

Applaud Web Solutions Limited

Report and Financial Statements

30 April 2012



Directors

N J Lambert
I D Shard

Secretary

N J Lambert

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
BX3 2BB

Registered office

Newcastle Technopole
Kings Manor
Newcastle upon Tyne
NE1 6PA

Directors' Report

for the year ended 30 April 2012

The directors present their report and financial statements for the 16 month period ended 30 April 2012

Results and dividends

The loss for the 16 month period ending 30 April 2012 amounted to £79,278 (2011 loss £5,682) The directors do not recommended a final ordinary dividend

Principal activities and review of the business

The principal activity of the company continued to be the provision of software, support and related services

In May 2011 the company's entire share capital was purchased by Orchard Information Systems Limited At this point the Company changed it's year end to 30 April 2012, to coincide with the year end of the new parent undertaking

Future developments and going concern

On 1 May 2012 the trade of the company was transferred to its parent undertaking, Orchard Information Systems Limited and therefore from that date the company ceased to trade The directors do not have any plans at present for the company to trade in the future However, as the company is now dormant, the directors are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements For this reason the directors continue to adopt the going concern basis of preparation for these financial statements

Directors

The directors who served during the period were as follows

N J Lambert (appointed 26 May 2011)
I D Shard (appointed 26 May 2011)
P Sheperia (resigned 26 May 2011)
A Hughes (resigned 26 May 2011)
P Collerton (resigned 26 May 2011)

Principal Risks and Uncertainties

The Board is responsible for the company's approach to assessing risk and accepts that in creating value, the company must accept and take on some risks In so doing, its intention is to identify, manage and minimise the impact of these risks

As a business providing software, services and support to the UK social housing sector, the main risks and uncertainties facing the company, and the steps taken to mitigate them, are considered to be as follows

- **Competition**

Sales are achieved in a competitive environment and almost always in competitive tender By ensuring that its products continue to anticipate and meet the changing needs of the market, the company aims to maintain a strong competitive edge

- **Potential disruption to customers' business during implementation of new systems**

The company uses formal and well documented Project Management methodologies which can be rigorously controlled to help ensure that implementation projects are effectively managed and to help to minimise the risks of disruption to customers' businesses

- **Staff Retention**

Directors' Report

for the year ended 30 April 2012

The directors believe that it is essential to attract and retain talented, motivated and well qualified staff. They regularly monitor the company's human resource policies to ensure that they are appropriate for a business of its size.

- **The likely levels of funding available to the public sector in future periods**

The directors regularly monitor the overall state of the economy, and of the UK Social Housing sector, through active participation in external organisations and interest groups.

Financial risk management policy

The company's financial investments comprise cash, and short term deposits. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Credit risk

The company has external debtors, however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations.

Foreign currency risk

The company does not have any foreign currency transactions and therefore is not exposed to any foreign currency risk.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he or she is obliged to take as a director in order to make him or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report

for the year ended 30 April 2012

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board



N J Lambert
Secretary

12 November 2012

Statement of 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 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 then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement, and
- prepare the financial statements on a going concern basis unless it is appropriate 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.

Independent auditor's report

to the members of Applaud Web Solutions Limited

We have audited the financial statements of Applaud Web Solutions Limited for the period ended 30 April 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 April 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report

to the members of Applaud Web Solutions Limited (continued)

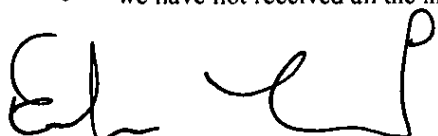
Opinion on other matter prescribed by the Companies Act 2006

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



Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

15 November 2012

Profit and loss account

for the period ended 30 April 2012

		<i>30 April 2012</i>	<i>31 December 2010</i>
		<i>(16 months)</i>	<i>(12 months)</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	199,370	187,069
Cost of sales		(177,713)	(156,892)
Gross profit		<u>21,657</u>	<u>30,177</u>
Administrative expenses		(100,403)	(33,724)
Operating loss	3	<u>(78,746)</u>	<u>(3,547)</u>
Interest payable	6	(532)	(2,135)
Loss on ordinary activities before taxation		<u>(79,278)</u>	<u>(5,682)</u>
Tax charge on loss on ordinary activities	7	-	-
Loss for the financial year	17	<u><u>(79,278)</u></u>	<u><u>(5,682)</u></u>

The loss for the period relates wholly to discontinued activities

Statement of total recognised gains and losses

There are no gains or losses pertaining to the period other than the loss of £79,278 (2010 £5,682) shown above

