



Registered number: 02329182

richardsongroves

Accountants, Business and Tax Consultants

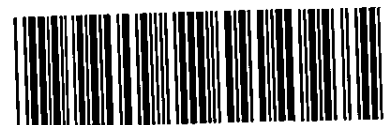
Navisite Europe Limited

Audited

Directors' Report and Financial Statements

For the year ended 31 July 2008

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COMPANIES HOUSE

NAVISITE EUROPE LIMITED

COMPANY INFORMATION

DIRECTORS

A Becker
J Gavin (resigned 25 September 2008)
G M Ruhan
J Pluntze (appointed 25 September 2008)

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

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NAVISITE EUROPE LIMITED

DIRECTORS' REPORT for the year ended 31 July 2008

The directors present their report and the financial statements for the year ended 31 July 2008.

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 works 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 another successful year reaching gross profits of over £5,000,000. Due to the growth, further premises have now been occupied

The current ratio has decreased from 2.44 to 0.64 during the year, and gross margin has remained the same as the previous year

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 2008**

RESULTS

The profit for the year, after taxation, amounted to £137,508 (2007 - £484,049)

DIRECTORS

The directors who served during the year were:

A Becker
J Gavin (resigned 25 September 2008)
G M Ruhan
J Pluntze (appointed 25 September 2008)

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

Under section 487 of the Companies Act 2006, Richardson Groves will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on

13/3/10

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 2008, set out on pages 5 to 14. 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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the company's ability to continue as a going concern and the continued support from the parent company. Details of the circumstances relating to this emphasis of matter are described in Note 19. Our opinion is not qualified in this respect.

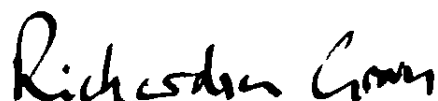
NAVISITE EUROPE LIMITED

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 2008 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 *16 March 2010*

NAVISITE EUROPE LIMITED

PROFIT AND LOSS ACCOUNT **for the year ended 31 July 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	5,824,748	2,896,850
Cost of sales		(1,003,766)	(701,880)
GROSS PROFIT		4,820,982	2,194,970
Administrative expenses		(4,009,132)	(1,713,787)
OPERATING PROFIT	3	811,850	481,183
Interest receivable		7,503	3,553
Interest payable	6	(679,644)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		139,709	484,736
Tax on profit on ordinary activities	7	(2,201)	(687)
PROFIT FOR THE FINANCIAL YEAR	13	137,508	484,049

All amounts relate to continuing operations

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account

The notes on pages 7 to 14 form part of these financial statements

NAVISITE EUROPE LIMITED

BALANCE SHEET as at 31 July 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible fixed assets	8	7,868,773	419,879
CURRENT ASSETS			
Debtors	9	2,864,255	1,235,024
Cash at bank		325,457	130,034
		<u>3,189,712</u>	<u>1,365,058</u>
CREDITORS: amounts falling due within one year	10	<u>(2,656,178)</u>	<u>(558,636)</u>
NET CURRENT ASSETS		533,534	806,422
TOTAL ASSETS LESS CURRENT LIABILITIES		8,402,307	1,226,301
CREDITORS: amounts falling due after more than one year	11	<u>(11,148,737)</u>	<u>(4,110,239)</u>
NET LIABILITIES		<u>(2,746,430)</u>	<u>(2,883,938)</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,287	1,287
Share premium account	13	124,414	124,414
Profit and loss account	13	<u>(2,872,131)</u>	<u>(3,009,639)</u>
SHAREHOLDERS' DEFICIT	14	<u>(2,746,430)</u>	<u>(2,883,938)</u>

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

13/3/10



G M Ruhan
Director

The notes on pages 7 to 14 form part of these financial statements

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

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

Improvements to property	-	over the term of the lease
Plant & machinery	-	20% straight line
Office equipment	-	20-33% straight line
Leasehold property	-	over the term of the lease

1.5 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 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.

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

1. ACCOUNTING POLICIES (continued)

1.7 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

1.8 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

1.9 GOING CONCERN

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

	2008 £	2007 £
Depreciation of tangible fixed assets		
- owned by the company	348,375	184,958
- held under finance leases	387,528	-
Foreign exchange gain/loss	15,304	5,265
Other operating leases	452,938	411,104
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2007 - £NIL)

4. AUDITORS' REMUNERATION

	2008 £	2007 £
Fees payable to the company's auditor for the audit of the company's annual accounts	18,650	9,000
	<u> </u>	<u> </u>

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

5. STAFF COSTS

Staff costs were as follows

	2008 £	2007 £
Wages and salaries	903,670	870,958
Social security costs	179,437	134,420
Other pension costs	13,580	19,916
	<u>1,096,687</u>	<u>1,025,294</u>

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

	2008 No	2007 No
	<u>18</u>	<u>18</u>

6. INTEREST PAYABLE

	2008 £	2007 £
On finance leases and hire purchase contracts	551,712	-
Interest on inter company loan	127,932	-
	<u>679,644</u>	<u>-</u>

