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REGENT TECHNOLOGY LIMITED

Financial Statements

**For the year ended
31 December 2005**

REGENT TECHNOLOGY LIMITED

Financial statements for the year ended 31 December 2005

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REGENT TECHNOLOGY LIMITED

Company information

Directors

P D Rowell
J R Calvert
P J McGovern
D A Alway
P Nataf

Secretary

C E Wanniaratchy	(appointed 25 November 2005)
D C Jones	(appointed 01 October 2005; resigned 25 November 2005)
K M Weston	(resigned 30 September 2005)

Registered Office

17/21 Victoria Street
Windsor
Berkshire
SL4 1HE

Registered number

2589408

Auditors

Chantrey Vellacott DFK LLP
Prospect House
58 Queens Road
Reading
Berkshire
RG1 4RP

Solicitors

Faegre & Benson LLP
7 Pilgrim Street
London
EC4V 6LB

REGENT TECHNOLOGY LIMITED

Directors' report for the year ended 31 December 2005

The directors present their report and the financial statements of the company and the group for the year ended 31 December 2005.

Principal activities, review of business and future developments

The principal activity of the group is the provision of corporate finance services.

The level of activities in mergers and acquisitions in the technology sector increased significantly in 2005, and the level is expected to continue to be historically high. However, delays in completions of deals worked on in 2005 meant that considerable revenues accrued to the company just after the end of 2005. As a consequence, the results of 2005 show a reduction in revenues as compared with 2004. In spite of this reduction, the trend in the group is one of improving performance. The directors look forward to 2006 and beyond with optimism.

Post balance sheet events

A decision was taken that, subsequent to the balance sheet date, the French branch of Regent Associates Limited would cease to operate from the existing offices around the end of the first quarter of 2006. Regent Associates Limited will, however, continue to participate in business in that geographical region from its UK office. During the year to 31 December 2005 the branch being closed operated at close to break even.

Charitable and political contributions

During the year the group made charitable contributions of £1,437 (2004: £1,409).

Directors

The directors who served during the year were:

P D Rowell
J R Calvert
P J McGovern
D A Alway
P Nataf

Directors' interests in shares

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

	£1 ordinary shares		£1 Redeemable 'A' shares	
	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Mr P D Rowell	4,720	4,421	3,659	3,659
Mr J R Calvert	3,801	3,561	453	453
Mr D A Alway	2,734	2,561	1,082	1,082
Mr P Nataf	2,028	1,900	179	179
Mr P J McGovern	-	-	-	-

REGENT TECHNOLOGY LIMITED

Directors' report for the year ended 31 December 2005

Director's 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 the group and of the profit or loss of the group 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;
- 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 or group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Chantrey Vellacott DFK LLP Chartered Accountants were appointed auditors to the Company at the last Annual General Meeting and in accordance with Section 285 of the Companies Act 1985, a resolution to reappoint Chantrey Vellacott DFK LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board


J R Calvert - Director

Date: 30/3/06

REGENT TECHNOLOGY LIMITED

Independent auditors' report to the members of Regent Technology Limited

We have audited the group and parent company financial statements of Regent Technology Limited for the year ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Recognised Gains and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes which are set out on pages 11 to 23. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain current asset investments 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 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 directors and auditors

As described in the statement of directors' responsibilities, on page 3, the directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company and the group 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 and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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.

REGENT TECHNOLOGY LIMITED

Independent auditors' report to the members of Regent Technology 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 parent company's and the group's affairs as at 31 December 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter- going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty regarding the group's projected revenue, expenditure and cash flow information. In view of the significance of this uncertainty, we consider that it should be drawn to your attention.



CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditors

READING

Date: 31 March 2006

Chantrey Vellacott DFK LLP

REGENT TECHNOLOGY LIMITED

Consolidated Profit and Loss Account for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	2,853,904	3,344,047
Administrative expenses		(3,075,870)	(3,157,692)
		(221,966)	186,355
Other operating income		90,736	130,087
Operating (loss)/profit	5	(131,230)	316,442
Interest receivable		6,719	25,984
Interest payable and similar charges	6	(23,253)	(13,759)
(Loss)/profit on ordinary activities before taxation		(147,764)	328,667
Taxation charge on (loss)/profit from ordinary activities	7	(2,671)	(1,477)
(Loss)/profit on ordinary activities after taxation and retained (loss)/profit for the year	15	(150,435)	327,190

None of the group's activities were either acquired or discontinued during either accounting year but reference should be made to Note 23.

The notes on pages 11 to 23 form part of these financial statements.

REGENT TECHNOLOGY LIMITED

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December 2005

		2005 £	2004 £
(Loss)/profit for the financial year		(150,435)	327,190
(Loss)/gain on quoted investment		(12,069)	12,069
Exchange translation differences on foreign currency net investments in subsidiary undertakings	14	(62,859)	62,407
Total recognised gains and losses for the year		<u>(225,363)</u>	<u>401,666</u>

Chantrey Vellacott DFK LLP

The notes on pages 11 to 23 form part of these financial statements.

REGENT TECHNOLOGY LIMITED

Consolidated Balance Sheet at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	8	<u>72,832</u>	<u>63,785</u>
Current assets			
Current asset investment	10	-	212,069
Debtors	11	458,679	261,596
Cash at bank and in hand		<u>82,394</u>	<u>427,770</u>
		541,073	901,435
Creditors: amounts falling due within one year	12	<u>(859,091)</u>	<u>(985,043)</u>
Net current liabilities		<u>(318,018)</u>	<u>(83,608)</u>
Total assets less current liabilities		<u>(245,186)</u>	<u>(19,823)</u>
Capital and reserves			
Called up share capital	13	30,204	30,204
Share premium account	15	156,228	156,228
Profit and loss account	15	(431,618)	(218,324)
Revaluation reserve	15	-	12,069
Shareholders' funds - in deficit	14	<u>(245,186)</u>	<u>(19,823)</u>

The financial statements were approved by the Board on30/3/06.....


 J R Calvert - Director

The notes on pages 11 to 23 form part of these financial statements.

REGENT TECHNOLOGY LIMITED

Company Balance Sheet at 31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Tangible assets	8	48,415	34,152
Investments	9	53,218	53,218
		<u>101,633</u>	<u>87,370</u>
Current assets			
Debtors	11	613,525	94,044
Cash at bank and in hand		-	43,484
		<u>613,525</u>	<u>137,528</u>
Creditors: amounts falling due within one year	12	(1,106,792)	(956,951)
Net current liabilities		<u>(493,267)</u>	<u>(819,423)</u>
Total assets less current liabilities		<u>(391,634)</u>	<u>(732,053)</u>
Capital and reserves			
Called up share capital	13	30,204	30,204
Share premium account	15	156,228	156,228
Profit and loss account	15	(578,066)	(918,485)
Shareholders' funds - in deficit	14	<u>(391,634)</u>	<u>(732,053)</u>

The financial statements were approved by the Board on 30/3/06


J R Calvert - Director

The notes on pages 11 to 23 form part of these financial statements.

REGENT TECHNOLOGY LIMITED

Consolidated cash flow statement for the year ended 31 December 2005

	Note	2005	2004
		£	£
Net cash (outflow)/inflow from operating activities	18	(490,587)	1,954
Returns on investments and servicing of finance			
Interest received	6,719	25,984	
Interest paid	(23,253)	(13,759)	
Net cash (outflow)/inflow from returns on investment and servicing of finance		(16,534)	12,225
Taxation		-	(1,477)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(33,903)	(2,560)	
Disposal of tangible fixed assets	-	-	
Disposal of current asset investment	195,648	-	
Net cash inflow/(outflow) from capital expenditure and financial investment		161,745	(2,560)
Net cash (outflow)/inflow before financing		(345,376)	10,142
Financing			
Issue of share capital		-	1,750
(Decrease)/increase in cash	19	(345,376)	11,892

The notes on pages 11 to 23 form part of these financial statements.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain current asset investments and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

a) Basis of consolidation

The consolidated financial statements incorporate the results of Regent Technology Limited and all of its subsidiary undertakings at 31 December 2005 using the equity method of accounting.

