

ARABELLA FOR IT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2010

Company Registration No 5042544

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr Antoine Sreih
Mr Ramadan Abulhawa
Mr Ghassan Tarazi

Chairman (resigned 25 February 2011)
Managing Director
Non Executive Director

SECRETARY

Mr Ramadan Abulhawa

REGISTERED OFFICE

13 - 15 Moorgate
London
EC2R 6AD

BANKERS

Europe Arab Bank plc
13 - 15 Moorgate,
London
EC2R 6AD

AUDITOR

Deloitte LLP
Hill House
1 Little New Street
London EC4A 3TR
UK

LEGAL ADVISORS

Field Fisher Waterhouse LLP
35 Vine Street
London
EC3N 2AA

REPORT OF THE DIRECTORS

The directors submit their report together with the accounts and auditor's report for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The business of the Company is the provision of financial and business continuity IT Services. The Company continues to act as a central shared services centre for Arab Bank Group's IT Centres. The directors do not anticipate any significant change in the activities of the Company in the foreseeable future.

On 2nd June 2010 the issued share capital of the Company was reduced from £2,000,000 to £500,000. The resulting distributable profit of £1,500,000 was then paid out to Arab Bank Plc, the sole shareholder of the Company (holding 500,000 ordinary shares of £1.00) by way of an interim dividend.

On 1st July 2010 the directors commenced a review of the future of the Company, and a decision was made for the Company to continue in operational existence for the foreseeable future, with the remaining 500,000 ordinary shares of £1.00 being transferred to Europe Arab Bank Plc. As at 31st December 2010, this transfer of shares had not taken place and Arab Bank PLC remains the sole shareholder.

The directors' emoluments have been borne by other group companies. The directors were employed and remunerated as directors or executives of other group companies in respect of their services to the group as a whole.

Employees were seconded from other group companies during the period and employee costs were borne by these group companies (2009: £nil).

The report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption under the Companies Act 2006.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company is profitable and has positive net assets. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The financial position of the company, its cash flows and liquidity position are positive as of December 31, 2010.

The company has considerable financial resources together with many contracts with the Arab Bank Group and its subsidiaries across different geographic areas and accordingly, the expectation is that the Company will remain profitable and to maintain positive net assets over the next 12 months.

RESULTS AND DIVIDEND

The results for the year are as set out in the income statement on page 4. A dividend of £155,000 was paid during the year ended 31 December 2010 relating to the previous year (31 December 2009: £150,000). The profit for the year after taxation was £100,922 (31 December 2009: £203,067). The directors consider the results and state of affairs to be satisfactory.

DIRECTORS

The directors who served throughout the year were as follows:

Mr Antoine Sreih	Chairman (resigned 25 February 2011)
Mr Ramadan Abulhawa	Managing Director
Mr Ghassan Tarazi	Non Executive Director

All the directors served as officers/directors of Arab Bank PLC (the ultimate parent undertaking) or other group companies during the period and none of the directors had any beneficial shareholding in the company.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern.

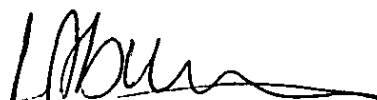
The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered Office

13 - 15 Moorgate
London
EC2R 6AD

By Order of the Board

Mr Ramadan Abulhawa
Managing Director
Date 23 March 2011



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ARABELLA FOR IT SERVICES LIMITED

We have audited the financial statements of Arabella For IT Services Limited for the year ended 31 December 2010 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's member, 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 member 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 member 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Stuart Barnett FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date 31 March 2011

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Revenue	2	2 962,792	3,962,541
Administrative expenses		(2,802 225)	(3,667 584)
Profit from ordinary activities before taxation	3	160,567	294,957
Tax on profit from ordinary activities	4	(59,645)	(91,890)
Profit from operations after tax		<u>100,922</u>	<u>203,067</u>

The results of the Company for the current and prior year are wholly attributable to continuing operations

There were no items of other comprehensive income in the current or prior years


The notes on pages 8 to 15 form an integral part of the financial statements

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
NON-CURRENT ASSETS			
Property, plant and equipment	5	509,359	842,757
Deferred tax asset	4	146,183	140,924
TOTAL NON-CURRENT ASSETS		655,542	983,681
CURRENT ASSETS			
Cash and cash equivalents		698,964	2,429,182
Trade and other receivables	6	323,153	150,977
TOTAL CURRENT ASSETS		1,022,117	2,580,159
TOTAL ASSETS		1,677,659	3,563,840
CURRENT LIABILITIES			
Trade and other payables	7	(892,475)	(1,224,578)
TOTAL CURRENT LIABILITIES		(892,475)	(1,224,578)
Net current assets		129,642	1,355,581
NET ASSETS		785,184	2,339,262
EQUITY			
Share capital	8	500,000	2,000,000
Retained earnings	9	285,184	339,262
TOTAL EQUITY		785,184	2,339,262

