Grant Thornton

Financial statements Charles River Development Limited

For the Year Ended 31 December 2008

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COMPANIES HOUSE

Company No. 3944511

9 Tangible fixed assets

	Leasehold Property £	Office equipment £	Fixtures & Fittings £	Computer equipment £	Telecom equipment £	Total £
Cost						
At 1 Jan 2008	179,030	18,408	26,948	265,950	19,697	510,033
Additions	348,799	16,168	49,404	37,032	16,889	468,292
At 31 Dec 2008	527,829	34,576	76,352	302,982	36,586	978,325
Depreciation						
At 1 Jan 2008	173,062	12,376	9,828	213,999	17,798	427,063
Charge for the year	78,591	4,451	6,281	41,330	4,714	135,367
At 31 Dec 2008	251,653	16,827	16,109	255,329	22,512	562,430
Net book value						
At 31 Dec 2008	**276,176**	**17,749**	**60,243**	**47,653**	**14,074**	**415,895**
At 31 Dec 2007	5,968	6,032	17,120	51,951	1,899	82,970

10 Debtors

	2008 £	2007 £
Trade debtors	**1,284,530**	2,318,366
Amounts owed by group undertakings	**179,514**	–
Other debtors	**444,538**	800,334
Prepayments and accrued income	**618,938**	604,126
Deferred taxation (note 11)	**213,407**	240,706
	2,740,927	3,963,532

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Other debtors	**350,000**	350,000
Deferred taxation	**195,985**	200,633
	545,985	550,633

11 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2008 £	2007 £
Included in debtors (note 10)	**213,407**	240,706

The movement in the deferred taxation account during the year was:

	2008 £
Balance brought forward	**240,706**
Profit and loss account movement arising during the year	**(27,299)**
Balance carried forward	**213,407**

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of depreciation over taxation allowances	**9,092**	33,894
Deferred tax in relation to share based payments	**195,985**	200,633
Other timing differences	**8,330**	6,179
	213,407	240,706

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	**97,451**	223,412
Amounts owed to group undertakings	**–**	2,574,444
Corporation tax	**432,590**	321,275
Social security and other taxes	**284,721**	308,084
Other creditors	**392,318**	420,028
Accruals and deferred income	**367,693**	349,824
	1,574,773	4,197,067

13 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Liability for cash-settled share-based payments	**699,948**	716,545
Accruals and deferred income	**251,531**	–
	951,479	716,545

14 Other provisions

	2008
	£
Dilapidation provision:	
At 1 January 2008	**60,962**
Utilised during the year in profit and loss account	**(60,962)**
At 31 December 2008	**-**

15 Share-based payments

Cash-settled share-based payments

The ultimate parent company issued to certain employees phantom stock units that require the company to pay the vested portion of the intrinsic value of the units to the employee at the date of exercise. At 31 December 2008, the company had recorded liabilities of £699,948 (2007 - £716,545) in respect of the phantom stock units. The fair value of the phantom stock units are determined using the estimated share price of the ultimate parent undertaking as at the bal ance sheet date less the strike price of each unit. The company recorded total credit of £16,597 during the year ended 31 December 2008 (2007 - expense of £238,429) in respect of phantom stock units.

16 Leasing commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings	
	2008	2007
	£	£
Operating leases which expire:		
Within 1 year	**-**	63,797
Within 2 to 5 years	**464,205**	-
After more than 5 years	**-**	464,205
	464,205	528,002

17 Related party transactions

During the year the company invoiced Charles River Systems Inc. £4,273,942 (2007 - £4,028,760) in respect of agency fees. During the year the company was charged £329,696 (2007 - £223,849) by Charles River Systems Inc. in respect of management expenses. The company was recharged from its parent £113,453 in respect of wages (2007 - £94,537). At the year end the company was owed £179,514 by Charles River Systems Inc. (2007 - owed £2,574,444 to Charles River Systems Inc).

18 Share capital

Authorised share capital:

	2008 £	2007 £
10,000,000 Ordinary shares of £0.01 each	**100,000**	100,000

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £0.01 each	**100,000**	**1,000**	100,000	1,000

19 Profit and loss account

	2008 £	2007 £
Balance brought forward	**1,272,149**	345,958
Profit for the financial year	**1,194,531**	926,191
Balance carried forward	**2,466,680**	1,272,149

20 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	**1,194,531**	926,191
Opening shareholders' funds	**1,273,149**	346,958
Closing shareholders' funds	**2,467,680**	1,273,149

