



Registered number: 2329182

richardson groves

Accountants, Business and Tax Consultants

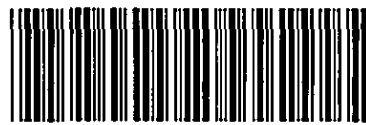
**Navisite Europe Limited**

**Audited**

**Directors' Report and Financial Statements**

**For the year ended 31 July 2007**

WEDNESDAY



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COMPANIES HOUSE

## **NAVISITE EUROPE LIMITED**

### **COMPANY INFORMATION**

#### **DIRECTORS**

A Becker  
J Gavin  
G M Ruhan

#### **COMPANY SECRETARY**

Business Control Limited

#### **COMPANY NUMBER**

02329182

#### **REGISTERED OFFICE**

Business Control Ltd  
Frome Road  
Red Lion Yard  
Odd Down  
Bath  
BA2 2PP

#### **AUDITORS**

Richardson Groves  
Registered Auditors  
Cleveland House  
Sydney Road  
Bath  
BA2 6NR

#### **BANKERS**

HSBC Bank Plc  
Kingston Upon Thames  
Surrey  
KT1 1NS

# **NAVISITE EUROPE LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3 - 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 13</b>

## **NAVISITE EUROPE LIMITED**

### **DIRECTORS' REPORT for the year ended 31 July 2007**

The directors present their report and the financial statements for the year ended 31 July 2007.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of the supply of application hosting services, together with the design and implementation of computerised sales management systems and related consultancy services.

#### **BUSINESS REVIEW**

The company work in many markets across the world focusing on companies in the following industries; Financial Services, Healthcare and Pharmaceuticals, Manufacturing and Distribution, Publishing, Media and Communications, Services and Software.

The principal risks facing the company include Centre Data Outage and risk of Terrorist attacks due to the highly sensitive information being stored. These risks are well mitigated through having various power sources, and being located in highly secure buildings. The company also employs highly trained staff to ensure that the high technology equipment is kept up to date.

The company has had a successful year reaching gross profits of over £2,000,000 and reducing administration expenses as a proportion of sales. It's growth over the financial year has meant that further premises are now needing to be occupied.

The current ratio has increased from 2.16 to 2.44 during the year, and gross margin has increased by 5.9%, largely resulting from an increase in return on assets from 0.02 to 0.65.

The current plans for the future are to continue to expand in the services offered, and also in the locations in which the services are available.

**NAVISITE EUROPE LIMITED**

**DIRECTORS' REPORT  
for the year ended 31 July 2007**

**RESULTS**

The profit for the year, after taxation, amounted to £484,049 (2006 - £17,305).

**DIRECTORS**

The directors who served during the year were:

A Becker  
J Gavin  
G M Ruhan

**PROVISION OF INFORMATION TO AUDITORS**

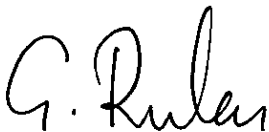
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Richardson Groves, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 12 May 2009 and signed on its behalf.



**G M Ruhan**  
Director

## **NAVISITE EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NAVISITE EUROPE LIMITED**

We have audited the financial statements of Navisite Europe Limited for the year ended 31 July 2007, set out on pages 5 to 13. 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 DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing 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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

**NAVISITE EUROPE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NAVISITE EUROPE LIMITED**

**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 company's affairs as at 31 July 2007 and of its profit 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 Directors' report is consistent with the financial statements.



**RICHARDSON GROVES**

Registered Auditors

Cleveland House  
Sydney Road  
Bath  
BA2 6NR

Date:

14 May 2009

# NAVISITE EUROPE LIMITED

## **PROFIT AND LOSS ACCOUNT** for the year ended 31 July 2007

	Note	2007 £	2006 £
<b>TURNOVER</b>	1,2	2,896,850	2,418,543
Cost of sales		(701,880)	(727,883)
<b>GROSS PROFIT</b>		2,194,970	1,690,660
Administrative expenses		(1,713,787)	(1,676,172)
<b>OPERATING PROFIT</b>	3	481,183	14,488
Interest receivable		3,553	2,817
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		484,736	17,305
Tax on profit on ordinary activities	7	(687)	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	484,049	17,305

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.



