



Annual Report & Accounts

2009



CUSTOMER SYSTEMS GROUP
RESULTS SUMMARY TABLE

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Turnover	£	343,741	1,516,055	3,316,133	5,136,166	5,213,752	4,476,879	5,187,766	5,558,813	5,282,401	6,004,655	5,488,385
% growth			341.0%	118.7%	54.9%	1.5%	-14.1%	15.9%	7.2%	-5.0%	13.7%	-8.6%
Profit before Tax	£	37,262	587,252	1,455,984	2,066,282	1,878,909	1,492,433	2,046,506	2,314,379	2,316,749	2,670,122	2,449,217
% growth			1476.0%	147.9%	41.9%	-9.1%	-20.6%	37.1%	13.1%	0.1%	15.3%	-8.3%
Pre-tax margin		10.8%	38.7%	43.9%	40.2%	36.0%	33.3%	39.4%	41.6%	43.9%	44.5%	44.6%
Profit after tax	£	29,253	431,624	1,032,784	1,434,884	1,315,236	1,043,278	1,425,244	1,608,932	1,624,472	1,864,503	1,771,490
Dividends per share (pence)		0	0	5.4	9	11.2	9.25	12.5	12.5	18.25	17	15.9
Earnings per share (pence)		0.30	4.18	9.46	12.75	11.61	9.18	12.53	14.10	14.20	16.25	15.40

The weighted average number of shares used in the calculations of earnings per share and dividends per share has been re-based for the years 1999 to 2002 to account for a bonus issue and share split in April 2002.

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BUSINESS PROFILE

Customer Systems plc was founded in February 1998 and our core business is as a high-quality, specialised supplier of IT consulting services. Our first major focus is on the implementation of the market-leading Siebel CRM software now available from Oracle Corporation subsequent to their acquisition of Siebel Systems. CRM or Customer Relationship Management refers to a style of packaged software which started to become very popular around the 1998 period in Europe and, perhaps, a year earlier in the USA, having been little heard of before that.

This style of software deals with the interactions that organisations have with their customers and prospects, and is sometimes alternatively known as “front-office” software. It embraces the software used by operatives in a call-centre, systems designed to optimise and automate the marketing process, and systems by which large organisations achieve enterprise-wide control of their sales operations. It can also encompass field service and other areas of customer support. The Siebel software suite has been the most successful and is the gold-standard by which other CRM packages are judged.

Our role is to implement this software and to customise it to fit the needs of individual clients. We can handle full implementation projects from requirements definition through to delivery and testing, or smaller sub-projects involving the application of very intense technical expertise to particular areas, or rescue missions where other consultancies' attempts to implement Siebel have gone wrong. Additionally, we have extended this to the provision of our own training courses which embody the highly advanced techniques we have developed through our consulting work. For some clients, we provide a support service whereby a copy of their special customised software is kept in our office, after the implementation phase is over, and they can call us for telephone response and bug-fixing for any problems that arise.

Our second major area of focus is on business intelligence, data warehousing and reporting software where we have developed rare skills in advanced tools such as Oracle Business Intelligence Enterprise Edition. This product is manifested in the Siebel world as a product called Siebel Analytics, but we do not confine ourselves purely to working with Siebel-based data. Business intelligence can be tackled on an enterprise-wide multi-source basis using these tools. We have also developed skills and techniques in the use of Oracle BI Publisher and the Actuate information delivery tool.

We have always aimed to be at the high-quality end of the market, providing successful results to clients who place a high value on guaranteed success. Our customers generally include nearly all of the largest players in each market sector.

We have made it a speciality to take in new employees with no experience of the software products with which we work, selecting instead for intelligence, determination and the ability to learn new software products and tools very fast.

What we do is not easy. We have made a significant differentiator out of bringing truly effective skills to bear on the missions we tackle.

Our offices are in Chertsey in the UK and Iselin, New Jersey in the USA. We have delivered our services to customers in 30 countries across Europe, North America, Asia, Africa and Australasia.

For some years our shares were quoted on the Plus/OFEX market but on the 9th September 08, we left the market due to inadequate liquidity and so trading in our shares is now only by private arrangement between shareholders, though the directors are happy to endeavour to put people in touch with each other.

