

Raft International Limited
(formerly known as Raft International plc)

Report and Financial Statements
For the 14 month period to 31 December 2006

Registered number 04016397

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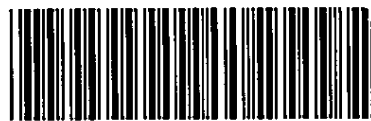


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Directors' report

The directors present their report and the audited financial statements for the 14 month period ended 31 December 2006

Principal activities and review of the business

The principal activity of the Company in the period under review is to hold investments in subsidiaries. The directors expect the general level of activity to be maintained in the next financial year.

On 3 March 2006, the Company's entire issued share capital was acquired by Financial Objects plc.

On 4 December 2006, the Company re-registered as a private company and changed its name from Raft International plc to Raft International Limited.

Results and dividends

The results for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2005: £nil).

Directors

The directors who served during the period were as follows:

AK Peermohamed	(appointed 16 March 2006)
PM Youngs	(appointed 18 March 2006)
P Pavluk	(resigned 03 January 2006)
BP Quinn	(resigned 03 March 2006)
L Moir	(resigned 03 March 2006)
C D Priestly	(resigned 6 March 2006)
A Shah	(resigned 6 March 2006)
F Mobjerg	(resigned 26 September 2006)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

During the year Baker Tilly resigned as auditors of the Company and KPMG Audit Plc were appointed to fill the vacancy arising. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Approved by order of the Board of Directors on 29 October 2007 and signed on its behalf by



PM Youngs
Director

Seven Dials Village
45 Monmouth Street
Covent Garden
London
WC2H 9DG

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Independent auditors' report to the members of Raft International Limited (formerly known as Raft International plc)

We have audited the financial statements of Raft International Limited (formerly known as Raft International plc) for the 14 month period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 auditor's 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

Independent auditors' report to the members of Raft International Limited (formerly known as Raft International plc) (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the 14 month period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

WMA Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 October 2007

Profit and loss account
for the period ended 31 December 2006

		14 months to 31 December 2006 £000	12 months to 31 October 2005 £000
	<i>Note</i>		
Operating costs	2	(799)	(1,585)
Operating loss on ordinary activities before interest		(799)	(1,585)
Interest receivable and similar income	6	6	62
Operating loss on ordinary activities before tax		(793)	(1,523)
Tax on loss on ordinary activities	7	12	-
Loss on ordinary activities after tax and for the financial period	12	(781)	(1,523)

All results shown above relate to continuing activities

There are no recognised gains or losses for the current or prior period other than those reflected in the profit and loss account above

Balance sheet
at 31 December 2006

	<i>Note</i>	2006		2005	
		£000	£000	£000	£000
Fixed assets					
Investments	8		2,788		2,788
Current assets					
Debtors	9	28		311	
Cash at bank and in hand		7		694	
		<u>35</u>		<u>1,005</u>	
Creditors Amounts falling due within one year	10	(39)		(236)	
Net current (liabilities) / assets			(4)		769
Net assets			<u>2,784</u>		<u>3,557</u>
Capital and reserves					
Called up share capital	11		3,330		3,322
Share premium account	12		5,768		5,768
Profit and loss account	12		(6,314)		(5,533)
Equity shareholders' funds	13		<u>2,784</u>		<u>3,557</u>

These financial statements were approved by the Board of Directors on 29 October 2007 and were signed on its behalf by

PM Youngs
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under the provisions of Financial Reporting Standard 1 (revised), the Company has not prepared a cash flow statement because its parent company, Financial Objects plc, which is registered in England and Wales, has prepared publicly available consolidated financial statements which include the financial statements of the Company and which include a cash flow statement.

