



Annual Report & Accounts

2010



**CUSTOMER SYSTEMS GROUP
RESULTS SUMMARY TABLE**

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	5,290,403
% growth			341.0%	118.7%	54.9%	1.5%	-14.1%	15.9%	7.2%	-5.0%	13.7%	-8.6%	-3.61%
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	2,247,257
% growth			1476.0%	147.9%	41.9%	-9.1%	-20.6%	37.1%	13.1%	0.1%	15.3%	-8.3%	-8.2%
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%	42.5%
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	1,654,890
Dividends per share (pence)		0	0	5.4	9	11.2	9.25	12.5	12.5	18.25	17	15.9	13.65
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	14.34

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. It is increasingly used by government organisations as well as private sector firms. In the context of a government user of Siebel, concepts such as customers and prospects translate into parallel concepts such as citizens contacting the relevant government organisation via a call-centre or via the internet.

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 2010

I am happy to be able to announce results for the financial year ended 31st January 2010 which show our business recovering well from the somewhat depressed level of turnover which we saw in the first half and especially in the first quarter of the year.

The mixture of different levels of business during the year results in a picture which is not particularly flattering when compared with the totals for the previous two years. However, there was a consistent and marked upward trend in revenues and profits throughout the year, and the run rate at the end of the year compares favourably with the best performance we have ever achieved.

As always, we have remained, throughout the year, a very profitable and cash-generative business. Even as our level of business bottomed out in the first quarter, this remained the case.

I would like to thank everyone in Customer Systems for their help in achieving another very good set of results, and in ensuring that our customers' projects are successful.

RESULTS IN BRIEF

Revenues for the period were 3.61% lower at £5.29m (previous year: £5.49m). Profit before tax for the period decreased 8.2% to £2.25m (previous year: £2.45m) giving a pre-tax margin of 42.5% (previous year: 44.6%). Earnings per share were 6.9 % lower at 14.34 pence (previous year: 15.4 pence).

Taken in isolation, quarter 4 represented £1.56m of revenue and £0.70m of profit before tax. Four quarters like that would make an excellent year.

Our balance sheet remains very strong with a cash balance at the end of the period of £0.98m after the payment of significant dividends, and with net assets of £1.19m and a surplus of current assets over current liabilities of £1.12m.

DIVIDENDS

As reported in our most recent interim report, we have changed our dividend policy in response to the newly announced 50% top rate of income tax and the related tax changes which remove the personal allowance from so-called "high earners", so producing extraordinarily high marginal rates of taxation.

It will be no surprise to the reader to hear that I believe these taxation measures to be an unwise brake on the incentive to enterprise and most likely counter-productive in terms of tax revenue raised. Our reaction will not be to cease to be enterprising but to alter our dividend policy accordingly.

We intend to have one further interim dividend before the end of the current tax year, and we will aim to pay out close to 100% of the distributable reserves as of the end of February 2010. We will then suspend dividend payments for the foreseeable future. We will look for more tax efficient ways of using the resulting cash for the benefit of shareholders and some of this will involve looking at ways to make use of the cash within the company.

BUSINESS PROGRESS

We saw an unnaturally low level of business in the first quarter of the year, though, as stated above, we remained profitable even during that period. Each successive quarter thereafter has seen an improvement in both revenues and profits to the point where our current level of business is approximately as good as we have ever seen.

CHAIRMAN'S STATEMENT FOR THE CONSOLIDATED GROUP RESULTSFor the year ended 31 January 2010

We are fortunate that our customers are generally at the more recession-proof end of the spectrum. They are disproportionately skewed towards pharmaceuticals, consumer products and government. The financial services sector represents only a small percentage. Our customers tend also to be large enough to have the robustness and momentum to ride out recessionary periods.

In addition, the services we provide allow mission-critical implementations to be successful and so our customers tend to value our services and are often unwilling to regard them as discretionary, even when there is pressure to cut costs.

