Resolution IT Services Limited

Directors' report and financial statements

Registered number 04463864

27 November 2005

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 27 November 2005.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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 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.

Principal activities

The principal activities of the company were business and management consultancy. During the previous financial year the decision was taken to terminate the operations of the business. The termination was completed in the first quarter of the year.

Result and dividend

The loss for the year amounted to £4,964 *(2004: profit of £529,285)*. The directors do not recommend the payment of a dividend *(2004: £nil)*.

Business review

Following the decision to terminate the operations of the business in the previous financial year, Resolution IT Services Limited ceased trading during the first quarter of 2005. The loss incurred within the financial year resulted from completing projects started in 2004. The company will remain dormant for the foreseeable future.

Directors and directors' interests

The directors who held office during the year were as follows:

I J Brookes
C D Hinton

Neither of the directors held any interest in the share capital of the company. IJ Brookes and CD Hinton are directors of the parent company undertaking, Lorien plc. The interests of the directors holding office at the end of the year in the share capital of group companies are shown in the financial statements of Lorien plc.

Donations

The company made no political or charitable donations in the year *(2004: £nil).*

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc is to be proposed at the forthcoming annual general meeting.

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 aware, there is no relevant audit information of which the Company's auditors are unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

C D Hinton
Group Finance Director & Company Secretary

Oak House
Park Lane
Leeds
West Yorkshire
LS3 1EL

1 March 2006

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Resolution IT Services Limited

We have audited the financial statements on pages 4 to 9.

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 are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 affairs of the company at 27 November 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 March 2006

Profit and loss account
for the year ended 27 November 2005

	Note	27 November 2005	28 November 2004
		£	£
Turnover	*1*	**68,800**	1,115,826
Cost of sales		**(57,495)**	(813,997)
Gross profit		**11,305**	301,829
Administrative expenses		**(16,244)**	(372,495)
Other income		**-**	600,000
Operating (loss)/profit	*2-4*	**(4,939)**	529,334
Interest payable and similar charges	*5*	**(25)**	(49)
(Loss)/profit on ordinary activities before taxation		**(4,964)**	529,285
Tax on (loss)/profit on ordinary activities	*6*	**-**	-
Retained (loss)/profit for the financial year		**(4,964)**	529,285

There are no recognised gains or losses during the current or previous year other than the results stated above. The results for both years derive from discontinued operations.

Balance sheet

at 27 November 2005

	Note	27 November 2005 £	28 November 2004 £
Current assets			
Debtors	7	**60**	89,844
Cash at bank and in hand		**-**	8
		60	89,852
Creditors: amounts falling due within one year	8	**(75,276)**	(160,104)
Net current liabilities and net liabilities		**(75,216)**	(70,252)
Capital and reserves			
Called up share capital	10	**100**	100
Profit and loss account reserve	11	**(75,316)**	(70,352)
Equity shareholders' deficit	12	**(75,216)**	(70,252)

These financial statements were approved by the board of directors on 1 March 2006 and were signed on its behalf by:

C D Hinton
Group Finance Director & Company Secretary

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 have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The financial statements are prepared on the going concern basis on the grounds that continuing financial support has been guaranteed by the parent undertaking, Lorien plc.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future or a right to pay less tax in the future. Assets are not being recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year. Turnover of the company in the year derives from the provision of services predominantly in the United Kingdom. All turnover arises from the principal activity of the business.

Pension costs

The Lorien plc group operates a defined contribution pension scheme which employees are able to join. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year.

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental is charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences of a trading nature are dealt with in the profit and loss account.

Notes *(continued)*

2 Loss on ordinary activities before taxation

In the current and previous year the auditor's remuneration was borne by another group undertaking.

3 Remuneration of directors

	Year ended 27 November 2005	Year ended 28 November 2004
	£	£
Directors' emoluments	**-**	62,500

The company did not make any pension contributions in respect of the directors.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 1 *(28 November 2004: 4)*.

The aggregate payroll costs of these persons were as follows:

	Year ended 27 November 2005	Year ended 28 November 2004
	£	£
Wages and salaries	**11,099**	267,542
Social security costs	**1,420**	31,234
Other pension costs	**1,055**	6,328
	13,574	305,104

5 Interest payable and similar charges

	Year ended 27 November 2005	Year ended 28 November 2004
	£	£
On bank loans and overdrafts	**25**	49

Notes *(continued)*

6 Taxation

	Year ended 27 November 2005 £	Year ended 28 November 2004 £
UK corporation tax at 30% *(2004: 30%)*	**-**	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

	Year ended 27 November 2005 £	Year ended 28 November 2004 £
(Loss)/profit on ordinary activities before tax	**(4,964)**	529,285
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% *(2004: 30%)*	**(1,489)**	158,786
Expenses not deductible for tax purposes	**-**	435
Non-taxable income	**-**	(180,000)
Utilisation of tax losses	**1,489**	20,779
Current tax charge for the year	**-**	-

7 Debtors

	2005 £	2004 £
Trade debtors	**-**	69,049
Amounts owed by group undertakings	**60**	60
Other debtors	**-**	20,735
	60	89,844

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	-	44,788
Amounts owed to group undertakings	**75,276**	29,670
Other creditors including taxation and social security	-	19,534
Accruals and deferred income	-	66,112
	75,276	160,104

9 Deferred taxation

A deferred tax asset in respect of trading losses of £671,000 (*2004: £665,000*) has not been recognised on the grounds of uncertainty over timing of future profits (trading ceased during 2005). There were no other provided or unprovided amounts in respect of deferred tax.

10 Called up share capital

	2005 £	2004 £
Authorised		
1,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
60 "A" Ordinary shares of £1 each	**60**	60
40 "B" Ordinary shares of £1 each	**40**	40
	100	100

The "A" and "B" ordinary shares attract one vote per share. The rights of the "A" and "B" shareholders are different in the event of a winding up of the company, as detailed in the Articles of Association of the Company.

Notes *(continued)*

11 Profit and loss account reserve

	2005
	£
At the beginning of the year	(70,352)
Loss for the year	(4,964)
At the end of the year	(75,316)

12 Reconciliation of movement in equity shareholders' deficit

	2005	2004
	£	£
Opening equity shareholders' deficit	(70,252)	(599,537)
Retained (loss)/profit for the year	(4,964)	529,285
Closing equity shareholders' deficit	(75,216)	(70,252)

13 Pensions

The company makes pension payments for the benefit of employees via defined contribution pension schemes. The pension charge represents contributions payable by the company to the schemes and amounted to £1,055 *(2004: £6,328)*. There were no pension contributions outstanding at the year end.

14 Related party disclosures

The parent undertaking, Lorien plc, provided a working capital facility for use by the company via Lorien Holdings Limited, a fellow subsidiary undertaking. On 28 November 2004, Lorien Holdings Limited waived a sum of £600,000 from the total amounts owing by Resolution IT Services Limited leaving the company owing a balance of £29,670 to group companies in this respect at the 2004 year end. At the 2005 year end the amount owing to fellow subsidiary undertakings was £75,276.

15 Ultimate parent company

The ultimate parent company is Lorien plc, registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the company secretary at the registered office.