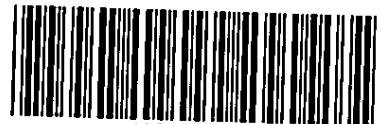


Company Registration No 02693027 (England and Wales)

**IREVOLUTION LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2006**

WEDNESDAY



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# IREVOLUTION LIMITED

## COMPANY INFORMATION

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<b>Director</b>	E J Halpin
<b>Secretary</b>	W B Homan-Russell
<b>Company number</b>	02693027
<b>Registered office</b>	First Floor Station House 4-8 High Street West Drayton Middlesex UB7 7DJ
<b>Auditors</b>	KPMG Audit Plc St James' Square Manchester M2 6DS
<b>Bankers</b>	National Westminster Bank plc PO Box 14, 23 Sankey Street Warrington Cheshire WA1 1XH
<b>Solicitors</b>	Halliwells LLP St James Court Brown Street Manchester M2 2JF

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# IREVOLUTION LIMITED

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# **IREVOLUTION LIMITED**

## **DIRECTOR'S REPORT**

**FOR THE YEAR ENDED 31 MAY 2006**

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The director presents his report and financial statements for the year ended 31 May 2006

### **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. Its registered office remained at First Floor, Station House, 4-8 High Street, West Drayton, Middlesex, UB7 7DJ

### **Results and dividends**

The results for the year are set out on page 5

### **Directors**

The following directors have held office since 1 June 2005

E J Halpin

J Metcalf

(Resigned 17 July 2006)

M A J Sharples

(Resigned 17 July 2006)

### **Directors' interests**

The interests of the directors in the shares of the ultimate holding company are disclosed in the financial statements of Cantono plc (formerly Hamsard Group plc)

The entire share capital is owned by Cantono plc (formerly Hamsard Group plc). Prior to 1 June 2007 it was owned by Hamsard Holdings Limited, a wholly owned subsidiary of Cantono plc (formerly Hamsard Group plc)

Indemnity insurance for the benefit of the director has been provided by the group

No rights to subscribe for shares or debentures were granted or exercised during the year

### **Auditors**

KPMG Audit Plc were appointed auditors to the company during the year to fill a casual vacancy. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be proposed at the forthcoming Annual General Meeting

### **Disclosure of information to auditors**

The director who held office at the date of approval of this director's report confirms that, so far as he is aware there is no relevant audit information of which the Company's auditors are unaware, and the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the board



E J Halpin

**Director**

# **IREVOLUTION LIMITED**

## **DIRECTOR'S RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MAY 2006***

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### **Statement of director's responsibilities in respect of the Director's Report and the financial statements**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities

# **IREVOLUTION LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF IREVOLUTION LIMITED**

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We have audited the financial statements of iRevolution Limited for the year ended 31 May 2006 which comprise the profit and loss account, balance sheet and the related notes. 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 the director and auditors**

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 2.

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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 judgements made by the director 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 MEMBERS OF IREVOLUTION LIMITED

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#### 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 May 2006 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements



KPMG Audit Plc

25/9/07

Chartered Accountants

Registered Auditor

St James' Square  
Manchester  
M2 6DS

# IREVOLUTION LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2006

	Notes	2006 £	2005 £
Turnover	2	2,755,094	3,323,543
Cost of sales		(647,553)	(1,053,430)
Gross profit		2,107,541	2,270,113
Administrative expenses		(1,795,912)	(1,357,479)
Operating profit	3	311,629	912,634
Other interest receivable and similar income	4	1,671	5,161
Interest payable and similar charges	5	(89,207)	(233,079)
Profit on ordinary activities before taxation		224,093	684,716
Tax on profit on ordinary activities	6	(576,000)	576,000
(Loss)/profit for the year	14	(351,907)	1,260,716

