

NETSTORE (UK) LIMITED

Report and Accounts

30 June 2005



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# Netstore (UK) Limited

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Company Number 3202152

## **DIRECTORS**

P Barry-Walsh  
N Lloyd  
D Blundell  
S Sugunasingha  
M Wood  
P Calvert  
A Edwards

## **SECRETARY**

M Sugunasingha

## **AUDITORS**

Baker Tilly  
2 Bloomsbury Street  
London  
WC1B 3ST

## **BANKERS**

Barclays Bank plc  
Blackwater Valley Group  
PO Box 191  
Camberley  
Surrey  
GU15 3GS

## **SOLICITORS**

Norton Rose  
Kempson House  
Camomile Street  
London  
EC3A 7AN

## **REGISTERED OFFICE**

Continuity House  
London road  
Bracknell  
Berkshire  
RG12 2XH

# Netstore (UK) Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2005.

### RESULTS AND DIVIDENDS

The retained profit for the year, after taxation and dividends amounted to £27,859,742 (2004: Loss £762,079).

The directors recommend the payment of a dividend of £5,800,000 (2004: Nil).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity during the year was the provision of managed application software services and related consultancy services. The directors expect the company to trade profitably for the foreseeable future.

### TANGIBLE FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in note 12.

### DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

P Barry-Walsh

N Lloyd

D Blundell

S Sugunasingha

P Calvert (appointed 13<sup>th</sup> September 2005)

A Edwards (appointed 13<sup>th</sup> September 2005)

M Wood (appointed 15<sup>th</sup> September 2005)

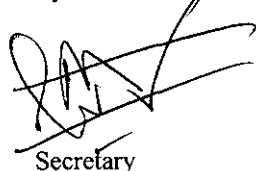
C Henderson (appointed 14<sup>th</sup> September 2005) (Resigned 8<sup>th</sup> December 2005)

None of the directors held interests in the share capital of the company at 30 June 2005. Details of the directors' interest in the share capital of the parent undertaking, Netstore plc, are disclosed in the accounts of that company.

### AUDITORS

A resolution to re-appoint Baker Tilly as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

12, DECEMBER 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on a 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 accounts 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETSTORE (UK) LIMITED**

We have audited the financial statements on pages 5 to 17.

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 any one 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We 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**

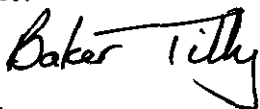
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 affairs of the company at 30 June 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST



12 DECEMBER 2005

# Netstore (UK) Limited

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2005

	<i>Notes</i>	<i>2005</i> £	<i>2004</i> £
TURNOVER	2	14,234,203	14,816,190
Cost of sales		(6,842,185)	(7,049,367))
Gross profit		7,392,018	7,766,823
Other operating expenses	3	(7,086,524)	(8,277,784)
Release of parent company loan	4	32,656,796	-
OPERATING PROFIT / (LOSS)		32,962,290	(510,961)
Investment income	7	98,234	91,982
Interest payable	8	(74,451)	(61,248)
Loss on disposal of investment		-	(600,000)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		32,986,073	(1,080,227)
Tax on profit / (loss) on ordinary activities	9	673,669	318,148
RETAINED PROFIT / (LOSS) FOR THE YEAR		33,659,742	(762,079)
Dividends Payable	10	(5,800,000)	-
Transfer to Reserves	19	27,859,742	(762,079)

The operating profit for the year arises from the company's continuing operations.


