

COMPANY REGISTRATION NUMBER 4480097

**GEN-X IT LIMITED**  
**Financial Statements**  
**31 July 2004**

**WRIGLEY PARTINGTON**  
Chartered Accountants & Registered Auditors  
Sterling House  
501 Middleton Road  
Chadderton  
Oldham  
OL9 9LY



# **GEN-X IT LIMITED**

## **Financial Statements**

**YEAR ENDED 31 JULY 2004**

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<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2</b>
Independent auditors' report to the shareholders	<b>3</b>
Profit and loss account	<b>5</b>
Balance sheet	<b>6</b>
Notes to the financial statements	<b>7</b>

**GEN-X IT LIMITED****Officers and Professional Advisers**

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<b>The board of directors</b>	Mr A Gould Miss K Stewart
<b>Company secretary</b>	Mr A Gould
<b>Registered office</b>	The Works Business Centre 5 Union Street Ardwick Green Manchester United Kingdom M12 4JD
<b>Auditors</b>	Wrigley Partington Chartered Accountants & Registered Auditors Sterling House 501 Middleton Road Chadderton Oldham OL9 9LY
<b>Bankers</b>	HSBC Bank plc 109 Union Street Oldham

**GEN-X IT LIMITED****The Directors' Report****YEAR ENDED 31 JULY 2004**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2004.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was the sale of computer hardware.

**THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 July 2004	At 1 August 2003
Mr A Gould	500	500
Miss K Stewart	<u>500</u>	<u>500</u>

**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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

**AUDITORS**

A resolution to re-appoint Wrigley Partington as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
The Works Business Centre  
5 Union Street  
Ardwick Green  
Manchester  
United Kingdom  
M12 4JD

Signed by order of the directors



MR A GOULD  
Company Secretary

Approved by the directors on 22 November 2004

**GEN-X IT LIMITED****Independent Auditors' Report to the Shareholders of  
Gen-X IT Limited****YEAR ENDED 31 JULY 2004**

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We have audited the financial statements of Gen-X IT Limited for the year ended 31 July 2004 on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities 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.

## GEN-X IT LIMITED

### Independent Auditors' Report to the Shareholders of Gen-X IT Limited *(continued)*

YEAR ENDED 31 JULY 2004

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#### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Sterling House  
501 Middleton Road  
Chadderton  
Oldham  
OL9 9LY

WRIGLEY PARTINGTON  
Chartered Accountants  
& Registered Auditors

23 November 2004

**GEN-X IT LIMITED****Profit and Loss Account****YEAR ENDED 31 JULY 2004**

	Note	Year to 31 Jul 04 £	Period from 8 Jul 02 to 31 Jul 03 £
<b>TURNOVER</b>	<b>2</b>	<b>4,014,298</b>	<b>3,598,783</b>
Cost of sales		<u>3,175,464</u>	<u>3,037,551</u>
<b>GROSS PROFIT</b>		<b>838,834</b>	<b>561,232</b>
Distribution costs		—	6,838
Administrative expenses		<u>786,918</u>	<u>507,400</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>51,916</b>	<b>46,994</b>
Interest receivable		128	—
Interest payable and similar charges	<b>5</b>	<u>(46,668)</u>	<u>(16,500)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>5,376</b>	<b>30,494</b>
Tax on profit on ordinary activities	<b>6</b>	—	2,570
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>5,376</b>	<b>27,924</b>
Equity dividends paid		<u>14,000</u>	—
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>(8,624)</b>	<b>27,924</b>
Balance brought forward		<u>27,924</u>	—
Balance carried forward		<u>19,300</u>	<u>27,924</u>

The notes on pages 7 to 11 form part of these financial statements.

**GEN-X IT LIMITED****Balance Sheet****31 JULY 2004**

	Note	2004 £	£	2003 £	£
<b>FIXED ASSETS</b>					
Tangible assets	7		13,462		11,990
<b>CURRENT ASSETS</b>					
Stocks		142,790		172,502	
Debtors	8	858,042		792,065	
Cash at bank and in hand		10,966		6,089	
		<u>1,011,798</u>		<u>970,656</u>	
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>630,762</u>		<u>597,671</u>	
<b>NET CURRENT ASSETS</b>			<u>381,036</u>		<u>372,985</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>394,498</u>		<u>384,975</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	10		<u>373,198</u>		<u>355,051</u>
			<u>21,300</u>		<u>29,924</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	13		2,000		2,000
Profit and loss account			19,300		27,924
<b>SHAREHOLDERS' FUNDS</b>			<u>21,300</u>		<u>29,924</u>

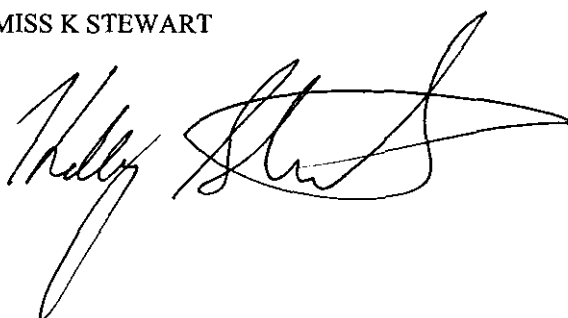
These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 22 November 2004 and are signed on their behalf by:

MR A GOULD



MISS K STEWART



The notes on pages 7 to 11 form part of these financial statements.



