

COMPANY REGISTRATION NUMBER 2458666

I.B.R.S. PLC
FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2004



SHABBIR & CO
Chartered Accountants & Registered Auditors
Registered Auditors
248 Brockley Road
London SE4 2SF

I.B.R.S. PLC

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2004

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I.B.R.S. PLC**THE DIRECTORS' REPORT****YEAR ENDED 31ST DECEMBER 2004**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of computer consultants and dealers.

The company is facing difficult trading conditions due to the saturation of the computer hardware market. The directors are considering diversifying into consultancy and other value added services.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 December 2004	1 January 2004
R K Lodhi	35,000	35,000
S K Lodhi	<u>15,000</u>	<u>15,000</u>

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, 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 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. The directors 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.

I.B.R.S. PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2004

Signed by order of the directors

R K LODHI
Company Secretary

A handwritten signature in black ink, appearing to read 'R K Lodhi', is written over a horizontal line.

Approved by the directors on 21st July 2005

I.B.R.S. PLC**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
I.B.R.S. PLC****YEAR ENDED 31ST DECEMBER 2004**

We have audited the financial statements of I.B.R.S. PLC for the year ended 31st December 2004 on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Directors' Responsibilities 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.

I.B.R.S. PLC


**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
I.B.R.S. PLC** *(continued)*

YEAR ENDED 31ST DECEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditors
248 Brockley Road
London SE4 2SF


SHABBIR & CO
Chartered Accountants
& Registered Auditors

21st July 2005

I.B.R.S. PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 2004**

	Note	2004 £	2003 £
TURNOVER	2	124,564	82,651
Cost of sales		<u>89,427</u>	<u>47,757</u>
GROSS PROFIT		35,137	34,894
Distribution Costs		64	459
Administrative expenses		46,647	47,615
Other operating income		<u>(18,208)</u>	<u>(18,414)</u>
OPERATING PROFIT	3	6,634	5,234
Interest receivable		3	—
Interest payable and similar charges	6	<u>(2,320)</u>	<u>(2,669)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,317	2,565
Tax on profit on ordinary activities	7	—	545
RETAINED PROFIT FOR THE FINANCIAL YEAR		4,317	2,020
Balance brought forward		<u>36,099</u>	<u>34,079</u>
Balance carried forward		<u>40,416</u>	<u>36,099</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

I.B.R.S. PLC**BALANCE SHEET****31ST DECEMBER 2004**

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	8		57,117		59,023
CURRENT ASSETS					
Stocks	9	19,760		16,640	
Debtors	10	101,166		109,958	
Cash in hand		200		155	
		<u>121,126</u>		<u>126,753</u>	
CREDITORS: Amounts falling due within one year	11	<u>46,420</u>		<u>74,677</u>	
NET CURRENT ASSETS			<u>74,706</u>		<u>52,076</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>131,823</u>		<u>111,099</u>
CREDITORS: Amounts falling due after more than one year	12		<u>41,407</u>		<u>25,000</u>
			<u>90,416</u>		<u>86,099</u>
CAPITAL AND RESERVES					
Called-up equity share capital	15		50,000		50,000
Profit and loss account			40,416		36,099
SHAREHOLDERS' FUNDS	16		<u>90,416</u>		<u>86,099</u>

These financial statements were approved by the directors on the 21st July 2005 and are signed on their behalf by:

R K LODHI
Director



I.B.R.S. PLC**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 2004**

	Note	2004 £	£	2003 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		4,038		25,927
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	17		(2,990)		(3,794)
TAXATION	17		—		(2,102)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	17		—		(9,875)
CASH INFLOW BEFORE FINANCING			<u>1,048</u>		<u>10,156</u>
FINANCING	17		20,411		(6,036)
INCREASE IN CASH	17		<u>21,459</u>		<u>4,120</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****1. ACCOUNTING POLICIES****Basis of accounting**

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

Turnover

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

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	-	15-25% reducing balance
Motor Vehicles	-	15-25% reducing balance
Equipment	-	15-25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2004	2003
	£	£
United Kingdom	<u>124,564</u>	<u>82,651</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****3. OPERATING PROFIT**

Operating profit is stated after charging:

	2004	2003
	£	£
Depreciation of owned fixed assets	1,906	2,077
Depreciation of assets held under hire purchase agreements	—	2,655
Auditors' remuneration		
- as auditors	1,000	1,000
- for other services	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Number of administrative staff	1	1
Number of management staff	2	2
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	12,865	12,975
Social security costs	356	81
	<u>13,221</u>	<u>13,056</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	12,000	12,000
	<u>12,000</u>	<u>12,000</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	1,131	1,061
Finance charges	1,189	1,608
	<u>2,320</u>	<u>2,669</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****7. TAXATION ON ORDINARY ACTIVITIES**