No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# Netstore (UK) Limited

## BALANCE SHEET

30 June 2005

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	11	63,753	205,764
Tangible assets	12	5,284,387	4,224,857
Investments	13	2,447,556	2,447,556
		<u>7,795,696</u>	<u>6,878,177</u>
<b>CURRENT ASSETS</b>			
Debtors – due within one year	14	4,804,919	4,750,590
Debtors – due after more than one year	14	888,669	215,000
Cash at bank and in hand		2,480,267	2,972,733
		<u>8,173,855</u>	<u>7,938,323</u>
<b>CREDITORS: amounts falling due within one year</b>			
Deferred income		(3,371,911)	(2,845,148)
Other creditors	15	(9,864,693)	(3,212,063)
		<u>(13,236,604)</u>	<u>(6,057,211)</u>
<b>NET CURRENT (LIABILITIES) /ASSETS</b>		<u>(5,062,749)</u>	<u>1,881,112</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,732,947</u>	<u>8,759,289</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	(1,185,464)	(35,071,548)
<b>TOTAL ASSETS / (LIABILITIES)</b>		<u><u>1,547,483</u></u>	<u><u>(26,312,259)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	612,733	612,733
Share premium account	19	475,327	475,327
Profit and loss account	19	459,423	(27,400,319)
<b>SHAREHOLDERS' FUNDS – equity interests</b>		<u><u>1,547,483</u></u>	<u><u>(26,312,259)</u></u>

 Approved by the Board on

Director

12/12/05

## NOTES TO THE ACCOUNTS at 30 June 2005

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

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

The accounts present information about the company itself and do not include information regarding its subsidiary undertakings. The company is exempt from producing consolidated accounts under Section 228 of the Companies Act 1985.

#### *Revenue recognition*

Revenue is largely derived from managed application services under long-term contracts. Other revenues are derived from consultancy and implementation services and software and hardware sales.

For managed application services, revenue is credited to the profit and loss account over the period to which the sales obligations are fulfilled under the related sales contract. Revenue from consultancy and implementation services is recognised on a percentage to completion basis, comparing at each period end the actual time spent on the project with total estimated time to completion.

Revenues from software and hardware are recognised at the time of shipping to the customer.

#### *Deferred income*

Certain amounts are invoiced to customers in advance of services being provided. These amounts are treated as deferred income, and are reflected on the face of the balance sheet.

#### *Cash flow statement*

The company has relied on the exemptions conferred under Financial Reporting Standard No.1 as a wholly owned subsidiary undertaking of a group whose consolidated financial statements are publicly available and has not presented a cash flow statement.

#### *Depreciation*

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fittings and set up costs	-	over 1 year
Office and computer equipment	-	20% to 50 % on cost
Leasehold improvements	-	over the shorter of the lease term and 4 years
Long leasehold property	-	over 50 years

Finance costs directly attributable to the development of tangible fixed assets have been capitalised as part of the cost of those assets.

#### *Goodwill*

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised on a straight line basis over its useful economic life of four years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the Profit and Loss Account is taken into account in determining the profit or loss on sale or closure.

#### *Research and Development*

Research and development expenditure is written off as incurred.



NOTES TO THE ACCOUNTS  
at 30 June 2005

*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 recognized in the financial statements.

Deferred tax is measured at 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.

*Foreign currencies*

Transactions denominated 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.

*Leasing and hire purchase commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss on a straight line basis over the lease term.

*Pensions*

The company operates a defined contribution scheme whose assets are held separately from the company in an independently administered fund. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

*Capital instruments*

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds.

2. **TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is credited to the profit and loss account over the period to which the obligation arises under the related sales contracts. Turnover and profit before taxation is wholly attributable to the one continuing activity of the company. All sales take place within the United Kingdom and Europe.

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 3. OTHER OPERATING EXPENSES

	2005	2004
	£	£
Selling and distribution expenses	5,108,553	5,285,722
Administrative expenses	1,977,971	2,992,062
	<u>7,086,524</u>	<u>8,277,784</u>

### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Profit/(loss) on ordinary activities before taxation is stated after charging / (crediting):	2005	2004
	£	£
Auditor's remuneration – audit services UK	50,000	37,300
- non audit services UK	50,000	52,520
- audit services overseas	-	10,000
Depreciation of tangible fixed assets – owned	1,075,755	899,658
- held on finance leases	80,522	68,409
Amortisation of intangible fixed assets	142,011	142,010
Operating lease rentals – land and buildings	214,896	267,329
- plant and machinery	13,215	17,232
- motor vehicles	51,712	83,649
Write off loan to subsidiary – exceptional item	-	391,048
Foreign exchange loss / (gain)	8,570	(16,995)
Release of parent company loan	(32,656,796)	-

During the year the group undertook a share restructuring exercise which included the release of a loan balance due to the parent undertaking, Netstore Plc.

