



Annual Report and Accounts 2011
25 years of excellence and innovation

WorkPlace

WORKFORCE MANAGEMENT SOLUTIONS

Highlights

During the year the Company continued its development into the SaaS business increasing customers and revenue as the move towards SaaS gathers pace.

- Increased sales and new customers
 - Global SaaS revenue reaches £2.5m
 - SaaS business accounts for 27% of total sales
 - New UK and European retail customers
- Continued growth in US
- New office opening in Chicago
- UK data centre established through enhanced partnership with Navisite
- Continued rollout of on-premise solutions to existing customers across Europe

Find more online

Annual reports and other shareholder information can be found at www.workplacesystems.com



Group revenue

£9.1m

for year ended 31 March 2011

SaaS revenue

£2.5m

for year ended 31 March 2011

Recurring revenue

£4.6m

for year ended 31 March 2011

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Improving performance Boosting effectiveness

For 25 years WorkPlace Systems has enabled organisations to improve their financial and overall performance by increasing employee utilisation, efficiency and effectiveness.

WorkPlace Systems customers exist in a wide variety of sectors and range from 50 to 300,000 staff in centralised or multi-site operations, with up to 2,000 locations over 32 countries.



A world-leader of Workforce Management Solutions

WorkPlace Systems provides workforce management software solutions and consulting services to enable organisations to improve their financial and overall performance by increasing employee utilisation, efficiency and effectiveness.

Enables customers to ensure that they have the right people in the right place at the right time

The benefits

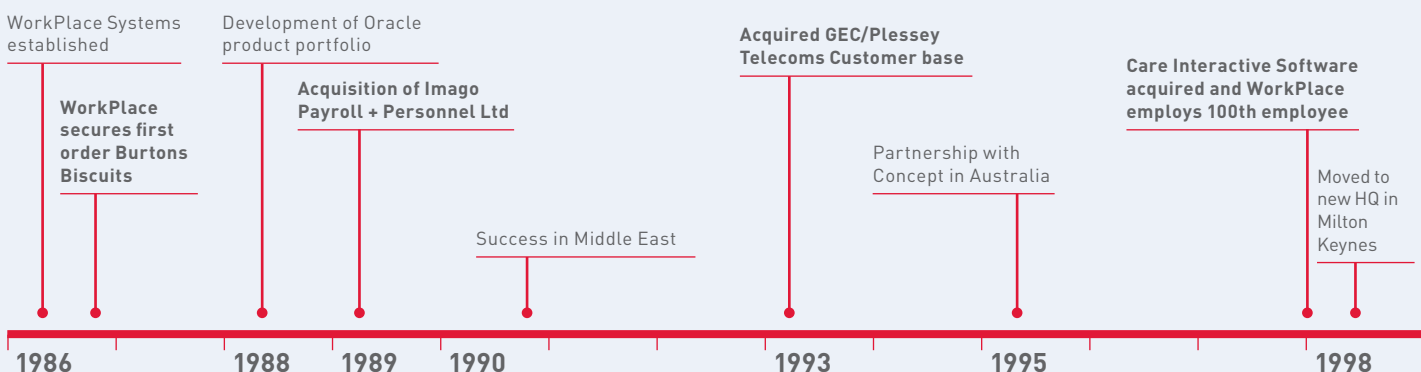
- Visibility of the workforce across the organisation
- Reduced labour cost 2-7%
- Improved customer service
- Reduced administration and pay errors

What makes WorkPlace Systems different

- Quicker implementation in weeks not months or years
- Rapid payback and a dramatic ROL for customers
- Sector focus in retail
- Exceptional staff with detailed customers and market knowledge
- World leading reference customers



25 years of excellence and innovation



Visit our website at www.workplacesystems.com

How we do it

1

A suite of integrated, web-enabled software solutions

At the heart of our business solutions is WorkPlace, a suite of integrated, web-enabled software that addresses all areas of Workforce Management.

+ Expert consulting services

To complement the software products, WorkPlace has developed a set of innovative WFM consulting services that span the entire practice and process of WFM.

3

...for leading worldwide companies across a range of sectors, including:

BBC	H&M	Merseyrail	Stockmann
British Airways	Kuwait Airways	Metro Group	Subway
Coral	Melbourne Cricket Ground	Next	Walmart
Eurostar	Menzies Aviation	Ritchies	Wickes
Fiskars		South West Water	World Duty Free

2

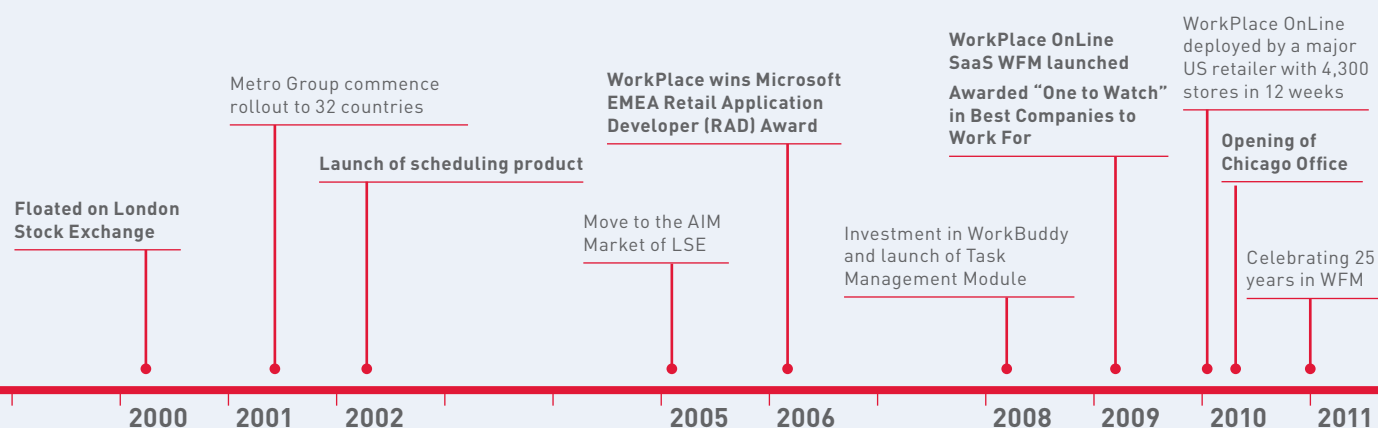
...deployed in international/multi-language environments

WorkPlace software is designed to accommodate the various needs and requirements of each country's labour laws, standards and language to provide a truly global solution.



4

...which generates cost savings between 2-7% and significantly improves efficiency and service levels



Chairman's statement

The Financial Year ended 31 March 2011 saw increased interest in the WorkPlace Software-as-a-Service ("SaaS") business model, particularly from the Retail and Hospitality markets.

Summary

- The Company maintained its total revenue at prior year levels whilst continuing the transition to a SaaS model.
- During the second half, activity levels increased significantly in the UK market enabling the Company to trade profitably.
- WorkPlace remains debt free and maintains cash balances of £2.3m.

The Financial Year ended 31 March 2011 saw increased interest in the WorkPlace Software-as-a-Service ("SaaS") business model, particularly from the Retail and Hospitality markets, which addressed the challenges of this sector to increase revenues whilst tightly controlling on-going expenditure.

During the first half, business confidence remained weak and this was reflected in the first half results reported in October 2010. During the second half, activity levels increased significantly in the UK market enabling the Company to trade profitably once again on the back of a number of pilots for UK Retail and Hospitality groups. The pilot or phased project approach by customers to this new business model had been anticipated by the Board. However, the economic conditions caused a greater level of business uncertainty within the targeted sectors and, as a result, a number of these pilots were extended and are now likely to be rolled out during 2011/12.

In the Financial Year, the Company maintained its total revenue at prior year levels whilst continuing the transition to a SaaS model which grew to 27% of total revenue compared to 17% in the year ended 31 March 2010.

The difficult trading conditions of 2009 and early 2010 meant that the Board prioritised the conservation of cash and tight control over the Company's cost base for the 2010-2011 Financial Year, whilst continuing to develop the Company's products and respond to opportunities. During the year, the Group spent 25% of turnover on Research and Development, focusing on the internationalisation of the SaaS service for Europe and North America whilst continuing to develop the traditional WorkPlace products and to integrate the two business technologies. This level of expenditure is similar to previous years and is expected to be continued in the future to enable the Company to extend its SaaS offering into Europe and other geographic areas.

The Company continues to maintain a strong customer base in the UK and Europe and during the year supported a number of clients in their international expansion within Europe. The business continues to provide a strong level of Annual Use and Maintenance revenue on conventional products which, together with our growing SaaS business, increased Recurring Revenues to over 51% of total revenues, compared with 44% in the prior year.

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WorkPlace's US operation continued to be profitable during the year and additional staff were employed in Chicago to support existing customers and to develop the SaaS business in this market. The Company is developing a strong reputation within the US and in the International Pharmacy Retail sector. We expect to see further benefits in the coming year.

Whilst the rate of progress was slower than originally anticipated, particularly during the first half of the year, the Board believes that the underlying strength of the WorkPlace customer base together with the growth in the WorkPlace OnLine SaaS business sets the foundations for significant growth in the future.

During the Financial Year, the Company contracted with Navisite to establish a UK Hosting Centre on a similar configuration to that of the US Centre set up during 2010. The establishment of this data centre provides the Group with global hosting coverage and the ability to provide fully-mirrored environments to ensure the SaaS service meets both internal targets and contracted service levels.

Financial Results

Revenue for the year ended 31 March 2011 was £9.1m (2010: £9.1m). Gross margins reduced to 89% (2010: 91%) reflecting the move to the SaaS model and the recognition

of hosting costs as a cost of sale. Recurring revenue received from Annual Use Licences, Managed Services and SaaS revenues rose to £4.6m (2010 £4.0m) and accounts for 51% of total revenue (2010: 44%).

Following the First-Half loss, a Second-Half profit of £130k (2010: £17k) resulted in a loss for the year of £355k (2010: profit of £46k). Finance income on deposits generated £6k (2010: £4k) and the Loss before Tax was £349k (2010: profit £50k).