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in the financial statements. A retained profit of £340,419 (2004: £196,755) is dealt with in the financial statements of the parent company after a release of a provision against an inter - company balance of £529,583.

b) Turnover and recognition and income

Turnover represents fee income being the value of services supplied during the year excluding value added tax.

Income is recognised on the date of the invoice after having taken account of any appropriate fair value adjustment to reflect any uncertainty in the measure of the consideration. Income and the corresponding debtor are reduced by any such adjustment.

c) Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	- Over the term of the lease
Fixtures, fittings and equipment	- 25% per annum on a straight line basis
Computers and telephone equipment	- 33 1/3% per annum on a straight line basis

d) Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

Current asset investments are stated at market value.

e) Foreign currency

Foreign currency transactions of the company are translated at the rate ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

1. Accounting policies (continued)

e) Foreign currency (continued)

The profit and loss account and assets and liabilities of foreign subsidiary undertakings have been translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences that arise from retranslations of the opening net investment in foreign subsidiary undertakings are taken to reserves.

The profit and loss account of the individual overseas branch of a subsidiary undertaking has been translated using the temporal method using an average rate for the year.

f) Leased assets

Where leases are treated as operating leases, their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the year to the date on which the rent is first expected to be adjusted to the prevailing market rate.

g) 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. The deferred tax balance has not been discounted.

A deferred tax asset is only recognised where the conditions for recognition in Financial Reporting Standard No 19 (Deferred Tax) are satisfied.

h) Pension Costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they are payable.

i) Going Concern

The financial statements have been prepared on a going concern basis, which assumes the company and group will continue in operational existence for the foreseeable future.

The directors have prepared projected revenue, expenditure and cash flow information, which anticipates that the group will be profitable in 2006.

On the basis of this cash flow information, the directors consider that the group will have sufficient facilities available for it to continue to operate.

Should the going concern basis of preparation of the financial statements be found to be inappropriate should the projected revenues not be achieved, adjustments may have to be made to reduce the value of assets to their recoverable amount and further liabilities provided for, both adjustments having consequent effects on the profit and loss account. The financial statements do not include such adjustments.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

2. Turnover

Turnover is mainly attributable to the principal activity of the group.

Analysis by geographical market:

	2005 £	2004 £
United Kingdom	1,423,157	2,501,183
Rest of Europe	1,111,081	648,252
North America	263,694	135,492
Other	55,972	59,120
	<u>2,853,904</u>	<u>3,344,047</u>

3. Employees

Staff cost for all employees, including executive directors, consist of:

	2005 £	2004 £
Wages and salaries	1,626,078	1,818,169
Social security costs	234,070	252,062
Other pension costs	38,008	50,969
	<u>1,898,156</u>	<u>2,121,200</u>

The average number of employees, including directors, during the year was as follows:

	Number	Number
Management and administration	<u>22</u>	<u>19</u>

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

4. Directors	2005	2004
	£	£
Directors' emoluments consist of:		
Fees and emoluments for management services	447,257	665,197
Pension contributions	11,791	31,011
	<u>459,048</u>	<u>696,208</u>

There were 2 directors (2004: 2) in the company's defined contribution pension scheme during the year.

	2005	2004
	£	£
Highest paid director:		
Emoluments	<u>122,055</u>	<u>199,740</u>

The company contributed £3,555 (2004: £3,118) on behalf of the highest paid director to the company's defined contribution pension scheme during the year.