### 5. DIRECTORS' EMOLUMENTS

	2005	2004
	£	£
Emoluments	<u>745,137</u>	<u>608,768</u>
Company contributions paid to money purchase pension schemes	<u>35,596</u>	<u>25,979</u>
Number of Directors who are members of money purchase pension schemes	<u>4</u>	<u>4</u>

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 5. DIRECTORS' EMOLUMENTS (CONTINUED)

The amounts paid in respect of the highest paid director are as follows:

	2005	2004
	£	£
Emoluments	304,283	213,765
	<u>          </u>	<u>          </u>
Company contributions paid to money purchase pension schemes	17,346	12,000
	<u>          </u>	<u>          </u>

### 6. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	4,134,959	4,731,094
Social security costs	470,573	543,810
Other pension costs	120,918	116,944
	<u>          </u>	<u>          </u>
	4,726,450	5,391,848
	<u>          </u>	<u>          </u>

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

	2005	2004
	No.	No.
Selling and distribution	73	76
Administration	16	16
	<u>      </u>	<u>      </u>
	89	92
	<u>      </u>	<u>      </u>

### 7. INVESTMENT INCOME

	2005	2004
	£	£
Deposit account interest	98,234	91,982
	<u>          </u>	<u>          </u>

### 8. INTEREST PAYABLE

	2005	2004
	£	£
Bank interest	49,688	52,704
Interest payable under finance leases and hire purchase agreements	24,274	-
Other interest	489	8,544
	<u>          </u>	<u>          </u>
	74,451	61,248
	<u>          </u>	<u>          </u>

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 9. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2005 £	2004 £
(a) Tax on loss on ordinary activities		
Current tax:		
UK corporation tax	-	(103,148)
Deferred tax	(673,669)	(215,000)
	<u>(673,669)</u>	<u>(318,148)</u>

The tax credit disclosed above relates to a research and development tax credit received in relation to expenditure incurred in the year.

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

The current tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004:30%), for the reasons set out below.

	2005 £	2004 £
Loss on ordinary activities before taxation	32,986,073	(1,080,227)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004:30%)	9,895,822	(324,068)
Expenses not deductible for tax purposes/(income not taxable)	(9,743,192)	320,971
Depreciation in excess of capital allowances	(320,488)	(376,876)
Utilisation of tax losses	104,704	267,102
Movement on general provision	790	112,871
Research and development tax credit	-	(103,148)
Group Relief	62,364	-
Total current tax	<u>-</u>	<u>(103,148)</u>

Factors that may affect the future tax charge.

The company has significant tax losses available for carry forward to set against future tax profits and consequently expects a low rate of tax for future years.

#### (c) Deferred Tax

The company has provided deferred tax assets on losses which are more likely than not to be realised in the foreseeable future and hence expected losses which will be recognised in the next twelve months trading have been provided. The provision has been made because the company expects to make taxable profits in this period.

The company has £5,485,000 (2004:£7,998,600) of unrecognised deferred tax assets.

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 10. DIVIDENDS

	2005 £	2004 £
Final Proposed - £9.36 (2004: Nil)	5,800,000	-

### 11. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and Licences £	Total £
Cost:			
At 1 July 2004 and at 30 June 2005	568,042	61,350	629,392
Amortisation:			
At 1 July 2004	362,278	61,350	423,628
Provided during the year	142,011	-	142,011
At 30 June 2005	504,289	61,350	565,639
Net book value:			
At 30 June 2005	63,753	-	63,753
At 30 June 2004	205,764	-	205,764

The goodwill is being amortised over 4 years, its estimated useful economic life.

