

COMPANIES HOUSE COPY

Company Registration No 02693027 (England and Wales)

IREVOLUTION LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007



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COMPANIES HOUSE

IREVOLUTION LIMITED

COMPANY INFORMATION

Director	E J Halpin
Secretary	W B Homan-Russell
Company number	02693027
Registered office	First Floor Station House 4-8 High Street West Drayton Middlesex UB7 7DJ
Auditors	KPMG Audit Plc St James' Square Manchester M2 6DS
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

IREVOLUTION LIMITED

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IREVOLUTION LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MAY 2007

The director presents his report and financial statements for the year ended 31 May 2007

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

Directors

The following directors have held office since 1 June 2006

E J Halpin

J Metcalf

(Resigned 17 July 2006)

M A Sharples

(Resigned 17 July 2006)

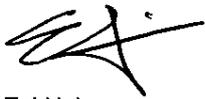
Auditors

KPMG Audit Plc were auditors to the company during the year. In accordance with section 384 of the Companies Act 1985, a resolution proposing that they be re-appointed will be proposed at the forthcoming Annual General Meeting

Statement of disclosure to auditor

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

13-6-08

IREVOLUTION LIMITED

DIRECTOR'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 MAY 2007

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 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

We have audited the financial statements of iRevolution Limited for the year ended 31 May 2007 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 Director's 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

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 2007 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

Wally Audit PC
KPMG Audit Plc

26/6/08

Chartered Accountants
Registered Auditor

St James' Square
Manchester
M2 6DS

IREVOLUTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2007

		2007	2006
	Notes	£	£
Turnover	2	1,753,982	2,755,094
Cost of sales		<u>(774,840)</u>	<u>(647,553)</u>
Gross profit		979,142	2,107,541
Administrative expenses		<u>(3,964,619)</u>	<u>(1,795,912)</u>
Operating (loss)/profit	3	(2,985,477)	311,629
Other interest receivable and similar income	4	1,294	1,671
Interest payable and similar charges	5	<u>(210,829)</u>	<u>(89,207)</u>
(Loss)/profit on ordinary activities before taxation		(3,195,012)	224,093
Tax on (loss)/profit on ordinary activities	6	-	(576,000)
Loss for the year	15	<u><u>(3,195,012)</u></u>	<u><u>(351,907)</u></u>

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

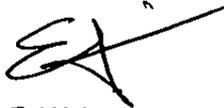
IREVOLUTION LIMITED

BALANCE SHEET

AS AT 31 MAY 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Intangible assets	7		-		65,000
Tangible assets	8		228,828		269,154
			<u>228,828</u>		<u>334,154</u>
Current assets					
Debtors	10	652,434		3,329,534	
Cash at bank and in hand		507		13,462	
		<u>652,941</u>		<u>3,342,996</u>	
Creditors amounts falling due within one year	11	<u>(1,897,738)</u>		<u>(1,542,403)</u>	
Net current (liabilities)/assets			<u>(1,244,797)</u>		<u>1,800,593</u>
Total assets less current liabilities			<u>(1,015,969)</u>		<u>2,134,747</u>
Creditors amounts falling due after more than one year	12		<u>(44,296)</u>		<u>-</u>
			<u>(1,060,265)</u>		<u>2,134,747</u>
Capital and reserves					
Called up share capital	14		1,750,000		1,750,000
Share premium account	15		7,290,565		7,290,565
Profit and loss account	15		<u>(10,100,830)</u>		<u>(6,905,818)</u>
Shareholders' funds	16		<u>(1,060,265)</u>		<u>2,134,747</u>

Approved by the Board and authorised for issue on *13th June 2008*



E J Halpin
Director

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through loan arrangements made by the parent company. On the basis of the continued support of the parent company, the directors consider that the going concern basis for the preparation of the accounts is appropriate.

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	33-15% straight line
Fixtures, fittings & equipment	33-20% straight line

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.

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

1 6 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 7 Pensions

All pension schemes operated are defined contribution schemes. The costs are charged to the profit and loss account in the year in which they are incurred.

1 8 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 9 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 10 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.

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

1 11 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

3 Operating (loss)/profit	2007	2006
	£	£
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	191,043	107,222
Impairment of development costs	65,000	9,380
Operating lease rentals	114,405	119,954
Auditors' remuneration		
- Audit of these financial statements	34,375	16,750
Write back of a formally waived inter group loan	1,397,519	-
and after crediting		
Profit on foreign exchange transactions	(15)	-

£Nil (2006 £7,930) of operating lease rentals relate to the hire of plant and machinery

4 Investment income	2007	2006
	£	£
Bank interest	1,294	1,671

5 Interest payable	2007	2006
	£	£
On bank loans and overdrafts	3,461	4,758
Hire purchase interest	992	-
Other interest	206,376	84,449
	<u>210,829</u>	<u>89,207</u>