Investments

Investments are stated at cost less any amounts provided for any impairment in value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred tax.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Operating costs

	2006 £000	2005 £000
Staff costs	146	235
Other operating charges	212	1,068
Provision for intercompany debts	441	282
	<hr/> 799	<hr/> 1,585

Notes (continued)

3 Loss on ordinary activities before tax

	2006 £000	2005 £000
<i>Loss on ordinary activities is stated after charging</i>		
Fees payable to the Company's auditors – audit of these financial statements	6	6

Amounts receivable by the Company's auditor in respect of services to the Company and its associates other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Financial Objects plc

4 Directors' remuneration

	2006 £000	2005 £000
Directors' emoluments	69	226
Compensation for loss of office	61	-
	<u>130</u>	<u>226</u>
Highest paid director		
Total remuneration	<u>84</u>	<u>125</u>

The Company made no pension contributions in respect of the directors in either year

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Number of employees 2006	2005
Directors	2	4

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	130	210
Social security costs	16	25
	<u>146</u>	<u>235</u>

Notes (continued)

6 Interest receivable and similar income

	2006 £000	2005 £000
Interest receivable	6	62

7 Taxation on loss on ordinary activities

	2006 £000	2005 £000
Current tax		
<i>Group relief</i>		
Current period	(12)	-
Total current tax credit on loss on ordinary activities	(12)	-

Factors affecting the tax charge for the current period.

The current tax credit for the period is different to the standard rate of corporation tax in the UK (30%, 2005 20%) The differences are explained below

	2006 £000	2005 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(793)	(1,523)
Current tax at 30% (2005 20%)	(238)	(305)
Effects of		
Expenses not deductible for corporation tax purposes	62	274
Tax losses carried forward	39	31
Group relief received	(8)	-
Provision for intercompany debt	133	-
	(12)	-

Notes (continued)

7 Taxation on loss on ordinary activities (continued)

Factors that may affect future tax charges

It has been announced that the corporation tax rate applicable to the Company is expected to change from 30% to 28% on 1 April 2008. Future tax charges may be lower than the current tax rate as a result of the following deferred tax asset not recognised

	2006 £000	2005 £000
<i>Unprovided deferred tax:</i>		
Losses at 30% (2005 20%)	348	206
	<u>348</u>	<u>206</u>

8 Fixed asset investments

	2006 £000	2005 £000
Investments	2,788	2,788
	<u>2,788</u>	<u>2,788</u>

The Company's investment in subsidiary undertakings comprises 100% of the issued share capital of the following companies

	Country of incorporation	Principal activity
Financial Objects (Risk Management) Limited (formerly Raft International (UK) Limited)	Great Britain	Computer software services
Raft (Overseas) Limited	Great Britain	Intermediate holding company

9 Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	21	290
Other debtors	7	13
Prepayments and accrued income	-	8
	<u>28</u>	<u>311</u>

10 Creditors: Amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	-	88
Amounts owed to fellow group undertakings	7	8
Other taxes and social security	-	8
Accruals and deferred income	32	132
	<u>39</u>	<u>236</u>

Notes (continued)

11 Share capital

	2006 £000	2005 £000
<i>Authorised:</i>		
200,000,000 ordinary equity shares of 5p each	10,000	10,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
66,590,204 ordinary equity shares of 5p each (2005 66,434,372)	3,330	3,322
	<hr/>	<hr/>

During the period, 155,832 share options were exercised following the acquisition of the Company by Financial Objects plc at a consideration of 5p per share

12 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2006	5,768	(5,533)
Loss for the financial period	-	(781)
	<hr/>	<hr/>
At 31 December 2006	5,768	(6,314)
	<hr/>	<hr/>

13 Reconciliation of movements in equity shareholders' funds

	2006 £000	2005 £000
Loss for the financial period	(781)	(1,523)
Issue of ordinary shares – share options	8	-
Opening equity shareholders' funds	3,557	5,080
	<hr/>	<hr/>
Closing equity shareholders' funds	2,784	3,557
	<hr/>	<hr/>

14 Capital commitments

At 31 December 2006 the Company had no capital commitments (2005 £nil)

15 Related party transactions

The Company is controlled by Financial Objects plc, its ultimate parent company. Being a wholly owned subsidiary, it is exempt from the requirement to disclose transactions with its ultimate parent company and other related companies.

16 Ultimate parent company

Following the acquisition of the Company by Financial Objects plc on 3 March 2006, the ultimate parent company is Financial Objects plc, a company incorporated in Great Britain. The only group in which the results of the Company were consolidated is that headed by Financial Objects plc. Copies of the Group financial statements, incorporating those of the Company, are available from Seven Dials Village, 45 Monmouth Street, Covent Garden, London, WC2H 9DG.