### 12. TANGIBLE FIXED ASSETS

	Long Leasehold Land & Buildings £	Leasehold Improvements £	Fittings & Set Up Costs £	Office & Computer Equipment £	Motor Vehicles £	Total £
Cost:						
At 1 July 2004	1,642,900	341,780	88,003	9,022,435	5,123	11,100,241
Additions	-	7,500	-	2,208,307	-	2,215,807
At 30 June 2005	1,642,900	349,280	88,003	11,230,742	5,123	13,316,048
Depreciation:						
At 1 July 2004	49,287	244,194	88,003	6,490,826	3,074	6,875,384
Provided during the year	32,858	32,827	-	1,088,543	2,049	1,156,277
At 30 June 2005	82,145	277,021	88,003	7,579,369	5,123	8,031,661
Net book value:						
At 30 June 2005	1,560,755	72,259	-	3,651,373	-	5,284,387
At 30 June 2004	1,593,613	97,586	-	2,531,609	2,049	4,224,857

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 12 TANGIBLE FIXED ASSETS (CONTINUED)

Included in the above are assets held under finance leases and hire purchase contracts with a net book value of £ 730,532 (2004: £1,102,090).

Finance costs of £12,145 (2004: £Nil) have been capitalised in the year.

### 13. INVESTMENTS

*Subsidiary  
Undertakings*  
£

Cost:

At 1 July 2004 and 30 June 2005

2,447,556

Details of the investment in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holdings	Proportion of voting rights and shares held	Nature of business
Netstore Group Limited	Ordinary shares	100%	Dormant
NetConnect Limited	Ordinary shares	100%	Internet Security Provider
NetConnect E-Commerce Limited*	Ordinary shares	100%	Dormant
NetConnects Limited*	Ordinary shares	100%	Dormant
NetConnect (UK) Limited *	Ordinary shares	100%	Dormant
Renaissance Virtual Software Limited*	Ordinary shares	100%	Dormant
ElectricMail Limited *	Ordinary shares	100%	Dormant
NetConnect International Limited*	Ordinary shares	100%	Dormant

\* Held by a subsidiary undertaking

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 14. DEBTORS

	2005	2004
	£	£
Due within one year:		
Trade debtors	1,686,624	3,103,007
Other debtors	269,157	289,037
Prepayments	1,560,904	1,066,181
Amount due from subsidiary undertakings	1,288,234	292,365
	<u>4,804,919</u>	<u>4,750,590</u>
	2005	2004
	£	£
Due after more than one year:		
Deferred tax asset	888,669	215,000
	<u>888,669</u>	<u>215,000</u>
The provision for the deferred tax asset is made up as follows:		
Tax losses carried forward	888,669	215,000
	<u>888,669</u>	<u>215,000</u>

### 15. CREDITORS: amounts falling due within one year

	2005	2004
	£	£
Bank and other loans	341,991	100,000
Trade creditors	1,941,690	1,341,152
Obligations under finance leases and hire purchase contracts (note 17)	843,236	679,738
Other taxes and social security	406,787	357,813
Other creditors and accruals	530,989	733,360
Amount due to parent undertaking	5,800,000	-
	<u>9,864,693</u>	<u>3,212,063</u>

The obligations under finance leases and hire purchase contracts are secured by those related assets.

### 16. CREDITORS: amounts falling due after more than one year

	2005	2004
	£	£
Bank loans	650,000	750,000
Obligations under finance leases and hire purchase contracts (note 17)	535,464	628,262
Amount due to parent undertaking	-	33,693,286
	<u>1,185,464</u>	<u>35,071,548</u>

# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 17. LOANS AND OTHER BORROWINGS

Obligations under finance lease and hire purchase contracts

The maturity of these amounts is as follows:

	2005	2004
	£	£
Amounts payable:		
Within one year	897,126	728,523
In two to five years	563,239	636,393
	<u>1,460,365</u>	<u>1,364,916</u>
Less: finance charges allocated to future periods	(81,665)	(56,916)
	<u>1,378,700</u>	<u>1,308,000</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 15)	843,236	679,738
Non-current obligations (note 16)	535,464	628,262
	<u>1,378,700</u>	<u>1,308,000</u>

Bank Loans

	2005	2004
	£	£
Bank loans and overdrafts	<u>991,991</u>	<u>850,000</u>

The loan is repayable in quarterly instalments of £25,000 and bears interest at the rate of 1.5% per annum over the bank base rate. The loan is secured on the long leasehold property.

