

Company Registration No. 02693027 (England and Wales)

**iREVOLUTION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2003**



# **IREVOLUTION LIMITED**

## **COMPANY INFORMATION**

---

### **Directors**

E.J. Halpin  
W.J. Aiken  
J. Metcalf (Appointed 28 August 2003)  
M.A. Sharples (Appointed 28 August 2003)

### **Secretary**

W.B. Homan-Russell

### **Company number**

02693027

### **Registered office**

First Floor  
Station House  
4-8 High Street  
West Drayton  
Middlesex  
UB7 7DJ

### **Auditors**

Moore Rowland Warrington  
35/37 Wilson Patten Street  
Warrington  
Cheshire  
WA1 1PG

### **Bankers**

National Westminster Bank plc  
PO Box 14, 23 Sankey Street  
Warrington  
Cheshire  
WA1 1XH

---

# **iREVOLUTION LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 15

---

# **iREVOLUTION LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2003**

---

The directors present their report and financial statements for the period ended 31 August 2003.

### **Principal activities and review of the business**

The principal activity of the company continued to be that of computer services, providing both traditional business oriented systems integration and software as a service enablement and delivery solutions.

PARAGRAPH TO BE INSERTED BY DIRECTORS.

### **Results and dividends**

The results for the period are set out on page 5.

The directors do not recommend the payment of a dividend (2002 £: £nil).

### **Directors**

The following directors have held office since 1 October 2002:

E.J. Halpin	
W.J. Aiken	
A.C. Callender	(Resigned 28 August 2003)
S.C. Papworth	(Resigned 28 August 2003)
A.L. Calpin	(Resigned 28 August 2003)
J. Metcalf	(Appointed 28 August 2003)
M.A. Sharples	(Appointed 28 August 2003)

No rights to subscribe for shares or debentures have been granted or exercised during the year.

### **Directors' interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 10p each	
	31 August 2003	1 October 2002
E.J. Halpin	-	-
W.J. Aiken	-	-
J. Metcalf	-	-
M.A. Sharples	-	-

### **Auditors**

Moore Rowland Warrington were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

# **iREVOLUTION LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003**

---

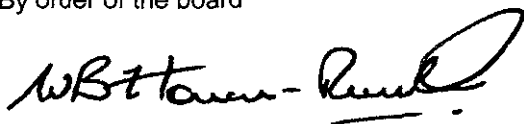
### **Directors' responsibilities**

Company law 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 of the profit or loss of the company 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board



W.B. Homan-Russell

**Secretary**

19 July 2004

# **IREVOLUTION LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IREVOLUTION LIMITED**

---

We have audited the financial statements of IREVOLUTION LIMITED on pages 5 to 15 for the period ended 31 August 2003. These financial statements have been prepared under the historical cost convention and 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 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 auditors**

As described in the statement of directors' responsibilities on page 2 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 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 United Kingdom 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.

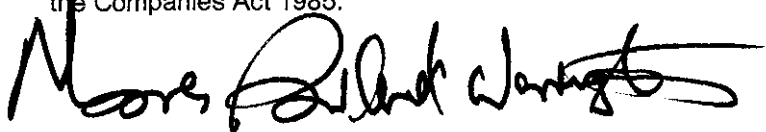
# **IREVOLUTION LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF IREVOLUTION LIMITED**

---

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Moors Rowland Warrington**

19 July 2004

Chartered Accountants

**Registered Auditor**

35/37 Wilson Patten Street  
Warrington  
Cheshire  
WA1 1PG

# IREVOLUTION LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2003

		Period ended 31 August 2003 £	Year ended 30 September 2002 £
	Notes		
Turnover	2	3,029,175	4,868,853
Cost of sales		(2,604,015)	(5,177,837)
<b>Gross profit/(loss)</b>		425,160	(308,984)
Administrative expenses		(1,635,711)	(4,364,104)
<b>Operating loss</b>	3	(1,210,551)	(4,673,088)
Parent company loan written off		1,761,494	-
<b>Profit/(loss) on ordinary activities before interest</b>		550,943	(4,673,088)
Other interest receivable and similar income	4	-	73,871
Interest payable and similar charges	5	(25,237)	(71,793)
<b>Profit/(loss) on ordinary activities before taxation</b>		525,706	(4,671,010)
Tax on profit/(loss) on ordinary activities	6	-	56,628
<b>Profit/(loss) on ordinary activities after taxation</b>	14	525,706	(4,614,382)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

