

Sparxent Europe Ltd
Abbreviated Annual Report
Year Ended 31 December 2010

Company Registration Number 4148416

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Sparxent Europe Ltd

Abbreviated Accounts

Year Ended 31 December 2010

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Sparxent Europe Ltd

Independent Auditor's Report to Sparxent Europe Ltd

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts which comprise the Balance Sheet and the related notes, together with the financial statements of Sparxent Europe Ltd for the year ended 31 December 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other Information

On 28 October 2011 we reported as auditor to the members of the company on the financial statements prepared under Section 396 of the Companies Act 2006 and our report included the following paragraph:

Sparxent Europe Ltd

Independent Auditor's Report to Sparxent Europe Ltd *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in Note 1 to the financial statements concerning the ability of the company to continue as a going concern. In August 2008 the company was acquired by Sparxent Inc, a US corporation, a principal shareholder of which is vSpring Capital, a US venture capital company. The company is dependent upon the continued support of Sparxent Inc and vSpring Capital for the continuance of normal trading. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

CHRISTOPHER HICKS (Senior Statutory Auditor)
For and on behalf of
FRANCIS CLARK LLP
Chartered Accountants & Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

28 October 2011

FRANCIS CLARK LLP
Chartered Accountants

Sparxent Europe Ltd

Abbreviated Balance Sheet

31 December 2010

	Note	2010 £	2009 (restated) £
Fixed Assets	3		
Tangible assets		2,177	6,201
Investments		629,702	1,226,210
		<u>631,879</u>	<u>1,232,411</u>
Current Assets			
Debtors		711,988	1,332,504
Cash at bank and in hand		600	2,656
		<u>712,588</u>	<u>1,335,160</u>
Creditors Amounts falling due within one year	4	1,259,154	1,668,603
Net Current Liabilities		(546,566)	(333,443)
Total Assets Less Current Liabilities		<u>85,313</u>	<u>898,968</u>
Capital and Reserves			
Called-up equity share capital	5	1,132	1,132
Share premium account		469	469
Profit and loss account		83,712	897,367
Shareholders' Funds		<u>85,313</u>	<u>898,968</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on ~~OCT 25 2011~~, and are signed on their behalf by



A Leonard

Company Registration Number 4148416

The notes on pages 4 to 6 form part of these abbreviated accounts

Sparxent Europe Ltd

Notes to the Abbreviated Accounts

Year Ended 31 December 2010

1 Accounting Policies

(a) Basis of accounting

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

Going concern

The company's balance sheet at 31 December 2010 discloses net current liabilities of £546,566

At 31 December 2010 included within debtors is an amount due from Sparxent Corporation, a fellow subsidiary incorporated in the United States, of £457,142. Investments include a loan amount of £629,702 due from Sparxent Europe GmbH, a fellow subsidiary incorporated in Germany. Recovery of these amounts is dependent upon continued financial support from Sparxent Inc, the ultimate parent company.

The company's current overdraft facility of £120,000 expired on 30 September 2011, and the directors are currently negotiating revised facilities with the company's bankers.

The company is therefore dependent upon the continued support of its bankers and its ultimate parent company Sparxent Inc, a US corporation, for the continuance of normal trading activities. Sparxent Inc is in turn dependent upon continued financial support from vSpring Capital, a US based venture capital company. The directors believe that the bank facilities will be successfully renewed, and that Sparxent Inc and related group companies will continue to receive the support of vSpring Capital for at least 12 months from the date of approval of these financial statements. The directors therefore believe that it is appropriate that the accounts are prepared on a going concern basis.

The financial statements do not include any adjustments that would be necessary if the company were not to continue as a going concern.

(b) Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has not exercised the option to prepare group accounts provided by Section 398 of the Companies Act 2006.

(c) Turnover

The turnover shown in the Profit and Loss Account represents amounts receivable during the year, exclusive of Value Added Tax, in respect of goods and services supplied.

Sales of software licence products are recognised when the license is delivered to the customer. Software service and maintenance sales are recognised as the service is provided, or in the case of annual maintenance contracts, equally over the life of the contract. Training and consultancy sales are recognised as the service is provided.

(d) Fixed assets

All fixed assets are initially recorded at cost.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment	- 25% straight line
Office Equipment	- 25% straight line

Sparxent Europe Ltd

Notes to the Abbreviated Accounts

Year Ended 31 December 2010

1. Accounting Policies *(continued)*

(f) Operating lease agreements

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

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(h) Financial instruments

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

(i) Fixed asset investments

Fixed asset investments are included at cost.

2. Prior Year Adjustment

During the preparation of the financial statements for the year ended 31 December 2010 the directors discovered that the amount due from a fellow subsidiary, Sparxent Corporation, was overstated in the accounts as at 31 December 2009. This has been corrected by a prior year adjustment. This correction has resulted in decreasing the profit in the accounts for the period ended 31 December 2009 by £65,125 and the value of current assets by £65,125.

Sparxent Europe Ltd

Notes to the Abbreviated Accounts

Year Ended 31 December 2010

3. Fixed Assets

	Tangible Assets £	Loans & Investments £	Total £
Cost			
At 1 January 2010	28,202	1,226,210	1,254,412
Additions	231	—	231
Disposals/repayments	—	(59,516)	(59,516)
At 31 December 2010	28,433	1,166,694	1,195,127
Depreciation and Amounts Written Off			
At 1 January 2010	22,001	—	22,001
Charge for year	4,255	536,992	541,247
At 31 December 2010	26,256	536,992	563,248
Net Book Value			
At 31 December 2010	2,177	629,702	631,879
At 31 December 2009	6,201	1,226,210	1,232,411

At 31 December 2010 the company had the following subsidiary undertaking which was incorporated in France

Company	Nature of business	Shareholding
Sparxent Europe SAS	Supply and support of computer software	100%

As at 31 December 2010 there was a deficit of shareholders' funds of €941,043 The company's loss for the year ended 31 December 2010 was €405,653

4. Creditors: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2010 £	2009 (restated) £
Bank loans and overdrafts	87,326	81,974

5. Share Capital

Allotted, called up and fully paid

	2010		2009 (restated)	
	No	£	No	£
1,000 Ordinary shares of £1 each	1,000	1,000	1,000	1,000
13,180 'A' Ordinary shares of £0.01 each	13,180	132	13,180	132
	14,180	1,132	14,180	1,132

Sparxent Europe Ltd

Notes to the Abbreviated Accounts

Year Ended 31 December 2010

5. Share Capital *(continued)*

The 'A' Ordinary shares do not carry any voting rights, are limited to par value and have independent dividend rights. In a winding up the repayment rights of each share will be restricted to 0.002% of the net assets.

6. Ultimate Parent Company

The company's ultimate parent company is Sparxent Inc, a company incorporated in the United States of America. Copies of the accounts may be obtained from the Chief Financial Officer, 3300 Irvine Avenue, Suite 261, Newport Beach, CA 92660.