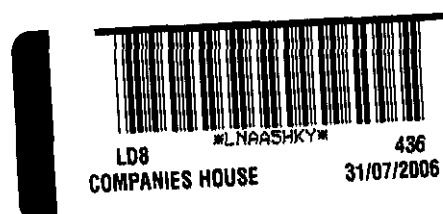


Ceradon Limited

Accounts for the year ended

Year ended 31 October 2005

Registered number 4214648



Ceradon Limited

Report to the directors

Year ended 31 October 2005

The directors have pleasure in presenting their report and financial statements for the year ended 31 October 2005.

We are pleased to report an operational profit. Our first reference sites are now well established, with further implementations in the pipeline. The toolset continues to grow to meet an increasing demand for sustainability and environmental management tools.

The 05/06 financial year holds out promise of increasing profits, with, at the time of writing, company revenue from Nov 05 to June 06 already exceeding the revenue reported in this 04/05 report period

The following persons were directors of the company during the year, and their shareholdings were:

ET Haynes	1500 "A" ordinary share	
S E Browne	123 "B" ordinary shares	
M S Thompson	73 "B" ordinary shares	Retired May 2005
M Newell	73 "B" ordinary shares	Appointed September 2005

On behalf of the board

E T Haynes
Director

31st July 2006



Ceradon Limited

Principal accounting policies

Year ended 31 October 2005

a) Basis of accounting

Financial statements have been prepared under the historical cost convention

b) Turnover

Turnover represents the amount of charges to clients for consultancy, software and licences purchased

c) Tangible fixed assets

Depreciation is provided and based upon the reduction by annual instalments of the cost of the tangible assets over their useful lives:

Computer equipment -- Over 3 years straight line basis

d) Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

e) R & D Tax credit

A claim for R & D tax credit was made during the year for the period 11 November 2002 to 31 October 2003. This was agreed with the Inland Revenue and paid early in the year subsequent to this reported year. It has been included as a debtor in these accounts.

f) Debtors

All known bad and doubtful debts have been provided for.

Ceradon Limited**Profit and loss account****Year ended 31 October 2005**

	<u>notes</u>	<u>2005</u>	<u>2004</u>
Turnover	1	8,912	0
		<u>8,912</u>	<u>0</u>
Staff Salaries	2	0	
Administrative expenses	3	<u>12,036</u>	
		<u>12,036</u>	<u>17,917</u>
Operating Income (-Expenditure)		-3,125	-17,917
Insurance commissions etc. received		<u>0</u>	<u>0</u>
Operating profit(-loss)		-3,125	-17,917
Interest paid		<u>0</u>	<u>0</u>
Profit (-loss) on ordinary activities before tax		-3,124	-17,917
Loss on fixed assets		<u>0</u>	<u>0</u>
		-3,124	-17,917
Tax(credit) on profit on ordinary activities		<u>0</u>	<u>0</u>
Profit (-loss) on ordinary activities after tax		-3,124	-17,917
Tax(credit) on R & D Activity		<u>4,556</u>	<u>0</u>
Profit/Losses for the period		1,431	-17,917
Accumulated (-losses) brought forward		-104,064	-86,147
Accumulated (-losses) carried forward		<u><u>-102,632</u></u>	<u><u>-104,064</u></u>

The notes on pages 5 & 6 form part of these accounts

Ceradon Limited**Balance sheet****As at 31 October 2005**

	notes	2005	2004
Fixed assets			
Tangible assets	4	0	961
Current assets			
Debtors		6,448	0
Cash at bank and in hand		316	1,482
Vat		0	327
Sundry Debtors		4,556	0
Stock		0	0
Total current assets		11,320	1,809
Creditors falling due within one year			
Bank overdraft		0	0
Trade creditors		0	0
Other taxes and social security		663	0
Directors' Loan accounts		10,915	4,177
Accrued charges		1,350	1,633
Total creditors		12,928	5,810
Net current assets		-1,608	-4,001
Net Assets		-1,608	-3,040
Capital and reserves	6		
Share capital: authorised, issued, allotted,			
called and fully paid:			
2000 A shares of £1 each		2,000	2,000
506 B shares of £1 each		506	506
Share premium account		98,518	98,518
Profit and loss account, accumulated losses		-102,632	-104,064
Deficiency		-1,608	-3,040

The notes on pages 5 & 6 form part of these accounts

The directors:

1. Confirm for the year ended 31 October 2005 the company was entitled to exemption under subsection 1 of section 249A:
2. Confirm that no notice requiring and audit has been deposited under subsection 2 of s249B in relation to the accounts for the financial year: and
3. acknowledge their responsibility for:
 - a) ensuring that the company keeps accounting records which comply with section 221: and
 - b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period of its profit and loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

The abbreviated accounts were prepared in accordance with the special provisions of Part VII of The Companies Act 1985 relating to small companies

These accounts were approved by the directors on 31st July 2006

ET Haynes
Director



Ceradon Limited**Notes to the financial accounts****Year ended 31 October 2005**

	<u>2005</u>	<u>2004</u>
<u>1. Turnover</u>		
<i>this represents the invoiced amount of services and equipment hired and sold stated net of value added tax and is made up as follows:</i>		
Consultancy services	3,287	0
Licences sold	5,625	0
	<u>8,912</u>	<u>0</u>
<u>2. Staff salaries</u>		
Staff costs	<u>0</u>	<u>600</u>
The average number of employees each week during the year (other than directors) was as follows:	<u>1</u>	<u>1</u>
<u>3. Administrative expenses</u>		
Directors remuneration	0	0
Motor expenses travel and subsistence	2,597	3,153
Rent and service charges	1,141	904
Office supplies	465	466
Marketing costs	2,461	2,510
Depreciation	961	1,486
Subscriptions and courses	515	2,745
Telephone & internet communication	2,031	2,389
Software	261	22
Legal accounting & and professional fees	1,580	3,190
Bank charges, other than interest	23	46
General expenses	0	205
Insurance	0	200
	<u>12,036</u>	<u>17,317</u>

Ceradon Limited**Notes to the financial accounts****Year ended 31 October 2005****4. Tangible fixed assets****Cost**

Balance at 1 November 2004

4,460

4,460

Additions during year

0

0

4,460

4,460

Less disposals

0

0

4,460

4,460

Depreciation

Balance at 1 November 2004

3,499

2,013

Provided during year

961

1,486

4,460

3,499

Less disposals

0

0

4,460

3,499

Net book value

0

961

5. Debtors

Trade debtors

6,448

0

Prepayments

0

0

VAT Recoverable

0

327

Called up share capital not paid

0

0

6,448

327

6. Share capital**Authorised**

A £1 Ordinary

5,000

5,000

B £1 Ordinary

5,000

5,000

10,000

10,000

Allotted issued and fully paid

A £1 Ordinary

2,000

2,000

B £1 Ordinary

506

506

2,506

2,506