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Actuate is a trademark of Actuate Corporation

CHAIRMAN'S STATEMENT FOR THE CONSOLIDATED GROUP RESULTS

For the year ended 31 January 2009

Following record revenues and profits announced in last year's annual report, we close this year with very good results but not on the same scale as last year, and it is likely that the reduction in corporate expenditure associated with the credit crunch is having some effect on our business.

Our revenues and profits in the fourth quarter were significantly less than in each of the first three quarters, and this has had an effect on the year's total figures.

Nevertheless, I must stress that even the quarter four figures are clearly those of a very healthy, profitable and cash-generative business. They merely lose some of their gloss when compared with our previous figures.

I would like to thank all our staff for their contributions to another very good set of results.

RESULTS IN BRIEF

Revenues for the period were 8.60% lower at £5.49m (previous year: £6.00m). Profit before tax for the period decreased 8.3% to £2.45m (previous year: £2.67m) giving a pre-tax margin of 44.6% (previous year: 44.5%). Earnings per share were 5.2% lower at 15.40 pence (previous year: 16.25 pence).

Examining the fourth quarter in isolation, revenues were £1.14m and profit before tax was £0.47m which equates to a pre-tax margin of 40.7%.

Our balance sheet remains very strong with a cash balance at the end of the period of £0.93m after the payment of significant dividends, and with net assets of £1.11m and a surplus of current assets over current liabilities of £1.09m.

DIVIDENDS

The company paid a first interim dividend of 8 pence net per share in April 2008, followed by a second interim dividend of 7.9 pence net per share in October 2008, making a total for the year of 15.9 pence net per share. This compares with the total dividend payment for last year of 17 pence net per share.

It remains our policy to pay only interim dividends in order to simplify administration, and it remains our policy to take surplus cash out of the company and pay it to shareholders unless we can see a reasonably immediate use for the cash for investment purposes, eg for a prospective acquisition. If we did identify a significant acquisition we wanted to make, this could result in one or more dividends being reduced or missed. Our normal routine is to make dividend payments in April and October of each year.

BUSINESS PROGRESS

We are accustomed to a fluctuating level of demand and our business copes very well with it, having an inbuilt resilience, partly due to our high net margin and partly due to the breadth of our customer base. This means that, where other companies find themselves teetering on the edge during downturns in demand, we simply report slightly less excellent figures and use the partial "dead time" of our consultants to allow them to absorb additional skills and product knowledge.

The first three quarters of the financial year just finished were very much "business as usual", but the fourth quarter saw a drop in revenues of a little over 20% compared with the first three quarters. Our customers are heavily skewed towards relatively recession-proof sectors such as pharmaceuticals, consumer products and government, with only a small exposure to the financial services market.

CHAIRMAN'S STATEMENT FOR THE CONSOLIDATED GROUP RESULTS

For the year ended 31 January 2009

These relatively recession-proof customers have reacted to the credit crunch and associated recession in a balanced way. They have not cancelled valuable programs or declared blanket development bans. But, instead, they have tended to slightly reduce the level of ambition of some projects, and to exercise a little extra caution and prudence in evaluating projects before starting. The practical outcome is that almost all the projects go ahead but sometimes slightly later than intended and sometimes slightly smaller than intended.

As always, the majority of our customers are major corporations and government organisations that everyone has heard of. Many of them are visible on the customer comments page of our website. As always, the majority of them do business with us year after year, generally involving us in many projects, sometimes with gaps in between. We have one household name customer that has been using our services on and off for the entire 11 years of our existence.

In the financial year, we provided services to 61 customers, 15 (25%) of whom were new customers gained during the year, and 46 (75%) of whom were customers we had previously worked with. However, 92% of the year's business was repeat business i.e. business done for customers who had engaged us in previous years. The difference arises because new customers often start us on fairly small engagements and then grow their use of our services as time progresses.

US revenues represented 15.6% of the total as compared with 10.2% in the previous year and there was a fairly consistent upward trend in US revenues throughout the year. The manager of our US operation is confident that this trend will continue strongly through the new financial year and it will be a great credit to him and his team if they achieve this. The UK represented 75.5% of revenues and the figure for mainland Europe was 8.7%.