EPS was a loss of 0.24p per share (2010: profit 0.03p).

Cash Position

WorkPlace remains debt free and, in spite of the loss incurred during the financial year, maintains cash balances of £2.3m, a small increase compared with the prior year (31 March 2010: £2.1m). These balances are held predominately in short term deposits denominated in sterling with operating levels of currency held in US Dollars, Euro and Australian Dollars. At a time of continued pressure on credit and increasing cost of borrowing, the Board believes that this positions WorkPlace strongly when compared to a number of our highly geared competitors. Cash balances at 31 March 2011 were £2.3m (2010: £2.1m).

Dividend

The Board does not propose a dividend to be paid based on the results for the Financial Year ended 31 March 2011. In the current climate the Board considers it prudent to conserve cash within the Company with the expectation of a resumption of dividend payments in future periods when trading conditions improve.

Outlook

The Company has started the new Financial Year with a number of pilots being undertaken by customers in the UK and the expectation that a number of these will develop into full roll-out within the current Financial Year. Whilst the decision making within a number of customers remains cautious, business levels for both the Company's SaaS and On Premise customer base have continued to grow and provide the basis for strong confidence in the future.

Ian Lenagan
Chairman
1 July 2011

WorkPlace OnLine

WorkPlace OnLine delivers a comprehensive suite of WFM solutions over the web; including Workload Demand Forecasting, AutoScheduling, Schedule Management, Attendance Management (T&A). Historically WFM vendors have assumed that in order to improve schedules, one first needed to create a highly detailed forecast. Their next step was to convert this forecast through an optimising engine into workforce shifts. Sounds logical but unfortunately this approach rarely works.

It can take months to model the business to create a suitable forecast, and then to build all the constraints and preferences into the schedule optimiser is fraught with difficulty, taking additional months, and rarely produces schedules acceptable to the existing staff.

In the meantime, schedulers are still managing schedules on paper or in spreadsheets and gain no benefit from the system. WorkPlace starts by giving schedulers what they need, simple template-driven scheduling tools.

Chief Executive's statement

In the Financial Year under review commercial gains were made with WorkPlace OnLine in all three regions in which the Group operates, Europe, North America and Australia.

Summary

- The WorkPlace OnLine SaaS business has grown from 17% to 27% as a percentage of revenue during the year.
- A number of large organisations in the UK have chosen to pilot our WorkPlace OnLine solution as a means to introduce this new service to their organisations.
- The infrastructure for our SaaS solution has been put in place and I believe that this will enable the Company to benefit in the future from the decisions and transition made by the Board during the last two years.

The Financial Year under review continued our development and transformation to a SaaS provider of Workforce Management Solutions with WorkPlace OnLine. Commercial gains were made with WorkPlace OnLine in all three regions in which the Group operates – Europe, North America and Australia.

In these difficult times, the SaaS speed of deployment methodology with its operational payment plan results in an early return of investment for WorkPlace's clients. The model is now becoming widely understood and accepted, and this augurs well for your Company as we go forward.

The SaaS business has grown from 17% to 27% as a percentage of revenue during the year.

The Company continued to roll-out solutions with its existing On Premise, StaffPlanner and StaffTracker, clients and new customers were also added for this range of products in the UK.

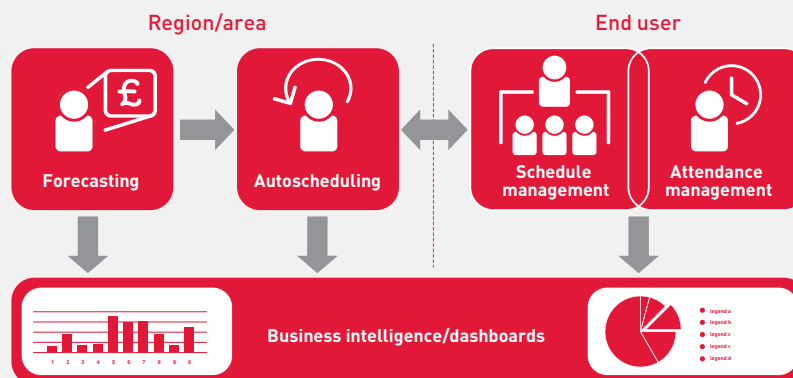
Whilst the economic climate during the last two years has been challenging, the Company has continued to invest in its products. During the year under review we invested £2.2m into Research and Development, a similar level to the previous financial year.

Investment was undertaken to add new modules to WorkPlace OnLine which provided our customers with greater integration with their existing systems, introduced new features and resulted in our clients being provided with increased value from the service. The Company also continued to invest in its large On Premise solutions.

It is important to note that computing power and high availability are very important in the SaaS world. The year saw the opening of a UK data centre, operated by the Company's US Partner Navisite to run WorkPlace OnLine, which replicates the SAS70 environment that is offered to customers in North America. This allows UK clients to enjoy the high level of service provided in North America.

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Employees work schedules to which they are accustomed; schedulers see costs, overtime, premiums, work-rule conflicts etc. Then, at the appropriate time, the labour forecast is used to analyse these schedules and propose improvements.



UK and Europe

A number of large organisations in the UK have chosen to pilot the WorkPlace OnLine solution as a means to introduce this new service to their organisations. The number of clients who are running pilots of the SaaS solution in the UK has grown to eight, with several of these pilots commencing after the year end. Initial feedback from these customers is that the pilots are achieving their business case requirements and the Company is confident that a number will convert to roll-out in the current financial year.

During the year the focus continued on the Retail Sector with success in the international expansion of major customers including Metro and H&M. In addition, new customers were signed including Fiskars, the international consumer products group, who have chosen to roll-out the WorkPlace OnLine solution across Europe.

In other sectors the breadth of functionality within the Company's products allowed WorkPlace to win further business in transportation and other sectors, including the expansion of the Menzies Aviation contract and the previously announced win at Mersey Rail.

North America

Progress in North America has continued on the back of the Company's major US customer who ordered additional services during the year. Following WorkPlace's well publicised success at this major pharmacist, the Company has entered into talks with a number of other large US groups and believes that it is creating a reputation as a specialist in this area. WorkPlace OnLine in the US has proved extremely reliable with uptime in excess of 99.98% throughout the twelve month period on a 24/7 basis, the downtime of 0.02% including scheduled maintenance time.

Australia

The potential of the Australian operation continues to grow as WorkBuddy, the Company's Australian subsidiary, has benefited from the size and experience of the Group to sell to larger customers in its local market. During the financial year WorkBuddy moved into profitability for the first time and the SaaS revenue model in Australia enables the Company to view the future success of this operation with confidence.

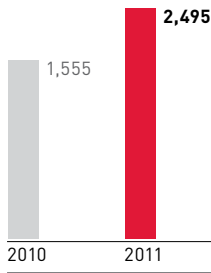
Product Development

In our SaaS suite, WorkPlace OnLine, the Company further developed the integration between modules to facilitate the more seamless transfer of data. The look and feel of our User Interface was upgraded and standardised across modules to give a very easy to use and efficient user experience.

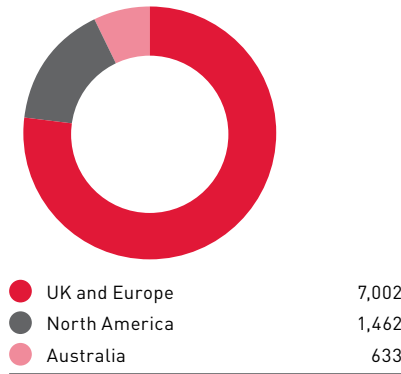
Working closely with its customers the Company enhanced a number of the core modules to support mobile devices.

Review of the year

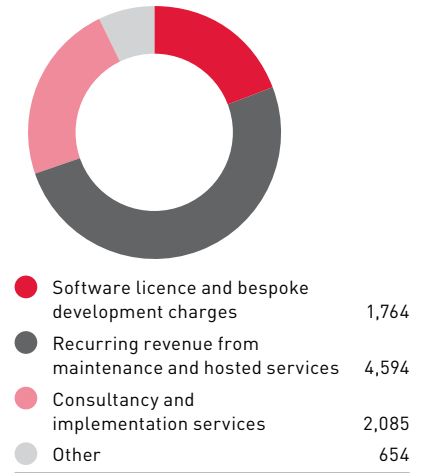
Revenue from SaaS (£'000)
As at 31 March 2011



Revenue invoiced to third parties (£'000)
As at 31 March 2011



Revenue of sales by type (£'000)
As at 31 March 2011



Chief Executive's statement continued

Summary

- Our WorkPlace OnLine SaaS solution in the United States has proved extremely reliable with uptime in excess of 99.98% throughout the twelve month period on a 24 by 7 basis. The downtime of 0.02% includes scheduled maintenance time.
- During the financial year WorkBuddy moved into profitability for the first time.
- The Company invested £2.2m in design and development of our product set during the financial year.

Product Development continued

This enhancement allows fast accurate dissemination of schedule, assignment and other information to handheld devices irrespective of location of the users. These new features have been made available across the product range.

Customers of the On Premise solutions continue to rely on WorkPlace expertise to extend and enhance the software with new features. These enhancements have helped customers to extend the use of WorkPlace solutions and further empower their employees to improve productivity.

Direction

The pipeline has grown throughout the financial year and I believe that our continued investment in the SaaS solution will generate solid returns

in the coming years as it addresses many issues facing our customers in the current business environment.

The infrastructure for our SaaS solution has been put in place and I believe that this will enable the Company to benefit in the future from the decisions and transition made by the Board during the last two years.

Barney Quinn
Chief Executive
1 July 2011

Board of Directors

The Board comprises seven Executive Directors and one Non-Executive Director:

Ian Lenagan, Chairman (65)

Ian founded WorkPlace Systems plc in 1986. He has more than 25 years experience in the computer software business. Prior to founding WorkPlace, he worked for Burroughs Corporation (now Unisys) for 10 years and was then Managing Director of Ring Electrical Limited, Banbury Homes & Gardens Limited and Digico Limited over a period of a further 7 years. He holds a BSc in Mathematics from Manchester University and an MSc in Magnetohydrodynamics from Liverpool University.