Our US revenues represented 33.9% of the total as compared with 15.6% in the previous year. The manager of our US operation achieved a great deal in lifting the US revenues well above the low level which they had drifted down to. Unfortunately, in spite of his achievement, he recently decided to leave our employ and revert to a more technical role. Fortunately, the US revenues have continued to be healthy since his departure. We will ultimately seek to replace him, probably by internal promotion. However, for now, we are running the US business from the UK and this is not causing any significant problems. The professionalism of our US employees in continuing to perform at their normal high standard in spite of this is much appreciated.

We are embarking on legal action against a group of ex-employees for breaching their contracts with us. The board considers it important to protect the company's interests and to not allow these breaches to simply slide by. It is the company's policy to always pursue legal action vigorously whenever a breach is discovered. Historically, this approach has always proved successful. The costs of bringing the action or actions are not envisaged to be very large by the standards of the company's finances. As is common in these situations, a couple of counterclaims have been threatened.

We have taken advice from a QC who feels that the merits of our case are strong. Asked to comment on the threatened counter-claims, his response was somewhat scornful of their lack of merit.

It remains a challenge to recruit enough new joiners of the calibre we require. However, we are making some headway in this and have several people joining us over the next few months. The quality of CVs coming in has recently improved, as is normal at this time of the year. The trend recently has been for a burst of extra good quality CVs to appear in early June once the university exams are over.

OUTLOOK

We can never see our demand picture with great clarity more than 2-4 months into the future. Hence, our future success remains, as always, dependant on energetic and imaginative sales effort, and on the market not turning against us.

However, to the extent that we can see and interpret the future, demand is looking quite healthy, and we will need to keep up the energy on the recruitment side to be able to maximise the amount of business we can service.

STEVE AUSTEN**8th March 2010**

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 January 2010.

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 £1,654,890 (2009: £1,771,490). Dividends of £1,575,367 (2009: £1,830,242) have been paid, resulting in a transfer to reserves of £79,523 (2009: transfer from reserves of £58,752).

For the majority of the business review, please see the business profile on pages 2 - 3 of this document, the chairman's statement on pages 4 - 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
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 2010 and 1 February 2009 were as follows:

REPORT OF THE DIRECTORS

DIRECTORS (CONTINUED)

	31 January 2010	1 February 2009
	1p ordinary shares	1p ordinary shares
Mr S N Austen	10,273,885	10,273,885
Mr D K Scattergood	435,200	435,200

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
8th March 2010

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

Company registration number: 3509265

We have audited the group and parent company financial statements (the "financial statements") of Customer Systems plc for the year ended 31 January 2010 set out on pages 11 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Company registration number: 3509265

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 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.

Matthew Lee FCA (Senior Statutory Auditor)
for and on behalf of
BISHOP FLEMING
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

8th March 2010

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 2010.

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.

PRINCIPAL ACCOUNTING POLICIES

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 2010

	Note	2010 £	2009 £
Turnover	1	5,290,403	5,488,385
Administrative expenses		(3,045,291)	(3,071,353)
Operating profit		2,245,112	2,417,032
Interest receivable		2,145	32,185
Profit on ordinary activities before taxation	1	2,247,257	2,449,217
Tax on profit on ordinary activities	3	(592,367)	(677,727)
Profit for the financial year		1,654,890	1,771,490
Earnings per share - basic (pence)	4	14.34	15.40
Earnings per share - diluted (pence)	4	14.34	15.36

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 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	6	69,104	27,675
Current assets			
Debtors	7	1,047,569	672,324
Cash at bank and in hand		976,978	934,378
		2,024,547	1,606,702
Creditors: amounts falling due within one year	8	(900,829)	(521,078)
Net current assets		1,123,718	1,085,624
Total assets less current liabilities		1,192,822	1,113,299
Capital and reserves			
Called up share capital	9	115,412	115,412
Share premium account	10	72,718	72,718
Profit and loss account	10	1,004,692	925,169
Shareholders' funds	11	1,192,822	1,113,299

The financial statements were approved by the Board of Directors and authorised for issue on 8th March 2010.

