., a company incorporated in Delaware U.S.A, Lombard Risk Systems (Pty) Ltd incorporated in South Africa and Lombard Risk Systems (Asia Pacific) Limited incorporated in Hong Kong.

Name	Proportion of voting rights	Ordinary share capital held	Loss for the year £	Net Liabilities at 31 Mar 06 £
Lombard Risk Systems Inc	100%	100%	444,267	2,302,544
Lombard Risk Systems (Pty) Ltd	100%	100%	Not yet trading	
Lombard Risk Systems (Asia Pacific) Ltd	100%	100%	Dormant	

These accounts present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement to produce group accounts as it is wholly owned by Lombard Risk Management plc, a company incorporated in England and Wales. The financial statements of the company and its subsidiary undertakings are included in the consolidated accounts of the parent company.

9. DISPOSAL OF BUSINESS

On 26 August 2005 Lombard Risk Systems Ltd disposed of its ValuSpread business to Fitch Ratings Ltd. The maximum consideration payable amounted to £6m in cash plus a further £540,000 of deferred income. As at 31 March 2006, £5.9m of the consideration had been received less 5% placed in escrow and expenses paid. Included within the expenses arising from the disposal are bonuses, totalling £140,000, payable to two of the directors of Lombard Risk Management plc.

10. PURCHASE OF BUSINESS INTEREST

On 6 February 2002 the Company became a party to an agreement entered into by Lombard Risk Systems Ltd to purchase a third party's interest in one of its operating divisions, and for the third party to perform future services to the group.

The total consideration of £1,054,600 was charged to the profit and loss account over a three year period from January 2002 to December 2004. £854,600 of the consideration was payable in monthly instalments from February 2002 to December 2004 with the outstanding being payable in monthly instalments from January 2005 to December 2006. Interest was charged on the outstanding balance at 10% per annum.

Following the disposal of the ValuSpread business to Fitch Ratings Ltd on 26 August 2005, as per the terms of the agreement, £278,044 of the outstanding balance was paid during October, with a final payment of £79,044 to be paid in April 2006.

For the year ended 31 March 2006, a total of £31,818 (2005: £368,481) was charged to the profit and loss account. This comprised £Nil gross salary (2005: £199,416) and £11,345 employers NIC (2005: £33,427); interest of £20,473 (2005: £71,404) and other operating costs of £Nil (2005: £64,234).

11. DEBTORS DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade debtors	432,432	990,712
Other debtors	37,867	48,893
Prepayments and accrued income	7,070	137,601
	477,369	1,177,206

12. DEBTORS DUE MORE THAN ONE YEAR

	2006	2005
	£	£
Amount owed by group company	2,696,932	-

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	46,642	463,242
Other taxes and social security costs	95,698	140,821
Other creditors	553,882	372,257
Finance leases	2,318	14,511
Accruals	72,661	234,070
	771,201	1,224,901

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2006	2005
	£	£
Deferred payable re purchase of business – see note 10	-	182,247
Amount owing to parent undertaking	-	1,067,842
Finance lease	-	36,879
	-	1,286,968

15. AMOUNTS UNDER FINANCE LEASES AND HP AGREEMENTS

		2006	2005
		£	£
Amounts payable within	1 Year	2,318	14,511
	2 – 5 Years	-	36,879
		2,318	51,390

16. SHARE CAPITAL

	2006	2005
	£	£
Authorised		
10,000,000 10p Ordinary	1,000,000	1,000,000
Allotted, called up and fully paid		
5,000,000 10p Ordinary	500,000	500,000

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Profit and loss	Share capital	Shareholders' funds
	£	£	£
As at 1 April 2005	(2,819,629)	500,000	(2,319,629)
Profit for the year	5,289,073	-	5,289,073
As at 31 March 2006	2,469,444	500,000	2,969,444

18. LEASING COMMITMENTS

At 31 March 2006 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2006 Land & buildings £	2005 Land & buildings £
On leases which expire in 1 year or less	225,801	256,788

19. CAPITAL COMMITMENTS

The company has no material capital commitments at 31 March 2006 or 31 March 2005.

20. CONTROLLING RELATED PARTY

The company's controlling related party is Lombard Risk Management plc by virtue of its 100% shareholding in Lombard Risk Systems Limited.

The only group of undertakings for which group accounts have been drawn up is that headed by Lombard Risk Management plc, incorporated in England and Wales.

As a wholly owned subsidiary of Lombard Risk Management plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Lombard Risk Management plc, on the grounds that the financial statements are publicly available from Companies House.

The Chairman and Chief Executive John Wisbey is interested in shares to the value of 62% of the issued share capital of Lombard Risk Management plc and is therefore considered to be the ultimate controlling related party of the group.

21. CASH FLOW STATEMENT

As a wholly owned subsidiary of a company incorporated in England and Wales, the company is exempt from the requirement to produce a cash flow statement.