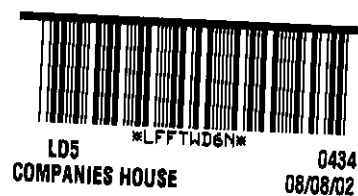


Abbreviated Financial Statements  
For The Year Ended 31st December 2001  
for  
Happygroup Limited



Happygroup Limited

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For The Year Ended 31st December 2001

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Happygroup Limited  
Company Information  
For The Year Ended 31st December 2001

DIRECTORS:	Mr S Pankhurst Mr J Porter
SECRETARY:	Mr S. Pankhurst
REGISTERED OFFICE:	247 Ballards Lane London N3 1NG
REGISTERED NUMBER:	3932836 (England and Wales)
AUDITORS:	C. C. Panayi & Co. Ltd 247 Ballards Lane London N3 1NG

Happygroup Limited  
Report of the Independent Auditors to  
Happygroup Limited  
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages three to five, together with the full financial statements of the company for the year ended 31st December 2001 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of audit opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages three to five are properly prepared in accordance with those provisions.

*C. C. Panayi & Co. Ltd*

C. C. Panayi & Co. Ltd  
247 Ballards Lane  
London N3 1NG

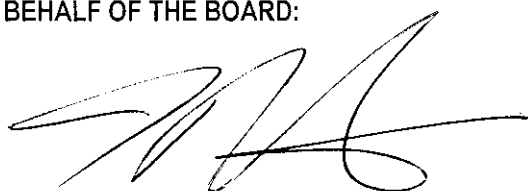
Dated: 22nd July 2002

Happygroup Limited  
Abbreviated Balance Sheet  
31st December 2001

		31.12.01		31.12.00	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	2		56,648		1,454
<b>CURRENT ASSETS:</b>					
Stocks		3,280		-	
Debtors		89,417		734	
Cash at bank		2,841,480		40,475	
		2,934,177		41,209	
<b>CREDITORS:</b> Amounts falling due within one year		2,716,300		5,810	
<b>NET CURRENT ASSETS:</b>			217,877		35,399
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			274,525		36,853
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>			12,915		-
			£261,610		£36,853
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	3		100		100
Share premium			53,984		53,984
Profit and loss account			207,526		(17,231)
<b>SHAREHOLDERS' FUNDS:</b>			£261,610		£36,853

These abbreviated financial statements have 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:



Mr J Porter - DIRECTOR

Approved by the Board on 22nd July 2002

The notes form part of these financial statements

## Happygroup Limited

### Notes to the Abbreviated Financial Statements For The Year Ended 31st December 2001

#### 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 March 2000).

##### **Turnover**

Turnover represents revenue receivable by the company in relation to its operating activities (net of VAT).

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Domain Names	- 20% on cost
Office Equipment	- 25% on reducing balance
Computer equipment	- 50% on cost

##### **Stocks**

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

Cost is arrived at on a first in first out basis.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Deferred Taxation**

In line with the Financial Reporting Standard Number 19, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date. The charge takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is measured on a non-discounted basis at the rates that are expected to apply in the periods in which the timing differences are reversed, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Happygroup Limited

## Notes to the Abbreviated Financial Statements For The Year Ended 31st December 2001

### 2. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
<b>COST:</b>	
At 1st January 2001	1,836
Additions	101,674
Disposals	(636)
	<u>102,874</u>
At 31st December 2001	<u>102,874</u>
<b>DEPRECIATION:</b>	
At 1st January 2001	382
Charge for year	45,976
Eliminated on disposals	(132)
	<u>46,226</u>
At 31st December 2001	<u>46,226</u>
<b>NET BOOK VALUE:</b>	
At 31st December 2001	<u>56,648</u>
At 31st December 2000	<u>1,454</u>

### 3. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.01	31.12.00
			£	£
1,000,000	Ordinary	10p	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.01	31.12.00
			£	£
1,000	Ordinary	10p	<u>100</u>	<u>100</u>

At the balance sheet date, 99,000 authorised shares were denominated in units of £1. The remaining 10,000 authorised shares were denominated in units of 10p each. An application to alter the denomination of the remaining authorised share capital from £1 ordinary shares to ordinary shares of 10p each was in progress at the balance sheet date. For clarity, the denomination of the share capital given above incorporates this application.