The notes on pages 8 to 15 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 31 March 2011 They were signed on its behalf by


Mr. Ramadan Abuthawa
Managing Director


Mr. Ghassan Tarazi
Non Executive Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital £	Retained Earnings £	Other Reserves £	Total Equity £
Balance at 1 January 2009	2,000,000	286,195	-	2 286,195
Profit for the period	-	203,067	-	203,067
Total comprehensive income for the period	-	203,067	-	203,067
Dividends	-	(150,000)	-	(150,000)
Balance at 31 December 2009	2,000,000	339,262	-	2 339,262
Profit for the period	-	100,922	-	100,922
Total comprehensive income for the period	-	100,922	-	100,922
Capital reduction	(1,500,000)	-	1 500,000	-
Interim dividend	-	-	(1 500,000)	(1 500,000)
Final dividend	-	(155,000)	-	(155,000)
Balance at 31 December 2010	500,000	285,184	0	785,184

Equity comprises share capital, share premium, equity reserve and retained earnings

On 2nd June 2010 the issued share capital of the Company was reduced from £2,000,000 to £500,000. The resulting distributable profit of £1,500,000 was then paid out to Arab Bank Plc, the sole shareholder of the Company (holding 500,000 ordinary shares of £1.00), by way of an interim dividend.

A dividend of £155,000 was paid during the year ended 31 December 2010 relating to the previous year (31 December 2009 - £150,000).

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Profit from operations after tax	100,922	203,067
Adjustments for:		
Depreciation on fixtures and equipment	337,436	698,344
(Increase) in Deferred Tax Asset	(5,259)	(70,694)
Operating cash flows before movements in working capital	433,099	830,717
(Increase)/decrease in receivables	(172,176)	297,102
(Decrease)/increase in payables	(332,103)	409,394
Cash generated by operations	(71,180)	1,537,213
Interim dividend paid	(1,500,000)	-
Final dividend paid	(155,000)	(150,000)
Net cash flow (used in)/from operating activities	(1,726,180)	1,387,213
Investing activities		
Purchases of fixed assets	(4,038)	(71,186)
Net cash (used in) investing activities	(4,038)	(71,186)
Net (decrease)/increase in cash and cash equivalents	(1,730,218)	1,316,027
Cash and cash equivalents at beginning of year	2,429,182	1,113,155
Cash equivalents at end of year	698,964	2,429,182

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1 ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and adopted for use in the European Union

Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements

Standards affecting the financial statements

IFRS 3(2008) Business Combinations,	These standards have introduced a number of changes in the accounting
IAS 27(2008) Consolidated and Separate Financial	for business combinations when acquiring a subsidiary or an associate
Statements	IFRS 3(2008) has also introduced additional disclosure requirements for
IAS 28(2008) Investments in Associates	acquisitions

The following amendments were made as part of *Improvements to IFRSs (2009)*

Amendment to IFRS 2 Share-based Payment	IFRS 2 has been amended, following the issue of IFRS 3(2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2
Amendment to IAS 17 Leases	IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17. The amendment has been applied retrospectively in accordance with the relevant transitions
Amendment to IAS 39 Financial Instruments Recognition and Measurement	IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard. The amendment has been applied prospectively to all unexpired contracts on or after 1 January 2010 in accordance with the relevant transitional provisions

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements

IFRIC 17 Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled
IFRS 2 (amended) Group Cash-settled Share-based Payment Transactions	The amendment clarifies the accounting for share-based payment transactions between group entities

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 9	Financial Instruments
IAS 24 (amended)	Related Party Disclosures
IAS 32 (amended)	Classification of Rights Issues
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14 (amended)	Prepayments of a Minimum Funding Requirement
Improvements to IFRSs (May 2010)	

The adoption of IFRS 9 which the Company plans to adopt for the year beginning on 1 January 2013 will impact both the measurement and disclosures of Financial Instruments

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Company in future periods

The particular accounting policies adopted are described below

Accounting convention

The financial statements are prepared in accordance with the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the directors report page 2

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

1 ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Hardware	20%
Software	33%
Leasehold improvements	17%
Set-Up Costs	33%
Relocation	12.5%

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised as income.