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

6 Taxation	2007	2006
	£	£
Deferred tax		
Deferred tax charge/(credit) for the current year	-	576,000
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(3,195,012)	224,093
	<u> </u>	<u> </u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	(958,504)	67,228
	<u> </u>	<u> </u>
Effects of		
Non deductible expenses	9,554	1,561
Depreciation add back	57,313	32,167
Capital allowances	(153,832)	-
Tax losses carried forward/(utilised)	626,213	(100,956)
Formally waived loan write off	419,256	-
	<u> </u>	<u> </u>
	958,504	(67,228)
	<u> </u>	<u> </u>
Current tax charge	-	-
	<u> </u>	<u> </u>

The unrecognised deferred tax asset is £2,495,614

IREVOLUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2007****7 Intangible fixed assets**

	Development Costs £
Cost	
At 1 June 2006 & at 31 May 2007	74,380
Amortisation	
At 1 June 2006	9,380
Impairment	65,000
At 31 May 2007	74,380
Net book value	
At 31 May 2007	-
At 31 May 2006	65,000

8 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 June 2006	2,826,346
Additions	150,717
At 31 May 2007	2,977,063
Depreciation	
At 1 June 2006	2,557,192
Charge for the year	191,043
At 31 May 2007	2,748,235
Net book value	
At 31 May 2007	228,828
At 31 May 2006	269,154

The net book value of tangible fixed assets includes £71,062 (2006 £nil) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £11,462 (2006 £nil) for the year.

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 June 2006 & at 31 May 2007	2,841
Provisions for diminution in value	
At 1 June 2006 & at 31 May 2007	2,841
Net book value	
At 31 May 2007	-

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	%
Subsidiary undertakings			
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

10 Debtors	2007 £	2006 £
Trade debtors	139,557	147,966
Amounts owed by parent and fellow subsidiary undertakings	347,057	2,536,580
Other debtors	73,108	34,003
Prepayments and accrued income	92,712	610,985
	<u>652,434</u>	<u>3,329,534</u>

IREVOLUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2007**

11 Creditors amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	266,164	5,747
Net obligations under hire purchase contracts	27,505	-
Trade creditors	329,064	369,488
Amounts owed to parent and fellow subsidiary undertakings	581,325	-
Taxes and social security costs	298,770	597,024
Other creditors	152,316	33,809
Accruals and deferred income	242,594	536,335
	<u>1,897,738</u>	<u>1,542,403</u>

The bank overdraft is secured by a composite guarantee between group companies

The hire purchase loans are secured on the assets to which they relate

12 Creditors amounts falling due after more than one year	2007	2006
	£	£
Net obligations under hire purchase contracts	<u>44,296</u>	<u>-</u>
Net obligations under hire purchase contracts		
Repayable within one year	27,505	-
Repayable between one and five years	44,296	-
	<u>71,801</u>	<u>-</u>
Included in liabilities falling due within one year	(27,505)	-
	<u>44,296</u>	<u>-</u>

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

13 Pension costs

Defined contribution

The company operates a defined contribution 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.

	2007 £	2006 £
Contributions payable by the company for the year	<u>6,578</u>	<u>-</u>

14 Share capital

	2007 £	2006 £
Authorised 20,000,000 Ordinary shares of 10p each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid 17,500,000 Ordinary shares of 10p each	<u>1,750,000</u>	<u>1,750,000</u>

15 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 June 2006	7,290,565	(6,905,818)
Loss for the year	-	(3,195,012)
Balance at 31 May 2007	<u>7,290,565</u>	<u>(10,100,830)</u>

IREVOLUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2007**

16 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Loss for the financial year	(3,195,012)	(351,907)
Opening shareholders' funds	<u>2,134,747</u>	<u>2,486,654</u>
Closing shareholders' funds	<u>(1,060,265)</u>	<u>2,134,747</u>

17 Financial commitments

At 31 May 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2008

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire Between two and five years	<u>80,000</u>	<u>80,000</u>

18 Directors' emoluments	2007	2006
	£	£
Emoluments for qualifying services	<u>270,479</u>	<u>229,000</u>
	<u>270,479</u>	<u>229,000</u>
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	<u>270,479</u>	<u>229,000</u>

IREVOLUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2007

19 Employees

Number of employees

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

	2007	2006
	Number	Number
Sales and marketing	3	4
Technical	25	31
Management and administration	6	4
	<u>34</u>	<u>39</u>

Employment costs

	2007	2006
	£	£
Wages and salaries	1,557,234	1,029,913
Social security costs	169,585	116,165
Pension costs	6,578	-
	<u>1,733,397</u>	<u>1,146,078</u>

20 Control

The company's immediate and ultimate parent company was Cantono plc, a company incorporated in England and Wales

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

Cantono plc prepares group financial statements and copies can be obtained from First Floor, Station House, 4-8 High Street, West Drayton, Middlesex, UB7 7DJ

21 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