21 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	2007 £
Operating profit	**1,690,720**	1,177,039
Depreciation	**135,367**	117,713
Loss on disposal of fixed assets	**-**	854
Decrease/(increase) in debtors	**1,195,306**	(657,669)
(Decrease)/increase in creditors	**(2,482,078)**	69,640
(Decrease)/increase in liability for cash-settled share-based payments	**(16,597)**	165,529
(Decrease)/increase in provisions	**(60,962)**	60,962
Net cash inflow from operating activities	**461,756**	934,068

21 Notes to the statement of cash flows (continued)

Returns on investments and servicing of finance

	2008 £	2007 £
Interest received	39,068	59,512
Interest paid	(5,522)	–
Net cash inflow from returns on investments and servicing of finance	33,546	59,512

Taxation

	2008 £	2007 £
Taxation	(391,121)	(88,865)

Capital expenditure

	2008 £	2007 £
Payments to acquire tangible fixed assets	(468,292)	(83,637)
Receipts from sale of fixed assets	–	76,517
Net cash outflow from capital expenditure	(468,292)	(7,120)

Reconciliation of net cash flow to movement in net funds

	2008 £	2007 £
(Decrease)/increase in cash in the period	(364,111)	897,595
	(364,111)	897,595
Change in net funds	(364,111)	897,595
Net funds at 1 January 2008	2,201,221	1,303,626
Net funds at 31 December 2008	1,837,110	2,201,221

Analysis of changes in net funds

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	2,201,221	(364,111)	1,837,110
Net funds	2,201,221	(364,111)	1,837,110

22 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2007 - £308,785).

23 Contingent liabilities

There were no contingent liabilities at 31 December 2008 and 31 December 2007.

24 Ultimate parent company

The immediate parent undertaking of this company is Charles River Systems Inc., incorporated in the USA. The director, Peter K Lambertus, is a Trustee of the ultimate parent company, Charles River Systems Holding Company.

Company information

Company registration number	3944511
Registered office	Churchill House Chalvey Road East Slough Berkshire SL1 2LS
Director	Peter K Lambertus
Secretary	Ann W Lambertus
Bankers	Bank of America 26 Elmfield Road Bromley Kent BR1 1WA
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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Report of the director

The director presents his report and the financial statements of the company for the year ended 31 December 2008.

Principal activities and business review

The principal activity of the company is computer software sales, service and support.

Financial overview
Turnover for the year ended 31 December 2008 was £12.0 million - a fall of 3% on last year (2007: £12.4 million). Profit before tax was £1.7 million, generating an increase of £0.5 million over prior year profit (2007: profit £1.2 million).

The director is pleased with the performance during the year and believes that Charles River Development Limited is in a strong position to continue to expand its market share.

Financial performance
Management of the company monitors financial performance by reviewing turnover, gross profit, profit before taxation and current assets such as cash and accounts receivable to manager the business and assess its performance.

Results and dividends

The profit for the year, after taxation, amounted to £1,194,531. The director has not recommended a dividend.

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The director is of the view that main risks arising from the group's financial instruments are currency risk and credit risk. Given the strong financial position of the company the director does not consider interest rate risk and liquidity risk to be significant to the company at this time. The director sets and review policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk
The company is exposed to translation and foreign exchange risk. This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling.

Credit risk
The principal credit risk arises from its trade debtors. In order to manage credit risk credit reviews are performed of prospective new customers, the director sets limits for customers and conducts a regular review of trade debtors outstanding. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Director

The director who served the company during the year was as follows:

Peter K Lambertus

Director's responsibilities

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Peter K. Lambertus

Peter K Lambertus
Director
25 June 2009

Grant Thornton

Report of the independent auditor to the members of Charles River Development Limited

We have audited the financial statements of Charles River Development Limited for the year ended 31 December 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 24. 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 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 director and auditor

The director's responsibilities for preparing the Report of the Director 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 director's 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

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

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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.

Report of the independent auditor to the members of Charles River Development Limited (continued)

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 December 2008 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 Report of the Director is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH
25 June 2009

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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

The director has reviewed the principal accounting policies of the company and considers they remain the most appropriate for the company.

Turnover

Turnover excludes value added tax (or overseas equivalent) and trade discounts and represents the value of services performed (net of sales taxes).

Professional services, such as implementation, training and consultancy, are recognised as the services are performed.

The company receives agent fee revenue from Charles River Systems Inc., the parent company, based upon the software lease revenue recognised by the parent on the company's end user customer. This agent fee revenue is recognised as earned.

Support revenue is recognised as it is earned with end user customers.