	2004 £	2003 £
Current tax:		
Corporation tax	—	—
Over/under provision in prior year	—	545
Total current tax	<u>—</u>	<u>545</u>

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 January 2004 and 31 December 2004	<u>27,441</u>	<u>6,557</u>	<u>33,660</u>	<u>47,129</u>	<u>114,787</u>
DEPRECIATION					
At 1 January 2004	—	5,668	18,609	31,487	55,764
Charge for the year	—	177	225	1,504	1,906
At 31 December 2004	<u>—</u>	<u>5,845</u>	<u>18,834</u>	<u>32,991</u>	<u>57,670</u>
NET BOOK VALUE					
At 31 December 2004	<u>27,441</u>	<u>712</u>	<u>14,826</u>	<u>14,138</u>	<u>57,117</u>
At 31 December 2003	<u>27,441</u>	<u>889</u>	<u>15,051</u>	<u>15,642</u>	<u>59,023</u>

Hire purchase agreements

Included within the net book value of £57,117 is £Nil (2003 - £15,051) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2003 - £2,655).

9. STOCKS

	2004 £	2003 £
Raw materials	<u>19,760</u>	<u>16,640</u>

10. DEBTORS

	2004 £	2003 £
Trade debtors	101,166	108,708
Other debtors	—	1,250
	<u>101,166</u>	<u>109,958</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****11. CREDITORS: Amounts falling due within one year**

	2004	2003
	£	£
Bank loans and overdrafts	35,632	51,046
Trade creditors	4,308	3,334
PAYE and social security	749	208
VAT	349	1,639
Hire purchase agreements	—	1,996
Directors current accounts	1,447	9,959
Accruals and deferred income	3,935	6,495
	<u>46,420</u>	<u>74,677</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	<u>35,632</u>	<u>29,421</u>

12. CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Bank loans and overdrafts	21,407	—
Directors' loan accounts	20,000	25,000
	<u>41,407</u>	<u>25,000</u>

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	—	1,996
	<u>—</u>	<u>1,996</u>

14. RELATED PARTY TRANSACTIONS

The company was under the control of Mr R K Lodhi throughout the current and previous year. Mr Lodhi is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****15. SHARE CAPITAL****Authorised share capital:**

	2004 £	2003 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	4,317	2,020
Opening shareholders' equity funds	<u>86,099</u>	<u>84,079</u>
Closing shareholders' equity funds	<u>90,416</u>	<u>86,099</u>

17. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating profit	6,634	5,234
Interest payable	673	1,125
Depreciation	1,906	4,732
Increase in stocks	(3,120)	(1,645)
Decrease in debtors	8,792	33,790
Decrease in creditors	<u>(10,847)</u>	<u>(17,309)</u>
Net cash inflow from operating activities	<u>4,038</u>	<u>25,927</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004 £	2003 £
Interest received	3	—
Interest paid	(1,804)	(2,186)
Interest element of hire purchase	<u>(1,189)</u>	<u>(1,608)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(2,990)</u>	<u>(3,794)</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****17. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)***TAXATION**

	2004	2003
	£	£
TAXATION	—	(2,102)

CAPITAL EXPENDITURE

	2004	2003
	£	£
Payments to acquire tangible fixed assets	—	(9,875)
Net cash outflow from capital expenditure	—	(9,875)

FINANCING

	2004	2003
	£	£
Repayment of bank loans	27,407	—
Capital element of hire purchase	(1,996)	(6,036)
Repayment of directors' long-term loans	(5,000)	—
Net cash inflow/(outflow) from financing	20,411	(6,036)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004		2003	
	£	£	£	£
Increase in cash in the period	21,459		4,120	
Net cash (inflow) from bank loans	(27,407)		—	
Cash outflow in respect of hire purchase	1,996		6,036	
Cash outflow from directors' long-term loans	5,000		—	
	<u>1,048</u>		<u>—</u>	10,156
Change in net debt		1,048		10,156
Net debt at 1 January 2004		(77,887)		(88,043)
Net debt at 31 December 2004		<u>(76,839)</u>		<u>(77,887)</u>

I.B.R.S. PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2004****17. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)***ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	155	45	200
Overdrafts	(51,046)	21,414	(29,632)
	<u>(50,891)</u>	<u>21,459</u>	<u>(29,432)</u>
Debt:			
Debt due within 1 year	—	(6,000)	(6,000)
Debt due after 1 year	(25,000)	(16,407)	(41,407)
Hire purchase agreements	(1,996)	1,996	—
	<u>(26,996)</u>	<u>(20,411)</u>	<u>(47,407)</u>
Net debt	<u>(77,887)</u>	<u>1,048</u>	<u>(76,839)</u>