

Affinitas Networks Limited

Report and Financial Statements

31 December 2003



Affinitas Networks Limited

Registered No: 04218796

Director

Mark Elliott

Secretary

Rupert Stewart Conder

Auditors

Rothman Pantall
229 West Street
Fareham
Hampshire
PO16 0HZ

Bankers

Lloyds TSB Bank plc
Gracechurch House
23/35 Castle Way
Southampton
S014 2BW

Registered office

Enterprise Units
Ordnance Road
Tidworth
Wiltshire
SP9 7QD

Director's report

The director presents his report and financial statements for the year ended 31 December 2003.

Results and dividends

The loss for the year amounted to £13,286.

Principal activities and review of the business

The principal activity of the company during the year was the provision of careers advice. Following the departure of the Managing Director on 30 April 2003, the company has ceased trading.

Directors

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

Simon Philip Guy Lee	(resigned 30 April 2003)
Stephen Mansbridge	(resigned 30 April 2003)
Andrew Bankes Gough	(resigned 31 July 2003)
Mark Collier Elliott	(appointed 23 July 2003)

There are no director's interests requiring disclosure under the Companies Act 1985.

None of the directors had interests in the issued share capital of the company. The interests of the directors in the issued share capital of the ultimate parent undertaking, Forces Group Limited, are disclosed in that company's accounts, as well as any options held.

Auditors

Rothman Pantall & Co were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a special resolution will be put to the Annual General Meeting.

By order of the board



Rupert Stewart Conder
Secretary

Statement of director's responsibilities in respect of the financial statements

Company law requires the director 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 year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Independent auditors' report

to the members of Affinitas Networks Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of 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 directors and auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 Director's 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 director's remuneration and transactions with the company 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 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.

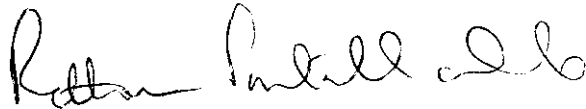
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Affinitas Networks Limited (continued)

Opinion

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



**Rothman Pantall & Co
Chartered Accountants and
Registered Auditors**

**229 West Street
Fareham
Hampshire
PO16 0HZ**

28th October 2004

Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	1,896	79,492
Administrative expenses		(15,188)	(130,957)
Interest receivable		6	-
Loss on ordinary activities before taxation	3	(13,286)	(51,465)
Tax on loss on ordinary activities		-	-
Loss for the financial year	4	(13,286)	(51,465)

Statement of total recognised gains and losses


There are no recognised gains or losses other than the loss of £13,286 attributable to the shareholders for the year ended 31 December 2003 (2002 - loss of £51,465).

Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	7	-	1,802
Current assets			
Debtors	8	-	2,940
Cash at bank		-	7,032
		-	9,972
Creditors: amounts falling due within one year	9	141,859	140,347
Net current liabilities		(141,859)	(130,375)
Total assets less current liabilities		(141,859)	(128,573)
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(141,860)	(128,574)
Equity shareholder's funds	11	(141,859)	(128,573)

The financial statements were approved by the Board on 22 October 04 and signed on its behalf by



 Mark Elliott
 Director

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The company qualifies as a small company, under section 247 of the Companies Act 1985, and is not required to prepare a statement of cashflows.

Related parties transactions

The company is a wholly owned subsidiary of Forces Group limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the ForcesGroup group.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Office equipment - over 3 to 5 years

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold:

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted:

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2003

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover comprises income (excluding Value Added Tax) from the provision of careers advice and is solely incurred in the United Kingdom.

3. Operating loss

This is stated after charging

	2003 £	2002 £
Depreciation of owned fixed assets	161	966
Loss on disposal of tangible assets	1,641	-
	<u>1,641</u>	<u>-</u>

Audit fees are borne by fellow group companies

4. Staff costs

	2003 £	2002 £
Wages and salaries	12,620	60,375
Social security costs	1,327	6,620
Other pension costs	1,000	4,000
	<u>14,947</u>	<u>70,995</u>

The monthly average number of employees during the year was as follows:

	2003 No.	2002 No.
Sales	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2003

5. Director's emoluments

	2003 £	2002 £
Emoluments	<u>16,533</u>	<u>49,600</u>
Value of company pension contributions to money purchase schemes	<u>1,000</u>	<u>4,000</u>
	2003 No.	2002 No.
Members of money purchase pension schemes	<u>1</u>	<u>1</u>

6. Taxation

There is no tax charge or credit in the period. There are accumulated losses of £126,338 (2002 £126,257), subject to the agreement of the Inland Revenue, that will be carried forward indefinitely unless in the future the company resumes its former trading activity and generates profits.

7. Tangible fixed assets

	Computer Equipment £
Cost:	
At 1 January 2003	2,929
Disposals	<u>(2,929)</u>
At 31 December 2003	<u>-</u>
Depreciation:	
At 1 January 2003	1,127
Provided during the year	161
Adjustment on disposal	<u>(1,288)</u>
At 31 December 2003	<u>-</u>
Net book value:	
At 31 December 2003	<u>-</u>
At 31 December 2002	<u>1,802</u>

Notes to the financial statements

at 31 December 2003

8. Debtors

	2003 £	2002 £
Prepayments and accrued income	-	2,940

9. Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	141,859	129,101
Accruals and deferred income	-	11,246
	<u>141,859</u>	<u>140,347</u>

10. Share capital

	2003 £	Authorised 2002 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

	Allotted, called up and fully paid	
	2003	2002
	No.	No.
	£	£
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 31 December 2002	1	(128,574)	(128,573)
Loss for the year	-	(13,286)	(13,286)
At 31 December 2003	<u>1</u>	<u>(141,860)</u>	<u>(141,859)</u>

Notes to the financial statements

at 31 December 2003

12. Pension commitments

The company participates in a group defined contribution pension scheme, for its directors and employees. The assets of the scheme are held in separately from those of the company in an independently administered fund. Payments during the period totalled £1,000.

13. Ultimate parent company

The company's ultimate parent undertaking and controlling party is ForcesGroup Limited. Copies of its group accounts, which include the company, are available from the company secretary at the registered office.