Our first assignment in South Africa brings the number of countries we have supplied services in to 30, stretching across Europe, North America, Asia, Australasia and Africa.

We are investing a small amount of money in exploring the Australia/New Zealand market with a view to opening an operation there if the market will support it. We have a full-time employee on the ground there selling our differentiators and he has several interesting prospects.

On the recruitment side, matters are becoming slightly easier. However, the overall output of the UK education system is not really much better than in the last few years. There are still hordes of graduates in non-academic subjects emerging to work as shop assistants and bar staff. And there are still many graduates in serious subjects emerging with firsts and upper-seconds from Russell Group universities knowing absolutely nothing about their subjects except, if you're lucky, the names of the course modules they chose.

The easing of the pain arises due to the elimination of many competitors for the few really great graduates emerging from the system. Many investment banks and a number of other consultancies have substantially ramped back their graduate recruitment this year, whereas we are still going at it with gusto, and achieving some pleasing results.

SHARE LIQUIDITY AND THE PLUS MARKET

On the 9th September 08, we completed our exit from the PLUS/OFEX market after 6 years of membership during which we perceived the liquidity and level of trading in our shares to be disappointingly low and gradually falling. Shares can now only be traded by private arrangement between shareholders and the directors are happy to try to put willing buyers and willing sellers in touch with each other. At the moment, no stock exchange appears to exist which would offer us the right combination of liquidity and cost.

CHAIRMAN'S STATEMENT FOR THE CONSOLIDATED GROUP RESULTS

For the year ended 31 January 2009

OUTLOOK

We have an excellent set of prospects and we are putting a lot of energy into recruitment in order to ensure we have adequate manpower.

However, it is important that we be realistic in the current economic climate. It is unlikely that the final quarter of the financial year just finished will look like an aberrant negative blip. It is more likely that we will spend the next 1-2 years striving to progressively rebuild our revenues from the base level of that fourth quarter.

If all goes well, then a steady growth from that base level will feel like a success even if it means that the revenues for the forthcoming year do not match those of the year just closed - which did after all contain three good quarters and only one depressed one.

The point at which we can return to breaking records depends to some extent, of course, on the energy and skill with which we sell and market ourselves, but also to some extent on macroeconomic conditions and the speed with which they recover.

However, it is important to reiterate that our performance in non-record-breaking periods is still very good when looked at in terms of profitability and cash-generation and also very good when looked at in comparison to many other organisations. We have still made a profit in every month of our existence from our second month of trading onwards.

By contrast, one of our competitors (no longer with us) managed to exist for many years without ever making a profit in any month. Funded by irresponsible capital - which was plentiful a decade ago - they merely dined out on their shareholders' goodwill and optimism until those ran out. Indeed, one of the few good things that could be said about the current climate is that competitors funded by irresponsible capital are now rare.

Our relationship with the relevant people in Oracle remains strong and we are working with them on one very large prospective opportunity at the time of writing.

Though economic conditions are clearly a little dampened, we see opportunities pretty much wherever we look.

STEVE AUSTEN

9th March 2009

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 January 2009.

PRINCIPAL ACTIVITIES

The principal activity of the group is to provide highly specialised implementation consulting, operating alongside suppliers of leading application software packages.

The group also offers training and telephone support services and has developed some software products of its own.

The group's main focus is in the areas of customer relationship management systems and business intelligence.

BUSINESS REVIEW

There was a profit for the year after taxation amounting to £1,771,490 (2008: £1,864,503). Dividends of £1,830,242 (2008: £1,951,130) have been paid, resulting in a transfer from reserves of £58,752 (2008: transfer from reserves of £86,627).

For the majority of the business review, please see the business profile on page 2 of this document, the chairman's statement on pages 3 - 5 of this document and the results summary table on the inside front cover of this document.

In addition to the information contained in those sections, the principal risks associated with the business are:

1. The risk of not selling sufficient business at a sufficient price
2. The risk of costs rising so as to exceed the revenues
3. The risk of not recruiting sufficient numbers of the right capability of staff
4. The risk of failing to deliver what we have promised to our customers
5. The risk of our software partners not wishing to retain the same relationship with us
6. The risk of losing key personnel
7. Risks associated with legal actions, though none exist or are threatened at present
8. Risks associated with the acts of governments and their agents

DIRECTORS

The present membership of the Board is set out below.

