

**OPTION SYSTEMS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Company Registration Number 02446995

RSM Tenon Limited
1 Bede Island Road
Bede Island Business Park
Leicester
LE2 7EA

WEDNESDAY



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OPTION SYSTEMS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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OPTION SYSTEMS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2010

| | |
|-------------------------------|--|
| The board of directors | A G Parkinson L Fox |
| Company secretary | J Parkinson |
| Business address | Standards House Meridian East Meridian Business Park Leicester LE19 1WZ |
| Registered office | Standards House Meridian East Meridian Business Park Leicester LE19 1WZ |
| Auditor | RSM Tenon Audit Limited 1 Bede Island Road Bede Island Business Park Leicester LE2 7EA |
| Accountants | RSM Tenon Limited 1 Bede Island Road Bede Island Business Park Leicester LE2 7EA |

OPTION SYSTEMS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements of the company for the year ended 31 December 2010

Principal activity

The principal activity of the company during the year continued to be the supply of software, hardware and related consulting services specific to the clothing, footwear and home textile industries

Directors

The directors who served the company during the year were as follows

A G Parkinson
L Fox

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

Auditor

RSM Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting

OPTION SYSTEMS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'A G Parkinson', written over a circular stamp or mark.

A G Parkinson
Director

Approved by the directors on 23 May 2011

OPTION SYSTEMS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTION
SYSTEMS LIMITED
YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Option Systems Limited for the year ended 31 December 2010 on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

OPTION SYSTEMS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTION
SYSTEMS LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2010

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 prepare the financial statements and the directors' report in accordance with the small companies regime

RSM Tenon Audit Limited

Stephen English, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
1 Bede Island Road
Bede Island Business Park
Leicester
LE2 7EA

23 May 2011

OPTION SYSTEMS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

| | Note | 2010 £ | 2009 £ |
|--|------|------------------|------------------|
| Turnover | | 1,509,072 | 1,586,929 |
| Cost of sales | | (210,174) | (254,939) |
| Gross profit | | <u>1,298,898</u> | <u>1,331,990</u> |
| Administrative expenses | | (1,381,830) | (1,656,724) |
| Other operating income | 2 | - | 44,122 |
| Operating loss | 3 | <u>(82,932)</u> | <u>(280,612)</u> |
| Attributable to | | | |
| Operating profit before exceptional items | | 395,853 | 461,119 |
| Exceptional items | 3 | <u>(478,785)</u> | <u>(741,731)</u> |
| | | <u>(82,932)</u> | <u>(280,612)</u> |
| Interest receivable | | - | 181 |
| Loss on ordinary activities before taxation | | <u>(82,932)</u> | <u>(280,431)</u> |
| Tax on loss on ordinary activities | 5 | 20 | 84 |
| Loss for the financial year | | <u>(82,912)</u> | <u>(280,347)</u> |

The notes on pages 8 to 13 form part of these financial statements

OPTION SYSTEMS LIMITED

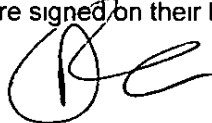
Registered Number 02446995

BALANCE SHEET**31 DECEMBER 2010**

| | Note | 2010 £ | £ | 2009 £ | £ |
|--|------|------------------|-----------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 9,028 | | 14,913 |
| Current assets | | | | | |
| Debtors | 7 | 843,753 | | 988,179 | |
| Cash at bank and in hand | | 313,832 | | 250,075 | |
| | | <u>1,157,585</u> | | <u>1,238,254</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(916,430)</u> | | <u>(860,072)</u> | |
| Net current assets | | | 241,155 | | 378,182 |
| Total assets less current liabilities | | | <u>250,183</u> | | <u>393,095</u> |
| Creditors: amounts falling due after more than one year | 10 | | <u>(90,000)</u> | | <u>(150,000)</u> |
| | | | <u>160,183</u> | | <u>243,095</u> |
| Capital and reserves | | | | | |
| Called-up share capital | 13 | | 17,000 | | 17,000 |
| Share premium account | 14 | | 12,314 | | 12,314 |
| Profit and loss account | 14 | | 130,869 | | 213,781 |
| Shareholders' funds | | | <u>160,183</u> | | <u>243,095</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 23 May 2011, and are signed on their behalf by



A G Parkinson
Director

The notes on pages 8 to 13 form part of these financial statements

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

The turnover shown in the profit and loss account represents the value of all goods and services delivered during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Research and development

Research and development costs incurred within the year are written off to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

| | |
|---|---------------|
| Office fixtures, fittings and equipment | - 25% on cost |
| Computer equipment and software | - 25% on cost |

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

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 tax in the future have occurred by the balance sheet date, with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies *(continued)*

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Other operating income

| | 2010 | 2009 |
|-------------------|-------------|---------------|
| | £ | £ |
| Grants receivable | — | <u>44,122</u> |

3. Operating loss

Operating loss is stated after charging/(crediting)

| | 2010 | 2009 |
|---|----------------|----------------|
| | £ | £ |
| Staff pension contributions | 600 | 1,504 |
| Depreciation of owned fixed assets | 6,996 | 11,210 |
| Loss on disposal of fixed assets | 1,074 | — |
| Auditors remuneration | 18,500 | 17,360 |
| Net (profit)/loss on foreign currency translation | (6,132) | 3,650 |
| Research and development | 351,690 | 359,000 |
| Exceptional administrative charge | <u>127,095</u> | <u>382,731</u> |

The exceptional item relates to the waiver of a loan due to B1 Solutions Limited, a fellow subsidiary undertaking.

4. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

| | 2010 | 2009 |
|------------------------|----------------|----------------|
| | £ | £ |
| Aggregate remuneration | <u>195,795</u> | <u>139,030</u> |

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

5. Taxation on ordinary activities

Analysis of charge in the year

| | 2010 £ | 2009 £ |
|--|-------------|--------------|
| UK Corporation tax | - | (103) |
| Over provision in prior year | (20) | - |
| | <u>(20)</u> | <u>(103)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 19 |
| Tax on loss on ordinary activities | (20) | (84) |
| | <u>(20)</u> | <u>(84)</u> |

6 Tangible fixed assets

| | Office fixtures, fittings and equipment £ | Computer equipment and software £ | Total £ |
|-----------------------|---|--|----------------|
| Cost | | | |
| At 1 January 2010 | 53,914 | 107,152 | 161,066 |
| Additions | 251 | 1,934 | 2,185 |
| Disposals | (217) | (8,065) | (8,282) |
| At 31 December 2010 | <u>53,948</u> | <u>101,021</u> | <u>154,969</u> |
| Depreciation | | | |
| At 1 January 2010 | 51,396 | 94,757 | 146,153 |
| Charge for the year | 1,445 | 5,551 | 6,996 |
| On disposals | (50) | (7,158) | (7,208) |
| At 31 December 2010 | <u>52,791</u> | <u>93,150</u> | <u>145,941</u> |
| Net book value | | | |
| At 31 December 2010 | <u>1,157</u> | <u>7,871</u> | <u>9,028</u> |
| At 31 December 2009 | <u>2,518</u> | <u>12,395</u> | <u>14,913</u> |

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

7 Debtors

| | 2010 | 2009 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 342,977 | 506,765 |
| Amounts owed by group undertakings | 476,658 | 467,248 |
| Other debtors | 22,484 | 12,532 |
| Deferred taxation (note 8) | 1,634 | 1,634 |
| | <u>843,753</u> | <u>988,179</u> |

Included within amounts owed by group undertakings is a balance of £467,248 (2009 £467,248) due in more than one year

8. Deferred taxation

The deferred tax included in the Balance sheet is as follows

| | 2010 | 2009 |
|------------------------------|--------------|--------------|
| | £ | £ |
| Included in debtors (note 7) | <u>1,634</u> | <u>1,634</u> |

The movement in the deferred taxation account during the year was

| | 2010 | 2009 |
|--|--------------|--------------|
| | £ | £ |
| At 1 January 2010 | 1,634 | 1,653 |
| Profit and loss account movement arising during the year | - | (19) |
| At 31 December 2010 | <u>1,634</u> | <u>1,634</u> |

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

| | 2010 | 2009 |
|---|--------------|--------------|
| | £ | £ |
| Excess of depreciation over taxation allowances | <u>1,634</u> | <u>1,634</u> |
| | 1,634 | 1,634 |

9. Creditors: amounts falling due within one year

| | 2010 | 2009 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans | 30,000 | - |
| Trade creditors | 138,669 | 159,069 |
| Amounts owed to group undertakings | 90,000 | 90,000 |
| Other taxation | 95,888 | 70,366 |
| Other creditors | 561,873 | 540,637 |
| | <u>916,430</u> | <u>860,072</u> |

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

10. Creditors amounts falling due after more than one year

| | 2010 | 2009 |
|------------|--------|---------|
| | £ | £ |
| Bank loans | 90,000 | 150,000 |

The bank loan is secured by way of a fixed and floating charge over the assets of the company and its fellow group undertakings

11. Commitments under operating leases

At 31 December 2010 the company had aggregate annual commitments under non-cancellable operating leases as set out below

| | 2010 | 2009 |
|-------------------------------|--------|--------|
| | £ | £ |
| Operating leases which expire | | |
| Within 1 year | 17,035 | 7,327 |
| Within 2 to 5 years | 14,137 | 19,336 |
| | 31,172 | 26,663 |

12 Related party transactions

During the year the company recharged expenses of £160,959 (2009 £221,192) to B1 Solutions Limited, a fellow subsidiary undertaking. As stated in note 3, £127,095 (2009 £382,731) of amounts due from B1 Solutions Limited has been waived during the year. At the year end amounts due from B1 Solutions Limited were £9,411 (2009 Nil)

During the year the company incurred a management charge of £12,000 (2009 £12,000) from OSL Holdings Limited, the ultimate parent undertaking. An amount of £467,248 (2009 £467,248) was due from OSL Holdings Limited at the year end

An amount of £90,000 (2009 £90,000) was due to OSL International Limited, the immediate parent undertaking of the company

13. Share capital

Allotted, called up and fully paid:

| | 2010 | | 2009 | |
|---|-----------|-----------|-----------|-----------|
| | No | £ | No | £ |
| 1,700,000 Ordinary shares of £0.01 each | 1,700,000 | 17,000 00 | 1,700,000 | 17,000 00 |

OPTION SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

14. Reserves

| | Share premium account | Profit and loss account |
|-------------------------|----------------------------------|------------------------------------|
| | £ | £ |
| Balance brought forward | 12,314 | 213,781 |
| Loss for the year | — | (82,912) |
| Balance carried forward | <u>12,314</u> | <u>130,869</u> |

15. Immediate and ultimate parent undertaking

OSL International Limited is the immediate parent undertaking and OSL Holdings Limited is the ultimate parent undertaking. Both the immediate and ultimate parent undertaking are registered in England and Wales.

16. Ultimate controlling party

The ultimate controlling party is A G Parkinson by virtue of his majority interest in the issued share capital of OSL Holdings Limited.