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**REPORT OF THE DIRECTORS**  
**AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2004**  
**FOR**  
**EPOQ SALES LIMITED**



**EPOQ SALES LIMITED**

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**for the Year Ended 31 December 2004**

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**EPOQ SALES LIMITED**

**Company Information**  
**for the Year Ended 31 December 2004**

**DIRECTORS:** G K Cohen  
R C Cohen

**SECRETARY:** H C Horwitz

**REGISTERED OFFICE:** Grosvenor House,  
1 High Street  
Edgware  
Middlesex  
HA8 7TA

**REGISTERED NUMBER:** 03909557 (England and Wales)

**ACCOUNTANTS:** Glazers Chartered Accountants  
843 Finchley Road  
London NW11 8NA

**EPOQ SALES LIMITED**

**Report of the Directors**  
**for the Year Ended 31 December 2004**

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

**CHANGE OF NAME**

On 8 January 2004 the company changed its name from Law Assure Services Limited to Epoq Sales Limited.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was the provision of digital legal services.

**DIRECTORS**

The directors during the year under review were:

G K Cohen

R C Cohen

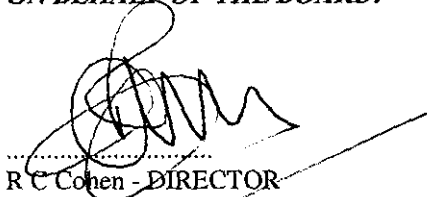
The issued share capital of the company consists of two ordinary £1 shares. The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	31.12.03
<b>Ordinary £1 shares</b>		
G K Cohen	29.55%	31.2%
R C Cohen	24.26%	25.6%

The beneficial interests arose by virtue of shares held in Epoq Group Limited, the ultimate holding company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to Small Companies.

**ON BEHALF OF THE BOARD:**



.....  
R C Cohen - DIRECTOR

Dated: 9/5/05

**EPOQ SALES LIMITED**

**Chartered Accountants' Report to the Directors on the Unaudited Financial Statements of Epoq Sales Limited  
for the Year Ended 31 December 2004**

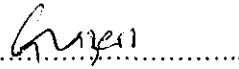
In accordance with our letter of engagement, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Epoq Sales Limited for the year ended 31 December 2004 as set out on pages 1 to 5 from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidances issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 31 December 2004 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

  
.....  
**Glazers Chartered Accountants**  
**843 Finchley Road,**  
**London NW11 8NA**

*9 May 2005*

**EPOQ SALES LIMITED****Profit and Loss Account  
for the Year Ended 31 December 2004**

		Year ended 31.12.04	Year ended 31.12.03
	Notes	£	£
<b>TURNOVER</b>		380,928	22,116
Cost of sales		<u>(36,708)</u>	<u>(8,409)</u>
<b>GROSS PROFIT</b>		344,220	13,707
Administrative expenses		<u>(6,347)</u>	<u>4,182</u>
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>		337,873	17,889
Exceptional items	2	<u>(102,063)</u>	<u>41,361</u>
<b>OPERATING PROFIT AFTER EXCEPTIONAL ITEMS</b>		235,810	59,250
Interest receivable and similar income		<u>1,198</u>	<u>-</u>
Interest payable and similar charges		<u>237,008</u>	<u>59,250</u>
<b>PROFIT BEFORE TAXATION</b>		236,968	59,250
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		236,968	59,250
Deficit brought forward		<u>(159,338)</u>	<u>(218,588)</u>
<b>SURPLUS/(DEFICIT) CARRIED FORWARD</b>		<u>77,630</u>	<u>(159,338)</u>

**EPOQ SALES LIMITED**

**Balance Sheet**  
**31 December 2004**

		<u>31.12.04</u>	<u>31.12.03</u>
	Notes	£	£
<b>CURRENT ASSETS:</b>			
Debtors	4	76,997	1,069,409
Cash at bank and in hand		<u>23,608</u>	<u>2,267</u>
		100,605	1,071,876
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>22,973</u>	<u>1,231,012</u>
<b>NET CURRENT LIABILITIES</b>		<u>77,632</u>	<u>(159,336)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<u><u>77,632</u></u>	<u><u>(159,336)</u></u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	6	2	2
Profit and loss account		<u>77,630</u>	<u>(159,338)</u>
<b>SHAREHOLDERS' FUNDS:</b>	9	<u><u>77,632</u></u>	<u><u>(159,336)</u></u>

For the year ended 31<sup>st</sup> December 2004 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.


Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- i. ensuring the company keeps accounting records which comply with section 221; 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 the Companies Act relating to accounts, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**ON BEHALF OF THE BOARD:**

  
.....  
R Cohen DIRECTOR

Approved by the Board on 9/5/05

## **EPOQ SALES LIMITED**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2004**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

##### **Deferred taxation**

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 – Deferred Tax. 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, except to the extent that the provision is not material to the financial statements.

#### **2. EXCEPTIONAL ITEMS**

	31.12.04 £	31.12.03 £
VAT recovery in respect of former group companies now in liquidation	-	41,361
Amounts owed to group companies no longer payable	967,067	-
Amounts owed by group companies no longer receivable	(1,069,130)	-
	<u>(102,063)</u>	<u>41,361</u>

#### **3. TAXATION**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2004 nor for the period ended 31 December 2003.

#### **4. DEBTORS**

	31.12.04 £	31.12.03 £
Amounts owed by group companies (see note 8)	85	1,069,130
Trade debtors	74,995	-
Accrued income	1,917	-
Other debtors	-	279
	<u>76,997</u>	<u>1,069,409</u>



# EPOQ SALES LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2004

### 5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.04	31.12.03
	£	£
Trade creditors	150	182
Amounts owed to group companies (see note 8)	-	1,227,899
V.A.T.	18,446	905
Accruals	4,377	2,026
	<u>22,973</u>	<u>1,231,012</u>

### 6. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

### 7. ULTIMATE HOLDING COMPANY

The ultimate holding company is Epoq Group Limited, which is incorporated in England and Wales.

### 8. RELATED PARTY DISCLOSURES

The ultimate controlling party is Epoq Group Limited.

At the balance sheet date the company was owed the following amounts by group entities:

	31.12.04	31.12.03
	£	£
Desktop Lawyer Limited	-	569,130
Desktop Lawyer (Leeds) Limited	-	500,000
Epoq Services Limited	85	-
	<u>85</u>	<u>1,069,130</u>

**EPOQ SALES LIMITED**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2004**

At the balance sheet date the company owed the following amounts to group entities.

	31.12.04	31.12.03
	£	£
Law Assure Holdings Limited	-	698,503
Desktop Lawyer (Sales) Limited	-	272,872
Epoq Services Limited	-	<u>256,524</u>
	<u>-</u>	<u>1,227,899</u>

Amounts due from Desktop Lawyer Limited and Desktop Lawyer (Leeds) Limited were written off during the year as non-recoverable.

Amounts owed to Law Assure Holdings Limited and Desktop Lawyer (Sales) Limited were written back during the year as non-payable.

All transactions with related parties were conducted on an arm's length basis.

**9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.04	31.12.03
	£	£
Profit for the financial year	236,968	59,250
Share capital issued	<u>-</u>	<u>-</u>
<b>Net increase in shareholders' funds</b>	236,968	59,250
Opening shareholders' funds	<u>(159,336)</u>	<u>(218,586)</u>
<b>Closing shareholders' funds</b>	<u>77,632</u>	<u>(159,336)</u>
 Equity interests	 <u>77,632</u>	 <u>(159,336)</u>

**EPOQ SALES LIMITED**

**Detailed Profit and Loss Account**  
**for the Year Ended 31 December 2004**

	<u>31.12.04</u>		<u>31.12.03</u>	
	£	£	£	£
<b>Fees receivable</b>		380,928		22,116
<b>Direct costs:</b>				
Affiliate commission	740		280	
Credit card/SSL charges	3,417		2,364	
First Assist & Call Centre	4,130		647	
RSA premiums	1,032		3,427	
Rapidocs developer royalty	<u>27,389</u>		<u>1,691</u>	
		<u>36,708</u>		<u>8,409</u>
<b>GROSS PROFIT</b>		344,220		13,707
<b>Expenditure:</b>				
Misc professional fees	500		1,187	
Marketing	3,136		-	
Call centre set up costs	2,515		-	
Bank charges	196		464	
Bad debts	<u>-</u>		<u>(5,833)</u>	
		<u>6,347</u>		<u>(4,182)</u>
		337,873		17,889
<b>Exceptional items:</b>				
Exceptional credits	-		(41,361)	
Exceptional charges	<u>102,063</u>		<u>-</u>	
		<u>102,063</u>		<u>(41,361)</u>
		235,810		59,250
Interest receivable		1,198		-
Interest payable		<u>(40)</u>		<u>-</u>
<b>NET PROFIT</b>		<u>£236,968</u>		<u>£59,250</u>