



**XWORKS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2003**



**GERALD EDELMAN**  
CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1G 9BR

T +44 (0)20 7299 1400 · F +44 (0)20 7299 1401

E [gemail@geraldedelman.com](mailto:gemail@geraldedelman.com)

[www.geraldedelman.com](http://www.geraldedelman.com)

# XWORKS (UK) LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	C M A Black J Drummond P J Williams
<b>Secretary</b>	C M A Black
<b>Company number</b>	3836178
<b>Registered office</b>	2.10 The Plaza 535 Kings Road London SW10 0SZ
<b>Auditors</b>	Gerald Edelman 25 Harley Street London W1G 9BR

---

# **XWORKS (UK) LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7 - 14

---

# XWORKS (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

---

The directors present their report and financial statements for the year ended 30 September 2003.

### Principal activities and review of the business

The principal activity of the company continued to be that of providing technology and consultancy services to its investments and to external clients.

### Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The disclosures required by Financial Reporting Standard No. 18 in relation to the Directors' going concern assessment are set out in Note 1 to the accounts.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 October 2002:

C M A Black  
J Drummond  
P J Williams

### Directors' interests

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

	Ordinary shares of 25p each	
	30 September 2003	1 October 2002
C M A Black	-	-
J Drummond	-	-
P J Williams	-	-

The directors are also directors of the ultimate parent company, Gaming Corporation Plc and their shareholdings in that company are disclosed in its own financial statements.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

# XWORKS (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 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.

On behalf of the board



P J Williams

Director

26 November 2003

# XWORKS (UK) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF XWORKS (UK) LIMITED

---

We have audited the financial statements of Xworks (UK) Limited on pages 4 to 14 for the year ended 30 September 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Gerald Edelman**

26 November 2003

Chartered Accountants  
**Registered Auditor**

25 Harley Street  
London  
W1G 9BR

# XWORKS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	160,442	213,258
Cost of sales		(5,468)	(6,418)
<b>Gross profit</b>		154,974	206,840
Administrative expenses		(174,967)	(189,775)
<b>Operating (loss)/profit</b>	3	(19,993)	17,065
Amounts written off investments	4	(27,523)	(10,000)
Interest payable and similar charges	5	(2,892)	(11,675)
<b>Loss on ordinary activities before taxation</b>		(50,408)	(4,610)
Tax on loss on ordinary activities	6	44,975	(6,082)
<b>Loss on ordinary activities after taxation</b>	14	(5,433)	(10,692)

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

# XWORKS (UK) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2003

---

	2003 £	2002 £
Loss for the financial year	(5,433)	(10,692)
Prior year adjustment	-	119,138
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	<u>(5,433)</u>	<u>108,446</u>



# XWORKS (UK) LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets	7		847		1,027
Tangible assets	8		53,932		66,540
Investments	9		98		27,693
			<u>54,877</u>		<u>95,260</u>
<b>Current assets</b>					
Debtors	10	216,185		93,163	
<b>Creditors: amounts falling due within one year</b>	11	<u>(712,145)</u>		<u>(850,185)</u>	
<b>Net current liabilities</b>			<u>(495,960)</u>		<u>(757,022)</u>
<b>Total assets less current liabilities</b>			<u>(441,083)</u>		<u>(661,762)</u>
<b>Capital and reserves</b>					
Called up share capital	13		250,000		250,000
Share premium account	14		113,654		113,654
Profit and loss account	14		<u>(804,737)</u>		<u>(799,304)</u>
<b>Shareholders' funds - equity interests</b>	15		<u>(441,083)</u>		<u>(435,650)</u>

The financial statements were approved by the Board on 26 November 2003

  
J Drummond  
Director



# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

---

### 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 an overdraft facility which is repayable on demand and through the support of the parent company. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 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.

#### 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 Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Software development	33.3% per annum straight line
Computer equipment	33.3% per annum straight line
Fixtures & fittings	25% per annum reducing balance
Office equipment	25% per annum reducing balance

#### 1.6 Leasing

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

#### 1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Recognition of deferred tax asset is to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 1 Accounting policies (continued)

#### 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 Gaming Corporation Plc, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

### 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	2003 £	2002 £
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	180	128
Depreciation of tangible assets	39,479	34,482
Loss on disposal of tangible assets	-	1,268
Loss on foreign exchange transactions	646	642
Operating lease rentals	38,957	51,840
Auditors' remuneration	905	2,345

4 Amounts written off investments	2003 £	2002 £
Amounts written off fixed asset investments	27,523	10,000

5 Interest payable	2003 £	2002 £
On bank loans and overdrafts	2,561	6,680
Other interest	331	4,995
	2,892	11,675

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

6	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	-
	Research and development tax credit receivable	(55,633)	-
	<b>Current tax charge</b>	(55,633)	-
	<b>Deferred tax</b>		
	Deferred tax charge current year	10,658	6,082
		10,658	6,082
		(44,975)	6,082
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(50,408)	(4,610)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 19.00%)	(9,578)	(876)
	<b>Effects of:</b>		
	Non deductible expenses	811	988
	Depreciation	7,535	6,576
	Capital allowances	(2,400)	(2,506)
	Tax losses transferred from subsidiary undertaking	(16,158)	-
	Research and development tax credit receivable	(55,633)	-
	Other tax adjustments	30,448	1,900
		(35,397)	6,958
	<b>Tax charge/(credit) per profit and loss account</b>	(44,975)	6,082