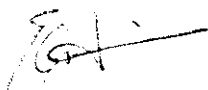


# IREVOLUTION LIMITED

## BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	7		267,946		765,935
<b>Current assets</b>					
Debtors	9	757,890		1,172,686	
Cash at bank and in hand		164,284		786,366	
		<u>922,174</u>		<u>1,959,052</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(781,242)</u>		<u>(1,818,511)</u>	
<b>Net current assets</b>			140,932		140,541
<b>Total assets less current liabilities</b>			<u>408,878</u>		<u>906,476</u>
<b>Creditors: amounts falling due after more than one year</b>	11		-		(1,023,304)
			<u>408,878</u>		<u>(116,828)</u>
<b>Capital and reserves</b>					
Called up share capital	13	1,750,000		1,750,000	
Share premium account	14	7,290,565		7,290,565	
Profit and loss account	14	(8,631,687)		(9,157,393)	
<b>Shareholders' funds - equity interests</b>	15		<u>408,878</u>		<u>(116,828)</u>

The financial statements were approved by the Board on 19 July 2004

  
E.J. Halpin  
Director

# **IREVOLUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2003**

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards.

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT 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 less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% Straight line basis
Fixtures, fittings & equipment	20-33% Straight line basis

#### **1.5 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 17.

#### **1.7 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### **1.8 Foreign currency translation**

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 profit and loss account.

#### **1.9 Cash flow statement**

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking and its ultimate holding company publishes consolidated financial statements including a cash flow statement.

# iREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

### 1 Accounting policies

(continued)

#### 1.10 Consolidation

As iRevolution Limited is a wholly owned subsidiary it has not prepared consolidated accounts for itself and its subsidiaries as it is exempt from the obligation to prepare and deliver group accounts. Accordingly these financial statements present information about the company as an individual entity and not as a group.

### 2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating loss

	2003 £	2002 £
Operating loss is stated after charging:		
Depreciation of tangible assets	509,546	875,029
Loss on disposal of tangible assets	-	209,349
Operating lease rentals	79,389	292,832
Auditors' remuneration	-	15,000
and after crediting:		
Profit on disposal of tangible assets	(270)	-

### 4 Other interest receivable and similar income

	2003 £	2002 £
Bank interest	-	73,871

### 5 Interest payable

	2003 £	2002 £
On bank loans and overdrafts	17,087	43,965
Hire purchase interest	8,150	27,828
	25,237	71,793

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

6 Taxation	2003 £	2002 £
Domestic current year tax		
Adjustment for prior years	-	(56,628)
<b>Current tax charge</b>	<u>-</u>	<u>(56,628)</u>
<b>Factors affecting the tax charge for the period</b>		
Profit/(loss) on ordinary activities before taxation	<u>525,706</u>	<u>(4,671,010)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	<u>157,712</u>	<u>(1,401,303)</u>
Effects of:		
Non deductible expenses	2,858	63,000
Depreciation add back	152,783	326,000
Capital allowances	(161,471)	-
Tax losses utilised	376,566	1,008,000
Adjustments to previous periods	-	(56,628)
Other tax adjustments	<u>(528,448)</u>	<u>4,303</u>
	<u>(157,712)</u>	<u>1,344,675</u>
<b>Current tax charge</b>	<u>-</u>	<u>(56,628)</u>

The company did not have any potential liability to deferred tax at the current or prior balance sheet dates. As a result of recent trading performances taxable losses have been incurred which are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses, or in respect of negative accelerated capital allowances, in view of the uncertainty over the timing and extent of their utilisation. The estimated value of the deferred tax asset not recognised measured at a standard rate of 30% is £2,218,000 and of the negative accelerated capital allowances £448,000.

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

### 7 Tangible fixed assets

	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 October 2002	2,021,223	556,733	2,577,956
Additions	13,880	-	13,880
Disposals	(6,968)	-	(6,968)
At 31 August 2003	2,028,135	556,733	2,584,868
<b>Depreciation</b>			
At 1 October 2002	1,401,018	411,003	1,812,021
On disposals	(4,645)	-	(4,645)
Charge for the period	446,693	62,853	509,546
At 31 August 2003	1,843,066	473,856	2,316,922
<b>Net book value</b>			
At 31 August 2003	185,069	82,877	267,946
At 30 September 2002	620,206	145,729	765,935

All assets held under finance leases or hire purchase contracts were fully written off at 31st August 2002.