Bernard Quinn, Chief Executive (58)

Barney has over 30 years experience in application software IT companies including in North America. For 13 years Barney was a Main Board Director of Sherwood International plc, a provider of software and services to the insurance industry. Latterly, Barney became Director of Worldwide Operations/Chief Operating Officer of Sherwood from 2001 to 2004. Barney is also Non Executive Chairman of Bcrypt Ltd the encryption software company.

Paul Wright, Chief Finance Officer (54)

Since qualifying with KPMG in London, Paul has worked as Finance Director of a number of quoted and privately owned companies

including 10 years as the Group Finance Director of three technology organisations: Vocalis Group plc, CWB Systems Services plc and Rolfe & Nolan plc. Paul joined the Board of WorkPlace Systems in September 2008.

Ian Mills, Design Director (47)

Ian joined WorkPlace in 1988 and has been responsible for the design and development of all WorkPlace software products since 1993. He holds a first-class honours degree in Computer Science and worked for two years for EDS prior to joining WorkPlace.

Nigel Garrett, Sales Director (48)

Nigel joined WorkPlace in 1993 and has been responsible since 1998 for the sales and marketing of WorkPlace products in the UK and Internationally. He graduated with a BSc in Mechanical Engineering in 1985 and gained an MBA in 1992.

Alex Davis, Chief Technology Officer (53)

Alex joined WorkPlace in 2009. He has worked in a variety of roles developing and deploying application software over the past 30 years. He spent 14 years with Sherwood International plc, 7 of these in the role of Development Director. He worked on multi-national applications for New York Life International. Most recently he was Programme Director at Equifax.

Tony Knight, Client Services Director (55)

Tony has over 30 years experience within the IT industry in which time he has held director level positions within the disciplines of sales, marketing, client services and operations within both quoted and privately held companies. For a period of 6 years Tony was Managing Director of TeleWare plc, a provider of software and services within the communications market. Tony joined WorkPlace Systems in July 2006 as Director of Client Services.

John Herring, Non-Executive Director (54)

John has acted in an advisory capacity to the Group since December 1999 and was appointed a Non-Executive Director in June 2000. He qualified as a chartered accountant with Touche Ross & Co in 1982 and subsequently joined Dresdner Kleinwort Benson, becoming a Director in 1992. From 1996 to 2001 he was Managing Director of GdeZ Capital, a corporate advisory and venture capital Company. He is presently a Non-Executive Director of J D Wetherspoon plc and a number of private companies. He is a member of both the Audit and Remuneration Committees.

Directors' report

The Directors submit their report and the consolidated financial statements for the year ended 31 March 2011 for WorkPlace Systems International plc, a company incorporated in England and Wales (registered no 3966381).

Principal activity

The principal activity of WorkPlace Systems International plc continued to be the development, supply and implementation of software products and services for workforce management.

Results and dividends

The consolidated trading results and year end financial position are shown in the financial statements on pages 20 to 24.

The loss after tax for the financial period was £349,000 (2010: profit £50,000). No dividend was paid during the year in respect of the results for the year ended 31 March 2011.

The Board does not propose a final dividend for the year (2010: nil).

Review of business

A review of the business of the Group and description of the key performance indicators are included within the Chairman's Statement on pages 4 and 5 and the Chief Executive's Statement on pages 6 to 8. Future developments are detailed in the Chairman's Statement on pages 4 and 5.

Risks and uncertainties

The Group is faced with a number of risks and uncertainties which could have a material impact on the Group's long term performance and cause actual results to differ materially from expected and historical results.

Management seek to identify material risks and mitigate the Group's potential exposure. The Group's risk management policies and procedures are also set out in the Corporate Governance Report on pages 13 to 14.

A summary of the key risks is given below:

Competitor risk

The market for workforce management is becoming increasingly competitive. To mitigate this risk, management works to build strong customer relationships and to continually develop the Group's product offering.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The Group has focused on selling to a "blue chip" customer base thereby minimising the risk of incurring bad debts.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility by maintaining appropriate headroom in its cash position.

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with recommended accounting practice and limits set by the Group. The Board reviews the Group's liquidity at its monthly meetings.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements.

Risks and uncertainties continued**Foreign currency risk**

As an exporter to Europe, North America and Australia the Group is exposed to foreign currency exchange risk through transactions with customers and, to a lesser extent, suppliers. The Directors monitor the position at their regular meetings and, where they consider it necessary, undertake hedging arrangements through the purchase of forward contracts.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

Interest rate risk

The Group's main sources of revenue and operating cash flows are substantially independent of changes in market interest rates. The Group has significant interest-bearing assets on which it seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow. There are no significant interest-bearing liabilities.

Going concern

In accordance with the Guidance on Going Concern and liquidity risk: Guidance for directors of UK Companies 2009, the Directors confirm that, after making enquiries, they have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Research and development

The Group is committed to considerable software research and development activities and is continually developing its standard software products. All expenditure on research activities is written off to the Statement of Comprehensive Income immediately as it is incurred. Development expenditure is also written off as incurred unless the Board considers that an intangible asset has arisen from the Group's software development and only if the conditions of IAS 38 as disclosed in the accounting policy are met.

As disclosed in note 5, £1,715,000 was expensed in the year (2010: £1,768,000). A Research and Development expenditure claim for the financial year 2009/10 was made from HMRC to reclaim tax credits for Research and Development expenditure incurred in that year. This was received in the form of a cash repayment and recognised as a credit against Intangible Assets to match the accounting treatment of the underlying expenditure.

Directors and their interests

The Directors in position at the year-end and their biographical details are shown on page 9.

Mr A Knight who was appointed as a Director since the last Annual General Meeting is retiring in accordance with the Company's Articles of Association and offers himself for re-election.

Mr I Mills and Mr I F Lenagan retire by rotation and being eligible, offer themselves for re-election.

Details of Directors' interests in the Company's capital are disclosed on page 17. Details of transactions between the Company and other organisations in which Directors have a material interest are disclosed in note 24 to these financial statements.

The Company maintains Directors and Officers insurance on behalf of the Company's officers.

Directors' report continued

Substantial shareholdings and interests

In addition to the Directors' interests, the Company has been notified or is aware of the following interest in 3% or more of the Company's ordinary shares as at 31 May 2011:

	Number	Holding
Liontrust Investment Management	19,459,887	13.14%
Schroder Investment Management	6,770,642	4.57%
T M Westaway	4,842,875	3.27%
J F Watkinson and family members	5,000,000	3.38%
M D Wailing	7,333,300	4.95%

Charitable and political donations

During the year the Group made charitable donations totalling £942 (2010: £nil). There were no political donations made during the year (2010: £nil).

Payment of suppliers

It is the Group's policy that in respect of all its suppliers, the Group intends to settle payment under the agreed terms. The Group also intends to abide by and to ensure that the suppliers are aware of the terms of payment. For the twelve months ended 31 March 2011 the Group's creditor payment period was 31 days (2010: 40 days).

Events subsequent to the statement of financial position

On 30 April 2011 the Company agreed to the sale of its interest in Ease Inc. for a consideration of \$300,000 together with an extended exclusive right to the distribution of the Retail EASE product for a period of three years.

During the year a number of dormant UK subsidiary companies applied to be struck off the Companies House Register and dissolved. This process was completed in April 2011 when notification of the dissolutions was received.

Statement as to disclosure of information to auditors

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each of the Directors has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Paul Wright
Company Secretary
1 July 2011

Corporate governance report

Principles

The Board of Directors is accountable to the Company's shareholders for good corporate governance and this statement describes how the principles identified in the Combined Code on Corporate Governance (the "Code"), published in June 2008, are applied by the Company. As the Company transferred its listing to AIM in August 2005 compliance with the Combined Code is voluntary.

The Board

The Board comprises seven Executive Directors including the Chairman and one Non-Executive Director.

Mr J Herring is the sole Non-Executive Director.

The Board meets at least nine times a year with additional meetings to progress the Company's business, as necessary. Regular and ad hoc reports and presentations to the Board ensure it is supplied in a timely fashion with the information it needs.

The Board has reserved certain matters for its decision and monitoring. It establishes the principal aims and strategic direction of the Group's businesses, monitors progress, reviews corporate objectives and guidelines and approves any changes. This includes acquisition and development policy, major capital expenditure and significant financing, annual operating budgets and the Group's management control structures and procedures. Operational decision making is delegated to the Executive Directors.

Audit Committee

The Audit Committee, with Mr J Herring as Chairman, meets at least twice a year, to review the published financial information, the role and effectiveness of external audit and internal controls and risk management procedures. It provides communication between the Group's auditors and the Non-Executive Director who has full authority to investigate the Group's affairs, calling on external expertise as he deems necessary. The Chief Financial Officer usually attends the meetings of the Audit Committee and the other Executive Directors have the right to attend.

The Audit Committee assists the Board in seeking to ensure the integrity of information supplied to shareholders in relation to the Group's financial performance. The Committee is responsible for reviewing the Group's system of internal financial controls. The Committee meets with the external auditors to review the full year annual report and accounts.

The Committee holds responsibility for maintaining an appropriate relationship with the Group's external auditors. The Committee considers the external auditors' independence and objectivity and also the proposed nature and scope of their work before the audit commences. The Committee monitors fees paid to the external auditors in respect of non-audit services. The external auditors attend the Committee's meetings and may request that a meeting be convened.

Remuneration Committee

The Remuneration Committee, with Mr J Herring as Chairman, meets at least once a year to review the remuneration of the Executive Directors, approve policies for remuneration of other senior executives and decide upon grants of options under the Company's share option schemes. The Chairman and other Executive Directors may attend but are not involved in any discussion on their own remuneration.

The Board's membership remains under constant review. The Directors discuss the possible promotion or external appointment of a new Director and so a Nomination Committee has not been established because of the small size of the Board.