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 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	6	69,104	27,675
Investments	5	6,001	6,001
		75,105	33,676
Current assets			
Debtors	7	1,009,431	630,976
Cash at bank and in hand		731,454	786,040
		1,740,885	1,417,016
Creditors: amounts falling due within one year	8	(1,546,031)	(449,856)
Net current assets		194,854	967,160
Total assets less current liabilities		269,959	1,000,836
Capital and reserves			
Called up share capital	9	115,412	115,412
Share premium account	10	72,718	72,718
Profit and loss account	10	81,829	812,706
Shareholders' funds		269,959	1,000,836

The financial statements were approved by the Board of Directors and authorised for issue on 8th March 2010.

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 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	12	2,135,128	2,472,797
Returns on investments and servicing of finance			
Interest received		2,145	32,185
Taxation		(456,488)	(968,649)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(62,818)	(26,957)
Sale of tangible fixed assets		-	2,182
Equity dividends paid		(1,575,367)	(1,830,242)
Financing			
Issue of shares		-	15,000
Increase / (decrease) in cash	13	42,600	(303,684)

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 2010

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:

	2010 £	2009 £
United Kingdom	3,382,289	4,142,437
Overseas	1,908,114	1,345,948
	5,290,403	5,488,385

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

	2010 £	2009 £
United Kingdom	1,436,728	1,848,582
Overseas	810,529	600,635
	2,247,257	2,449,217

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

	2010 £	2009 £
United Kingdom	994,423	1,000,773
Overseas	198,399	112,526
	1,192,822	1,113,299

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

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

The profit on ordinary activities before taxation is stated after:

	2010 £	2009 £
Auditors' remuneration - audit services	8,750	12,883
- other services	2,400	3,659
Depreciation of tangible fixed assets, owned	21,389	29,556
Profit on disposal of tangible fixed assets	-	2,182
Net loss / (gain) on foreign currency translation	57,479	(76,793)

The parent company has taken advantage of Section 408 of the Companies Act 2006 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 £844,490 (2009: £1,722,639). This includes a dividend from its subsidiary Customer Systems International Limited of £305,000 (2009: £320,000) and a dividend from its subsidiary Customer Systems UK Limited of £405,000 (2009: £1,325,000).

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2010 £	2009 £
Wages and salaries	1,858,936	2,023,719
Social security costs	217,038	231,754
Other pension costs	149,174	166,111
	2,225,148	2,421,584

The average number of employees of the group during the year was 33 (2009: 38).

Remuneration in respect of directors was as follows:

	2010 £	2009 £
Emoluments	184,493	181,204
Pension contributions	103,230	97,524
	287,723	278,728

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

2 DIRECTORS AND EMPLOYEES (CONTINUED)

Emoluments in respect of the highest paid director were £127,859 (2009: £136,895). Pension contributions relating to the highest paid director were £22,478 (2009: £21,789).

During the year two directors (2009: 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:

	2010 £	2009 £
Corporation tax at 28% (2009: 28.33%)	589,483	669,753
Overseas tax	6,497	6,339
Adjustments in respect of prior years' corporation tax	(3,613)	1,635
	592,367	677,727

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

	2010 £	2009 £
Profit before taxation	2,247,257	2,449,217
Profit before taxation multiplied by standard rate of UK corporation tax at 28% (2009: 28.33%)	629,232	693,833
Effect of:		
Expenses not allowable for corporation tax purposes	1,260	2,236
Excess of capital allowances over depreciation	(14,511)	(2,814)
Marginal rate relief	(4,616)	(5,141)
Provision for UK tax in respect of foreign subsidiary	(15,385)	(9,244)
Adjustments in respect of prior years	(3,613)	1,635
Research and development tax credit	-	(2,778)
	592,367	677,727

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

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	
	2010 £	2009 £	2010 No.	2009 No.	2010 pence	2009 pence
BASIC EPS Profit attributable to ordinary shareholders	1,654,890	1,771,490	11,541,150	11,506,150	14.34	15.40
EFFECT OF DILUTIVE POTENTIAL SHARES Options	-	-	-	26,315	-	-
DILUTED EPS Profit attributable to ordinary shareholders plus assumed conversions	1,654,890	1,771,490	11,541,150	11,532,465	14.34	15.36