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 7 Intangible fixed assets

	Patents £
<b>Cost</b>	
At 1 October 2002 & at 30 September 2003	1,283
<b>Amortisation</b>	
At 1 October 2002	256
Charge for the year	180
At 30 September 2003	436
<b>Net book value</b>	
At 30 September 2003	847
At 30 September 2002	1,027

### 8 Tangible fixed assets

	Software Development	Computer equipment	Fixtures & fittings	Office equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 October 2002	43,220	49,385	28,972	7,372	128,949
Additions	23,400	3,071	-	-	26,471
Transfer from subsidiary undertaking	-	4,305	-	643	4,948
At 30 September 2003	66,620	56,761	28,972	8,015	160,368
<b>Depreciation</b>					
At 1 October 2002	14,644	31,241	13,226	3,298	62,409
Transfer from subsidiary undertaking	-	4,181	-	367	4,548
Charge for the year	22,207	12,249	3,936	1,087	39,479
At 30 September 2003	36,851	47,671	17,162	4,752	106,436
<b>Net book value</b>					
At 30 September 2003	29,769	9,090	11,810	3,263	53,932
At 30 September 2002	28,576	18,144	15,746	4,074	66,540

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 9 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2002	27,693
Disposals	(72)
	<hr/>
At 30 September 2003	27,621
	<hr/>
<b>Provisions for diminution in value</b>	
At 1 October 2002	-
Investment in subsidiary undertakings written off	27,523
	<hr/>
At 30 September 2003	27,523
	<hr/>
<b>Net book value</b>	
At 30 September 2003	98
	<hr/>
At 30 September 2002	27,693
	<hr/>

### Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Careerplus Limited	England and Wales	Ordinary shares	98
Xworks Limited (formerly Quantum Products Limited)	England and Wales	Ordinary shares	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(loss) for the year
Careerplus Limited	(86,347)	(35,256)
Xworks Limited (formerly Quantum Products Limited)	(89,413)	(16,158)
	<hr/>	<hr/>

Careerplus Limited actively traded as a recruitment consultancy during the year. Xworks Limited provides market research and telemarketing services to customers. It did not trade in the year.

During the year, Wundercars Limited went into receivership. As a result, £2,523 is provided as the cost of the investment in this subsidiary company. A further £25,000 has been provided against the entire investment in Xworks Limited as this company is now dormant.

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

10 Debtors	2003 £	2002 £
Trade debtors	38,559	35,069
Amounts owed by group undertakings	-	148,600
Corporation tax	55,633	-
Other debtors	9,013	9,013
Prepayments and accrued income	10,582	13,537
Deferred tax asset (see note 12)	102,398	113,056
	<u>216,185</u>	<u>319,275</u>

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	55,226	98,759
Trade creditors	31,607	39,858
Amounts owed group undertakings	601,557	654,285
Taxes and social security costs	12,388	36,578
Accruals and deferred income	11,367	20,705
	<u>712,145</u>	<u>850,185</u>

### 12 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 10) is made up as follows:

	2003 £	2002 £
Balance at 1 October 2002	(113,056)	
Profit and loss account	10,658	
Balance at 30 September 2003	<u>(102,398)</u>	
	2003 £	2002 £
Tax losses available	<u>(102,398)</u>	<u>(113,056)</u>

# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

<b>13 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
4,000,000 Ordinary shares of 25p each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of 25p each	250,000	250,000
	<u>          </u>	<u>          </u>
<b>14 Statement of movements on reserves</b>		
	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 October 2002	113,654	(799,304)
Retained loss for the year	-	(5,433)
	<u>          </u>	<u>          </u>
Balance at 30 September 2003	113,654	(804,737)
	<u>          </u>	<u>          </u>
<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(5,433)	(10,692)
Opening shareholders' funds	(435,650)	(424,958)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	(441,083)	(435,650)
	<u>          </u>	<u>          </u>

## 16 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Between two and five years	37,760	37,760
	<u>          </u>	<u>          </u>



# XWORKS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

---

### 17 Employees

#### Number of employees

There were no employees during the year apart from the directors.

Employment costs	2003 £	2002 £
Wages and salaries	-	1,587

### 18 Control

The ultimate parent company is Gaming Corporation Plc a company registered in England and Wales.

Gaming Corporation Plc prepares consolidated financial statements and copies can be obtained from the parent company's registered office 2.10 The Plaza, 535 Kings Road, London, SW10 0SZ.

### 19 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.