The interests of the directors and their families in the shares of the company as at 31 January 2009 and 1 February 2008 were as follows:

REPORT OF THE DIRECTORS

DIRECTORS (CONTINUED)

	31 January 2009	1 February 2008
	1p ordinary shares	1p ordinary shares
Mr S N Austen	10,273,885	10,205,867
Mr D K Scattergood	435,200	375,200

On 3rd September 2008 Mr D K Scattergood exercised his remaining options (60,000) over £0.01 ordinary shares of the company. These options were exercised at 25 pence per share.

SUPPLIER PAYMENT POLICY

It is the group's policy to pay all valid supplier invoices promptly upon receipt and within agreed terms of payment. This policy means the group maintains no significant trade creditor balance.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Bishop Fleming have offered themselves for reappointment as auditors in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Mr S N Austen
Director
9th March 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUSTOMER SYSTEMS PLC

We have audited the group and parent company financial statements (the "financial statements") of Customer Systems plc for the year ended 31 January 2009 which comprise the principal accounting policies, the group profit and loss account, the balance sheets, the group cash flow statement and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This information comprises only the results summary table, the business profile, the chairman's statement and the report of the directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUSTOMER SYSTEMS PLC

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the group and the company as at 31 January 2009 and of the profit of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the financial statements.

BISHOP FLEMING
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS
16 QUEEN SQUARE
BRISTOL
BS1 4NT

9th March 2009

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year, and are set out below. The directors have reviewed the accounting policies adopted by the group and consider them to be the most appropriate.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and of its subsidiary undertakings (see note 5). The financial statements of each undertaking in the group have been prepared to 31 January 2009.

REVENUE

Turnover is the total amount receivable by the company for services provided, excluding VAT.

Revenue derived from support contracts is credited to the profit and loss account over the period to which the contract relates.

Revenue recognition relating to the sale of the group's own software products occurs at the point of delivery in the case of production software sold in such a manner that the obligation to supply is discharged simply by this delivery. However, where there is an inseparable obligation to modify this software for the client's specific needs, or to deliver additional services without which the standard product would be of no value to the client, then revenue recognition is phased in stages across the delivery process.

Revenue and costs relating to any unbilled completed consultancy days undertaken on a time and materials basis are recognised in the profit and loss account in the period in which they occur. Such unbilled revenue amounts are shown as accrued income on the balance sheet.

Revenue related to fixed price contracts, which are still in progress, is normally calculated by multiplying the percentage completion of the contract by the contract value, as long as the progress and the likely outcome can be assessed with a reasonable degree of certainty and accuracy. Percentage completion, for this purpose, is calculated as the value of effort expended to date divided by the total value of effort anticipated to be required from start to completion. Value of effort, for this purpose, is calculated using notional daily billing rates which reflect the relative values of the different seniorities of the consultants used and of the consultants anticipated to be needed for future work. This revenue calculation is applied to the contract as a whole, except where different parts of the contract are more accurately seen as operating independently of one another, in which case the calculation is applied separately to each part of the contract.

PRINCIPAL ACCOUNTING POLICIES

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected economic useful lives.

The rates generally applicable are:

Motor vehicles	25%
Plant, fixtures and fittings	25% - 50%
Computer equipment	33% - 50%

INVESTMENTS

Investments are included at cost.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future have occurred by the balance sheet date. No provision is made for deferred tax assets due to the uncertainty over the timing of their reversal. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

CONTRIBUTIONS TO PENSION SCHEMES

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the individual employees' schemes in respect of the accounting period.

LEASED ASSETS

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

FINANCIAL INSTRUMENTS

The group has financial instruments comprising cash, debtors and creditors. These financial instruments are recognised in the balance sheet at their net realisable value. Interest receivable is accrued and credited to the profit and loss account in the period to which it relates.