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 MAY 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Intangible assets	7	65,000		29,380	
Tangible assets	8	269,154		186,742	
		<u>334,154</u>		<u>216,122</u>	
<b>Current assets</b>					
Debtors	10	3,329,534		3,303,544	
Cash at bank and in hand		13,462		25,210	
		<u>3,342,996</u>		<u>3,328,754</u>	
<b>Creditors amounts falling due within one year</b>	11	(1,542,403)		(1,058,222)	
<b>Net current assets</b>		<u>1,800,593</u>		<u>2,270,532</u>	
<b>Total assets less current liabilities</b>		<u>2,134,747</u>		<u>2,486,654</u>	
		<u>2,134,747</u>		<u>2,486,654</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	(6,905,818)		(6,553,911)	
<b>Shareholders' funds</b>	15	<u>2,134,747</u>		<u>2,486,654</u>	

Approved by the Board and authorised for issue on 10<sup>th</sup> August 2007

  
E J Halpin  
Director

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MAY 2006**

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### **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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover represents the amounts derived from the provision of goods and services to third party customers during the period and is exclusive of value added tax

The Group has three main income streams software sales and associated maintenance income, managed services and professional services

Software sales of standard product are recognised to the extent that the company has obtained the right to consideration through its performance Revenue from support and maintenance is recognised on a straight-line basis over the period to which the maintenance agreement relates

Revenue from managed services is recognised on a straight-line basis over the period of the contract

Professional services income is recognised as services are performed

#### **1.4 Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred Development expenditure is written off in the same way unless the director is satisfied as to the technical, commercial and financial viability of individual projects In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit which the director has assessed to be three years

#### **1.5 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	3 - 7 years straight line basis
Fixtures, fittings & equipment	3 - 5 years straight line basis

The policy of rotating the computer equipment, as it is used and newer more powerful equipment is acquired, to less demanding roles can extend the useful economic life to as much as seven years

#### **1.6 Leasing**

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

# **IREVOLUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2006**

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### **1 7 Deferred taxation**

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **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 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Cantono plc (formerly Hamsard Group plc), a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

### **1 10 Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

## **2 Turnover**

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

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2006

<b>3</b>	<b>Operating profit</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	107,222	39,145
	Research and development	9,380	-
	Operating lease rentals	119,954	138,093
	Auditors' remuneration		
	- Audit of these financial statements	16,750	7,500

£7,930 of operating lease rentals relate to the hire of plant and machinery

The research and development charge relates to amounts amortised from deferred expenditure

<b>4</b>	<b>Investment income</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank interest	1,671	5,161

<b>5</b>	<b>Interest payable</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	4,758	-
	Other interest	84,449	233,079
		89,207	233,079

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2006

6	Taxation	2006 £	2005 £
	<b>Deferred tax</b>		
	Deferred tax charge/(credit) for the current year	576,000	(576,000)
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	224,093	684,716
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	67,228	205,415
	Effects of		
	Non deductible expenses	1,561	4,048
	Depreciation add back	32,167	26,274
	Tax losses utilised	(100,956)	(235,737)
		(67,228)	(205,415)
	<b>Current tax charge</b>	-	-

The company has estimated losses of £ 4,873,000 (2005 - £ 5,210,000) available for carry forward against future trading profits

The deferred tax charge relates to an adjustment to the recoverable amount of a prior deferred tax asset

Deferred tax of £1,461,900 has not been recognised on the tax losses as the conditions for recognition have not been met

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

### 7 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 June 2005	29,380
Additions	65,000
Disposals	(20,000)
	<hr/>
At 31 May 2006	74,380
<b>Amortisation</b>	
At 1 June 2005	-
Charge for the year	9,380
	<hr/>
At 31 May 2006	9,380
<b>Net book value</b>	
At 31 May 2006	65,000
	<hr/> <hr/>
At 31 May 2005	29,380
	<hr/> <hr/>

### 8 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 June 2005	2,636,712
Additions	237,481
Disposals	(47,847)
	<hr/>
At 31 May 2006	2,826,346
<b>Depreciation</b>	
At 1 June 2005	2,449,970
Charge for the year	107,222
	<hr/>
At 31 May 2006	2,557,192
<b>Net book value</b>	
At 31 May 2006	269,154
	<hr/> <hr/>
At 31 May 2005	186,742
	<hr/> <hr/>

