

**Company Registration No 3873780 (England and Wales)**

**SERIOUS GLOBAL HOLDINGS LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**SERIOUS GLOBAL HOLDINGS LIMITED**

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**SERIOUS GLOBAL HOLDINGS LIMITED**

**ABBREVIATED BALANCE SHEET  
AS AT 31 DECEMBER 2005**

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	2		5,736		3,767
Investments	2		1		1
			<u>5,737</u>		<u>3,768</u>
<b>Current assets</b>					
Stocks		4,880		4,880	
Debtors		52,204		67,907	
Cash at bank and in hand		19,627		11,039	
		<u>76,711</u>		<u>83,826</u>	
<b>Creditors: amounts falling due within one year</b>		<u>(4,569,580)</u>		<u>(3,166,480)</u>	
<b>Net current liabilities</b>			<u>(4,492,869)</u>		<u>(3,082,654)</u>
<b>Total assets less current liabilities</b>			<u>(4,487,132)</u>		<u>(3,078,886)</u>
<b>Capital and reserves</b>					
Called up share capital	3		1,050		1,050
Share premium account			2,403,917		2,403,917
Profit and loss account			(6,892,099)		(5,483,853)
<b>Shareholders' funds</b>			<u>(4,487,132)</u>		<u>(3,078,886)</u>

**SERIOUS GLOBAL HOLDINGS LIMITED**

**ABBREVIATED BALANCE SHEET (continued)  
AS AT 31 DECEMBER 2005**

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In preparing these abbreviated accounts

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985,
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for
  - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
  - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board on 2 July 2006

  
D.J. Brown  
Director

## **SERIOUS GLOBAL HOLDINGS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company meets its day to day working capital requirements through an inter-company balance with Serious USA Inc (a 53% subsidiary of the company) which is repayable on demand

Serious USA Inc has signed a letter of support stating that it will not call in the inter-company balance with Serious Global Holdings Limited for at least 12 months from the date of signing of these accounts, and will also provide additional working capital during this period if needed

From December 2006 to May 2007 Serious USA Inc entered into a series of financial transactions which included the issuances of \$17.35m of preferred stock, conversion of debt of \$9.9m, and conversion of existing preferred stock to common. These transactions should provide the necessary funds to support Serious Global Holdings Limited for the foreseeable future.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards.

##### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.4 Tangible fixed assets and depreciation**

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

Plant and machinery	20% straight line
Fixtures, fittings & equipment	33.33% straight line

##### **1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

##### **1.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**SERIOUS GLOBAL HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

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**1 Accounting policies (continued)**

**1.7 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

**SERIOUS GLOBAL HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**2 Fixed assets**

	<b>Tangible assets</b>	<b>Investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2005	254,227	1	254,228
Additions	4,845	-	4,845
	<u>259,072</u>	<u>1</u>	<u>259,073</u>
At 31 December 2005			
<b>Depreciation</b>			
At 1 January 2005	250,460	-	250,460
Charge for the year	2,876	-	2,876
	<u>253,336</u>	<u>-</u>	<u>253,336</u>
At 31 December 2005			
<b>Net book value</b>			
At 31 December 2005	<u>5,736</u>	<u>1</u>	<u>5,737</u>
At 31 December 2004	<u>3,767</u>	<u>1</u>	<u>3,768</u>

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Shares held Class</b>	<b>%</b>
<b>Subsidiary undertakings</b>			
Serious USA Inc	USA	Ordinary	53

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	<b>Capital and reserves 2005 £</b>	<b>Profit for the year 2005 £</b>
Serious USA Inc	<u>(379,969)</u>	<u>(1,727,438)</u>

Serious Europe Limited, which was a 100% dormant subsidiary of Serious Global Holdings Limited was dissolved on 8 March 2005

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**SERIOUS GLOBAL HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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<b>3</b>	<b>Share capital</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,220,000 Ordinary of 0 1p each	<u>1,220</u>	<u>1,220</u>
	<b>Allotted, called up and fully paid</b>		
	1,050,273 Ordinary of 0 1p each	<u>1,050</u>	<u>1,050</u>