

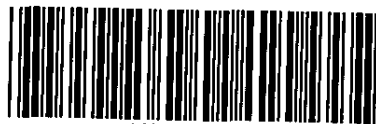
Option Systems Limited

**Directors' report and financial
statements**

Registered number 2446995

31 December 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities

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

Business review

Turnover for the year was £1,586,929 (2008 £1,824,808) The company continued to trade successfully, however the result has been severely impacted by an exceptional charge which is explained below

The company continued to enhance its suite of web-based software for Apparel and Footwear companies, and to gain new customers despite the challenging trading conditions The company invested heavily in R&D throughout the year, amounting to 22.6% of sales (2008 25.7%)

The underlying business in Option Systems continues to be profitable, but the Directors took the decision this year to write-off the start-up costs associated with affiliated company BI Solutions Limited, which has led to an exceptional charge of £382,731 against profits in this year BI specialises in reselling the SAP Business One application software to general businesses, and has continued to consolidate its position in a highly-competitive market, albeit at a slower rate than anticipated

Proposed dividend and transfer from reserves

The directors do not recommend the payment of a dividend for the year (2008 £nil)

The loss for the year after taxation was £280,347 (2008 profit £276,489) and has been deducted from reserves However, excluding the exceptional charge explained above, the profit from the company's ongoing activities was £102,300

Research and development

The company continued to develop its products to keep pace with market changes

Directors

The directors who served during the year were as follows

Mr A G Parkinson

Mrs L Fox (appointed 3 December 2009)

Political and charitable contributions

The company made no political contributions during the year Donations to UK charities amounted to £575 (2008 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

AG Parkinson
Director



20/12/09
Standards House
Meridian East
Meridian Business Park
Leicester
LE19 1WZ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP
1 Waterloo Way
Leicester
LE1 6LP

Independent auditors' report to the members of Option Systems Limited

We have audited the financial statements of Option Systems Limited for the year ended 31 December 2009 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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.

IJ Borley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

21st December, 2010.

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Turnover	1	1,586,929	1 824 808
Cost of sales		(254,939)	(297,811)
Gross profit		1,331,990	1 526 997
Administrative expenses – normal		(1,229,871)	(1 223 944)
– exceptional	4	(382,731)	-
Total administrative expenses		(1,612,602)	(1 223,944)
Operating (loss)/profit		(280,612)	303,053
Other interest receivable and similar income	6	181	2,313
Interest payable and similar charges	7	-	(179)
(Loss)/profit on ordinary activities before taxation	2	(280,431)	305,187
Tax credit/(charge) on ordinary activities	8	84	(28,698)
(Loss)/profit for the year		(280,347)	276 489

There were no recognised gains and losses other than the loss for the year

The company has made no material acquisitions and no operations have been discontinued during the current or preceding accounting periods

The notes on pages 7 to 15 form part of these accounts

Balance sheet
at 31 December 2009

	<i>Note</i>	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	9		14,913		20,535
Investment	10		-		-
Current assets					
Stocks	11	-		350	
Debtors	12	988,179		1 224 069	
Cash at bank and in hand		250,075		410 820	
		<u>1,238,254</u>		<u>1 635 239</u>	
Creditors amounts falling due within one year	13	<u>(860,072)</u>		<u>(1,132,332)</u>	
Net current assets			<u>378,182</u>		<u>502,907</u>
Total assets less current liabilities			<u>393,095</u>		<u>523 442</u>
Creditors amounts falling due after one year	14		<u>(150,000)</u>		-
Net assets			<u><u>243,095</u></u>		<u><u>523,442</u></u>
Capital and reserves					
Called up share capital	16		17,000		17 000
Share premium account	17		12,314		12 314
Profit and loss account	17		213,781		494 128
			<u><u>243,095</u></u>		<u><u>523 442</u></u>

These financial statements were approved by the board of directors on 20/12/10
and were signed on its behalf by



AG Parkinson
Director

Company registered number 2446995

Cash flow statement
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Cash (outflow)/inflow from operating activities	22	(286,355)	187,986
Returns on investments and servicing of finance	23	181	2,134
Taxation paid		(18,983)	(4,462)
Capital expenditure	23	(5,588)	(10,143)
		<u>(310,745)</u>	<u>175,515</u>
Cash (outflow) /inflow before financing		(310,745)	175,515
Financing	23	150,000	-
		<u>150,000</u>	<u>-</u>
(Decrease)/increase in cash in the year	24	(160,745)	175,515
		<u>(160,745)</u>	<u>175,515</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year	24	(160,745)	175,515
Cash (inflow) from bank loan		(150,000)	-
		<u>(150,000)</u>	<u>-</u>
Change in net funds resulting from cash flows		(310,745)	175,515
		<u>(310,745)</u>	<u>175,515</u>
Movement in net funds in the year		(310,745)	175,515
Net funds at the start of the year	24	410,820	235,305
		<u>410,820</u>	<u>235,305</u>
Net funds at the end of the year	24	100,075	410,820
		<u>100,075</u>	<u>410,820</u>

Notes

(forming part of the financial statements)

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis having regard to the current trading position of the company and the borrowing facilities available to the company over the next twelve months.

