

Andrew Kain Enterprises Ltd

ABBREVIATED ACCOUNTS

for the year ended

28 February 2005



Andrew Kain Enterprises Ltd

ABBREVIATED ACCOUNTS

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AUDITOR'S REPORT TO ANDREW KAIN ENTERPRISES LTD PURSUANT TO
SECTION
247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 7, together with the financial statements of the company for the year ended 28 February 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company 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 the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 3 to 7 are properly prepared in accordance with those provisions.

Other information

On 28 February 2006 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 28 February 2005, and the full text of our audit report is reproduced below:

"We have audited the financial statements on pages 5 to 15.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

AUDITOR'S REPORT TO ANDREW KAIN ENTERPRISES LTD PURSUANT TO
SECTION
247B OF THE COMPANIES ACT 1985 ANDREW KAIN ENTERPRISES LTD
PURSUANT
TO SECTION 247B OF THE COMPANIES ACT 1985

FULL TEXT OF AUDIT REPORT (CONTINUED)

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. 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. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 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.

FUNDAMENTAL UNCERTAINTY

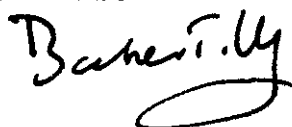
We draw attention to the facts disclosed in note 14 to the accounts. The accounts have been prepared on a going concern basis, however the appropriateness of this basis is dependent on the continued support of the company's and group's bankers and other creditors, and the matters referred to in note 14 to the accounts.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities. Our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 February 2005 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

BAKER TILLY
Registered Auditor
Chartered Accountants
Elgar House
Holmer Road
Hereford HR4 9SF
28 February 2006



Andrew Kain Enterprises Ltd

ABBREVIATED BALANCE SHEET

28 February 2005

	Notes	2005 £	2004 £
FIXED ASSETS	1		
Intangible assets		126,090	101,641
Tangible assets		172,315	456,663
Investments		673	673
		<u>299,078</u>	<u>558,977</u>
CURRENT ASSETS			
Stocks		26,399	47,679
Debtors		1,047,381	816,546
Cash at bank and in hand		19,801	4,660
		<u>1,093,581</u>	<u>868,885</u>
CREDITORS amounts falling due within one year	2	(1,303,159)	(892,956)
NET CURRENT LIABILITIES		<u>(209,578)</u>	<u>(24,071)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		89,500	534,906
CREDITORS amounts falling due after more than one year		(69,000)	(69,000)
		<u>20,500</u>	<u>465,906</u>
CAPITAL AND RESERVES			
Called up equity share capital	3	48,200	48,200
Share premium account		174,800	174,800
Profit and loss account		(202,500)	242,906
SHAREHOLDERS' FUNDS		<u>20,500</u>	<u>465,906</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 28 February 2006 and are signed on their behalf by:

Mr A A Kain
Director



Andrew Kain Enterprises Ltd

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

CONSOLIDATION

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Software development is still ongoing and this expenditure will be amortised over its useful life when it has been completed. Revenues are now being generated by this asset and are expected to be substantially greater than the total development cost.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

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

Fixtures, Fittings & Equipment	- 20% reducing balance
Motor Vehicles	- 25% reducing balance

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

FOREIGN CURRENCIES

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

Andrew Kain Enterprises Ltd

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 28 February 2005

1 FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Loans & Investments £	Total £
Cost				
At 1 March 2004	101,641	582,448	673	684,762
Additions	24,449	19,049	204,107	247,605
Disposals	—	(258,503)	—	(258,503)
At 28 February 2005	<u>126,090</u>	<u>342,994</u>	<u>204,780</u>	<u>673,864</u>
Depreciation and amounts written off				
At 1 March 2004	—	125,785	—	125,785
Charge for year	—	49,985	204,107	254,092
On disposals	—	(5,091)	—	(5,091)
At 28 February 2005	<u>—</u>	<u>170,679</u>	<u>204,107</u>	<u>374,786</u>
Net book value				
At 28 February 2005	<u>126,090</u>	<u>172,315</u>	<u>673</u>	<u>299,078</u>
At 29 February 2004	<u>101,641</u>	<u>456,663</u>	<u>673</u>	<u>558,977</u>

Andrew Kain Enterprises Ltd

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 28 February 2005

1 FIXED ASSETS *(continued)*

The company owns more than 20% of the equity (and no other share or loan capital) of the following undertakings:-

Subsidiary Undertakings

Class of holding and proportion held

A K E Limited	Ordinary	100%
A.K.E Group Limited	Ordinary	100%
A K E LLC	Ordinary	51%
Global Intake Limited	Ordinary	100%
A K E Special Risks Limited	Ordinary	100%
Intake Limited	Ordinary	50%
AKE Asia Pacific PTY Limited	Ordinary	80%

Aggregate capital and reserves	2005	2004
A K E Limited	100	100
A.K.E Group Limited	1	1
Global Intake Limited	1	1
Intake Limited	1,000	1,000

Profit and (loss) for the year

A K E Limited	—	—
A.K.E Group Limited	—	—
Global Intake Limited	—	—
Intake Limited	—	—

A K E Limited, A K E Group Limited, Global Intake Limited and Intake Limited are all companies incorporated in England and Wales and were all Dormant during the year. Since the year end an application to strike off Intake Limited has been made under section 652a of the Companies Act 1985. The final dissolution of this company took place on 25 October 2005.

A K E Special Risks Limited was incorporated in England and Wales on 10 October 2003. The company has traded since as a Company brokering personal accident, death and disability insurance. The first period of accounts to 28 February 2005 show a loss of £28,267 and negative Capital and Reserves at 28 February 2005 of £28,266.

AKE Asia Pacific PTY Limited is a Company incorporated in Australia. The accounts to 28 February 2005 show a profit for the period of Aus \$56,132 (30 June 2004:Aus \$213,686) and Capital and Reserves at 28 February 2005 of Aus \$289,289 (30 June 2004:Aus \$233,157).

A K E LLC is a Company incorporated in America. The accounts to 28 February 2005 show a loss for the period of \$456,236 (2004: \$Nil) and Capital and Reserves at 28 February 2005 of (\$456,236) 2004 : \$Nil).

Andrew Kain Enterprises Ltd

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 28 February 2005

2 CREDITORS amounts falling due within one year

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

	2005	2004
	£	£
Bank loans and overdrafts	<u>453,199</u>	<u>256,339</u>

3 SHARE CAPITAL

	2005	2004
	£	£
Authorised:		
1,000,000 Ordinary shares of £0.10 each	<u>100,000</u>	<u>100,000</u>
	2005	2004
	£	£
Allotted, called up and fully paid:		
482,000 Ordinary shares of £0.10 each	<u>48,200</u>	<u>48,200</u>

4 GOING CONCERN

As a result of the loss incurred in the year the company's current liabilities exceeded its current assets at 28 February 2005 by £209,578. In view of this position and the significant loss incurred in the year to 28 February 2005, the Directors have taken action to restore the company to profitability and to re-organise its overseas operations with a view to achieving profitable growth within available financial resources.

In addition the company has issued £50,000 additional share capital since 28 February 2005 and secured loan funding of a further £200,000. The company's financial forecasts indicate that it has sufficient financial resources to continue trading satisfactorily, in accordance with its business plan, for the foreseeable future.