5. Operating (loss)/profit	2005	2004
	£	£
The operating (loss)/profit is stated after charging/(crediting):		
Operating lease rentals	276,966	268,956
Depreciation	24,856	27,010
Auditors' remuneration:		
Audit services	18,150	17,300
Non-audit services	20,060	21,329
Exchange differences	(55,140)	56,368
Loss on disposal of current asset investment	4,352	-
Exceptional item	-	(96,083)
	<u>-</u>	<u>(96,083)</u>

The exceptional credit relates to the settlement of balances with the company's previous parent and fellow subsidiary companies (change of ownership took place in October 2002). Greater detail was set out in the previous year's financial statements.

6. Interest payable and similar charges	2005	2004
	£	£
Bank loans and overdrafts	925	-
Other interest	22,328	13,759
	<u>23,253</u>	<u>13,759</u>

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

7. Taxation

	2005 £	2004 £
Current tax:		
UK corporation tax on (loss)/profit for the year	-	-
Adjustments in respect of previous periods	2,671	-
Overseas taxation	-	1,477
	<u>2,671</u>	<u>1,477</u>
Total current tax	2,671	1,477
Deferred tax:		
Reversal of timing difference	-	-
	<u>-</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>2,671</u>	<u>1,477</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
(Loss)/profit on ordinary activities before tax	<u>(147,764)</u>	<u>328,667</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	(44,329)	98,600
Effects of:		
Expenses not deductible for tax purposes	3,231	2,729
Depreciation for year in deficit of capital allowances	(8,246)	(6,125)
Losses arising in year not recognised as a deferred tax asset	61,800	44,766
Short term timing differences	(14,110)	-
Losses utilised	-	(41,877)
Overseas losses utilised	-	(96,392)
Other tax adjustments	1,654	(1,701)
Adjustments in respect of previous periods	2,671	-
Overseas taxation	-	1,477
	<u>2,671</u>	<u>1,477</u>
Current tax charge for year	2,671	1,477

The corporation tax charge for the year is after taking account of group relief surrenders which are expected to be available.

The company and group have trading losses for offset against future trading profits of the same trade amounting to approximately £235,000. No deferred tax asset has been reflected in respect of these losses in view of the difficulty in projecting future revenues.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

8. Tangible assets - Group

	Leasehold improvements £	Equipment and fixtures £	Total £
Cost			
At 1 January 2005	488,532	258,439	746,971
Additions	-	33,903	33,903
Disposals	-	-	-
At 31 December 2005	<u>488,532</u>	<u>292,342</u>	<u>780,874</u>
Depreciation			
At 1 January 2005	427,381	255,805	683,186
Charge for the year	15,893	8,963	24,856
Disposals	-	-	-
At 31 December 2005	<u>443,274</u>	<u>264,768</u>	<u>708,042</u>
Net book value			
At 31 December 2005	<u>45,258</u>	<u>27,574</u>	<u>72,832</u>
At 31 December 2004	<u>61,151</u>	<u>2,634</u>	<u>63,785</u>

Tangible assets - Company

	Leasehold improvements £	Equipment and fixtures £	Total £
Cost			
At 1 January 2005	424,093	172,920	597,013
Additions	-	31,193	31,193
Disposals	-	-	-
At 31 December 2005	<u>424,093</u>	<u>204,113</u>	<u>628,206</u>
Depreciation			
At 1 January 2005	391,385	171,476	562,861
Charge for the year	8,733	8,197	16,930
At 31 December 2005	<u>400,118</u>	<u>179,673</u>	<u>579,791</u>
Net book value			
At 31 December 2005	<u>23,975</u>	<u>24,440</u>	<u>48,415</u>
At 31 December 2004	<u>32,708</u>	<u>1,444</u>	<u>34,152</u>

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

9. Investment - Company

	Subsidiary undertakings £	Total £
Cost		
At 1 January 2005 and 31 December 2005	<u>53,218</u>	<u>53,218</u>

The following were subsidiary undertakings of the company at 31 December 2005.
All subsidiary undertakings are wholly owned.