5 FIXED ASSET INVESTMENTS

	Shares in subsidiaries £
The company	
At 1 February 2009 and at 31 January 2010	6,001

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

5 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 January 2010 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 2010

6 TANGIBLE FIXED ASSETS

The group and the company	Motor vehicles £	Plant, fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 February 2009	17,271	144,315	106,796	268,382
Additions	31,419	13,130	18,269	62,818
Disposals	-	-	(6,764)	(6,764)
At 31 January 2010	48,690	157,445	118,301	324,436
Depreciation				
At 1 February 2009	12,192	130,715	97,800	240,707
Provided in the year	4,752	5,359	11,278	21,389
Eliminated on disposals	-	-	(6,764)	(6,764)
At 31 January 2010	16,944	136,074	102,314	255,332
Net book amount at 31 January 2010	31,746	21,371	15,987	69,104
Net book amount at 31 January 2009	5,079	13,600	8,996	27,675

7 DEBTORS

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade debtors	1,013,084	225,736	630,540	150,098
Amounts owed by group undertakings	-	755,000	-	453,542
Other debtors	-	-	729	-
Prepayments and accrued income	34,485	28,695	41,055	27,336
	1,047,569	1,009,431	672,324	630,976

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade creditors	39,491	32,928	11,660	10,152
Amounts owed to group undertakings	-	1,227,615	-	241,242
Corporation tax	246,902	26,525	111,023	23,356
Social security and other taxes	194,492	59,498	147,511	60,989
Accruals and deferred income	419,944	199,465	250,884	114,117
	900,829	1,546,031	521,078	449,856

9 SHARE CAPITAL

	2010 £	2009 £
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 2009: 11,541,150 1p ordinary shares)	115,412	115,412

There were no allotments during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

10 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Company profit and loss account £	Group profit and loss account £
At 1 February 2009	72,718	812,706	925,169
Profit for the year	-	844,490	1,654,890
Dividends	-	(1,575,367)	(1,575,367)
At 31 January 2010	72,718	81,829	1,004,692

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	1,654,890	1,771,490
Dividends	(1,575,367)	(1,830,242)
	79,523	(58,752)
Issue of shares	-	15,000
Net increase / (decrease) in shareholders' funds	79,523	(43,752)
Opening shareholders' funds	1,113,299	1,157,051
Closing shareholders' funds	1,192,822	1,113,299

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

12 NET CASH FLOW FROM OPERATING ACTIVITIES	2010 £	2009 £
Operating profit	2,245,112	2,417,032
Depreciation	21,389	29,556
Profit on sale of tangible fixed assets	-	(2,182)
(Increase) / decrease in debtors	(375,245)	244,529
Increase / (decrease) in creditors	243,872	(216,138)
Net cash inflow from operating activities	2,135,128	2,472,797

13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2010 £	2009 £
Increase / (decrease) in cash in the period	42,600	(303,684)
Opening net funds	934,378	1,238,062
Closing net funds	976,978	934,378

14 ANALYSIS OF CHANGES IN NET FUNDS	At 1 February 2009 £	Cash flow £	At 31 January 2010 £
Cash at bank and in hand	934,378	42,600	976,978

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

15 LEASING COMMITMENTS**The group and the company**

Operating lease payments amounting to £47,250 (2009: £47,250) are due within one year. The leases to which these amounts relate expire as follows:

	2010 Land and buildings £	2009 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 2010

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 2010 the group held cash balances in US dollars amounting to £49,486 (31 January 2009: £59,376), carried trade debtors denominated in US dollars of £183,066 (31 January 2009: £124,977) and had trade creditors denominated in US dollars of £6,555 (31 January 2009: £1,505). At 31 January 2010 the group also carried trade debtors denominated in euros of £15,003 (31 January 2009: £69,797). 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 (2009: £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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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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