Balance Sheet

as at 30 April 2012

		<i>30 April 31 December</i>	
		<i>2012</i>	<i>2010</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Fixed assets			
Intangible assets	8	-	48,872
Tangible assets	9	-	3,111
		<u>-</u>	<u>51,983</u>
Current assets			
Debtors	10	22,655	15,454
Cash at bank and in hand		86,948	23,274
		<u>109,603</u>	<u>38,728</u>
Creditors amounts falling due within one year	11	(183,838)	(116,045)
Deferred income	14	(36,590)	-
		<u>(110,825)</u>	<u>(77,317)</u>
Net current liabilities		<u>(110,825)</u>	<u>(77,317)</u>
Total assets less current liabilities		<u>(110,825)</u>	<u>(25,334)</u>
Creditors amounts falling due after more than one year	12	-	(6,213)
		<u>(110,825)</u>	<u>(6,213)</u>
Net liabilities		<u>(110,825)</u>	<u>(31,547)</u>
Capital and reserves			
Share capital	16	640	640
Share premium account	17	182,722	182,722
Capital redemption reserve	17	52	52
Profit and loss account	17	(294,239)	(214,961)
		<u>(110,825)</u>	<u>(31,547)</u>
Equity shareholders' deficit	17	<u>(110,825)</u>	<u>(31,547)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12th November 2012 and signed on their behalf by



I D Shard
Director



N J Lambert
Director

Notes to the financial statements

at 30 April 2012

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis. From 1 May 2012 the trade of the company has been transferred to its parent undertaking, Orchard Information Systems Limited and as a result the company itself has ceased to trade from 1 May 2012. There are no plans to re-commence trading in the future and as a result, no liabilities are forecast to arise which the company will be unable to meet.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement as it is a small company.

Research and development

Research and development expenditure, which represents the cost to the company of the time spent thereon, is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset on a straight line basis over its expected useful life, as follows:

Fixtures & fittings and office equipment - between three and five years as appropriate

Deferred taxation

Deferred taxation 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 to receive more, tax, with the following exception:

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation 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.

Capital instruments

Shares are included in shareholders' funds.

Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 30 April 2012

1. Accounting policies (continued)

Revenue recognition and long term contracts

On major contracts extending over more than one accounting period, revenue is taken based on the stage of completion when the outcome of the contract can be foreseen with reasonable certainty and after allowing for costs to completion. Profit is also recognised on the stage of completion of the contract, based on expected revenue and costs.

On contracts that do not qualify to be treated as long term contracts, revenue is generated from the sale of goods and services to customers and is recognised in the following ways for each category:

Hardware - revenue from the sale of hardware is recognised upon acceptance by the customer.

Licenses and services - revenues from the provision of licenses to use in-house developed software, installation, integration, project management and training services are recognised on a percentage of completion basis as the work is delivered to the customer. Licenses to operate third-party software are also sold to customers and revenue is recognised when the software in question is made available to the customer.

Support and maintenance - annual fees charged to customers for the provision of support and maintenance services are recognised on a straight line basis over the period of the related agreement from the month of commencement or renewal.

To the extent that invoices are raised, by agreement with the customer, to a different pattern from the dates of the recognition of revenues described above, appropriate adjustments are made through amounts recoverable on contracts and deferred income.

2. Turnover

Turnover, which is stated net of value added tax, represents the sales value of work done. Turnover is attributable to one discontinued activity, that of providing software, support and related services.

3. Operating loss

This is stated after charging:

	2012 (16 months) £	2010 (12 months) £
Depreciation of owned fixed assets	-	885
Amortisation of deferred development expenditure	48,872	-
	<u>48,872</u>	<u>885</u>
Loss on disposal of fixed assets	-	1,502
Operating lease rentals - land and buildings	9,265	12,215
	<u>9,265</u>	<u>12,215</u>

Audit fees of £2,500 (2010: £Nil) were borne by the parent undertaking.

Notes to the financial statements

at 30 April 2012

4. Staff costs

	2012 (16 months) £	2010 (12 months) £
Wages and salaries	134,961	116,393
Social security costs	14,486	12,305
Staff pension contributions	760	775
	<u>150,207</u>	<u>129,473</u>

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

	2012 (16 months) No	2010 (12 months) No
	<u>2</u>	<u>3</u>

5. Directors' emoluments

The Directors did not receive any remuneration from the company in the year, as they were fully remunerated by the parent undertaking, Orchard Information Systems Limited. It is not practicable to apportion remuneration between the two companies.

6. Interest payable

	2012 (16 months) £	2010 (12 months) £
Finance charges payable under finance leases	<u>532</u>	<u>2,135</u>

Notes to the financial statements

at 30 April 2012

7. Tax

(a) Analysis of charge for the period/year

	2012 (16 months) £	2010 (12 months) £
UK Corporation tax	-	-
Adjustment in respect of prior years	-	-
Total current tax charge (note 7(b))	-	-
Deferred tax (note 13)		
Origination and reversal of timing differences	-	-
Effect of changes in tax rate on opening liability	-	-
Total deferred tax charge	-	-
Tax charge on loss on ordinary activities	-	-

(b) Factors affecting current tax charge for the period/year

The tax assessed on the loss on ordinary activities for the period/year is different to the standard rate of corporation tax in the UK of 26.25% (2011: 28%). The differences are reconciled below