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2006

### 9 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 June 2005 & at 31 May 2006	2,841
<b>Provisions for diminution in value</b>	
At 1 June 2005 & at 31 May 2006	2,841
<b>Net book value</b>	
At 31 May 2006	-

#### 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	Class	Shares held %
<b>Subsidiary undertakings</b>			
Integration Limited	England and Wales	Ordinary	100
iFuel Limited	England and Wales	Ordinary	100

Both subsidiaries have been dormant throughout the year

The directors consider the market value of the investments to be nil

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2006

10 Debtors	2006 £	2005 £
Trade debtors	147,966	242,088
Amounts owed by parent and fellow subsidiary undertakings	2,536,580	1,394,190
Other debtors	34,003	90,045
Prepayments and accrued income	610,985	1,001,221
Deferred tax asset (see note 12)	-	576,000
	<u>3,329,534</u>	<u>3,303,544</u>

Amounts falling due after more than one year and included in the debtors above are

	2006 £	2005 £
Prepayments	<u>-</u>	<u>515,923</u>

11 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	5,747	7,991
Trade creditors	369,488	292,927
Taxes and social security costs	597,024	474,052
Other creditors	33,809	1,438
Accruals and deferred income	536,335	281,814
	<u>1,542,403</u>	<u>1,058,222</u>



# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2006

### 12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 June 2005	(576,000)
Profit and loss account	576,000
	<u>          </u>
Balance at 31 May 2006	<u>          </u>

Deferred taxation movements in the financial statements are as follows

	2006 £	2005 £
Tax losses available	<u>          </u>	<u>(576,000)</u>

### 13 Share capital

	2006 £	2005 £
<b>Authorised</b>		
20,000,000 Ordinary shares of 10p each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Allotted, called up and fully paid</b>		
17,500,000 Ordinary shares of 10p each	<u>1,750,000</u>	<u>1,750,000</u>

### 14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 June 2005	7,290,565	(6,553,911)
Loss for the year	<u>          </u>	<u>(351,907)</u>
Balance at 31 May 2006	<u>7,290,565</u>	<u>(6,905,818)</u>

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2006

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15 Reconciliation of movements in shareholders' funds	2006 £	2005 £
(Loss)/Profit for the financial year	(351,907)	1,260,716
Opening shareholders' funds	2,486,654	1,225,938
	<u>          </u>	<u>          </u>
Closing shareholders' funds	2,134,747	2,486,654
	<u>          </u>	<u>          </u>

#### 16 Financial commitments

At 31 May 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2007

	Land and buildings 2006 £	2005 £
Operating leases which expire Between two and five years	80,000	80,000
	<u>          </u>	<u>          </u>

17 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	229,000	223,567
	<u>          </u>	<u>          </u>
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	229,000	220,000
	<u>          </u>	<u>          </u>

# IREVOLUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2006

#### 18 Employees

##### Number of employees

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

	2006 Number	2005 Number
Sales and marketing	4	4
Technical	31	24
Management and administration	4	5
	<u>39</u>	<u>33</u>

##### Employment costs

	2006 £	2005 £
Wages and salaries	1,029,913	907,696
Social security costs	116,165	97,259
	<u>1,146,078</u>	<u>1,004,955</u>

#### 19 Control

The company's immediate parent company was Hamsard Holdings Limited, a company incorporated in England and Wales

The company's ultimate parent company was Cantono plc (formerly Hamsard Group plc), a company incorporated in England and Wales

Ownership of the company was transferred from Hamsard Holdings Limited to Cantono plc (formerly Hamsard Group plc) on 1 June 2007

Cantono plc (formerly Hamsard Group plc) prepare group financial statements and copies can be obtained from First Floor, Station House, 4-8 High Street, West Drayton, Middlesex, UB7 7DJ

#### 20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company