The Board and Committee's terms of reference are reviewed regularly.

Independent Directors

The Non-Executive Director fulfils an important role in corporate accountability and bringing his particular expertise to decision making. The Board considers the Non-Executive Director to be independent in character and judgement and that he meets the independence criteria set out in the Code.

Mr J Herring is free of any business or other relationship likely to materially interfere with the exercise of his independent judgement.

Corporate governance report continued

Relationship with shareholders

WorkPlace Systems International plc values dialogue with its investors irrespective of size and strives to improve communications by keeping them informed about the Company's policies and progress. Shareholders have access to the Company via the Company Secretary and its Registrars.

The need for effective two-way communication with institutional investors and market analysts in particular is actively pursued. Private investors are encouraged to participate in the Annual General Meeting ("AGM") where, in addition to the formal business, the Chairman and other Directors talk about current business activity and are available to answer questions and to meet informally after the meeting.

Whilst the nature of the Company's share ownership dictates that the focus of dialogue should be with institutions, care is exercised to ensure that any price sensitive information is released at the same time to all shareholders, the market and media.

The AGM Notice is sent to shareholders more than 20 working days before the meeting. Shareholders are given the opportunity of voting separately on each issue with the auditors' re-appointment and their fees treated as one.

The proxies lodged for and against each resolution will be declared after voting.

Recognising the increasing use of Trusts and nominee holdings by individuals, the Company provides copies of all shareholder communications on request and beneficial owners are welcome to attend the AGM. In addition all copies of all statements are posted on the Investor Relations section of the Company website.

Financial reporting

Detailed reviews of the performance and financial position of the business are included in the Chairman's and Chief Executive's Statements. The Board uses these, together with the Directors Report on pages 10 to 12, to present a balanced and understandable assessment of the Company's position and prospects. The Directors' responsibilities for the financial statements are described on page 18.

Internal control

The Board is responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. The internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed.

As might be expected in a Group of this size, a key control procedure is the day to day supervision of the business by the Executive Directors, supported by managers responsible for operations and the key central and divisional support functions of finance, information systems and human resources.

The Executive Directors are involved in the budget setting process, constantly monitoring key statistics and reviewing management accounts on a monthly basis, noting and investigating major variances. All significant capital expenditure decisions are approved by the Board as a whole.

Information on the Group's significant risks, together with the relevant control and monitoring procedures, is reviewed for completeness and accuracy by the Group's senior management. This information is presented to the Board for Directors to assess the effectiveness of the system of internal control. In addition, the Committees of the Board, details of which are set out elsewhere in this Report, monitor the Group's significant risks on an ongoing basis. In particular the Audit Committee meets twice a year to review key documents and discuss pertinent matters.

The Board has considered the need for an internal audit function, but has decided that, because of the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will continue to review this on a regular basis.

The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against misstatement or loss.

Unaudited Directors' remuneration report

Introduction

This Report describes how the Board has voluntarily applied the Principles of Good Governance relating to Director's remuneration and includes the disclosures set out in Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Report) Regulations 2008. The report also provides the information required to be reported on Directors' remuneration under AIM Rule 19.

Remuneration committee

The Company has established a Remuneration Committee chaired by Non-Executive Director Mr J Herring.

No Director acting as a member of the Committee has any involvement in matters in which they have a personal financial interest (other than as shareholders).

Remuneration policy

Executive remuneration packages will be designed to attract, motivate and retain Directors of the high calibre needed to maintain the Group's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration package is undertaken by the Committee.

The remuneration of the Non-Executive Director is determined by the Board of Directors.

During the financial year the Director's remuneration was set following careful consideration of the market conditions. In line with all Company employees there was no upward adjustment of salaries or benefits in line with inflation.

Executive Directors are entitled to accept appointments outside the Company providing that the Chairman's permission is sought.

The following comprises the components of the remuneration of all Executive Directors:

Salary

Salaries and other benefits are determined annually after a review of the individual's performance by reference to industry and other comparisons and consideration of reports from specialist consultants.

Annual performance-related payments

It is the policy of the Company to operate bonus arrangements for the Executive Directors which are performance related, the primary measures being the achievement of financial targets and personal performance. No bonuses were paid in the year to 31 March 2011.

Benefits in kind

A range of taxable benefits is available to Executive Directors. These benefits primarily comprise the provision of a Company car allowance, life assurance and private medical insurance.

Share options schemes

In the year ended 31 March 2011 the Company established Approved and Unapproved Executive Share Option Schemes which were augmented in June 2007 by the adoption of a new Enterprise Management Incentive (EMI) Share Option Scheme. All Executive Directors and employees of the Company and its subsidiaries are eligible to be nominated for participation in the Schemes. Options are granted by the Board of the Company at the market value of an ordinary share on the day on which the option is granted and are subject to, in part, the achievement of certain shareholder value targets. Subject to any conditions specific to individual option grants, options are exercisable between the third and tenth anniversaries of the date of the grant by any option holder who remains a Director or employee.

The Share Options of Ian Mills, Nigel Garrett and Tony Knight were granted prior to 2008 and do not carry any conditions of vesting above a requirement of continued employment and a minimum three year term as this was standard practice of the Group at that time in line with options granted to other staff. The Share Options granted to Barney Quinn, Paul Wright and Alex Davis carry an additional requirement that they will only vest on the Company share price reaching 30p or on the acquisition of control or takeover by another entity or individual.

The Company also operates a SAYE Share Option Scheme for eligible employees under which options may be granted to a discount of up to 20% of market value.

Unaudited Directors' remuneration report continued

Remuneration policy continued

Share options

The Company does not operate any long term incentive schemes other than the share option schemes described on page 15. Certain Executive Directors benefit from share options and the save as you earn scheme. Details are set out in note 18 to these financial statements.

Pension arrangements

The service agreements provide for the Company to pay contributions into certain Executive Director's personal pension plans. Other Executive Directors manage their own pension arrangements.

Executive Directors contracts

All Executive Directors have one year rolling employment contracts.

There are no provisions for termination payments within the Directors' contracts.

Non-Executive Directors' contracts

The Non-Executive Director was appointed under a letter of engagement with no specific engagement term, with a twelve month notice period and no provisions for termination payments. Mr J Herring was appointed in June 2000. His remuneration is determined by the Board and he is not eligible to participate in any of the Company's share option schemes.

Directors' emoluments

	Fees/basic Salary £	Benefits in kind £	Pension contribution £	2011 total £	2010 total £
Executive Directors					
Ian F Lenagan	181,584	48,329	13,461	243,374	255,127
Barney Quinn	135,000	9,706	—	144,706	153,398
Ian Mills	89,775	8,768	—	98,543	104,292
Nigel Garrett	88,292	8,325	—	96,617	111,394
Paul Wright	108,000	9,510	—	117,510	119,900
Alex Davis	99,000	9,706	—	108,706	114,441
Tony Knight*	46,435	4,835	—	51,270	—
Non-Executive Director					
John Herring	27,000	—	—	27,000	28,750
Total remuneration	775,086	99,179	13,461	887,726	887,302

* From date of appointment.

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Non-Executive Directors' contracts continued

Directors' beneficial interest in the Ordinary shares of the Company (which included those of their families) were as follows:

	Ordinary shares of 5p each			Movements during year	Total at March 2011
	Shares held at 1 April 2010	Share options held at 1 April 2010	SAYE options held at 1 April 2010		
Ian F Lenagan	68,328,276	—	—	—	68,328,276
Barney Quinn	1,370,000	10,000,000	—	—	11,370,000
Paul Wright	680,000	1,000,000	—	281,412	1,961,412
Ian Mills	519,684	600,000	30,808	—	1,150,492
Nigel Garrett	2,195,845	650,000	13,174	—	2,859,019
Alex Davis	653,300	500,000	—	500,000	1,653,300
Tony Knight*	252,834	150,000	—	—	402,834
John Herring	588,956	—	—	—	588,956

* The interests of Mr A Knight are shown as at the date of his appointment.

Movements during the year are detailed in note 18.

The mid-market price of the shares at 31 March 2011 was 12.5p. The range during the year was 7.5p to 16.5p. None of the Directors had any beneficial interest at the year end in the shares of any other Group Company.

This report was approved by the Board of Directors on 1 July 2011 and signed on its behalf by:

John Herring
Chairman
Remuneration Committee
1 July 2011

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements.

United Kingdom company law requires the Directors to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Directors have elected to prepare financial statements for the Company in accordance with IFRS as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position and cash flows. This requires the fair representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

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 IFRS is 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
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of consolidated financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the consolidated financial statements contained therein.

Independent auditors' report

to the members of WorkPlace Systems International plc

We have audited the financial statements of WorkPlace Systems International plc for the year ended 31 March 2011 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, 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. 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.

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 website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Stephen Brown (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle

160 Midsummer Boulevard

Milton Keynes

MK9 1FF

1 July 2011

Financial statements

Consolidated statement of comprehensive income

for the year ended 31 March 2011

Continuing operations	Notes	2011 £'000	2010 £'000
Revenue	4	9,097	9,064
Cost of sales		(970)	(839)
Gross profit		8,127	8,225
Administration expenses		(8,482)	(8,179)
(Loss)/profit from operations	5	(355)	46
Finance income	7	6	4
(Loss)/profit before tax		(349)	50
Tax	8	—	—
(Loss)/profit for the year		(349)	50
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(36)	(9)
Total comprehensive income for the year		(385)	41
(Loss)/profit attributable to:			
Equity holders of the Company		(383)	49
Non-controlling interests		34	1
		(349)	50
Total comprehensive income attributable to:			
Equity holders of the Company		(419)	40
Non-controlling interests		34	1
		(385)	41
(Loss)/earnings per share			
Basic (pence per share)	9	(0.24)	0.03
Diluted (pence per share)	9	(0.24)	0.03

The Group did not have any other income or expense in the year other than the loss for the year.