	2012 (16 months) £	2010 (12 months) £
Loss on ordinary activities before taxation	(79,278)	(5,682)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.25% (2011: 28%)	(20,810)	(1,591)
Effects of		
Non-deductible expenses	1,392	-
Capital allowances less than/(in excess of) depreciation	633	(59)
Group relief surrendered	12,915	-
Unrelieved tax losses carried forward	5,870	1,650
Current tax charge for the year (note 7(a))	173,428	76,828

Notes to the financial statements

at 30 April 2012

7. Tax (continued)

(c) Factors that may affect future tax charges

The UK government has announced its intention to reduce the UK corporation tax rate to 22% by 1 April 2014. The reduction from 28% to 26% was substantively enacted on 29 March 2011 and came into effect on 1 April 2011. A rate of 26% therefore applies to current tax liabilities arising during the period.

A reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to come into effect on 1 April 2012. However, in the Budget Speech on 21 March 2012 the chancellor announced that the rate with effect from 1 April 2012, which was substantively enacted on 26 March 2012, would instead be reduced to 24%.

As the 24% rate was substantively enacted at the balance sheet date, this rate has been applied to the unprovided deferred tax asset at the year end.

The future tax charge will also be affected by the Government's intention to reduce the main rate of capital allowances from 20% to 18% and from 10% to 8% with effect from 1 April 2012.

The reduction of the UK corporation tax rate to 22%, if it had been enacted at the year end, would have had no material impact on the company's unprovided deferred tax asset.

8. Intangible fixed assets

	<i>Development costs £</i>
Cost	
At 1 January 2011	48,872
Additions	-
	<hr/>
At 30 April 2012	48,872
	<hr/>
Amortisation	
At 1 January 2011	-
Provided during the period	48,872
	<hr/>
At 30 April 2012	48,872
	<hr/>
Net book value	
At 30 April 2012	-
	<hr/> <hr/>
31 December 2010	48,872
	<hr/> <hr/>

Notes to the financial statements

at 30 April 2012

9. Tangible fixed assets

	<i>Fixtures and Fittings</i>	<i>Office equipment</i>	<i>Total</i>
Cost			
At 1 January 2011	3,575	4,075	7,650
Disposals	(3,575)	(4,075)	(7,650)
At 30 April 2012	-	-	-
Depreciation			
At 1 January 2011	2,607	1,932	4,539
Disposals	(2,607)	(1,932)	(4,539)
At 30 April 2012	-	-	-
Net book value			
At 30 April 2012	-	-	-
At 31 December 2010	968	2,143	3,111

10. Debtors

	<i>30 April 2012</i>	<i>31 December 2010</i>
	<i>£</i>	<i>£</i>
Trade debtors	22,622	14,361
Prepayments	33	1,093
	<u>22,655</u>	<u>15,454</u>

11. Creditors: amounts falling due within one year

	<i>30 April 2012</i>	<i>31 December 2010</i>
	<i>£</i>	<i>£</i>
Trade creditors	1,002	-
Other taxes and social security costs	2,178	10,123
Other creditors and accruals	46	105,922
Amounts due to parent undertaking	180,612	-
	<u>183,838</u>	<u>116,045</u>

Notes to the financial statements

at 30 April 2012

12. Creditors: amounts falling due after more than one year

	30 April 31 December	
	2012	2010
	£	£
Directors' loan accounts	-	6,213

13. Deferred taxation

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	<i>Provided</i>		<i>Not provided</i>	
	<i>30 April</i>	<i>31 December</i>	<i>30 April</i>	<i>31 December</i>
	<i>2012</i>	<i>2010</i>	<i>2012</i>	<i>2010</i>
	£	£	£	£
Capital allowances less than/(in excess of depreciation)	-	-	(498)	91
Tax losses	-	-	(26,828)	(24,143)
Deferred tax asset	-	-	(27,326)	(24,052)

The deferred tax asset is not recognised as there is insufficient certainty over the availability of future taxable profits against which it could be utilised

14. Deferred income

	30 April 31 December	
	2012	2010
	£	£
Support and maintenance charges receivable in advance	36,590	-

15. Related party transactions

There are no related party transactions such as are required to be disclosed under Financial Reporting Standard 8 other than those given in note 5

16. Share capital

	30 April		<i>Allotted, called up and fully-paid</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
			<i>31 Dec</i>	<i>2010</i>
Ordinary shares of £1 each	640	640	640	640

Notes to the financial statements

at 30 April 2012

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Share Premium</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£	£	£
1 January 2011	640	182,722	52	(214,961)	(31,547)
Loss for the year	-	-	-	(79,278)	(79,278)
At 30 April 2012	<u>640</u>	<u>182,722</u>	<u>52</u>	<u>(294,239)</u>	<u>(110,825)</u>

18. Ultimate parent undertaking and controlling party

The company's parent undertaking is Orchard Information Systems Limited, copies of whose financial statements can be obtained from the company's registered office

The controlling party is P A Hunt