Cash and cash equivalents

Cash and cash equivalents comprise the current account balance and amounts on deposit.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

1 ACCOUNTING POLICIES (continued)**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate a shorter period, to the net carrying amount on initial recognition

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

For certain categories of financial asset such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days as well as observable changes in national or local economic conditions that correlate with default on receivables

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

Other financial liabilities

Other financial liabilities including borrowings, are initially measured at fair value, net of transaction costs

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT and other sales-related taxes

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

2 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the provision of financial and business continuity IT services, provided in the normal course of business net of VAT and other sales-related taxes. Revenue is all UK generated.

3 PROFIT FROM OPERATIONS

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation of property, plant and equipment	337 436	698 344
Auditor's remuneration		
- Audit fees Fees payable to the Company's auditors for the audit of the Company's accounts	10 500	10 000
- Other fees Fees payable to the Company's auditor	5,000	10 000

The Directors' emoluments have been borne by other group companies. The Directors were employed and remunerated as directors or executives of other group companies in respect of their services to the group as a whole.

Employees were seconded from other group companies during the period and employee costs were borne by these group companies (2009 £nil)

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

4 TAX

i) Tax on profit on ordinary activities

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
United Kingdom		
Corporation tax charge at 28%	64,992	170,948
Prior year adjustments	(88)	(8,364)
Total current taxation	64,904	162,584
Deferred taxation charge/ (credit) at 28%		
Origination and reversal of timing differences	(10,673)	(79,000)
Rate change	5,414	-
Prior year adjustments	-	8,306
Total deferred taxation	(5,259)	(70,694)
Total tax charge on profit on ordinary activities	59,645	91,890

ii) Factors affecting the current tax charge for the period

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Profit on ordinary activities before tax	160,567	294,957
Tax charge at 28% thereon	44,959	82,588
Effects of		
Expenses not deductible for tax purposes	11,724	11,976
Depreciation in excess of capital allowances	-	-
Losses brought forward utilised in current period	-	-
Capitalised revenue expenditure	(2,364)	(2,616)
Rate change	5,414	-
Current tax prior year adjustments	(88)	(8,364)
Deferred tax prior year adjustments	-	8,306
Total tax charge for the period	59,645	91,890

iii) Balance sheet

	2010 £	2009 £
Creditors - Amounts falling due within one year		
Corporation taxes	673,311	608,407
Provisions for liabilities and charges	2010 £	2009 £
Deferred taxation		
Balance at 1 January 2010	(140,924)	(70,230)
Credit against profit for the year	(10,673)	(79,000)
Rate change	5,414	-
Prior year adjustments	-	8,306
Total deferred tax asset at 31 December 2010	(146,183)	(140,924)
	2010 £	2009 £
Tax effect of timing differences due to		
Excess capital allowances	(146,183)	(140,924)
Total deferred tax asset	(146,183)	(140,924)

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

5 PROPERTY, PLANT AND EQUIPMENT	Hardware	Software	Leasehold Improvements	Set-up Costs	Relocation	Totals
	£	£	£	£	£	£
Cost						
At 1 January 2009	2,950,430	1,035,599	184,623	82,900	447,148	4,700,700
Additions	57,664	13,322	-	-	-	71,186
At 31 December 2009	3,008,294	1,048,921	184,623	82,900	447,148	4,771,886
At 1 January 2010	3,008,294	1,048,921	184,623	82,900	447,148	4,771,886
Additions	4,038	0	-	-	-	4,038
At 31 December 2010	3,012,332	1,048,921	184,623	82,900	447,148	4,775,924
Depreciation						
At 1 January 2009	2,021,610	841,441	126,876	82,900	157,958	3,230,785
Charge for year	503,560	108,121	30,770	-	55,893	698,344
At 31 December 2009	2,525,170	949,562	157,646	82,900	213,851	3,929,129
At 1 January 2010	2,525,170	949,562	157,646	82,900	213,851	3,929,129
Charge for year	197,078	62,449	22,016	-	55,893	337,436
At 31 December 2010	2,722,248	1,012,011	179,662	82,900	269,744	4,266,565
Net Book Value						
At 31 December 2010	290,084	36,910	4,961	-	177,404	509,359
At 31 December 2009	483,124	99,359	26,977	-	233,297	842,757

6 TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Trade receivables from related parties	-	53,697
Other amounts due from related parties	63,627	5,063
Other receivables	35,028	-
Prepayments	224,498	92,217
	<u>323,153</u>	<u>150,977</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Trade receivables represent amounts due from group undertakings, in respect of the provision of IT services. Other amounts due from related parties represent amounts due from group undertakings in respect of recharged costs.