In respect of long-term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- 5 years straight line
Fixtures and Fittings	- 10 years straight line
Equipment	- 7 years straight line
Telecom	- 5 years straight line
Computers and equipment	- 3 years straight line

Leasing

Lease payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

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 receive more tax.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate for the year. Exchange differences are taken into account in arriving at the operating profit.

Share-based payments

The ultimate parent company issued cash-settled share-based payments to certain employees of the company.

The company accounts for these under the liability method and therefore records compensation expense based upon the estimated fair value of the vested portion of the share-based units less the agreed exercise price.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	**12,005,242**	12,395,136
Other operating charges	2	**10,314,522**	11,218,097
Operating profit	3	**1,690,720**	1,177,039
Interest receivable and similar income		**39,068**	59,512
Interest payable and similar charges	6	**(5,522)**	–
Profit on ordinary activities before taxation		**1,724,266**	1,236,551
Tax on profit on ordinary activities	8	**529,735**	310,360
Profit for the financial year	19	**1,194,531**	926,191

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	9	**415,895**	82,970
Current assets			
Debtors	10	**2,740,927**	3,963,532
Cash at bank		**1,837,110**	2,201,221
		4,578,037	6,164,753
Creditors: amounts falling due within one year	12	**1,574,773**	4,197,067
Net current assets		**3,003,264**	1,967,686
Total assets less current liabilities		**3,419,159**	2,050,656
Creditors: amounts falling due after more than one year	13	**951,479**	716,545
		2,467,680	1,334,111
Provisions for liabilities			
Other provisions	14	**–**	60,962
		2,467,680	1,273,149
Capital and reserves			
Called-up equity share capital	18	**1,000**	1,000
Profit and loss account	19	**2,466,680**	1,272,149
Shareholders' funds	20	**2,467,680**	1,273,149

These financial statements were approved and signed by the director and authorised for issue on
25 June 2009

Peter K Lambertus

Peter K Lambertus
Director

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	21	**461,756**	934,068
Returns on investments and servicing of finance	21	**33,546**	59,512
Taxation	21	**(391,121)**	(88,865)
Capital expenditure and financial investment	21	**(468,292)**	(7,120)
(Decrease)/increase in cash	21	**(364,111)**	897,595

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	**7,641,263**	5,130,443
Asia Pacific	**74,018**	1,121,294
Europe	**3,885,890**	6,143,399
Rest of world	**404,071**	-
	12,005,242	12,395,136

2 Other operating charges

	2008 £	2007 £
Administrative expenses	**10,314,522**	11,218,097

3 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of owned fixed assets	**135,367**	117,713
Loss on disposal of fixed assets	**-**	854
Operating lease costs:		
Other	**605,297**	398,646
Net profit on foreign currency translation	**(233,679)**	(189,848)
Auditor's remuneration - audit of the financial statements	**15,250**	14,500
Auditor's remuneration - other fees	**3,100**	3,000

	2008 £	2007 £
Auditor's remuneration - audit of the financial statements	**15,250**	14,500
Auditor's remuneration - other fees:		
- Taxation services	**3,100**	3,000

4 Directors and employees

The average number of persons employed by the company during the financial year, including the director, amounted to 65 (2007 - 71).

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	**6,003,133**	6,134,933
Social security costs	**650,982**	668,656
Other pension costs	**250,644**	229,915
Cash-settled share-based payments	**(16,597)**	238,429
	6,888,162	7,271,933

5 Director's Emoluments

The director received no remuneration during the year (2007 - nil).

6 Interest payable and similar charges

	2008 £	2007 £
Other similar charges payable	**5,522**	–

7 Pension Costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent manager. The pension charge represents contributions due from the company and amounts to £250,644 (2007 - £229,915). The amount due at the year end was £29,749 (2007: £22,068).

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Taxation In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	**489,759**	272,825
(Over)/under provision in prior year	**(10,213)**	2,287
	479,546	275,112
Foreign tax Current tax on income for the year	**22,890**	110,649
Total current tax	**502,436**	385,761
Deferred tax:		
Origination and reversal of timing differences	**27,299**	(75,401)
Tax on profit on ordinary activities	**529,735**	310,360

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	**1,724,266**	1,236,551
Profit on ordinary activities by rate of tax	**491,416**	370,965
Expenses not deductible for tax purposes	**3,697**	46,483
Capital allowances for period in excess of depreciation	**8,460**	15,765
Utilisation of tax losses	**-**	(120,034)
Adjustments to tax charge in respect of previous periods	**(10,213)**	2,287
Other timing differences	**(4,835)**	65,013
Double tax relief	**(8,979)**	(105,367)
Foreign tax	**22,890**	110,649
Total current tax (note 8(a))	**502,436**	385,761