

**REGISTRAR OF
COMPANIES**

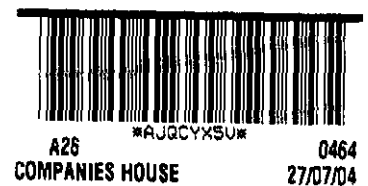
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Brightview Internet Services Limited

Report and Financial Statements

Year ended

30 April 2004



BDO

BDO Stoy Hayward
Chartered Accountants

Brightview Internet Services Limited

Annual report and financial statements for the year ended 30 April 2004

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Directors

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Directors

D P Laurie
J A Coleman
J J Menell

Secretary and registered office

D A Stirling, 9-10 Grafton Street, London, W1S 4EN

Company number

04334320

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Brightview Internet Services Limited

Report of the directors for the year ended 30 April 2004

The directors present their report together with the audited financial statements for the year ended 30 April 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

No dividends were paid during the year.

Principal activities, review of business and future developments

The company is engaged in providing internet services to households and small businesses.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The Directors of the company during the year were:

D P Laurie

J A Coleman

J J Menell (appointed 8 December 2003)

No director had any beneficial interest in the share capital of the company. The interests of the directors in the share capital of the parent company, Brightview Group Limited, are shown in that company's accounts.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brightview Internet Services Limited

Report of the directors for the year ended 30 April 2004 (Continued)

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board



**D P Laurie
Director**

Date

19 July 2004

Brightview Internet Services Limited

Report of the independent auditors

To the shareholders of Brightview Internet Services Limited

We have audited the financial statements of Brightview Internet Services Limited for the year ended 30 April 2004 on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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.

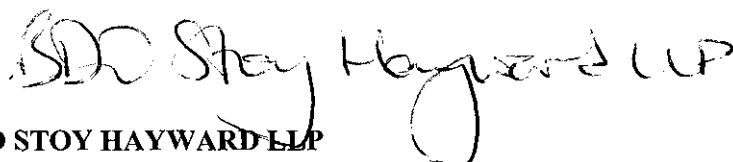
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Brightview Internet Services Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "BDO Stoy Hayward LLP", is written over the printed name of the firm.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

19 July 2004

Brightview Internet Services Limited**Profit and loss account for the year ended 30 April 2004**

	Note	2004 £	2003 £
Turnover	2	8,111,489	10,902,614
Cost of sales		3,106,627	3,167,430
Gross profit		5,004,862	7,735,184
Administrative expenses		3,927,861	6,242,953
Operating profit	5	1,077,001	1,492,231
Interest receivable		21,495	11,310
Interest payable and similar charges	6	(558,827)	(790,199)
Profit on ordinary activities before taxation		539,669	713,342
Taxation	7	197,614	182,401
Profit on ordinary activities after taxation and retained for the year		342,055	530,941

All amounts relate to continuing activities.

There are no recognised gains or losses other than profit for the period.

The notes on pages 8 to 14 form part of these financial statements.

Brightview Internet Services Limited

Reconciliation of movements in shareholders' funds for the year ended 30 April 2004

	£
Shareholders' funds at 30 April 2003	530,942
Profit for the year	342,055
	<hr/>
Shareholders' funds at 30 April 2004	872,997
	<hr/> <hr/>

The notes on pages 8 to 14 form part of these financial statements.

Brightview Internet Services Limited

Balance sheet at 30 April 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible assets	8		395,170		526,893
Tangible assets	9		1,813,090		3,530,206
			<u>2,208,260</u>		<u>4,057,099</u>
Current assets					
Debtors	10	973,617		1,287,833	
Cash at bank and in hand		1,476,956		2,614,123	
Stock		2,761		-	
		<u>2,453,334</u>		<u>3,901,956</u>	
Creditors: amounts falling due within one year	11	3,788,597		1,920,551	
		<u></u>		<u></u>	
Net current (liabilities)/assets			<u>(1,335,263)</u>		<u>1,981,405</u>
Total assets less current liabilities			<u>872,997</u>		<u>6,038,504</u>
Creditors: amounts falling due after more than one year	12		-		5,507,562
			<u></u>		<u></u>
Net assets			<u>872,997</u>		<u>530,942</u>
Capital and reserves					
Share capital	14		1		1
Profit and loss account	15		872,996		530,941
			<u></u>		<u></u>
Shareholders' funds			<u>872,997</u>		<u>530,942</u>

The financial statements were approved by the Board on

D P Laurie
Director

19 July 2004

The notes on pages 8 to 14 form part of these financial statements.

