

Company Registration No. 4349489 (England and Wales)



**EXALIA LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2005**



**GERALD EDELMAN**  
CHARTERED ACCOUNTANTS

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# EXALIA LIMITED

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# EXALIA LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2005

The directors present their report and financial statements for the year ended 31 January 2005.

### Principal activities and review of the business

The principal activity of the company continued to be that of provision of web-hosting and related services.

### Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend .

### Directors

The following directors have held office since 1 February 2004:

A C Salter  
A Pestkowski

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 January 2005	1 February 2004
A C Salter	51	55
A Pestkowski	35	40

### Auditors

Gerald Edelman were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

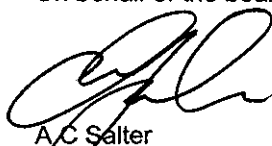
### Directors' responsibilities

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;
- 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.

On behalf of the board



A C Salter  
Director  
22 March 2005

# EXALIA LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EXALIA LIMITED

We have audited the financial statements of Exalia Limited on pages 3 to 11 for the year ended 31 January 2005. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 directors' 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.

### **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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Gerald Edelman**

Chartered Accountants  
Registered Auditor

22 March 2005

25 Harley Street  
London  
W1G 9BR

# EXALIA LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2005

	Notes	2005 £	2004 £
Turnover	2	289,776	84,002
Cost of sales		(47,435)	(30,208)
Gross profit		242,341	53,794
Administrative expenses		(173,939)	(52,492)
Operating profit	3	68,402	1,302
Other interest receivable and similar income	4	128	5
Interest payable and similar charges	5	(6,609)	(704)
Profit on ordinary activities before taxation		61,921	603
Tax on profit on ordinary activities	6	(4,964)	-
Profit on ordinary activities after taxation	13	56,957	603

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# EXALIA LIMITED

## BALANCE SHEET AS AT 31 JANUARY 2005

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	7		118,265		25,989
<b>Current assets</b>					
Debtors	8	49,020		11,992	
Cash at bank and in hand		6,374		-	
		<u>55,394</u>		<u>11,992</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(87,456)</u>		<u>(37,278)</u>	
<b>Net current liabilities</b>			<u>(32,062)</u>		<u>(25,286)</u>
<b>Total assets less current liabilities</b>			86,203		703
<b>Creditors: amounts falling due after more than one year</b>	10		(26,395)		-
<b>Provisions for liabilities and charges</b>	11		<u>(2,148)</u>		<u>-</u>
			<u>57,660</u>		<u>703</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Profit and loss account	13		<u>57,560</u>		<u>603</u>
<b>Shareholders' funds - equity interests</b>	14		<u>57,660</u>		<u>703</u>

The financial statements were approved by the Board on 22 March 2005

  
A.C. Salter  
Director

# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Client networking equipment	15% 1st year of purchase Straight line method 40% 2nd year of purchase Straight line method 45% 3rd year of purchase Straight line method
Fixtures, fittings & equipment	25% Straight line method

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating profit</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	22,317	11,772
Auditors' remuneration	1,500	1,500
	<u>          </u>	<u>          </u>
 <b>4 Investment income</b>	 <b>2005</b>	 <b>2004</b>
	<b>£</b>	<b>£</b>
Bank interest	128	5
	<u>          </u>	<u>          </u>

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# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

<b>5</b>	<b>Interest payable</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	15	246
	On other loans wholly repayable within five years	810	-
	Lease finance charges and hire purchase interest	5,184	-
	Other interest	600	458
		<u>6,609</u>	<u>704</u>
<b>6</b>	<b>Taxation</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	2,816	-
	<b>Current tax charge</b>	<u>2,816</u>	<u>-</u>
	<b>Deferred tax</b>		
	Deferred tax charge	2,148	-
		<u>4,964</u>	<u>-</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>61,921</u>	<u>603</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 0.00%)	<u>11,765</u>	<u>-</u>
	Effects of:		
	Non deductible expenses	628	-
	Depreciation add back	4,240	-
	Capital allowances	(12,480)	-
	Other tax adjustments	(1,337)	-
		<u>(8,949)</u>	<u>-</u>
	<b>Current tax charge</b>	<u>2,816</u>	<u>-</u>



# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

### 7 Tangible fixed assets

	Client networking equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 February 2004	29,135	8,626	37,761
Additions	80,022	34,571	114,593
	<hr/>	<hr/>	<hr/>
At 31 January 2005	109,157	43,197	152,354
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 February 2004	9,615	2,157	11,772
Charge for the year	11,518	10,799	22,317
	<hr/>	<hr/>	<hr/>
At 31 January 2005	21,133	12,956	34,089
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 January 2005	88,024	30,241	118,265
	<hr/>	<hr/>	<hr/>
At 31 January 2004	19,520	6,469	25,989
	<hr/>	<hr/>	<hr/>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Client networking equipment £
<b>Net book values</b>	
At 31 January 2005	29,100
	<hr/>
<b>Depreciation charge for the year</b>	
At 31 January 2005	14,694
	<hr/>

8 Debtors	2005 £	2004 £
Trade debtors	38,459	11,991
Called up share capital not paid	1	1
Other debtors	8,580	-
Prepayments and accrued income	1,980	-
	<hr/>	<hr/>
	49,020	11,992
	<hr/>	<hr/>

# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

9	Creditors: amounts falling due within one year	2005 £	2004 £
	Bank loans and overdrafts	-	8,693
	Net obligations under finance leases and hire purchase contracts	14,555	-
	Trade creditors	23,562	11,458
	Corporation tax	2,816	-
	Other taxes and social security costs	17,439	1,909
	Other creditors	26,526	10,000
	Accruals and deferred income	2,558	5,218
		<u>87,456</u>	<u>37,278</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

10	Creditors: amounts falling due after more than one year	2005 £	2004 £
	Other loans	7,640	-
	Net obligations under finance leases and hire purchase contracts	18,755	-
		<u>26,395</u>	<u>-</u>

### Analysis of loans

Wholly repayable within five years	14,691	-
	<u>14,691</u>	<u>-</u>
Included in current liabilities	(7,051)	-
	<u>7,640</u>	<u>-</u>

### Loan maturity analysis

In more than one year but not more than two years	7,051	-
In more than two years but not more than five years	589	-
	<u>7,640</u>	<u>-</u>

### Net obligations under finance leases and hire purchase contracts

Repayable within one year	14,555	-
Repayable between two and five years	18,755	-
	<u>33,310</u>	<u>-</u>
Included in liabilities falling due within one year	(14,555)	-
	<u>18,755</u>	<u>-</u>

# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

### 11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	2,148
Balance at 31 January 2005	2,148

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	2,148	-

### 12 Share capital

	2005 £	2004 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

### 13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2004	603
Retained profit for the year	56,957
Balance at 31 January 2005	57,560

# EXALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

<b>14 Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	56,957	603
Proceeds from issue of shares	-	99
	<hr/>	<hr/>
Net addition to shareholders' funds	56,957	702
Opening shareholders' funds	703	1
	<hr/>	<hr/>
Closing shareholders' funds	<u>57,660</u>	<u>703</u>

<b>15 Directors' emoluments</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	<u>35,385</u>	<u>-</u>

### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	<b>2005</b>	<b>2004</b>
	<b>Number</b>	<b>Number</b>
Administration	2	2
Sales and services	2	2
	<hr/>	<hr/>
	4	4
	<hr/>	<hr/>

<b>Employment costs</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	84,227	8,000
Social security costs	8,063	680
	<hr/>	<hr/>
	<u>92,290</u>	<u>8,680</u>

### 17 Control

The ultimate controlling party is Mr A Salter, a director and shareholder of the company.

## **EXALIA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 JANUARY 2005**

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#### **18 Related party transactions**

A C Salter and A Pestkowski have offered a joint and several guarantee of £10,000 in respect of the banking facilities.

Included within other debtors is an amount of £8,580, due from A C Salter and A Pestkowski, who are both directors and shareholders of the company. This balance will be repaid subsequent to the year end.