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 January 2009

	Note	2009 £	2008 £
Turnover	1	5,488,385	6,004,655
Administrative expenses		(3,071,353)	(3,402,410)
Operating profit		2,417,032	2,602,245
Interest receivable		32,185	67,877
Profit on ordinary activities before taxation	1	2,449,217	2,670,122
Tax on profit on ordinary activities	3	(677,727)	(805,619)
Profit for the financial year		1,771,490	1,864,503
Earnings per share - basic (pence)	4	15.40	16.25
Earnings per share - diluted (pence)	4	15.36	16.17

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

GROUP BALANCE SHEET

At 31 January 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	27,675	30,274
Current assets			
Debtors	7	672,324	916,853
Cash at bank and in hand		934,378	1,238,062
		1,606,702	2,154,915
Creditors: amounts falling due within one year	8	(521,078)	(1,028,138)
Net current assets		1,085,624	1,126,777
Total assets less current liabilities		1,113,299	1,157,051
Capital and reserves			
Called up share capital	9	115,412	114,812
Share premium account	10	72,718	58,318
Profit and loss account	10	925,169	983,921
Shareholders' funds	11	1,113,299	1,157,051

The financial statements were approved by the Board of Directors and authorised for issue on 9th March 2009.

Mr S N Austen
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

COMPANY BALANCE SHEET

At 31 January 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	27,675	30,274
Investments	5	6,001	6,001
		33,676	36,275
Current assets			
Debtors	7	630,976	370,067
Cash at bank and in hand		786,040	1,113,029
		1,417,016	1,483,096
Creditors: amounts falling due within one year	8	(449,856)	(425,932)
Net current assets		967,160	1,057,164
Total assets less current liabilities		1,000,836	1,093,439
Capital and reserves			
Called up share capital	9	115,412	114,812
Share premium account	10	72,718	58,318
Profit and loss account	10	812,706	920,309
Shareholders' funds		1,000,836	1,093,439

The financial statements were approved by the Board of Directors and authorised for issue on 9th March 2009.

Mr S N Austen
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

GROUP CASH FLOW STATEMENT

For the year ended 31 January 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	12	2,472,797	2,809,468
Returns on investments and servicing of finance			
Interest received		32,185	67,877
Taxation		(968,649)	(896,488)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(26,957)	(17,320)
Sale of tangible fixed assets		2,182	4,930
Equity dividends paid		(1,830,242)	(1,951,130)
Financing			
Issue of shares		15,000	2,375
(Decrease) / increase in cash	13	(303,684)	19,712

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity.

A geographical analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	4,142,437	4,785,492
Overseas	1,345,948	1,219,163
	5,488,385	6,004,655

An analysis of profit before tax by geographical market is given below:

	2009 £	2008 £
United Kingdom	1,848,582	2,127,990
Overseas	600,635	542,132
	2,449,217	2,670,122

An analysis of net assets at the balance sheet date by geographical market is set out below:

	2009 £	2008 £
United Kingdom	1,000,773	1,093,242
Overseas	112,526	63,809
	1,113,299	1,157,051

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (CONTINUED)

The profit on ordinary activities before taxation is stated after:

	2009 £	2008 £
Auditors' remuneration - audit services	12,883	7,650
- other services	3,659	3,500
Depreciation of tangible fixed assets, owned	29,556	51,871
Profit on disposal of tangible fixed assets	2,182	4,930
Net (gain) / loss on foreign currency translation	(76,793)	12,185

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit before dividends for the year was £1,722,639 (2008: £1,942,340). This includes a dividend from its subsidiary Customer Systems International Limited of £320,000 (2008: £272,000) and a dividend from its subsidiary Customer Systems UK Limited of £1,325,000 (2008: £1,620,000).

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2009 £	2008 £
Wages and salaries	2,023,719	2,087,310
Social security costs	231,754	262,235
Other pension costs	166,111	151,805
	2,421,584	2,501,350

The average number of employees of the group during the year was 38 (2008: 39).

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments	181,204	205,177
Pension contributions	97,524	96,720
	278,728	301,897

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

2 DIRECTORS AND EMPLOYEES (CONTINUED)

Emoluments in respect of the highest paid director were £136,895 (2008: £138,901). Pension contributions relating to the highest paid director were £21,789 (2008: £21,060).

During the year two directors (2008: two) participated in a money purchase pension scheme.