**NAVISITE EUROPE LIMITED**

**BALANCE SHEET  
as at 31 July 2007**

	Note	£	2007 £	£	2006 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		419,880		296,518
<b>CURRENT ASSETS</b>					
Debtors	9	1,235,023		645,081	
Cash at bank		130,034		44,501	
		<u>1,365,057</u>		<u>689,582</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	(558,636)		(319,313)	
<b>NET CURRENT ASSETS</b>			806,421		370,269
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,226,301</u>		<u>666,787</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11		(4,110,239)		(4,034,774)
<b>NET LIABILITIES</b>			<u>(2,883,938)</u>		<u>(3,367,987)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1,287		1,287
Share premium account	13		124,414		124,414
Profit and loss account	13		<u>(3,009,639)</u>		<u>(3,493,688)</u>
<b>SHAREHOLDERS' DEFICIT</b>	14		<u>(2,883,938)</u>		<u>(3,367,987)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

12 May 2009

*G. Pular*

**G M Ruhan**  
Director

The notes on pages 7 to 13 form part of these financial statements.

## **NAVISITE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007**

#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

##### **1.2 CASH FLOW**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.3 TURNOVER**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### **1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over the life of the lease
Office equipment	-	20-33% straight line

##### **1.5 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

##### **1.6 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### **1.7 REVENUE RECOGNITION**

The company recognises the revenue for application hosting contracts over the term of the contract. Expenditure, including initial set up costs, are also expended to the profit and loss account over the contract term.

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007

### 1. ACCOUNTING POLICIES (continued)

#### 1.8 GOING CONCERN

The directors report deficit funds of £2,199,097.

The ultimate parent company, Navisite Inc. has indicated it's continued support for the company for the foreseeable future on the basis that in the directors' opinion the going concern concept is appropriate to the preparation of these accounts.

### 2. TURNOVER

All turnover arose within the United Kingdom.

### 3. OPERATING PROFIT

The operating profit is stated after charging:

	2007 £	2006 £
Depreciation of tangible fixed assets:		
- owned by the company	184,957	160,642
Foreign exchange gain/loss	5,265	4,088
Other operating leases	411,104	359,462
	<u>          </u>	<u>          </u>

### 4. AUDITORS' REMUNERATION

	2007 £	2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	9,000	6,325
	<u>          </u>	<u>          </u>

### 5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2007 £	2006 £
Wages and salaries	870,958	871,900
Social security costs	134,420	113,824
Other pension costs	19,916	-
	<u>          </u>	<u>          </u>
	1,025,294	985,724
	<u>          </u>	<u>          </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2007 No.	2006 No.
	18	18
	<u>          </u>	<u>          </u>

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007

### 6. DIRECTORS' REMUNERATION

	2007 £	2006 £
Emoluments	-	11,097

### 7. TAXATION

	2007 £	2006 £
UK corporation tax charge on profit for the year	687	-

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	484,736	17,305
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 19%)	145,421	3,288
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	963	813
Capital allowances for year in excess of depreciation	(41,120)	(31,531)
Utilisation of tax losses	(104,531)	27,430
Reduction in other provisions	334	-
Differential in tax rates	(380)	-
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<b>687</b>	<b>-</b>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007

### 8. TANGIBLE FIXED ASSETS

	Improvements to property £	Office Equipment £	Total £
<b>COST</b>			
At 1 August 2006	89,390	2,027,546	2,116,936
Additions	-	308,319	308,319
	<hr/>	<hr/>	<hr/>
At 31 July 2007	89,390	2,335,865	2,425,255
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 August 2006	65,647	1,754,771	1,820,418
Charge for the year	6,948	178,009	184,957
	<hr/>	<hr/>	<hr/>
At 31 July 2007	72,595	1,932,780	2,005,375
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 July 2007	16,795	403,085	419,880
	<hr/>	<hr/>	<hr/>
At 31 July 2006	23,743	272,775	296,518
	<hr/>	<hr/>	<hr/>

