

SIGNED

REGISTERED NUMBER: 4034446 (England and Wales)



**BRANNANS**  
CHARTERED  
ACCOUNTANTS

**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2003**  
**FOR**  
**ZYNAP LIMITED**



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for the Year Ended 31st December 2003**

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**ZYNAP LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31st December 2003**

**DIRECTORS:**

E L Thompson  
G T Sewell  
A J Davenport  
D W Doughty  
A R Turner  
S Hussain

**SECRETARY:**

M C Winter

**REGISTERED OFFICE:**

The Old Coroner's Court  
No 1 London Street  
Reading  
Berkshire  
RG1 4QW

**REGISTERED NUMBER:**

4034446 (England and Wales)

**AUDITORS:**

Brannans  
Chartered Accountants  
and Registered Auditors  
617/619 London Road  
Westcliff on Sea  
Essex SS0 9PF

**REPORT OF THE INDEPENDENT AUDITORS TO  
ZYNAP LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages three to six, together with the full financial statements of the company for the year ended 31st December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of 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 accounts and that the abbreviated accounts 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 accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages three to five are properly prepared in accordance with those provisions.

Brannans  
Chartered Accountants  
and Registered Auditors  
617/619 London Road  
Westcliff on Sea  
Essex SS0 9PF



Date: 17th June 2004

**ZYNAP LIMITED**

**ABBREVIATED BALANCE SHEET**  
**31st December 2003**

		<u>31.12.03</u>		<u>31.12.02</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	2		750,778		1,224,981
Tangible assets	3		<u>28,850</u>		<u>14,804</u>
			779,628		1,239,785
<b>CURRENT ASSETS:</b>					
Debtors	4	683,409		918,281	
Cash at bank		<u>679,831</u>		<u>61,475</u>	
		1,363,240		979,756	
<b>CREDITORS:</b> Amounts falling due within one year		<u>1,067,689</u>		<u>808,007</u>	
<b>NET CURRENT ASSETS:</b>			<u>295,551</u>		<u>171,749</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			1,075,179		1,411,534
<b>CREDITORS:</b> Amounts falling due after more than one year			<u>321,576</u>		<u>608,594</u>
			<u>£753,603</u>		<u>£802,940</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	5		57		42
Share premium			3,482,611		1,967,301
Profit and loss account			<u>(2,729,065)</u>		<u>(1,164,403)</u>
<b>SHAREHOLDERS' FUNDS:</b>			<u>£753,603</u>		<u>£802,940</u>

These abbreviated accounts 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:**

.....  
A J Davenport - Director

Approved by the Board on 8th June 2004

## ZYNAP LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 31st December 2003

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

##### **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 amounts derived from the development and supply of application software, together with related services.

Income from the sale of software licenses is recognised on delivery of the software products.

Income from services is recognised as those services are delivered.

Income in respect of support contracts which is invoiced in advance is recognised evenly over the life of the contract.

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

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

Computer equipment - 50% on cost

Fixtures and fittings - 33% on cost

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Intangible fixed assets**

Expenditure on research and development is carried forward in the balance sheet as deferred expenditure, and charged to the profit and loss account over the periods of anticipated revenue to which it relates.

#### 2. INTANGIBLE FIXED ASSETS

	<u>Total</u>
	£
<b>COST OR VALUATION:</b>	
At 1st January 2003	1,226,899
Additions	963,611
Written off	<u>(1,415,510)</u>
At 31st December 2003	<u>775,000</u>
<b>AMORTISATION:</b>	
At 1st January 2003	1,918
Charge for year	57,740
Written off	<u>(35,436)</u>
At 31st December 2003	<u>24,222</u>
<b>NET BOOK VALUE:</b>	
At 31st December 2003	<u>750,778</u>
At 31st December 2002	<u>1,224,981</u>

# ZYNAP LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 31st December 2003

### 3. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
<b>COST:</b>	
At 1st January 2003	34,252
Additions	<u>27,675</u>
At 31st December 2003	<u>61,927</u>
<b>DEPRECIATION:</b>	
At 1st January 2003	19,448
Charge for year	<u>13,629</u>
At 31st December 2003	<u>33,077</u>
<b>NET BOOK VALUE:</b>	
At 31st December 2003	<u>28,850</u>
At 31st December 2002	<u>14,804</u>

### 4. DEBTORS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.03	31.12.02
	£	£
Prepayments	<u>511,339</u>	<u>830,417</u>

### 5. CALLED UP SHARE CAPITAL

Authorised:			31.12.03	31.12.02
Number:	Class:	Nominal value:	£	£
900,000,000	Ordinary A	£0.000001	900	900
90,000,000	Ordinary B	£0.000001	90	90
10,000,000	Ordinary C	£0.000001	<u>10</u>	<u>10</u>
			<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:			31.12.03	31.12.02
Number:	Class:	Nominal value:	£	£
47,183,684	Ordinary A	£0.000001	47	32
3,593,126	Ordinary B	£0.000001	4	4
6,084,474	Ordinary C	£0.000001	<u>6</u>	<u>6</u>
			<u>57</u>	<u>42</u>

The following fully paid shares were allotted during the year at a premium as shown below:

11,729,579 Ordinary A shares of £0.000001 each at 9.4999p per share  
3,084,615 Ordinary A shares of £0.000001 each at 13.4999p per share

## ZYNAP LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 31st December 2003

#### 6. RELATED PARTY DISCLOSURES

The company has no ultimate controlling party as at 31st December 2003.

During the period, the following transactions occurred with directors:-

G T Sewell	Consultancy fees paid to GTS Ventures Limited	£25,000
G T Sewell	Options under unapproved scheme	10,000
A J Davenport	Options under Enterprise Management Incentive scheme	460,000
A J Davenport	Options under unapproved scheme	550,000
A R Turner	Options under unapproved scheme	10,000