Joint ventures and associated undertakings

Where the company has invested in an undertaking in which the company has a long term interest and over which it exercises joint control, the company records dividends received from the undertaking. The balance sheet reflects the cost of the company's investment in the undertaking less any amounts written off.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computers	-	25% on cost
Office fixtures, fittings and equipment	-	25% on cost
Software	-	25% on cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress this includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those costs transferred to the profit and loss account when agreed stages are completed, after deducting foreseeable losses and payments on account.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of computer software and related services to customers, during the year, from continuing activities.

Research and development costs

Research and development costs incurred within the year are written off to the profit and loss account unless they are directly attributable to specific orders, in which case they are included in work in progress.

Government grants

Revenue based government grants are credited to the profit and loss account, on a systematic basis, in the same period in which the expenditure is incurred and the company is unconditionally entitled to the government grant.

2 (Loss)/profit on ordinary activities before taxation

	2009	2008
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit	9,860	9,100
Other services	7,500	4,150
Depreciation of tangible fixed assets	11,210	16,223
Research and development expenditure		
Incurred during the year	359,000	469,795
Hire of buildings – operating leases	36,531	36,531
Hire of other assets – operating leases	11,119	24,144
Loss/(profit) on foreign exchange	3,650	(13,477)
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after crediting</i>		
Government grant income	44,122	87,358
	£	£

Notes *(continued)*

3 Remuneration of directors

	2009	2008
	£	£
Directors' emoluments	139,030	136,128
	<u>139,030</u>	<u>136,128</u>

4 Exceptional administration charge

The set up and operating costs to 31 December 2009 relating to the fellow subsidiary company B1 Solutions Limited, totalling £382,731 have been written off during the year. As a consequence, Option Systems Limited has waived its inter-company indebtedness to that company as at 31 December 2009.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2009	2008
Management	5	4
Development and support	18	18
Other	3	3
	<u>26</u>	<u>25</u>

The aggregate payroll costs of these persons were as follows:

	2009	2008
	£	£
Wages and salaries	890,637	957,272
Social security costs	106,513	112,993
Other pension costs	1,504	6,839
	<u>998,654</u>	<u>1,077,104</u>

6 Other interest receivable and similar income

	2009	2008
	£	£
Bank interest receivable	181	2,313
	<u>181</u>	<u>2,313</u>

Notes *(continued)*

7 Interest payable and similar charges

	2009	2008
	£	£
On bank loans and overdrafts	-	179
	<u> </u>	<u> </u>

8 Taxation

	2009	2008
	£	£
UK corporation tax (credit)/charge on the (loss)/profit for the year on ordinary activities	-	20,031
Prior year adjustment	(103)	(926)
Prior year adjustment on foreign tax	-	3,360
	<u> </u>	<u> </u>
Current tax (credit)/charge	(103)	22,465
Deferred taxation charge	19	6,233
	<u> </u>	<u> </u>
Taxation (credit)/charge	<u>(84)</u>	<u>28,698</u>

	2009	2008
	£	£
(Loss)/profit on ordinary activities before tax	<u>(280,431)</u>	<u>305,187</u>
Tax on (loss)/profit on ordinary activities at standard rate of tax 21% (2008 20.75%)	<u>(58,891)</u>	<u>63,326</u>

Effect of

Inter-company balance written off	80,373	-
Expenses not deductible for tax purposes	1,869	2,875
Depreciation on ineligible	17	16
Capital allowances in excess of depreciation	(19)	179
Group relief received for no payment	(9,343)	(26,966)
Tax losses utilised	-	(6,727)
Additional research and development relief	(14,006)	(12,672)
Adjustment to tax charge in respect of previous periods	(103)	-
	<u> </u>	<u> </u>
Current tax (credit)/charge for the period	<u>(103)</u>	<u>20,031</u>

Notes (continued)

9 Tangible fixed assets

	Computer equipment and software £	Office fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At beginning of year	102 273	54 756	157 029
Additions	4 879	709	5 588
Disposals	-	(1,551)	(1,551)
	<hr/>	<hr/>	<hr/>
At end of year	107 152	53 914	161 066
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of year	86 840	49 654	136 494
Charge for year	7 917	3 293	11 210
Eliminated on disposals	-	(1 551)	(1 551)
	<hr/>	<hr/>	<hr/>
At end of year	94,757	51,396	146 153
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2009	<u>12,395</u>	<u>2,518</u>	<u>14,913</u>
At 31 December 2008	<u>15 433</u>	<u>5 102</u>	<u>20 535</u>

10 Participating interests

The company has acquired a 33% equity shareholding in Option Systems Pty Limited, a company incorporated in Australia. The company owns 100 ordinary Australian \$ shares in the company.

