

Registration Number 04468412

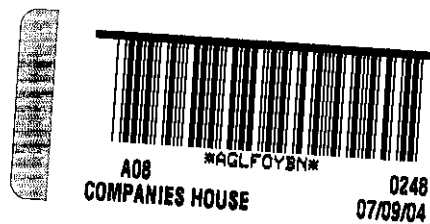
MFUSE LIMITED

Accounts

for the year ended 30th June 2004

**Prepared by:
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**Annual report
for the year ended 30th June 2004**

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Directors' report
for the year ended 30th June 2004

The directors present their report and financial statements of Mfuse Ltd for the year ended 30th June 2004.

Principal activities

The principal activity of the company during the period was that of providing specialist wireless technology delivering end to end mobile solutions including SMS, MMS, WAP and Java. This is done in partnership with the Company's clients.

Results

The trading loss for the year after taxation amounted to £106,776.
In the opinion of the directors the state of affairs of the company are satisfactory and all reserves are to remain in the company.

Directors

The directors of the company during the year were as follows:

M J Wareham		
C W Palmer		
J A Simpson	resigned	14/11/2003
P J Wareham		

Shareholdings

	Ordinary A Shares of £1.00 each
	30/6/2004
M J Wareham	1
C W Palmer	1
	Ordinary B Shares of £1.00 each
P J Wareham	300

Directors' report
for the year ended 30th June 2004 (cont)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period.

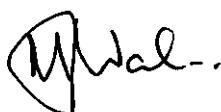
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th June 2004. The directors also confirm that applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit

It is the opinion of the Directors that the company is able to take advantage of the audit exemption as allowed under section 249A(2) of the Companies Act 1985 (Audit Exemption) Regulations 1994.

By order of the board



M J Wareham
Secretary

18th August 2004.

Accountant's Report

In accordance with instructions given to me, I have prepared, without carrying out an audit, the attached Profit and Loss Account and Balance Sheet from the accounting records of Mfuse Limited and from information and explanations given to me.



Roger J D Jones FMAAT

18th August 2004.

Declaration on behalf of the Board

I certify that, to the best of my knowledge and belief, the accounting records produced, together with the information and explanations given to Roger J D Jones, constitute a true and correct record of Mfuse Limited for the period ended 30th June 2004 and confirm that the attached accounts have the Board's approval



**M J Wareham
Secretary**

18th August 2004.

**Profit and Loss Account
for the year ended 30th June 2004**

	Notes	2004 £	2003 £
Turnover		119,768	0
Administrative Expenses		230,472	109,019
Operating Profit / (Loss)	2	(110,704)	(109,019)
Other interest receivable and similar income		181	
Interest payable and similar charges	3	9,740	1,394
Profit / (Loss) on ordinary activities before taxation		(120,263)	(110,413)
Tax on profit / (loss) ordinary activities		(13,487)	(14,273)
Profit / (loss) on ordinary activities after taxation		(106,776)	(96,140)

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Research and development costs have been written off as they have occurred.

There are no recognised gains and losses other than those passing through the Profit and Loss Account

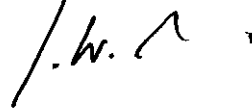
The notes form part of these financial accounts.

**Balance sheet
at 30th June 2004**

	Notes	2004 £	2003 £
Fixed Assets			
Tangible assets	5	34,715	28,746
		34,715	28,746
Current Assets			
Debtors	7	52,533	32,200
Cash at bank and in hand		0	9,261
		52,533	41,461
Creditors			
Amounts falling due within one year	8	102,499	26,944
Net Current Assets / (Liabilities)		(49,966)	14,516
Total Assets less Current Liabilities		(15,251)	43,262
Creditors			
Amounts falling due after more than one year	9	142,665	94,400
		(157,916)	(51,138)
Capital and Reserves			
Called up share capital	10	902	902
Share premium account		44,100	44,100
Profit and loss account		(202,918)	(96,140)
Equity shareholders fund		(157,916)	(51,138)

In the opinion of the Board, for the year ended 30th June 2004, the company is entitled to and has taken advantage of the audit exemption allowed under Section 249A (1) of The Companies Act 1985 (Audit Exemption) Regulations 1994 (SI 1994 No 1935). No members have requested an audit pursuant to Section 249B (2). In taking advantage of this exemption, the Board acknowledges its responsibility and confirms that the company has kept accounting records which comply with Section 221 of The Companies Act 1985 and prepared accounts which give a true and fair view of the state of affairs of the company as at 30th June 2004 and of its profit or loss for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the said Act relating to accounts. The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting standard for Smaller Entities) effective June 2002) and were approved by the Board on 18th August 2004 and were signed on its behalf by:


M Wareham
Director


C Palmer
Director

The notes form part of these financial accounts.