The accompanying accounting policies and notes on pages 25 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Goodwill	10	1,663	1,663
Other intangible assets	10	750	671
Property, plant and equipment	11	335	389
Investments	12	204	204
		2,952	2,927
Current assets			
Trade and other receivables	13	2,534	3,174
Cash and cash equivalents		2,256	2,077
		4,790	5,251
Total assets		7,742	8,178
Current liabilities			
Trade and other payables	14	(1,356)	(1,509)
Current tax payable		—	—
Deferred revenue	14	(2,622)	(2,523)
		(3,978)	(4,032)
Non-current liabilities			
Trade and other payables	14	(68)	(194)
Total liabilities		(4,046)	(4,226)
Net assets		3,696	3,952
Equity			
Share capital	16	7,403	7,379
Capital redemption reserve		1,871	1,871
Share premium		8,825	8,811
Retained earnings		(14,996)	(14,577)
Share option reserve		579	488
Equity		3,682	3,972
Attributable to equity holders of the parent		3,682	3,972
Non-controlling interests		14	(20)
Total equity		3,696	3,952

The accompanying accounting policies and notes on pages 25 to 44 are an integral part of these consolidated financial statements.

The financial statements on pages 20 to 24 were authorised and approved for issue by the Board of Directors on 1 July 2011 and were signed on its behalf by:

Paul Wright
Director
1 July 2011

Registered no.
3966381

Financial statements

Company statement of financial position

as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Investments	12	13,658	13,658
		13,658	13,658
Current assets			
Trade and other receivables	13	4,811	5,544
Cash and cash equivalents		939	502
		5,750	6,046
Total assets		19,408	19,704
Current liabilities			
Trade and other payables	14	(244)	(744)
Total liabilities		(244)	(744)
Net assets		19,164	18,960
Equity			
Share capital	16	7,403	7,379
Capital redemption reserve		1,871	1,871
Share premium		8,825	8,811
Retained earnings		692	619
Share option reserve		373	280
Total equity		19,164	18,960
Attributable to equity holders of the Company		19,164	18,960

The accompanying accounting policies and notes on pages 25 to 44 are an integral part of these consolidated financial statements.

The financial statements on pages 20 to 24 were authorised and approved for issue by the Board of Directors on 1 July 2011 and were signed on its behalf by:

Paul Wright
Director
1 July 2011

Registered no.
3966381

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Statement of changes in equity

for the year ended 31 March 2011

Group	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity attributable to owners of parent £'000	Non-controlling interests £'000	Total £'000
At 1 April 2009	7,338	8,811	1,871	378	(14,618)	3,780	—	3,780
Profit for the year	—	—	—	—	49	49	—	49
– exchange differences arising on translation of foreign operations	—	—	—	—	(9)	(9)	—	(9)
Total comprehensive income	—	—	—	—	40	40	—	40
Issue of equity shares	41	—	—	—	—	41	—	41
Share option costs	—	—	—	110	—	110	—	110
Non-controlling interest	—	—	—	—	1	1	—	1
Share of retained earnings relating to previously held ownership interest arising on business combination	—	—	—	—	—	—	(20)	(20)
At 1 April 2010	7,379	8,811	1,871	488	(14,577)	3,972	(20)	3,952
Loss for the year	—	—	—	—	(383)	(383)	34	(349)
– exchange differences arising on translation of foreign operations	—	—	—	—	(36)	(36)	—	(36)
Total comprehensive income	—	—	—	—	(419)	(419)	34	(385)
Issue of equity shares	24	14	—	—	—	38	—	38
Share option costs	—	—	—	91	—	91	—	91
At 31 March 2011	7,403	8,825	1,871	579	(14,996)	3,682	14	3,696

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity attributable to owners of parent £'000	Non-controlling interests £'000	Total £'000
At 1 April 2009	7,338	8,811	1,871	170	563	18,753	—	18,753
Profit for the year and total comprehensive income	—	—	—	—	56	56	—	56
Issue of equity shares	41	—	—	—	—	41	—	41
Share option costs	—	—	—	110	—	110	—	110
At 1 April 2010	7,379	8,811	1,871	280	619	18,960	—	18,960
Profit for the year and total comprehensive income	—	—	—	—	73	73	—	73
Issue of equity shares	24	14	—	—	—	38	—	38
Share option costs	—	—	—	93	—	93	—	93
At 31 March 2011	7,403	8,825	1,871	373	692	19,164	—	19,164

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent Company is not presented as part of these accounts. The parent Company's retained profit for the financial year amounted to £73,000 (2010: £56,000).

The share premium account is non-distributable and represents the consideration received in excess of the par value of shares issued.

The capital redemption reserve is non-distributable and represents the buy back of shares by the Company.

The share option reserve is distributable and represents the cost to the Group of issuing options to employees. Further details are provided in note 18.

Financial statements

Consolidated statement of cash flows

for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Net cash generated from operating activities	19	626	160
Cash flows (used in)/from investing activities			
Internally generated intangible assets	10	(447)	(371)
Net increase of cash on acquisition	12	—	77
Purchases of computer software	10	—	(59)
Purchases of property, plant and equipment	11	(32)	(67)
Net cash flows used in investing activities		(479)	(420)
Cash flows from financing activities			
Issue of share capital		38	6
Finance income	7	6	4
Net cash flows from financing activities		44	10
Increase/(decrease) in cash and cash equivalents		191	(250)
Cash and cash equivalents			
At the beginning of the year		2,077	2,374
Effect of foreign exchange rate changes		(12)	(47)
At the end of the year		2,256	2,077

Company statement of cash flows

for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Net cash expended from operating activities	19	866	1,187
Cash flows used in investing activities			
Purchase of investment	12	—	(27)
Net cash flows used in investing activities		—	(27)
Cash flows from/(used in) financing activities			
Issue of share capital		38	6
Finance income	7	6	4
Net cash flows from financing activities		44	10
Increase in cash and cash equivalents		910	1,170
Cash and cash equivalents			
At the beginning of the year		29	(1,141)
At the end of the year		939	29

The accompanying accounting policies and notes on pages 25 to 44 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 March 2011

1 General information

WorkPlace Systems International plc is a Company incorporated in England and Wales. The Group is principally engaged in the development, supply and implementation of software products and services for workforce management.

These financial statements are presented in United Kingdom pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2 Principal accounting policies

Basis of preparation

The consolidated and Company financial statements for the year ended 31 March 2011 and the comparative year have been prepared under the historical cost convention. United Kingdom company law requires the Directors to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Directors have elected to prepare financial statements for the Company in accordance with IFRS as adopted by the European Union.

The following principal accounting policies have been used consistently in the preparation of these consolidated financial statements.

The Company has prepared a consolidated Statement of Comprehensive Income, but has elected to take the exemption under S408 of the Companies Act 2006 not to present the parent Company Statement of Comprehensive Income.

Basis of consolidation

The Group financial statements comprise the financial statements of WorkPlace Systems International plc and all of its subsidiaries made up to 31 March 2011, on an acquisition accounting basis. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT.

Software licence revenue is recognised when customer contractual obligations have been performed.

Revenue from consulting services and project management are recognised monthly as incurred, or as services are completed, as appropriate.

Fees for annual use maintenance contracts are contracted for and paid annually in advance, being non-cancellable. Revenue is recognised on a straight line basis over the period of the contract. The revenue which has been received in advance is shown within current liabilities as deferred revenue.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the separable assets, liabilities and contingent liabilities of the subsidiary or an interest in an associate undertaking recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not subsequently reversed.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating asset is less than the carrying amount of the cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit.

Any goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally costs incurred in relation to restructuring programmes.

Notes to the financial statements continued

for the year ended 31 March 2011

2 Principal accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Freehold property	– Over 50 years
Computer equipment	– 25% on cost
Fixtures and fittings	– 20- 33 ¹ / ₃ % on cost
Development expenditure	– 33 ¹ / ₃ % on cost

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

Internally-generated intangible assets – development expenditure

An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development to either sell or use the asset.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

The useful economic lives of internally-generated intangible assets are considered by the Directors to be a period of three years and amortisation is charged to Administration expenses in the Statement of Comprehensive Income.

Computer software and software rights and licences

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of four years on a straight line basis and charged to Administration expenses in the Statement of Comprehensive Income.

Impairment of tangible and intangible assets excluding goodwill

At each Reporting date, the Group reviews the net book amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments in subsidiaries

Investments held are stated at cost less any provision for impairment.

Leasing

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company or Group becomes a party to the contractual provisions of the instrument.

2 Principal accounting policies continued

Financial instruments continued

Financial assets, including trade and other receivables together with intercompany receivables, are classified as loans and receivables as they have fixed or determinable payments that are not quoted in active market.

Financial liabilities, including trade and other payables, intercompany payables and obligations under finance leases, are classified as financial liabilities measured at amortised cost.

All investments are classified as available for sale under IFRS and are carried at cost where the fair value cannot be reliably measured. On sale the net gain or loss is included in income. Dividends are recognised in the Statement of Comprehensive Income when the right to receive payment has been established.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables are not interest-bearing and are stated at their nominal value.

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with maturities of less than three months.

Ordinary shares are classified as equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

The Group issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's best estimate of shares that will eventually vest.

Fair value is measured by use of both a binomial lattice pricing model and by the Black-Scholes method. The expected lives used in the models have been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Retirement benefit costs

Where the Group contributes towards employees personal pension schemes contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the schemes. During the year £13,461 was charged to the Statement of Comprehensive Income (2010: £20,000). At 31 March 2011 contributions payable amounted to £nil (2010: £nil) which were included within trade and other payables.

The Company provided no other post-retirement benefits to its employees.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 reporting date.

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 Statement of Financial Position 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Notes to the financial statements continued

for the year ended 31 March 2011

2 Principal accounting policies continued

Taxation continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group 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 reporting 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 assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are translated at the rate prevailing at the date of transaction.

On consolidation, revenues, costs and cash flows of undertakings abroad are included in the Statement of Comprehensive Income at average rates of exchange for the year. The assets and liabilities denominated in foreign currencies are translated into United Kingdom pounds sterling using rates of exchange ruling at the reporting date.