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	2009 £	2008 £
Corporation tax at 28.33% (2008: 30%)	669,753	807,433
Overseas tax	6,339	2,329
Adjustments in respect of prior years' corporation tax	1,635	(4,143)
	677,727	805,619

The factors affecting the tax charge for the year are set out below:

	2009 £	2008 £
Profit before taxation	2,449,217	2,670,122
Profit before taxation multiplied by standard rate of UK corporation tax at 28.33% (2008: 30%)	693,833	801,037
Effect of:		
Expenses not allowable for corporation tax purposes	2,236	(481)
Excess of capital allowances over depreciation	(2,814)	5,023
Marginal rate relief	(5,141)	(8,295)
Provision for UK tax in respect of foreign subsidiary	(9,244)	12,478
Adjustments in respect of prior years	1,635	(4,143)
Research and development tax credit	(2,778)	-
	677,727	805,619

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

4 EARNINGS PER SHARE

The number of shares used in the calculation is the weighted average number of shares in issue during the year.

	Profit after tax (Numerator)		Shares (Denominator)		Per share amount	
	2009 £	2008 £	2009 No.	2008 No.	2009 pence	2008 pence
BASIC EPS Profit attributable to ordinary shareholders	1,771,490	1,864,503	11,506,150	11,475,608	15.40	16.25
EFFECT OF DILUTIVE POTENTIAL SHARES Options	-	-	26,315	53,733	-	-
DILUTED EPS Profit attributable to ordinary shareholders plus assumed conversions	1,771,490	1,864,503	11,532,465	11,529,341	15.36	16.17

The comparative amounts for the number of dilutive potential share options has been adjusted to reflect the calculation of this figure in the current period on a weighted average basis, as required by FRS 22 Earnings per Share. Before adjustment, the comparative number of dilutive potential share options was 56,977 and the comparative number of shares used to calculate diluted EPS was 11,532,585, resulting in a comparative diluted EPS of 16.17p.

5 FIXED ASSET INVESTMENTS

The company	Shares in subsidiaries £
At 1 February 2008 and at 31 January 2009	6,001

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

5 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 January 2009 the company held 20% or more of the allotted share capital of the following:

	Class of share capital held	Proportion held	Country of incorporation	Nature of business
Subsidiaries				
Customer Systems International Limited	Ordinary shares	100%	England	IT consultancy
Customer Systems UK Limited	Ordinary shares	100%	England	IT consultancy
Customer Systems International, Inc.	Ordinary shares	100%	USA	IT consultancy

The holding in Customer Systems International, Inc. is an indirect holding by virtue of the company's holding in Customer Systems International Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

6 TANGIBLE FIXED ASSETS

The group and the company	Motor vehicles £	Plant, fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 February 2008	25,410	130,240	103,686	259,336
Additions	5,971	14,075	6,911	26,957
Disposals	(14,110)	-	(3,801)	(17,911)
At 31 January 2009	17,271	144,315	106,796	268,382
Depreciation				
At 1 February 2008	23,287	121,962	83,813	229,062
Provided in the year	3,015	8,753	17,788	29,556
Eliminated on disposals	(14,110)	-	(3,801)	(17,911)
At 31 January 2009	12,192	130,715	97,800	240,707
Net book amount at 31 January 2009	5,079	13,600	8,996	27,675
Net book amount at 31 January 2008	2,123	8,278	19,873	30,274

7 DEBTORS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade debtors	630,540	150,098	788,044	43,754
Amounts owed by group undertakings	-	453,542	-	297,735
Other debtors	729	-	2,014	-
Prepayments and accrued income	41,055	27,336	126,795	28,578
	672,324	630,976	916,853	370,067

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade creditors	11,660	10,152	28,142	28,110
Amounts owed to group undertakings	-	241,242	-	190,812
Corporation tax	111,023	23,356	401,945	4,543
Social security and other taxes	147,511	60,989	234,260	43,370
Accruals and deferred income	250,884	114,117	363,791	159,097
	521,078	449,856	1,028,138	425,932

9 SHARE CAPITAL

	2009 £	2008 £
Authorised 100 million 1p ordinary shares	1,000,000	1,000,000
Allotted, called up and fully paid 11,541,150 1p ordinary shares (31 January 2008: 11,481,150 1p ordinary shares)	115,412	114,812

Allotments during the year

The company made an allotment of 60,000 ordinary 1p shares during the year for a total consideration of £15,000. The difference between the consideration and the nominal value amounts to £14,400 and has been credited to the share premium account.