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2002 & at 31 August 2003	2,841
<b>Provisions for diminution in value</b>	
At 1 October 2002 & at 31 August 2003	2,841
<b>Net book value</b>	
At 31 August 2003	-
At 30 September 2002	-

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following non-trading companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Integration Limited	England and Wales	Ordinary	100
iFuel Limited	England and Wales	Ordinary	100
80-20 Europe Limited	England and Wales	Ordinary	100

9 Debtors	2003 £	2002 £
Trade debtors	494,113	778,421
Corporation tax	-	59,315
Other debtors	220,467	57,116
Prepayments and accrued income	43,310	277,834
	<u>757,890</u>	<u>1,172,686</u>

# iREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	7,401	153,193
Net obligations under hire purchase contracts	23,126	104,102
Trade creditors	230,100	384,171
Amounts owed to parent and fellow subsidiary undertakings	-	331,217
Taxes and social security costs	177,793	235,489
Other creditors	150,042	24,240
Accruals and deferred income	192,780	586,099
	<u>781,242</u>	<u>1,818,511</u>

The hire purchase creditors are secured against the assets to which they relate.

11 Creditors: amounts falling due after more than one year	2003 £	2002 £
Other loans	-	1,003,490
Net obligations under hire purchase contracts	-	19,814
	<u>-</u>	<u>1,023,304</u>

### Analysis of loans

Wholly repayable within five years	-	1,156,519
	<u>-</u>	<u>1,156,519</u>
Included in current liabilities	-	(153,029)
	<u>-</u>	<u>1,003,490</u>

### Loan maturity analysis

#### Net obligations under hire purchase contracts

Repayable within one year	23,126	104,102
Repayable between one and five years	-	19,814
	<u>23,126</u>	<u>123,916</u>
Included in liabilities falling due within one year	(23,126)	(104,102)
	<u>-</u>	<u>19,814</u>

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

### 12 Pension costs

#### Defined contribution

	2003 £	2002 £
Contributions payable by the company for the period	29,531	37,666

### 13 Share capital

	2003 £	2002 £
<b>Authorised</b>		
20,000,000 Ordinary shares of 10p each	2,000,000	2,000,000
<b>Allotted, called up and fully paid</b>		
17,500,000 Ordinary shares of 10p each	1,750,000	1,750,000

### 14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 October 2002	7,290,565	(9,157,393)
Retained profit for the period	-	525,706
Balance at 31 August 2003	7,290,565	(8,631,687)

### 15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(Loss) for the financial period	525,706	(4,614,382)
Opening shareholders' funds	(116,828)	4,497,554
Closing shareholders' funds	408,878	(116,828)



# iREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003

### 16 Financial commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	73,713	-	-	7,000
Between two and five years	-	73,713	-	-
	<u>73,713</u>	<u>73,713</u>	<u>-</u>	<u>7,000</u>

### 17 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	333,163	228,278
Compensation for loss of office	23,270	176,410
	<u>356,433</u>	<u>404,688</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>84,500</u>	<u>-</u>
------------------------------------	---------------	----------

# **IREVOLUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2003**

### **18 Employees**

#### **Number of employees**

The average monthly number of employees (including directors) during the period was:

	<b>2003 Number</b>	<b>2002 Number</b>
Sales and administration	<u>41</u>	<u>80</u>

#### **Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	1,753,964	3,718,576
Social security costs	188,916	383,323
Other pension costs	29,531	37,666
	<u>1,972,411</u>	<u>4,139,565</u>

### **19 Control**

The directors regard The Hamsard Group Limited, a company incorporated in Great Britain, as the company's ultimate parent company and controlling party.

The Hamsard Group Limited is the largest and smallest group for which the group accounts are prepared and of which the company is a wholly owned member. Copies of The Hamsard Group Limited accounts are available from the company secretary, The Hamsard Group Limited, Trinity Court, 16 John Dalton Street, Manchester M60 8HS.

### **20 Related party transactions**

In accordance with Financial Reporting Standard No. 8, there is no requirement to disclose transactions with other group undertakings as the company is a 100% owned subsidiary and the ultimate parent company produces financial statements that are publicly available.