Exchange differences on the re-translation of opening net assets and results for the year of foreign subsidiary undertakings are dealt with through reserves net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the Statement of Comprehensive Income.

Adoption of new standards during the year

The Group has adopted

IFRS 2	Amendment – Share-based Payment
IFRS 8	Amendment – Operating Segments
IAS 1	Amendment – Presentation of Financial Statements
IAS 7	Amendment – Statement of Cash Flows
IAS 17	Amendment – Leases
IAS 27	Amendment – Consolidated Separate Financial Statements
IAS 32	Amendment – Financial Instruments Presentation
IAS 36	Amendment – Impairment of Assets
IAS 38	Amendment – Intangible Assets
IAS 39	Amendment – Financial Instruments Recognition and Measurement

The adoption of these statements has not impacted the Annual Report and Accounts.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been issued by the IASB that are not yet effective. The Group has not adopted any of these standards, amendments or interpretations early.

International Financial Reporting Standards:

IFRS 1	Amendment – Annual improvements to IFRS's
IFRS 3	Amendment – Business combinations
IFRS 7	Amendment – Financial instruments disclosures
IFRS 9	Classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1	Amendment – Presentation of financial statements
IAS 12	Amendment – Income taxes
IAS 24	Revision – Related party disclosures
IAS 27	Amendment – Consolidated and separate financial statements
IAS 28	Accounting for Investments in Associates
IAS 34	Amendment – Interim Financial Reporting

2 Principal accounting policies continued

Standards, interpretations and amendments to published standards that are not yet effective continued

IFRIC interpretations:

IFRIC 13 Customer loyalty programmes

IFRIC 14 IAS 19 – defined benefit assets

IFRIC 19 Extinguishing financial liabilities with equity instruments

The other standards, amendments and interpretations are not expected to have significant effects on the Group.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 23. Movements on the hedging reserve in shareholders' equity are shown in the Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Derivatives held for trading are classified as a current asset or liability.

Cash flow hedge

The effective proportion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

3 Financial risks

3.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

i. Foreign exchange risk

As an exporter to Europe and to North America, the Group is exposed to foreign currency exchange risk through transactions with customers and, to a lesser extent, suppliers. The Directors monitor the position at their regular meetings and, where they consider it necessary, undertake hedging arrangements through the purchase of forward contracts.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

ii. Fair value interest rate risk and cash flow risk

The Group's main sources of revenue and operating cash flows are substantially independent of changes in market interest rates. The Group has significant interest-bearing assets on which it seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow. There are no significant interest-bearing liabilities.

Notes to the financial statements continued

for the year ended 31 March 2011

3 Financial risks continued

3.1 Financial risk factors continued

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions. Management assess the other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The Group has focused on selling to a "blue chip" customer base thereby minimising the risk of incurring bad debts.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility by maintaining significant headroom in its cash position.

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with recommended accounting practice and limits set by the Group. The Board reviews the Group's liquidity at its monthly meetings.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by maintaining or adjusting the capital structure by adjusting the amount of dividends paid to shareholders, issuing new shares or selling assets to maintain financial resources.

The capital employed by the Group is composed of equity attributable to the shareholders, as detailed in the Statement of Changes in Equity.

3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The fair value of share options held within the Group has been assessed on the basis of binomial lattice pricing and Black-Scholes pricing models.

The net book amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.4 Critical accounting judgements and key sources of estimation uncertainty

The application of the Group's accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about net book amounts of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Material estimates and assumptions are made in particular with regard to share-based payments, the amortisation period for intangible assets and impairment reviews and impairment of trade receivables.

3 Financial risks continued

3.4 Critical accounting judgements and key sources of estimation uncertainty continued

Determining whether goodwill and investments are impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. Actual events may vary materially from management expectations.

For other intangible assets, management consider the recognition criteria as set out in the accounting policies which includes estimates regarding future economic benefits. Actual events may vary from management expectations.

The assumptions used as part of the calculation of share-based payment expenses are reviewed annually and are detailed in note 18.

4 Segmental analysis

The Board of Directors are considered to be the chief operating decision makers of the Group.

Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions. The Group uses three distinct operating geographical areas with different economic conditions and a different client base and client requirements. These are: United Kingdom and Europe, North America and Australia.

In addition the Board reviews its Global SaaS and on-premise software businesses to make strategic decisions.

The Board does not review information about total assets and total liabilities for each reportable segment and therefore this information is not separately provided.

Interest income and expense are not allocated to segments as this type of activity is driven on a central basis. Accordingly, this information is not separately reported to the Board for each reportable segment and therefore this information is not separately provided.

The Group does not report information to the Board about additions to property, plant and equipment and intangible assets within the information provided on segment assets.

An analysis of the revenue invoiced to third parties is given below:

	2011 £'000	2010 £'000
United Kingdom and Europe	7,002	7,280
North America	1,462	1,535
Australia	633	249
	9,097	9,064

All revenue represents sales to external customers and represents the sale of software related services.

Two customers (2010: two) are defined as major customers by revenue, each contributing more than 10% of the Group revenue. These two customers accounted for £1,114,000 (2010: £1,273,000) and £1,491,000 (2010: £1,072,000) respectively.

An analysis of revenue by product type is given below:

	2011 £'000	2010 £'000
SaaS related revenue	2,495	1,555
On-premise software related revenue	6,602	7,509
	9,097	9,064

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2011

4 Segmental analysis continued

An analysis of revenue by sales type is given below:

	2011 £'000	2010 £'000
Software licence and bespoke development charges	1,764	2,432
Recurring revenue from maintenance and hosted services	4,594	3,962
Consultancy and implementation services	2,085	2,207
Other	654	463
	9,097	9,064

An analysis of the operating (loss)/profit before transfer pricing, exceptional items and tax together with a reconciliation to profit before tax is given below:

	2011 £'000	2010 £'000
United Kingdom and Europe	(682)	(628)
North America	260	671
Australia	67	3
	(355)	46
Central finance income	6	4
(Loss)/profit before tax	(349)	50

The Group does not report information to the Board about the operating profits of individual product types since a number of resources in the UK are shared between the products during the periods to 31 March 2011 and 31 March 2010 and therefore this information is not separately provided.

All amortisation, depreciation and non-cash items charged in the Financial Statements are attributed to the United Kingdom and Europe segment.

All non-current assets of the Group are located in the United Kingdom.

5 (Loss)/profit from operations

The (loss)/profit from operations in the year to 31 March 2011 has been arrived at after charging the following amounts:

	2011 £'000	2010 £'000
Research and development expenditure	1,715	1,768
Depreciation of property, plant and equipment	86	109
Amortisation of intangible assets	368	233
Auditors' remuneration:		
Audit services	7	7
Audit of subsidiary undertakings	23	23
Taxation	6	6
Other services	1	—
(Release)/provision for doubtful debts	(170)	124
Operating leases – land and buildings	289	326
(Loss)/profit on foreign exchange	(54)	—

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6 Staff costs

The average number of people employed by the Group (including Directors) during the year was:

	2011 Number	2010 Number
Sales	12	12
Operations	43	39
Product development	49	47
Administration	15	16
	119	114

Staff costs for above employees:

	2011 £'000	2010 £'000
Wages and salaries	5,484	5,470
Social security	593	571
Other pension costs	13	20
Share option costs	93	110
	6,183	6,171

Included within staff costs are Directors emoluments amounting to:

	2011 £'000	2010 £'000
Emoluments	874	867
Money purchase pension contributions	13	20
Share option costs	93	110
Total emoluments	980	997

Directors' emoluments include amounts paid to the highest paid Director of:

	2011 £'000	2010 £'000
Emoluments	230	235
Money purchase pension contributions	13	20
Total emoluments	243	255

During the year one (2010: one) Director accrued benefits under the money purchase pension scheme.

During the year two Directors exercised SAYE share options (2010: nil).

Further details relating to Directors' remuneration are set out in the Unaudited Directors' Remuneration Report.

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2011

7 Finance income

	2011 £'000	2010 £'000
Interest on bank deposits	6	4

8 Tax

	2011 £'000	2010 £'000
Current taxation		
– UK corporation tax expense	—	—
Deferred taxation		
– Current year	—	—
Total tax in Statement of Comprehensive Income	—	—

The tax rate used for the reconciliations above is the corporate tax rate of 28% (2010: 28%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

Following a change in the tax rate from 1 April 2011, deferred tax has been provided for as disclosed in note 15 at a rate of 27% (2010: 28%).

The charge for the year can be reconciled to the (loss)/profit per the Statement of Comprehensive Income as follows:

	2011 £'000	2010 £'000
(Loss)/profit before taxation	(349)	50
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 28% (2010: 28%)	(98)	14
Tax effect of:		
Expenses not deductible for tax purposes	(180)	(33)
Temporary differences	278	19
Total tax	—	—

9 Earnings per share

	2011	2010
Basic (loss)/profit per share	(0.24)p	0.03p
Diluted (loss)/profit per share	(0.24)p	0.03p

Number of shares	2011 '000	2010 '000
Weighted average number of shares	147,654	147,333
Effect of dilutive potential ordinary shares:		
Share options	16,232	15,770
Weighted average number of shares for calculating diluted profit per share	163,886	163,103

16,232,000 shares have been excluded (2010: 15,770,000) from the diluted earnings per share on the basis that they are anti-dilutive.

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10 Goodwill and other intangible assets

Consolidated	Goodwill £'000	Research and development costs £'000	Computer software £'000	Total £'000
Cost				
At 1 April 2009	3,324	544	28	3,896
Additions	222	371	59	652
At 1 April 2010	3,546	915	87	4,548
Additions	—	447	—	447
At 31 March 2011	3,546	1,362	87	4,995
Amortisation and impairment				
At 1 April 2009	1,883	87	11	1,981
Charge for the year	—	231	2	233
At 1 April 2010	1,883	318	13	2,214
Charge for the year	—	366	2	368
At 31 March 2011	1,883	684	15	2,582
Net book amount				
At 31 March 2009	1,441	457	17	1,915
At 31 March 2010	1,663	597	74	2,334
At 31 March 2011	1,663	678	72	2,413

The goodwill on consolidation as at 1 April 2010 and 31 March 2011 relates to the acquisitions of Labor Solutions International Inc. and WorkBuddy Solutions Pty Ltd.