7. TAXATION

	2008 £	2007 £
UK corporation tax charge on profit for the year	<u>2,201</u>	<u>687</u>

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

7. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2007 - the same as) the standard rate of corporation tax in the UK (30%) as set out below

	2008 £	2007 £
Profit on ordinary activities before tax	139,709	484,736
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	170,446	145,421
EFFECTS OF:		
Expenses not deductible for tax purposes	64	963
Capital allowances for year in excess of depreciation	102,190	(41,120)
Utilisation of tax losses	(51,535)	(104,531)
Other short term timing differences	15,030	334
Tax adjustments	(234,669)	(380)
Under provision of current tax	675	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	2,201	687

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Office Equipment £	Leasehold property £	Total £
COST					
At 1 August 2007	89,390	-	2,335,865	-	2,425,255
Additions	-	43,189	774,538	7,367,070	8,184,797
At 31 July 2008	89,390	43,189	3,110,403	7,367,070	10,610,052
DEPRECIATION					
At 1 August 2007	72,595	-	1,932,781	-	2,005,376
Charge for the year	8,449	-	339,926	387,528	735,903
At 31 July 2008	81,044	-	2,272,707	387,528	2,741,279
NET BOOK VALUE					
At 31 July 2008	8,346	43,189	837,696	6,979,542	7,868,773
At 31 July 2007	16,795	-	403,084	-	419,879

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

8. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2008 £	2007 £
Land and buildings	6,979,542	-

9. DEBTORS

	2008 £	2007 £
Trade debtors	2,258,656	957,445
Amounts owed by undertakings in which the company has a participating interest	14,506	7,255
Other debtors	75,412	30,678
Prepayments and accrued income	515,681	239,646
	<u>2,864,255</u>	<u>1,235,024</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Net obligations under finance leases and hire purchase contracts	384,645	-
Trade creditors	444,432	66,651
Corporation tax	3,033	832
Social security and other taxes	199,056	154,247
Other creditors	11,523	1,330
Accruals and deferred income	1,613,489	335,576
	<u>2,656,178</u>	<u>558,636</u>

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

	2008 £	2007 £
Net obligations under finance leases and hire purchase contracts	6,800,766	-
Amounts owed to group undertakings	127,085	129,585
Amounts owed to related company	4,220,886	3,980,654
	<u>11,148,737</u>	<u>4,110,239</u>

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	2008 £	2007 £
Repayable other than by instalments	4,347,971	4,110,239

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2008 £	2007 £
Between one and five years	6,800,766	-

The above loans are unsecured from the parent company and the ultimate parent company and as such, there is no pre-determined repayment schedule

12. SHARE CAPITAL

	2008 £	2007 £
AUTHORISED		
1,500 Ordinary shares of £1 each	1,500	1,500
587 Ordinary "A" Shares shares of £1 each	587	587
	<u>2,087</u>	<u>2,087</u>
ALLOTTED, CALLED UP AND FULLY PAID		
1,287 Ordinary shares of £1 each	<u>1,287</u>	<u>1,287</u>

13. RESERVES

	Share premium account £	Profit and loss account £
At 1 August 2007	124,414	(3,009,639)
Profit for the year		137,508
	<u>124,414</u>	<u>(2,872,131)</u>
At 31 July 2008		

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2008

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2008 £	2007 £
Opening shareholders' deficit	(2,883,938)	(3,367,987)
Profit for the year	137,508	484,049
	<hr/>	<hr/>
Closing shareholders' deficit	<u>(2,746,430)</u>	<u>(2,883,938)</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 £13,580 (2007 - £19,916). Contributions totalling £1,330 (2007 - £1,330) were payable to the fund at the balance sheet date and are included in creditors.

16. OPERATING LEASE COMMITMENTS

At 31 July 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
EXPIRY DATE:		
Between 2 and 5 years	<u>357,907</u>	<u>358,255</u>

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.

G Ruhan is a director of Global Marine Systems Limited. His brother A Ruhan is a director of Sentrum Services Limited and owns Sentrum III Limited.

During the year, Navisite Europe Limited provided services to Global Marine Systems Limited totalling £66,600 (2007: £109,690). At the year end, Global Marine Systems Limited owed Navisite Europe Limited £7,492 (2007: £13,043).

During the year, Navisite Europe Limited purchased services from Sentrum Services Limited of £187,154 (2007: £NIL) and from Sentrum III Limited of £1,467,596 (2007: £NIL). At the year end, Navisite Europe Limited owed £NIL to Sentrum Services Limited (2007: £NIL) and £37,522 to Sentrum III Limited (2007: £NIL).

NAVISITE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2008

18. POST BALANCE SHEET EVENTS

During January 2010 the finance lease has been renegotiated and will therefore change to be recognised as an operating lease

This will affect note 8 Tangible Fixed Assets and note 16 Operating Lease Commitments

19. 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