Brightview Internet Services Limited

Notes forming part of the financial statements for the year ended 30 April 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment - 33⅓% per annum straight line

Intangible assets

Goodwill arising on the acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 5 years.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Brightview Internet Services Limited**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)****3 Employees**

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries	1,567,167	1,306,434
Social security costs	160,510	125,770
Other pension costs	35,207	23,614
	<u>1,762,884</u>	<u>1,455,818</u>

The average number of employees during the year including directors was 42 (2003 – 47).

4 Directors

There were no directors' emoluments paid in the year ended 30 April 2004.

5 Operating profit

	2004 £	2003 £
This has been arrived at after charging:		
Depreciation	1,816,561	1,861,144
Auditors' remuneration	29,339	15,000
Amortisation of goodwill	131,723	131,723
	<u>1,977,623</u>	<u>2,007,867</u>

6 Interest payable and similar charges

	2004 £	2003 £
Other loans	<u>558,827</u>	<u>790,199</u>

Brightview Internet Services Limited**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)****7 Taxation on profit from ordinary activities**

	2004 £	2003 £
<i>Current tax</i>		
UK corporation tax on profit of the year	461,396	283,218
<i>Deferred tax</i>		
Origination and reversal of timing differences	(263,782)	(100,817)
Taxation on profit on ordinary activities	<u>197,614</u>	<u>182,401</u>
<i>Taxation reconciliation</i>		
Profit on ordinary activities before tax	<u>539,669</u>	<u>713,342</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	161,901	214,003
Effects of:		
Expenses not deductible for tax purposes	40,213	44,223
Group relief	-	(75,825)
Depreciation for the year in excess of capital allowances	247,282	100,817
Short term timing differences	12,000	-
Current tax charge for year	<u>461,396</u>	<u>283,218</u>

Brightview Internet Services Limited**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)**

8 Intangible assets - Goodwill		£
<i>Cost</i>		
At 1 May 2003 and at 30 April 2004		658,616
<i>Amortisation</i>		
At 1 May 2003		131,723
Provided for the year		131,723
At 30 April 2004		263,446
<i>Net book value</i>		
At 30 April 2004		395,170
At 30 April 2003		525,893
9 Tangible assets		
	Computer equipment £	
<i>Cost</i>		
At 1 May 2003		5,391,350
Additions		99,445
At 30 April 2004		5,490,795
<i>Depreciation</i>		
At 1 May 2003		1,861,144
Provided for the year		1,816,561
At 30 April 2004		3,677,705
<i>Net book value</i>		
At 30 April 2004		1,813,090
At 30 April 2003		3,530,206

Brightview Internet Services Limited**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)****10 Debtors**

	2004 £	2003 £
Trade debtors	86,892	151,477
Amount receivable from previous parent	-	433,291
Other debtors	-	10,758
Prepayments and accrued income	522,126	591,490
Deferred tax	364,599	100,817
	<u>973,617</u>	<u>1,287,833</u>

The deferred tax balance is recoverable after more than one year.

All other amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	232,656	312,433
Corporation tax	311,396	283,218
Taxation and social security	293,112	386,348
Accruals	113,412	265,372
Deferred income	512,305	673,180
Amount payable to parent - Brightview Group Limited	2,325,716	-
	<u>3,788,597</u>	<u>1,920,551</u>

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loan from previous parent	-	5,507,562
	<u>-</u>	<u>5,507,562</u>

The loan was repaid in full during the year.

Brightview Internet Services Limited**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)**

13 Deferred taxation	£
At 30 April 2004	(100,817)
Charged to the profit and loss account	(263,782)
Utilised in the year	-
	<hr/>
At 30 April 2004	(364,599)
	<hr/>
	2004
	£
Accelerated capital allowance	(364,599)
	<hr/>

14 Share capital

	Authorised, allotted, called up and fully paid			
	2004 Number	2004 £	2003 Number	2003 £
£1 ordinary shares	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>

15 Reserves

	Profit and loss account £
At 30 April 2003	530,941
Profit for the period	342,054
	<hr/>
At 30 April 2004	872,996
	<hr/>

Brightview Internet Services Limited

Notes forming part of the financial statements for the year ended 30 April 2004 (*Continued*)

16 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by Reedbest Properties Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in those consolidated financial statements.

17 Ultimate controlling party

The immediate parent company is Brightview Group Limited a company registered in England and Wales. The ultimate controlling party is P Shalson.