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired.

Any goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

Analysis of goodwill by cash generating unit:

	2011 £'000	2010 £'000
North America	1,441	1,441
Australia	222	222
Total goodwill	1,663	1,663

Goodwill has been tested for impairment based on its future value in use. Future value has been calculated on a discounted cash flow basis using the 2012 budgeted profit for each unit as approved by the Board of Directors extended for a period of five years and discounted at a rate equal to that of UK five year gilts which the Directors consider to be an appropriate indicator of the risk free rate of return. On the basis that each company has demonstrated growth in profits during 2010 and 2011 it has been assumed that future growth will not be negative. However, for prudence a growth rate of 0% has been applied.

Internally generated intangible assets are capitalised when the criteria are met as defined in note 2, Principal Accounting Policies.

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2011

11 Property, plant and equipment

The Company does not hold any property, plant and equipment.

Consolidated	Computer equipment £'000	Freehold property £'000	Fixtures fittings and equipment £'000	Total £'000
Cost				
At 1 April 2009	469	250	453	1,172
Additions	42	—	25	67
At 1 April 2010	511	250	478	1,239
Additions	32	—	—	32
At 31 March 2011	543	250	478	1,271
Depreciation				
At 1 April 2009	327	43	371	741
Charge for the year	74	5	30	109
At 1 April 2010	401	48	401	850
Charge for the year	54	6	26	86
At 31 March 2011	455	54	427	936
Net book amount				
At 31 March 2009	142	207	82	431
At 31 March 2010	110	202	77	389
At 31 March 2011	88	196	51	335

The Company does not hold any goodwill or intangible fixed assets.

12 Investments

Consolidated	2011 £'000		2010 £'000	
At 1 April	204		341	
Reclassification of investment in WorkBuddy to Consolidated subsidiary	—		(137)	
At 31 March	204		204	

Company	Investment £'000	Company loans in subsidiary undertakings £'000	Capital contribution to subsidiary £'000	Shares in Group undertakings £'000	Total £'000
At 1 April 2009	137	3,219	10,207	33	13,596
Additions	—	—	—	62	62
Reclassification	(137)	—	—	137	—
At 1 April 2010	—	3,219	10,207	232	13,658
Additions	—	—	—	—	—
At 31 March 2011	—	3,219	10,207	232	13,658

All investments are held at fair value in the Consolidated and Company Statement of Financial Positions. The Directors do not believe that there has been any impairment to these values.

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12 Investments continued

Name of subsidiary	Country of registration or incorporation	Proportion of ownership interest held by the Group	Proportion of voting power held by the Group	Principal activity
WorkPlace Group Limited	England and Wales	100%	100%	Intermediary holding company
WorkPlace Systems plc**	England and Wales	100%	100%	Sale of computer software and associated maintenance and computer consultancy
Labor Solutions International, Inc.***	USA	100%	100%	Sale of computer software and associated maintenance and computer consultancy
WorkPlace Systems International Pty Ltd*	Australia	100%	100%	Dormant
WorkPlace Systems Inc.**	USA	100%	100%	Sale of computer SaaS services
WorkPlace Software Limited*	England and Wales	100%	100%	Dormant
WorkBuddy Solutions Pty Ltd*	Australia	50%	50%	Sale of computer SaaS services

* Shares held by WorkPlace Systems plc

** Shares held by WorkPlace Group Limited

*** Shares held by WorkPlace Systems Inc

All principal subsidiary undertakings operate in their country of incorporation.

The Group consolidates its subsidiary activities. With the exception of WorkBuddy Solutions Pty Ltd whose accounting year-end is 30 June, the accounting year-end of the subsidiary undertakings consolidated in these financial statements is 31 March 2011.

All subsidiaries are held directly by WorkPlace Systems International plc unless otherwise stated.

Whilst the Group holds 50% of the voting equity share capital of WorkBuddy Solutions Pty Ltd, it is deemed that it has control given the structure of the Board and input into trading strategies.

13 Trade and other receivables

Current	Consolidated 2011 £'000	Company 2011 £'000	Consolidated 2010 £'000	Company 2010 £'000
Trade receivables	2,157	—	2,792	—
Prepayments and accrued income	317	—	286	8
Amounts owed by Group undertakings	—	4,797	—	5,536
Other debtors	60	14	96	—
	2,534	4,811	3,174	5,544

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The carrying amount of receivables and amounts owed by Group undertakings disclosed also represents the Group's maximum exposure to credit risk for such balances. Trade receivables are stated net of a provision for doubtful debts of £30,000 (2010: £201,000).

	2011 £'000	2010 £'000
Provision at 1 April	201	95
Released during the year	(201)	(18)
Provided during the year	30	124
Provision at 31 March	30	201

As at 31 March 2011 92.5% (2010: 80%) of trade debtors, other than those provided for above, were within their payment terms.

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2011

14 Trade and other payables

	Consolidated 2011 £'000	Company 2011 £'000	Consolidated 2010 £'000	Company 2010 £'000
Current				
Bank overdraft	—	—	—	473
Trade payables	505	217	603	17
Other payables	304	—	209	6
Other tax and social security	263	—	430	—
Accruals	284	27	267	76
Amounts owed to Group undertakings	—	—	—	172
	1,356	244	1,509	744
Deferred revenue	2,622	—	2,523	—

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

All amounts included in trade and other payables are non-interest bearing and are not secured on the assets of the Group.

The banking facilities within the Group are secured by a debenture including fixed and floating charge over all assets held within WorkPlace Systems International plc and WorkPlace Systems plc.

Non-current payables

	Consolidated 2011 £'000	Company 2011 £'000	Consolidated 2010 £'000	Company 2010 £'000
Current				
Loan falling due after twelve months	68	—	194	—
	68	—	194	—

15 Deferred taxation

Group

The following are the major deferred tax assets which have not been recognised by the Group and movements thereon during the current and prior reporting year.

Deferred tax assets	Share-based payments adjustments £'000	Capital allowances in excess of depreciation £'000	Losses £'000	Total £'000
At 1 April 2009	46	131	3,003	3,180
Movement	48	(85)	(330)	(367)
At 1 April 2010	94	46	2,673	2,813
Movement	27	(89)	54	(8)
At 31 March 2011	121	(43)	2,727	2,805

At the reporting date, the Group has unused tax losses, as below, available for offset against future profits in the respective countries.

Country	Unrelieved tax losses 2011 £'000	Unrelieved tax losses 2010 £'000
United Kingdom	6,953	6,005
North America	3,530	3,542

The Company has unrecognised deferred tax assets of £73,000 (2010: £51,000) in respect of temporary differences.

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16 Share capital

Group and Company	2011 £'000	2010 £'000
Authorised:		
250,000,000 ordinary shares, £0.05 ordinary shares	12,500	12,500
	12,500	12,500
	2011 £'000	2010 £'000
Allotted and fully paid:		
148,062,991 ordinary shares (2010: 147,575,962 ordinary shares), £0.05 ordinary shares	7,403	7,379
	7,403	7,379

Exercises under SAYE and share option schemes

During the year the Company issued 330,000 (2010: nil) £0.05 ordinary shares for consideration of £23,250 under the Share Option Scheme resulting in a premium of £6,750.

During the year the Company issued 157,029 (2010: 108,460) £0.05 ordinary shares for consideration of £14,689 (2010: £5,423) under the SAYE option scheme resulting in a premium of £6,837.

All share issues under SAYE and Share Option Schemes were settled by cash consideration.

During the previous year the Company issued 705,333, £0.05 ordinary shares in consideration of a 25% stake in WorkBuddy Solutions Pty Ltd.

17 Dividends

	2011 £'000	2010 £'000
No dividend is proposed in respect of the 2011 results	—	—

18 Share-based payments

Share option summary

	Number of options	Weighted average exercise price £
As at 1 April 2009	17,064,227	0.073
Granted	450,000	0.0825
Exercised	(108,460)	0.05
Lapsed	(588,386)	0.078
As at 1 April 2010	16,817,381	0.072
Granted	500,000	0.0725
Exercised	(487,029)	0.0735
Lapsed	(597,809)	0.071
As at 31 March 2011	16,232,543	0.072

The options outstanding at 31 March 2011 had an exercise price between 5p and 11.5p.

The weighted average contractual life of options outstanding at 31 March 2011 was 5.3 years.

Notes to the financial statements continued

for the year ended 31 March 2011

18 Share-based payments continued

Share option summary continued

The Directors' beneficial interest in the Ordinary shares of the Company (which included those of their families) were as follows:

	Ordinary shares of 5p each				Total at 31 March 2011
	Shares held at 1 April 2010	Share options held at 1 April 2010	SAYE options held at 1 April 2010	Movements during year	
Ian F Lenagan	68,328,276	—	—	—	68,328,276
Barney Quinn	1,370,000	10,000,000	—	—	11,370,000
Paul Wright	680,000	1,000,000	—	281,412	1,961,412
Ian Mills	519,684	600,000	30,808	—	1,150,492
Nigel Garrett	2,195,845	650,000	13,174	—	2,859,019
Alex Davis	653,300	500,000	—	500,000	1,653,300
Tony Knight*	252,834	150,000	—	—	402,834
John Herring	588,956	—	—	—	588,956

* The interests of Mr Tony Knight are shown as at the date of his appointment.

During the year Mr Ian Mills exercised 9,096 SAYE options and Mr Nigel Garrett exercised 6,831 SAYE options. The shares issued in respect of these options were held at the year end.

Share options schemes

In the year ended 31 March 2011 the Company established Approved and Unapproved Executive Share Option Schemes which were augmented in June 2007 by the adoption of a new Enterprise Management Incentive (EMI) Share Option Scheme. All Directors and employees of the Company and its subsidiaries are eligible to be nominated for participation in the Schemes. Options are granted by the Board of the Company at the market value of an ordinary share on the day on which the option is granted and are subject to, in part, the achievement of certain shareholder value targets. Options are exercisable between the third and tenth anniversaries of the date of the grant by any option holder who remains a Director or employee.