Name	Country of Incorporation	Nature of business	Shares held by
Regent Associates Limited	UK	Corporate Finance services	Regent Technology Limited
Regent Associates International Inc	USA	Corporate Finance services	Regent Associates Limited
Regent Trustee Limited	UK	Dormant	Regent Technology Limited
Target Research Limited	UK	Dormant	Regent Technology Limited
Regent Advisors Limited	UK	Dormant	Regent Technology Limited

10. Current asset investments

	Group £	Company £
Market value at 1 January 2005	212,069	-
Disposal of quoted investment	<u>(212,069)</u>	<u>-</u>
Market Value at 31 December 2005	<u>-</u>	<u>-</u>

The investment was acquired during the previous year in settlement of a trade debt of £200,000. This investment was sold at a small loss compared to that £200,000. The previous revaluation surplus has been reversed against the revaluation reserve created last year and the remaining £4,352 loss charged to the profit and loss account.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

11. Debtors

Amounts due within one year:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	282,167	111,621	-	-
Amounts due from subsidiary undertakings	-	-	529,449	5,360
Other debtors	47,698	-	10,667	9,491
Prepayments and accrued income	128,814	102,277	73,409	79,193
	<u>458,679</u>	<u>213,898</u>	<u>613,525</u>	<u>94,044</u>

Amounts due after more than one year:

Other debtors	-	47,698	-	-
	<u>458,679</u>	<u>261,596</u>	<u>613,525</u>	<u>94,044</u>

12. Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank overdraft	-	-	64,864	-
Trade creditors	119,482	79,002	78,563	29,153
Amounts due to subsidiary undertakings	-	-	645,486	536,553
Corporation tax	2,671	-	-	-
Taxation and social security	155,046	247,191	40,285	77,496
Other creditors	5,926	52,036	-	9,543
Accruals and deferred income	575,966	606,814	277,594	304,206
	<u>859,091</u>	<u>985,043</u>	<u>1,106,792</u>	<u>956,951</u>

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

13. Share capital

	Group		Company	
	2005 Number	2004 Number	2005 £	2004 £
Authorised Equity shares				
Ordinary shares of £1 each	85,000	85,000	85,000	85,000
Redeemable 'A' shares of £1 each	15,000	15,000	15,000	15,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	2005 Number	2004 Number	2005 £	2004 £
Allotted, called up and fully paid Equity shares				
Ordinary shares of £1 each	20,003	20,003	20,003	20,003
Redeemable 'A' shares of £1 each	10,201	10,201	10,201	10,201
	<u>30,204</u>	<u>30,204</u>	<u>30,204</u>	<u>30,204</u>

During the previous year the company issued 140 ordinary shares of £1 each. The consideration received by the company for these shares was £1,750.

On 25 October 2002 a call option was invoked whereby the issued share capital of Regent Technology Limited held by Communications Equity Associates International Limited reverted to certain beneficiaries of the 1999 sale and purchase agreement relating to the purchase of Regent Technology Limited.

Concurrently the Articles of Association were amended to redesignate 15,000 of the authorised shares of £1 each into 15,000 redeemable 'A' shares of £1 each. The 10,204 issued shares of £1 each were redesignated as 10,201 redeemable 'A' shares of £1 each and 3 ordinary shares of £1 each.

The company has the option to redeem the 'A' shares all or in part at a price of £348.19 for each 'A' share plus notional interest at the annual rate of 1% over the base rate of National Westminster Bank plc in respect of the period after 25 October 2002 until redemption.

'A' shares have no dividend rights. Voting rights are limited to situations where the rights attaching to the 'A' shares are being varied or where redemption is committed to and the company fails to pay the redemption price when due. In the event of a winding up, 'A' shares rank pari passu with the ordinary shares.

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

13. Share capital (continued)

The substance of the redeemable 'A' shares of the company are meant to provide the beneficiaries of the sale of Regent Technology Limited in 1999 with the opportunity to share in the future success of the company. The redemption of the 'A' shares is entirely at the option of the company and can only be contemplated when there are either sufficient distributable reserves and cash resources surplus to the company's requirements to grow and develop or some other future event.