### 9. DEBTORS

	2007 £	2006 £
Trade debtors	957,444	513,008
Amounts owed by related undertakings	7,255	7,255
Other debtors	30,678	30,678
Prepayments and accrued income	239,646	94,140
	<hr/>	<hr/>
	1,235,023	645,081
	<hr/>	<hr/>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	66,651	75,491
Corporation tax	832	145
Social security and other taxes	154,247	58,321
Other creditors	1,330	-
Accruals and deferred income	335,576	185,356
	<hr/>	<hr/>
	558,636	319,313
	<hr/>	<hr/>

**NAVISITE EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2007

**11. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007 £	2006 £
Amounts owed to group undertakings	4,110,239	4,034,774

Creditors include amounts not wholly repayable within 5 years as follows:

	2007 £	2006 £
Repayable other than by instalments	4,110,239	4,034,774

The above loans are unsecured from the parent company and the ultimate parent company. As such, they are interest free with no pre-determined repayment schedule.

**12. SHARE CAPITAL**

	2007 £	2006 £
<b>AUTHORISED</b>		
1,500 Ordinary shares of £1 each	1,500	1,500
	<u>2,087</u>	<u>2,087</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,287 Ordinary shares of £1 each	1,287	1,287

**13. RESERVES**

	Share premium account £	Profit and loss account £
At 1 August 2006	124,414	(3,493,688)
Profit for the year		484,049
At 31 July 2007	<u>124,414</u>	<u>(3,009,639)</u>

# NAVISITE EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007

### 14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2007 £	2006 £
Opening shareholders' deficit	(3,367,987)	(3,510,993)
Profit for the year	484,049	17,305
Shares issued during the year	-	1,287
Share premium on shares issued (net of expenses)	-	124,414
Closing shareholders' deficit	<u>(2,883,938)</u>	<u>(3,367,987)</u>

### 15. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,916 (2006 - £nil). Contributions totalling £1,330 (2006 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

### 16. OPERATING LEASE COMMITMENTS

At 31 July 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007 £	2006 £
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	358,255	15,300
After more than 5 years	-	315,929
	<u>358,255</u>	<u>315,929</u>

Since the year end, the company has entered into an additional annual non cancellable operating lease commitment which expires after more than 5 years, with annual payments totalling £127,972.

## **NAVISITE EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2007**

#### **17. RELATED PARTY TRANSACTIONS**

The company is a 100% subsidiary company of a group for which publicly available consolidated accounts are prepared and advantage has been taken of the exemption granted by Financial Reporting Statement Number 8 from the requirement to disclose details of transactions with related parties within the group.

These consolidated accounts are available from 400 Minuteman Road, Andover, Massachusetts 01810, USA.

A Ruhan, the CEO of Navisite Inc. is also a director in Clearblue Technologies (UK) Limited and Global Marine Systems Limited.

During the year, Navisite Europe Limited provided services to Global Marine Systems Limited totalling £109,690. At the year end, Global Marine Systems Limited owed Navisite Europe Limited £13,043.

During the year, Navisite Europe Limited provided services to Clearblue Technologies UK Limited totalling £66,270. At the year end, the whole amount was outstanding from Clearblue Technologies UK Limited. Navisite Europe Limited also owed Clearblue Technologies UK Limited a balance of £38,151, and has an amount accruing to them totalling £115,860.

#### **18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of Interliant UK Holdings Limited, which is registered in England and Wales.

The ultimate parent company is Navisite Inc. a company incorporated in the U.S.A.

The ultimate controlling party of the company is Navisite Inc.