

**Integritie (UK) Limited**  
UNAUDITED  
FINANCIAL STATEMENTS  
for the year ended  
31 December 2008



# Integritie (UK) Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

M Veenswyk  
J P Gannaway  
P Sheppard (appointed 1 November 2008, resigned 30 June 2009)

### SECRETARY

S L Veenswyk (resigned 1 July 2009)

### REGISTERED OFFICE

10 Churchill Square  
Kings Hill  
West Malling  
Kent ME19 4YU

### ACCOUNTANTS

Baker Tilly Tax and Accounting Limited  
Chartered Accountants  
Hanover House  
18 Mount Ephraim Road  
Tunbridge Wells  
Kent TN1 1ED

### BANKERS

HSBC Bank plc  
Sun Pier  
Medway Street  
Chatham  
Kent  
ME4 4HF

# Integritie (UK) Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Integritie (UK) Limited for the year ended 31 December 2008

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an image capture and content archive software consultancy and technical services delivery

### REVIEW OF THE BUSINESS

Integritie tightly controlled fixed costs during 2008 to weather the accelerating financial recession and associated financial risks. Additionally Integritie expanded wider market opportunities by reducing the risk from the Integritie traditional reliance on banking, finance, and insurance markets. Company focus was placed on building repeatable profitable mid range cross industry solutions, enabling Integritie to sell to a wider customer base.

Within 2008, and the growing recession, Integritie noticed a major change in Customer buying policies, with greater focus on Customers preparing and demonstrating greater 'return on investment' in their business cases. Integritie was able to exploit this policy focus by directing our Customers towards image capture automation tools that provide significantly increased cost benefit return on investments, further expanding Integritie's market opportunities.

Integritie strengthened the executive team in 2008 by contracting an interim Chairman and a senior Financial Controller, to provide a formal structure as a means of assisting Integritie's transition from a life style company to formal commercial management structure.

The company's activities in 2008 have prepared a stronger commercial and financial foundation to support the company's ability to accelerate profits during 2009 and 2010. This is demonstrated by the increase in deferred revenue, which stood at £110,000 at the year end (up from £36,000 the previous year) and the significant fall in administration expenses.

### DIRECTORS

The directors who served the company during the year were as follows

M Veenswyk  
J P Gannaway  
P Sheppard

Appointed 1 November 2008, resigned 30 June 2009

### DONATIONS

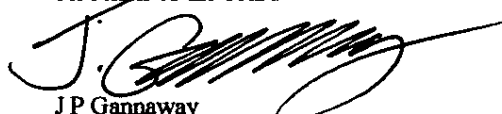
During the year the company made the following contributions

	2008	2007
	£	£
Charitable	-	850

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office  
10 Churchill Square  
Kings Hill  
West Malling  
Kent ME19 4YU

On behalf of the board



J P Gannaway  
Director

5th February 2010

# **Integritie (UK) Limited**

## **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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.

**Integritie (UK) Limited**  
**UNAUDITED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	3,862,251	3,584,654
Cost of sales		(2,483,314)	(2,156,893)
Gross profit		1,378,937	1,427,761
Administrative expenses		(1,459,687)	(1,649,194)
Other operating income	2	—	155,045
OPERATING LOSS	3	(80,750)	(66,388)
Interest receivable		1,433	1,592
		(79,317)	(64,796)
Interest payable and similar charges		(17,082)	(25,864)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(96,399)	(90,660)
Taxation	4	22,847	17,396
LOSS FOR THE FINANCIAL YEAR		(73,552)	(73,264)

**Integritie (UK) Limited**  
**UNAUDITED BALANCE SHEET**  
**31 December 2008**

Company Registration No 3842863

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	5	<u>21,780</u>	<u>33,302</u>
<b>CURRENT ASSETS</b>			
Debtors	6	1,206,244	1,768,002
Cash at bank		<u>10,781</u>	<u>183</u>
		1,217,025	1,768,185
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(1,168,924)</u>	<u>(1,657,745)</u>
<b>NET CURRENT ASSETS</b>		<u>48,101</u>	<u>110,440</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>69,881</u>	<u>143,742</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	8	<u>-</u>	<u>(309)</u>
		<u>69,881</u>	<u>143,433</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>69,781</u>	<u>143,333</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>69,881</u>	<u>143,433</u>

For the year ended 31 December 2008 the company was entitled to the exemption from the requirement to have an audit under the provisions of section 249(A)(1) of the Companies Act 1985 and its members have not required the company to have an audit of these financial statements in accordance with section 249(B)(2)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements on pages 4 to 12 were approved by the directors and authorised for issue on *5th Feb 2010* and are signed on their behalf by



J P Gannaway  
 Director

# Integritie (UK) Limited

## UNAUDITED ACCOUNTING POLICIES

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### 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 January 2007)

### GOING CONCERN

Since the balance sheet date the finance company facility available to the company has been substantially reduced. The co-operation of the company's main suppliers currently allows the company to work within this facility. The directors are engaged with several parties to resolve the situation and remain confident that new facilities or investment will be forthcoming shortly.

The directors consider the company to be a going concern and the financial statements have been prepared on the going concern basis.

### TURNOVER

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

### 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	- 25% reducing balance
Equipment	- 25% reducing balance and 33% straight line

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that 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.

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

# Integritie (UK) Limited

## UNAUDITED ACCOUNTING POLICIES

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### 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.

### FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.



**Integritie (UK) Limited**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2008**

**1 TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2008	2007
	£	£
United Kingdom	3,314,500	3,149,507
USA and Caribbean	214,110	314,808
Europe	119,904	120,339
Southern Africa	213,737	—
	<u>3,862,251</u>	<u>3,584,654</u>

**2 OTHER OPERATING INCOME**

	2008	2007
	£	£
Loan written off in the year	<u>—</u>	<u>155,045</u>

**3 OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2008	2007
	£	£
Directors' emoluments	133,703	163,857
Depreciation of owned fixed assets	16,971	19,887
Profit on disposal of fixed assets	—	(615)
Auditor's fees	—	9,000
Net loss on foreign currency translation	<u>8,683</u>	<u>10,454</u>

**4 TAXATION ON ORDINARY ACTIVITIES**

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 19% (2007 - 19%)	<u>(22,538)</u>	<u>(15,432)</u>
Total current tax	<u>(22,538)</u>	<u>(15,432)</u>
Deferred tax		
Origination and reversal of timing differences (note 8)		
Capital allowances	<u>(309)</u>	<u>(1,964)</u>
Tax on loss on ordinary activities	<u>(22,847)</u>	<u>(17,396)</u>

**Integritie (UK) Limited**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2008**

**4 TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2006 - 30%)

	2008 £	2007 £
Loss on ordinary activities before taxation	(96,399)	(90,660)
Loss on ordinary activities by rate of tax	(26,992)	(27,198)
Permanent differences - disallowable	7,757	5,790
Fixed asset timing differences	(309)	1,941
Adjustments to tax charge in respect of previous periods	(6,163)	(15,432)
Tax losses not utilised	2,860	19,212
Non trade charges lost	-	255
Total current tax (note 4(a))	(22,847)	(15,432)

**5 TANGIBLE FIXED ASSETS**

	Fixtures & Fittings £	Equipment £	Total £
Cost			
At 1 January 2008	12,691	136,889	149,580
Additions	2,670	2,779	5,449
At 31 December 2008	15,361	139,668	155,029
Depreciation			
At 1 January 2008	7,822	108,456	116,278
Charge for the year	2,135	14,836	16,971
At 31 December 2008	9,957	123,292	133,249
Net book value			
At 31 December 2008	5,404	16,376	21,780
At 31 December 2007	4,869	28,433	33,302

**6 DEBTORS**

	2008 £	2007 £
Trade debtors	415,584	1,052,268
Amounts owed by group undertakings	760,301	670,635
VAT recoverable	-	42,099
Other debtors	30,359	3,000
	1,206,244	1,768,002

**Integritie (UK) Limited**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2008**

**7 CREDITORS** Amounts falling due within one year

	2008	2007
	£	£
Bank overdrafts	–	239,109
Finance company advance	224,779	–
Trade creditors	708,375	1,043,104
Amounts owed to group undertakings	13,456	77,494
Corporation tax	5,566	41,637
Other taxes and social security	69,425	144,323
Other creditors	30,073	10,000
Accruals and deferred income	117,250	102,078
	<u>1,168,924</u>	<u>1,657,745</u>

Included within other creditors is £29,822 (2007 £10,000) representing amounts owed to M Veenswyk, the managing director of the company. The maximum amount outstanding during the year was £29,822 (2007 £200,135).

**8 DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	2008	2007
	£	£
Provision brought forward	309	2,273
Profit and loss account movement arising during the year	(309)	(1,964)
Provision carried forward	<u>-</u>	<u>309</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	309
	<u>309</u>	<u>309</u>

# Integritie (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2008

#### 9 RELATED PARTY TRANSACTIONS

The ultimate parent company is Electronic Archive Solutions Holdings Limited, a company registered in the British Virgin Islands, which owns 100% of the issued share capital of the company (2007 100%)

At the balance sheet date the company was owed £541,216 (2007 £410,993) in terms of loan balances from Electronic Archive Solutions Holdings Limited, and £219,085 (2007 £243,952) in terms of trade balances from group undertakings as follows

- £145,113 (2007 £104,861) is due from Integritie (Canada) Limited, a fellow group company,
- £73,972 (2007 £139,091) is due from Electronic Archive Solutions Holdings Limited,

At the balance sheet date, there were charges due to Electronic Archive Solutions Holdings Limited of £7,489 (2007 £68) In addition, the company owed £1,486 (2007 nil) in trade balances to Integritie (Canada) Limited It also owed non-trade amounts of £4,481 (2007 £63,107) to Integritie (Canada) Limited

#### 10 SHARE CAPITAL

	2008 £	2007 £
Authorised 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	2008 £	2007 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 11 PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
At 1 January 2008	143,333	216,597
Loss for the financial year	<u>(73,552)</u>	<u>(73,264)</u>
At 31 December 2008	<u>69,781</u>	<u>143,333</u>

#### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(73,552)	(73,264)
Opening shareholders' funds	<u>143,433</u>	<u>216,697</u>
Closing shareholders' funds	<u>69,881</u>	<u>143,433</u>

**Integritie (UK) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2008**

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**13 PARENT COMPANY**

During the year under review, the parent company was Electronic Archive Solutions Holdings Limited, a company registered in the British Virgin Islands, and the ultimate controlling party is M Veenswyk