Details of Director's Share Options

	Number of share options held 1 April 2010	Granted during the year	Number of share options held 31 March 2011	Exercise price	Exercisable from / to
Barney Quinn	5,000,000	—	5,000,000	7.5p	Conditional
	5,000,000	—	5,000,000	7.25p	Conditional
Paul Wright	1,000,000	—	1,000,000	5.0p	Conditional
Ian Mills	100,000	—	100,000	5.0p	24/07/2005–24/07/2012
	100,000	—	100,000	9.75p	01/07/2006–01/07/2013
	100,000	—	100,000	11.5p	01/07/2007–01/07/2014
	300,000	—	300,000	7.25p	20/06/2010–21/06/2017
Nigel Garrett	100,000	—	100,000	5.0p	24/07/2005–24/07/2012
	100,000	—	100,000	9.75p	01/07/2006–01/07/2013
	100,000	—	100,000	11.5p	01/07/2007–01/07/2014
	350,000	—	350,000	7.25p	20/06/2010–21/06/2017
Alex Davis	500,000	—	500,000	5.0p	Conditional
	—	500,000	500,000	7.25p	Conditional
Tony Knight	150,000	—	150,000	7.25p	20/06/2010–21/06/2017

The Company also operates a SAYE Share Option Scheme for eligible employees under which options may be granted to a discount of up to 20% of market value.

18 Share-based payments continued

Basis of valuation

The estimated fair value at the date of grant of each share option granted during the year was calculated by applying a Black Scholes option pricing model. The model inputs were the exercise price of 7.25p, being the open market share price at the date of grant; expected volatility of 48% based on trends over the previous years, expected dividend yield of nil%, contractual life of ten years and a risk-free interest rate of 2%, approximated to the average yield on government gilt edged stock at the date of grant.

Group – expense arising from share options

The Group recognised total expenses of £91,000 (2010: £111,000) related to equity settled share-based transactions in 2011 in respect of share options.

Company – expense arising from share options

The Company recognised total expenses of £93,000 (2010: £99,000) related to equity settled share-based payment transactions in 2011 in respect of share options.

Market price

The market price on 31 March 2011 of the £0.05 ordinary shares of WorkPlace Systems International plc was £0.125 (2010: £0.08).

For the year ended 31 March 2011 the market price of WorkPlace Systems International plc ranged from a low of £0.075 to a high of £0.165 (2010: low of £0.0325 to a high of £0.09).

19 Notes to the cash flow statement

	2011 £'000	2010 £'000
Group		
(Loss)/profit for the year	(355)	46
Depreciation of property, plant and equipment	86	109
Amortisation of intangibles	368	233
Share option schemes	91	110
Decrease/(increase) in receivables	640	(593)
(Decrease)/increase in payables	(180)	266
Exchange differences	(24)	(11)
Net cash flow from operating activities	626	160
Company	2011 £'000	2010 £'000
Profit for the year	67	52
Share option schemes	93	110
Decrease in receivables	733	1,327
Decrease in payables	(27)	(302)
Net cash flow from operating activities	866	1,187

Notes to the financial statements continued

for the year ended 31 March 2011

20 Commitments

Group

The total future minimum lease payments to the end of each lease under non-cancellable operating leases are as follows:

Expiry date	2011 £'000	2010 £'000
Within one year	248	266
Between one and two years	246	246
Between two and five years	165	410
After five years	—	—
Total minimum lease payments	659	922

These figures represent the total amounts due under the leases up to the date of expiry. There are no restrictions imposed by the leasing arrangements on the Group concerning dividends, debt financing or other third party financing.

The Company was not committed to any non-cancellable operating leases at 31 March 2011 or 31 March 2010.

Neither the Group nor Company had any capital commitments as at 31 March 2011 or 31 March 2010.

21 Contingencies

In 2001, the Company entered into a guarantee until 2022 for the rent on a property used by TeleWare Group plc a former group company. The annual rental is £350,000.

Neither the Group nor Company had any other material contingent liabilities as at 31 March 2011 or 31 March 2010.

22 Financial instruments and risk management

The Directors consider that the carrying amount of all financial instruments approximates to their fair value.

Currency risk management

The Group operates in a global industry and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US\$ and the Euro. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Board monitors both the level of likely future foreign currency cash flows and forecasts of exchange rate movements and manages exchange risk by covering future risk with forward contracts to minimise currency exposure.

Quantitative analysis

The carrying of the Group in foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

Current assets	2011 £'000	2010 £'000
Sterling – trade and other receivables	1,954	1,870
US dollars – trade and other receivables	321	291
Euro – trade and other receivables	159	573
Australian dollars – trade and other receivables	101	154
Sterling – cash and cash equivalents	2,121	1,700
Euro – cash and cash equivalents	—	205
US dollars – cash and cash equivalents	58	95
Australian dollars – cash and cash equivalents	77	77
	4,791	4,965

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22 Financial instruments and risk management continued

Currency risk management continued

Quantitative analysis continued

	2011 £'000	2010 £'000
Current and non-current liabilities		
Sterling – trade and other payables	3,649	3,245
US dollars – trade and other payables	156	—
Australian dollars – trade and other payables	161	284
	3,966	3,529

Currency risk sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the Statement of Comprehensive Income and equity of a 1% strengthening or weakening in sterling against all other currencies, with all other variables remaining constant. The sensitivity analysis includes only outstanding foreign currency denominated assets and liabilities and adjusts their translation at the reporting date for a 1% change in the applicable foreign currency rate.

Under this assumption, with a 1% strengthening or weakening of sterling against all exchange rates, loss before tax would have increased/decreased by £6,000 (2010: £11,000) and equity would have increased/decreased by £6,000 (2010: £11,000).

Interest rate risk management

The Group and Company has an exposure to interest rate risk arising on interest-bearing deposits which are at variable rates of interest.

The Board monitors its treasury at least monthly and seeks to obtain a commercial rate of return from AA or above rated UK institutions whilst not impacting on cash flow.

Quantitative analysis

The Group's interest rate profile of its financial assets and liabilities as at the reporting date is as follows:

	2011 total at year end £'000	2011 weighted average rate at year end %	2010 total at year end £'000	2010 weighted average rate at year end %
Current assets				
Floating rate	2,131	0.42	1,491	0.43
Interest free	125	—	586	—
	2,256	0.39	2,077	0.31

Interest rate sensitivity analysis

The Group and Company has used a sensitivity analysis technique that measures the estimated change to the Statement of Comprehensive Income and equity of a 1% increase or decrease in interest rates for each class of financial instruments, with all other variables remaining constant. The sensitivity analysis is based on the assumptions that changes in market interest rates affect the interest of variable interest financial instruments.

Under these assumptions, a 1% increase or decrease in market interest rates for all currencies in which the Group and Company had deposits as at 31 March 2011 would have increased/decreased profit before tax by £22,000 (2010: £20,000) and equity would have increased/decreased by £22,000 (2010: £20,000).

Liquidity risk management

Management monitors forecasts of the Group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with recommended accounting practice and limits set by the Group. The Board reviews the Group's liquidity at its monthly meetings.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these requirements.

Notes to the financial statements continued

for the year ended 31 March 2011

23 Derivative financial instruments

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2011 were £1,130,435 (2010: £nil).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity (shown in 'Statement of changes in equity') on forward foreign exchange contracts as of 31 March 2011 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within twelve months of the balance sheet date.

24 Related party transactions

The Company

During the year the Company provided services to the value of £1,124,000 (2010: £1,133,000) to WorkPlace Systems plc and was recharged expenses of £1,057,000 by that company (2010: £1,076,000). The Company did not enter into any other related party transactions.

Transactions with other Group companies are eliminated on consolidation.

Subsidiary companies

I F Lenagan has a 99% holding of shares and voting rights in Linden Systems Limited. During the year, a subsidiary company made sales to Linden Systems Limited of £35,814 (2010: £36,625) for the recharge of office rental and accounting services.

The subsidiary company also made purchases from Linden Systems Limited of £nil (2010: £894) for goods and services provided. There was an outstanding balance owed by Linden at the year end of £13,782 (2010: £13,051).

During the year a subsidiary company received rent totalling £10,000 (2010: £10,000) from I F Lenagan on a property owned by WorkPlace Systems plc.

The subsidiary company also made purchases from Wigan Rugby League Club Limited of £1,048 (2010: £nil), for goods and services provided. There was an outstanding balance owed to Wigan of £825 (2010: £nil) at the year end.

None of the above balances are secured and settlement will be made in cash.

Key management personnel for reporting purposes are considered to be Directors of the Company. Their remuneration is disclosed in note 6.

25 Events subsequent to the statement of financial position

On 30 April 2011 the Company agreed to the sale of its interest in EASE Inc. for a consideration of \$300,000 together with an extended exclusive right to the distribution of the Retail EASE product for a period of three years.

During the year a number of dormant UK subsidiary companies applied to be struck off the Companies House Register and dissolved. This process was completed in April 2011 when notification of the dissolutions was received.

Directors and advisers

Directors

Ian F Lenagan
Bernard Quinn
Paul Wright
Alex Davis
Ian Mills
Nigel Garrett
Anthony Knight
John Herring

Secretary

Paul Wright

Registered Office

Precedent Drive
Rooksley
Milton Keynes MK13 8PP

Auditors

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF

Solicitors

SNR Denton UK LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes MK9 1FE

Principal Banker

HSBC plc
Metropolitan House
321 Avebury Boulevard
Milton Keynes MK9 2GA

Stockbroker

Altium
30 St James' Square
London SW1Y 4AL

Registrars

Capita Registrars Ltd
34 Beckenham Road
Beckenham
Kent BR3 4TU



WorkPlace Systems International plc

Precedent Drive

Rooksley

Milton Keynes MK13 8PP

t: +44 (0)1908 242 042 f: +44 (0)1908 201 148

w: www.workplacesystems.com