Maturity of bank loans:-

	£	£
In one year or less or on demand	341,991	100,000
In more than one year, but not more than two years	100,000	100,000
In more than two years, but not more than five years	300,000	300,000
In more than five years	250,000	350,000
	<u>991,991</u>	<u>850,000</u>



# Netstore (UK) Limited

## NOTES TO THE ACCOUNTS at 30 June 2005

### 18. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	328,232	328,232	321,489	321,489
'A' Ordinary shares of £1 each	291,244	291,244	291,244	291,244
	<u>619,476</u>	<u>619,476</u>	<u>612,733</u>	<u>612,733</u>

The options outstanding at 30 June 2005 are as follows:

<i>At 30 June 2005</i>	<i>At 30 June 2004</i>	<i>Exercise Price per £1 Ordinary Share</i>	<i>Date of Grant</i>
<i>Number</i>	<i>Number</i>		
97,900	97,900	£1.00	6 July 1998
18,610	18,610	£1.00	31 January 2000

### 19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i>	<i>Share Premium Account</i>	<i>Profit and Loss Account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 2004	612,733	475,327	(27,400,319)	(26,312,259)
Profit for the year	-	-	27,859,742	27,859,742
At 30 June 2005	<u>612,733</u>	<u>475,327</u>	<u>459,423</u>	<u>1,547,483</u>

### 20. PENSION COMMITMENTS

The company quotes a defined contribution pension scheme for certain directors and all employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were unpaid contributions outstanding at the year end of £23,856 (2004: £60,088).

# Netstore (UK) Limited

## DETAILED PROFIT AND LOSS ACCOUNT at 30 June 2005

### 21. OTHER FINANCIAL COMMITMENTS

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land &amp; Buildings</i>		<i>Other</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
within one year	53,724	-	6,663	12,743
within two to five years	-	197,568	31,394	32,104
more than five years	105,270	92,000	-	-

### 22. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Netstore plc, a company registered in England and Wales. The largest and smallest consolidated accounts that include the results of the company are those of Netstore Plc, copies of which can be obtained from The Company Secretary, Netstore Plc, Continuity House, London road, Bracknell, Berkshire, RG12 2XH.

The company has taken advantage of the exemptions given under Financial Reporting Standard No. 8, Related Party Transactions, not to disclose transactions with entities that are members of, or investees in, the Netstore plc group.

### 23. RELATED PARTY TRANSACTIONS

Paul Barry-Walsh had an interest throughout the year in the purchase of computer equipment and asset management services through his shareholding in Ascent IT Limited and Enterprise Asset Management Limited, to the value of £1,283,589 (2004: £703,470) and £86,350 (2004: £64,897) respectively. At 30 June 2005 £270,188 (2004: £29,647) was outstanding in respect of these purchases.

Paul Barry-Walsh had an interest throughout the year in the purchase of recruitment services through his shareholding in Ratio Search & Selection and The Job Café to the value of £47,705 (2004: £nil) and £172,760 (2004: £nil) respectively. At 30 June 2005 £16,891 (2004: £nil) was outstanding in respect of these services.

Paul Barry-Walsh had an interest throughout the year in the purchase of consultancy and software through his shareholdings in Bluesource and Simera to the value of £11,778 (2004: £nil) and £67,680 respectively. At 30 June 2005 £1,586 (2004: £nil) was outstanding in respect of these services.

Paul Barry-Walsh had an interest throughout the year in the provision of contract employees through his shareholding in Matrix Programme and Project Management to the value of £1,663 (2004: £62,327). At 30 June 2005 there was nil (2004: £4,103) outstanding in respect of these services.

All transactions were at normal commercial prices.

There is no provision against any related party transaction at the year end and no amounts have been written off during the year.

### 24. CONTINGENT LIABILITIES

The assets of the company are secured under a cross-guarantee with the parent undertaking's (Netstore Plc) bankers in regard to any indebtedness between the parent and its bankers by fixed and floating charge.