7 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Trade payables	67,895	72,350
Other payables	-	157,384
Tax payable	673,311	608,407
Accruals and deferred income	151,269	386,437
	<u>892,475</u>	<u>1,224,578</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is within 30 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

8 SHARE CAPITAL

	2010 £	2009 £
Authorised ordinary shares of £1 each	500 000	4,000,000
Allotted called up, and fully paid ordinary shares of £1 each	500 000	2,000,000
Balance as at 31 December	500,000	2 000,000

The Company has one class of ordinary shares which carry no right to fixed income

On 2nd June 2010 the issued share capital of the Company was reduced from £2 000 000 to £500 000. The resulting distributable profit of £1,500,000 was then paid out to Arab Bank Plc the sole shareholder of the Company (holding 500 000 ordinary shares of £1 00) by way of an interim dividend.

9 RETAINED EARNINGS

	2010 £	2009 £
Balance as at 1 January	339,262	286,195
Dividends paid	(155 000)	(150,000)
Net profit attributable to the parent	100,922	203 067
Balance as at 31 December	285 184	339 262

A dividend of £155,000 was paid during the year ended 31 December 2010, relating to the previous year (31 December 2009 - £150,000)

11 PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary undertaking of Arab Bank plc registered in Amman Jordan. The ultimate parent company and controlling party is also Arab Bank plc for which group accounts are prepared. Copies of the group accounts can be obtained from 13 - 15 Moorgate, London EC2R 6AD.

12 DIVIDENDS

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2008 of 7.50p per share, paid 2009	-	150,000
Interim dividend paid in 2010	1 500 000	
Final dividend for the year ended 31 December 2009 of 7.75p per share, paid 2010	155 000	-
	<u>1,655,000</u>	<u>150 000</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 2010 (continued)

13 RELATED PARTY DISCLOSURES

During the year, the Company entered into the following transactions with related parties who are not members of the Company

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Income		
Europe Arab Bank Plc	2 390,752	3 207,122
Arab Bank Plc New York	431 208	385,419
	<u>2 821,960</u>	<u>3,592,541</u>
Expenditure		
Europe Arab Bank Plc	1,870 359	1,909 885
	<u>1 870,359</u>	<u>1,909,885</u>
Amounts owed by related parties		
Europe Arab Bank Plc	63 627	28 063
Arab Bank Plc New York	-	30 698
	<u>63,627</u>	<u>58,761</u>
Amounts owed to related parties		
Europe Arab Bank Plc	673,311	608,407
	<u>673 311</u>	<u>608 407</u>

There were no related party transactions with key management personnel

14 FINANCIAL INSTRUMENTS

There are no significant differences between the book value and fair value of the financial assets or liabilities as of the year-end 2010 and 2009

The Company is exposed to the following risks

i) Capital Management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance. The capital base comprises of equity share capital owned by the parent company and retained earnings as disclosed in notes 8 and 9

On 2nd June 2010 the issued share capital of the Company was reduced from £2,000,000 to £500 000. The resulting distributable profit of £1,500,000 was then paid out to Arab Bank Plc, the sole shareholder of the Company (holding 500 000 ordinary shares of £1 00) by way of an interim dividend

ii) Interest Rate Risk

The company monitors the financial risks of interest rates, but has minimal interest rate risk exposure

iii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating financial loss from defaults

Trade receivables consist of customer spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate credit guarantee insurance cover is purchased

For trade receivables no amounts are past due or impaired

The carrying amount of trade receivables recorded in the financial statements represents the company's maximum exposure to credit

iv) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously borrowing forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

The company has an overdraft facility with Europe Arab Bank PLC which is repayable on demand

The following table details maturity analysis on the liabilities for current and prior year

	Payable in Less than One Year		Payable in 1 - 3 Years		Payable in Greater than 3 Years	
	2010	2009	2010	2009	2010	2009
Bank overdrafts	-	-	-	-	-	-
Trade payables	67,895	72,350	-	-	-	-
Other payables	673 311	765,791	-	-	-	-
	<u>741,206</u>	<u>838,141</u>	-	-	-	-