The above participating interest supplies and distributes computer software and related services as its principal activity.

The accounting reference period is the year to 31 December.

During the year, £221,192 of expenses were paid for by Option Systems Limited on behalf of group undertakings. These were recharged to B1 Solutions Limited. However, as explained in note 4 above, the indebtedness between these companies has subsequently been written off resulting in an exceptional charge of £382,731.

11 Stocks

	2009 £	2008 £
Work in progress	-	350
	<hr/>	<hr/>
	-	350
	<hr/>	<hr/>

Notes (continued)

12 Debtors

	2009	2008
	£	£
Trade debtors	506,765	519,089
Prepayments and accrued income	12,532	12,048
Amounts owed by group companies	467,248	691,279
Deferred tax asset	1,634	1,653
	988,179	1,224,069
	988,179	1,224,069

The deferred taxation is recoverable in over one year. An analysis of the deferred tax position is given in note 15.

13 Creditors: amounts falling due within one year

	2009	2008
	£	£
Payments received on account	69,385	112,857
Trade creditors	159,069	164,466
Amounts owed to group company	90,000	90,000
Other creditors including taxation and social security	70,366	137,656
Corporation tax payable	-	19,105
Accruals and deferred income	471,252	608,248
	860,072	1,132,332
	860,072	1,132,332

14 Creditors: amounts falling due after one year

	2009	2008
	£	£
Bank loan	150,000	-
	150,000	-
Debt can be analysed as falling due		
Between one and two years	-	-
Between two and five years	150,000	-
	150,000	-
	150,000	-

The bank loan was taken out on 3 December 2009 in order to continue the company's support of its group undertakings. The loan is secured by way of a debenture, in the favour of National Westminster Bank Plc, which gives a fixed and floating charge over the assets of the group undertakings and an unlimited inter-company guarantee.

Notes (continued)

15 Deferred taxation

The movement in the deferred taxation asset is as follows

	2009 £	2008 £
Balance brought forward	1,653	7 886
Charge to the profit and loss account	(19)	(6,233)
	1,634	1,653
Balance carried forward	1,634	1,653

The deferred tax asset at the year end is analysed as follows

	2009		2008	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	1,634	-	1,653	-
Short term timing differences	-	-	-	-
Losses	-	-	-	-
	1,634	-	1,653	-
	1,634	-	1,653	-

The deferred tax was calculated at the rate of 21% (2008 20%)

16 Called up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
1 700 000 ordinary shares of 1p each	17,000	17 000
	17,000	17 000

17 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	12 314	494,128
Loss for the year	-	(280 347)
At end of year	12 314	213 781
	12 314	213 781

Notes *(continued)*

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	11,500	36,531	7,327	-
In the second to fifth years inclusive	36,531	11,500	19,336	28,684
After five years	-	-	-	-
	<u>48,031</u>	<u>48,031</u>	<u>26,663</u>	<u>26,684</u>

Option Systems Limited has undertaken the lease of a building to the annual rental value of £11,500, and a car lease to the annual rental value of £9,297, on behalf of group undertakings. These were recharged in the year, and then written off as part of the exceptional charge. (See note 4)

19 Parent undertaking's company

The company is a subsidiary undertaking of OSL International Limited, registered in England and Wales. The ultimate parent company is OSL Holdings Limited, a company also registered in England and Wales. The registered office of both companies is Standards House, Meridian East, Meridian Business Park, Leicester, LE19 1WZ.

During the year the company incurred a management charge of £12,000 (2008 £12,696) from OSL Holdings Limited.

20 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
(Loss)/profit for the financial year	(280,347)	276,489
Opening shareholders' funds	<u>523,442</u>	<u>246,953</u>
Closing shareholders' funds	<u>243,095</u>	<u>523,442</u>

21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,504 (2008 £1,504).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Notes (continued)

22 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2009	2008
	£	£
Operating (loss)/profit	(280,612)	303 053
Depreciation charge	11,210	16 223
Loss on sale of tangible fixed assets	-	548
Decrease/(increase) in stocks	350	(350)
Decrease/(increase) in debtors	235,852	(86,796)
Decrease in creditors	(253,155)	(44 692)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(286,355)	187,986
	<hr/> <hr/>	<hr/> <hr/>

23 Analysis of cash flows shown net in cash flow statement

	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest received	181	2 313
Interest paid	-	(179)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	181	2 134
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
Purchase of tangible fixed assets	(5,588)	(10 143)
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(5,588)	(10,143)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Bank loan	150,000	-
	<hr/>	<hr/>
Net cash inflow from financing	150,000	-
	<hr/> <hr/>	<hr/> <hr/>

24 Analysis of net debt

	At 31 December 2008	Cash flow	At 31 December 2009
	£	£	£
Cash in hand and at bank	410 820	(160 745)	250 075
Bank loan	-	(150 000)	(150 000)
	<hr/>	<hr/>	<hr/>
	410 820	(310 745)	100 075
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>