For these reasons the directors consider that the 'A' shares fall to be considered as equity shares. Accordingly no provisions have been included in the financial statements in respect of any potential notional interest charge or in respect of the premium on redemption which is a maximum of £3.54million on the shares in issue at 31 December 2005. The directors do consider, however, these sums represent contingent liabilities of the company at the balance sheet date.

14. Reconciliation of movement in shareholders' funds

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
(Loss)/profit for the year	(150,435)	327,190	340,419	196,755
Shares issued at a premium	-	1,750	-	1,750
Other recognised (losses)/gains	(12,069)	12,069	-	-
Translation differences on foreign currency net investments in subsidiary undertakings	(62,859)	62,407	-	-
Net (decrease)/increase in shareholders' funds	(225,363)	403,416	340,419	198,505
Opening shareholders' funds	(19,823)	(423,239)	(732,053)	(930,558)
Closing shareholders' funds	(245,186)	(19,823)	(391,634)	(732,053)

Shareholders' funds may be analysed as follows:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Attributable to equity interests	(245,186)	(19,823)	(391,634)	(732,053)
	(245,186)	(19,823)	(391,634)	(732,053)

REGENT TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 31 December 2005

15. Reserves

	Share Premium £	Revaluation Reserve £	Profit and Loss account £
Group			
At 1 January 2005	156,228	12,069	(218,324)
Translation difference on foreign currency net investments in subsidiary undertakings	-	-	(62,859)
Disposal of quoted investment (Note 10)	-	(12,069)	-
Loss for the year	-	-	(150,435)
At 31 December 2005	156,228	-	(431,618)
Company			
At 1 January 2005	156,228	-	(918,485)
Profit for the year	-	-	340,419
At 31 December 2005	156,228	-	(578,066)

16. Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and contributions towards defined contribution personal pension schemes. The total cost to the group for the year in respect of directors and employees pensions was £38,008 (2004: £50,969).

17. Commitments under operating leases

As at 31 December 2005, the Group had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and Buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	26,986	8,560	-	-
In two to five years	110,080	35,014	235,195	62,504
After five years	-	-	-	-
	137,066	43,574	235,195	62,504

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Notes to the financial statements for the year ended 31 December 2005

18. Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	2005 £	2004 £
Operating (loss)/profit	(131,230)	316,442
Depreciation	24,856	27,010
(Increase)/decrease in debtors	(197,083)	557,592
Decrease in creditors	(128,623)	(761,497)
Loss on disposal of current asset investment	4,352	-
Exchange adjustment	(62,859)	62,407
Settlement of debtor balance as current asset investment	-	(200,000)
Net cash (outflow)/inflow from operating activities	<u>(490,587)</u>	<u>1,954</u>

19. Analysis of net funds

	At 1 January 2005	Cash flow	Other non-cash changes	At 31 December 2005
Cash at bank and in hand	427,770	(345,376)	-	82,394
Bank overdraft	-	-	-	-
Funds	<u>427,770</u>	<u>(345,376)</u>	<u>-</u>	<u>82,394</u>

20. Related Party Transactions

The company has taken advantage of the exemption allowed by Finance Reporting Standard 8, 'Related Party Transactions' not to disclose any transactions with entities that are included in the consolidated financial statements of Regent Technology Limited.

21. Contingent Liability

The company has given a guarantee in respect of amounts due to its bankers by the company and its subsidiary Regent Associates Limited. Amounts owed at the year end by Regent Associates Limited in respect of this guarantee are £Nil (2004: £Nil).

Reference should be made to note 13 in respect of redemption provisions and the potential notional interest relating to the Company's 'A' shares.

22. Control

The company is under the control of the directors, whose interests are detailed in the Directors' Report.

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Notes to the financial statements for the year ended 31 December 2005

23. Post balance sheet events

A decision was taken that, subsequent to the balance sheet date, the French branch of Regent Associates Limited would cease to operate from the existing offices around the end of the first quarter of 2006. Regent Associates Limited will, however, continue to participate in business in that geographical region from its UK office. During the year to 31 December 2005 the branch being closed operated at close to break even.