All these 60,000 allotted shares were in respect of options exercised by the highest paid director.

The company now has no options or warrants outstanding.

The company withdrew from the PLUS market on 9th September 2008. The market price of the shares at this date was 97.5p. The market price of the shares on 31 January 2008 was 136.5p.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

10 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Company profit and loss account £	Group profit and loss account £
At 1 February 2008	58,318	920,309	983,921
Premium on allotments during the year	14,400	-	-
Profit for the year	-	1,722,639	1,771,490
Dividends	-	(1,830,242)	(1,830,242)
At 31 January 2009	72,718	812,706	925,169

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	1,771,490	1,864,503
Dividends	(1,830,242)	(1,951,130)
	(58,752)	(86,627)
Issue of shares	15,000	2,375
Net decrease in shareholders' funds	(43,752)	(84,252)
Opening shareholders' funds	1,157,051	1,241,303
Closing shareholders' funds	1,113,299	1,157,051

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

12 NET CASH FLOW FROM OPERATING ACTIVITIES	2009 £	2008 £
Operating profit	2,417,032	2,602,245
Depreciation	29,556	51,871
Profit on sale of tangible fixed assets	(2,182)	(4,930)
Decrease in debtors	244,529	30,006
(Decrease) / increase in creditors	(216,138)	130,276
Net cash inflow from operating activities	2,472,797	2,809,468

13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2009 £	2008 £
(Decrease) / increase in cash in the year	(303,684)	19,712
Opening net funds	1,238,062	1,218,350
Closing net funds	934,378	1,238,062

14 ANALYSIS OF CHANGES IN NET FUNDS	At 1 February 2008 £	Cash flow £	At 31 January 2009 £
Cash at bank and in hand	1,238,062	(303,684)	934,378

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

15 LEASING COMMITMENTS

The group and the company

Operating lease payments amounting to £47,250 (2008: £47,250) are due within one year. The leases to which these amounts relate expire as follows:

	2009 Land and buildings £	2008 Land and buildings £
Between one and five years	47,250	47,250

This operating lease relates to the group's headquarters in Chertsey. The current lease expires on 31 May 2012.

16 ULTIMATE CONTROLLING RELATED PARTY

The ultimate controlling party is Mr S N Austen by virtue of his majority shareholding.

17 FINANCIAL INSTRUMENTS

The group has financial instruments comprising cash, debtors and creditors, which arise directly from its operations. The sole purpose of these financial instruments is to provide the working capital of the group. The fair values of the group's financial instruments are considered equal to their book value. Short term debtors and creditors are excluded from the following disclosures except the currency risk disclosures.

Interest rate risk

The group holds significant bank balances. The level of interest receivable on these balances is affected by changes in interest rates.

Liquidity risk

The group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2009

17 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

The group is exposed to translation and transaction foreign exchange risk by virtue of selling its services in overseas markets and by the maintenance of small cash balances in US dollars. The group chooses not to actively manage this exposure. At 31 January 2009 the group held cash balances in US dollars amounting to £59,376 (31 January 2008: £66,766), carried trade debtors denominated in US dollars of £124,977 (31 January 2008: £16,436) and had trade creditors denominated in US dollars of £1,505 (31 January 2008: £nil). At 31 January 2009 the group also carried trade debtors denominated in euros of £69,797 (31 January 2008: £62,123). All other financial assets and liabilities are denominated in sterling.

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions available under FRS 8 not to disclose transactions undertaken with its subsidiary undertakings.

The group's headquarters in Chertsey is owned by Mr S N Austen, a director. During the period rent of £47,250 (2008: £47,250) was paid to Mr Austen for the use of the premises.

19 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

Company registration number: 3509265

Registered office: 1 Guildford Street
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Surrey
KT16 9BG

Directors: Mr SN Austen
Mr DK Scattergood

Secretary: Mr JJ Rutt

Auditors: Bishop Fleming
Chartered Accountants
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Bristol
BS1 4NT

Registrars: Neville Registrars
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The ISIN code of our shares in the CREST system is IGB0032037870.

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