**GEN-X IT LIMITED****Notes to the Financial Statements****YEAR ENDED 31 JULY 2004**

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**1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 25% straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**2. TURNOVER**

Overseas turnover amounted to 54.72% (2003 - 24.85%) of the total turnover for the year.

**GEN-X IT LIMITED****Notes to the Financial Statements****YEAR ENDED 31 JULY 2004****3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	Year to 31 Jul 04 £	Period from 8 Jul 02 to 31 Jul 03 £
Depreciation of owned fixed assets	5,142	3,247
Depreciation of assets held under hire purchase agreements	—	750
Auditors' fees	3,000	3,500
Net profit on foreign currency translation	<u>(12,802)</u>	<u>(6,143)</u>

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Jul 04 £	Period from 8 Jul 02 to 31 Jul 03 £
Aggregate emoluments	<u>112,528</u>	<u>46,000</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31 Jul 04 £	Period from 8 Jul 02 to 31 Jul 03 £
Other interest and similar charges	<u>46,668</u>	<u>16,500</u>

Interest paid to group undertakings amounted to £45,682 (2003 - £12,321).

**6. TAXATION ON ORDINARY ACTIVITIES**

	Year to 31 Jul 04 £	Period from 8 Jul 02 to 31 Jul 03 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2003 - 12%)	—	2,570
Total current tax	<u>—</u>	<u>2,570</u>

**GEN-X IT LIMITED****Notes to the Financial Statements****YEAR ENDED 31 JULY 2004****7. TANGIBLE FIXED ASSETS**

	Equipment £
<b>COST</b>	
At 1 August 2003	15,987
Additions	<u>6,614</u>
At 31 July 2004	<u>22,601</u>
<b>DEPRECIATION</b>	
At 1 August 2003	3,997
Charge for the year	<u>5,142</u>
At 31 July 2004	<u>9,139</u>
<b>NET BOOK VALUE</b>	
At 31 July 2004	<u>13,462</u>
At 31 July 2003	<u>11,990</u>

**Hire purchase agreements**

Included within the net book value of £13,462 is £Nil (2003 - £2,250) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2003 - £750).

**8. DEBTORS**

	2004 £	2003 £
Trade debtors	749,730	672,734
Other debtors	24,489	48,927
Directors current accounts	57,264	64,988
Prepayments and accrued income	<u>26,559</u>	<u>5,416</u>
	<u>858,042</u>	<u>792,065</u>

**9. CREDITORS: Amounts falling due within one year**

	2004 £	2003 £
Bank loans and overdrafts	34,484	20,816
Trade creditors	179,629	169,526
Amounts owed to group undertakings	117,033	—
Other creditors including taxation and social security:		
Factoring accounts	273,520	364,962
Corporation tax	—	2,570
PAYE and social security	7,890	17,563
Hire purchase agreements	—	1,762
Other creditors	4,027	9,300
Accruals and deferred income	<u>14,179</u>	<u>11,172</u>
	<u>299,616</u>	<u>407,329</u>
	<u>630,762</u>	<u>597,671</u>

**GEN-X IT LIMITED****Notes to the Financial Statements****YEAR ENDED 31 JULY 2004****9. CREDITORS: Amounts falling due within one year (continued)**

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	34,485	20,816
Factoring accounts	273,520	364,962
	<u>308,005</u>	<u>385,778</u>

**10. CREDITORS: Amounts falling due after more than one year**

	2004	2003
	£	£
Amounts owed to group undertakings	<u>373,198</u>	<u>355,051</u>

**11. TRANSACTIONS WITH THE DIRECTORS**

Included in debtors is £57,264 due from two directors. Further details are:

	2004	2003
	£	£
Mr A Gould	1,984	55,129
Miss K Stewart	55,280	9,859
	<u>57,264</u>	<u>64,988</u>

	Maximum balance
	£
Mr A Gould	58,128
Miss K Stewart	55,280

**12. RELATED PARTY TRANSACTIONS**

In the directors opinion the company is not under the control of any one person.

During the year the following transactions have taken place with Vector Consulting Inc., a fifty per cent shareholder of the company :-

1. As at the balance sheet date there is loan outstanding of £490,231 (2003: £355,051) for which interest is charged at 12% per annum.
2. The company purchased and sold goods on a commercial basis amounting to £130,370 (2003: £163,213) and £3,200 (2003: £38,759) respectively.

During the year the company charged Syskal Distribution Limited, a company which Alan Gould, a director of Gen-X it Limited, is a director of, management fees totalling £35,000.

Included in trade debtors is an amount due from Syskal Distribution Limited amounting to £36,197.

**GEN-X IT LIMITED****Notes to the Financial Statements****YEAR ENDED 31 JULY 2004****13. SHARE CAPITAL****Authorised share capital:**

	2004	2003
	£	£
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

**Allotted, called up and fully paid:**

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>