Notes to the financial statements for the year ended 30th June 2004

Principal accounting policies

The financial statements have been prepared in accordance with the Financial Reporting Standard for smaller entities (effective March 2000). They are prepared on the going concern basis which assumes the continued support of the directors and all activities are continuing. Research and development costs are written off in the year in which they are incurred.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life

Computer equipment	33.33% on net book value
Office equipment	20.00% on net book value
Fixtures and fittings	20.00% on net book value

Turnover

Turnover represents the amounts receivable for goods and services exclusive of VAT. The company is VAT registered.

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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

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.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the Profit and Loss account.

Corporation Tax

The Company has applied for a Tax Credit against the losses resultant from Research and Development expenditure

2 Operating profit / (loss)

	2004	2003
	£	£
Operating profit / (loss) is stated after charging		
Depreciation of tangible assets	9,851	2,273
Directors' emoluments	29,493	29,805

3 Interest payable

	2004	2003
	£	£
Bank interest paid	4,049	1
Loan interest paid	5,123	
Hire purchase interest	568	0
	9,740	1

4. Taxation

	2004	2003
	£	£
Domestic current year tax		
UK Corporation Tax (R&D tax credit exchange)	13,487	14,273
Adjustment for prior years	0	n/a
	13,487	14,273

5 Tangible fixed assets

	Computer Equipment £	Office Equipment £	Fixtures & Fittings £	Total £
Cost				
As at 1/7/2003	23,539	7,480	0	31,019
Additions	11,361	3,359	1,100	15,820
As at 30/6/2004	34,900	10,839	1,100	46,839
Depreciation				
As at 1/7/2003	2,055	218	0	2,273
Charge for year	7,765	1,976	110	9,851
As at 30/6/2004	9,820	2,194	110	12,124
Net Book Value				
As at 30/6/2004	25,080	8,645	990	34,715
As at 30/6/2003	21,484	7,262	0	28,746

7 Debtors

	2004	2003
	£	£
Trade debtors	10,968	0
Bank and cash	0	9,261
VAT	2,941	8,135
Corporation tax	13,487	14,273
Director's overdrawn current account	4,539	0
Prepayments	10,625	0
Other debtors	9,973	9,792
	52,533	41,461

8 Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	34,706	5,253
Overdrawn bank account	14,693	0
Other taxes and social security costs	23,732	2,483
Directors loans	0	1,822
Other creditors	105	0
Bank loan	7,895	0
Hire purchase	6,500	0
Accruals and deferred income	14,868	17,386
	102,499	26,944

Hire purchase creditors are secured over the assets to which they relate. There is no other security for any of the above creditors.

9 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Bank loan	61,842	75,000
Directors loans	56,189	0
Net obligations under hire purchase contracts	8,667	19,400
S Butterworth loan	15,967	0
	142,665	94,400

Hire purchase creditors are secured over the assets to which they relate.

10 Share capital

	2004	2003
	£	£
Authorised		
1,000 Ordinary Class A shares of £1.00 each	1,000	1,000
5,000 Ordinary Class B shares of £1.00 each	5,000	5,000
Allotted, called up and fully paid		
2 Ordinary Class A shares of £1.00 each	2	2
900 Ordinary Class B shares of £1.00 each	900	900

12 Financial commitments

At 30th June 2004 the company had annual commitments under non-cancellable operating agreements as follows

	2004	2003
	£	£
Expiry date		
Between two and five years	37,202	4,135
In over five years	7,895	35,000

The company is subject to rent review commencing June 2008.

13 Employees

Number of employees	2004	2003
Ave monthly number of employees including directors		
Directors	2	2
Programming	4	3
Employment costs	£	£
Wages and salaries	125,565	59,430
Social security costs	12,858	4,768
Directors' emoluments included in the above	£	£
Directors' remuneration	29,493	29,805

Mfuse Limited
Detailed Trading and Profit and Loss Accounts for the period ended 30/6/2004

	2004	2003
	£	£
Turnover	119,768	0
Total	119,768	0
Research and Development costs	56,194	59,471
Business Development costs	27,274	17,246
Operations costs	2,365	0
Administrative expenses	144,639	33,695
Other operating income		
Sundry income	181	0
Operating profit / (loss)	(110,523)	(110,412)
Other interest receivable and similar income		
Bank interest received	0	0
Interest payable		
Bank interest paid	4,049	1
Loan interest paid	5,123	0
Hire purchase interest paid	568	0
Profit / (loss) before taxation	(120,263)	(110,413)
Administrative expenses		
Wages and salaries	67,468	6,118
Rent & rates	25,541	8,253
Insurance	2,581	497
Light and heat	1,754	314
Repairs and maintenance	1,532	158
Printing, postage and stationery	5,957	2,217
Telephone	13,389	7,435
Relocation expenses	526	1,544
Travelling expenses	4,980	305
Legal and professional fees	6,722	2,381
Subscriptions and donations	2,233	165
Bank charges	1,391	1,393
Sundry expenses	714	642
Depreciation	9,851	2,273
	144,639	33,695

N.B. This page does not form part of the statutory accounts