

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

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# GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	I L Fenwick The Rt Hon Francis Maude MP K Fenwick (Appointed 11 July 2007)
<b>Secretary</b>	K Fenwick
<b>Company number</b>	4538588
<b>Registered office</b>	Buckles Farm Honey Bridge Lane Dial Post Horsham West Sussex RH13 8NX
<b>Auditors</b>	Clarkson Hyde LLP 137-143 High Street Sutton Surrey SM1 1JH
<b>Bankers</b>	HSBC 6 West Street Horsham West Sussex RH12 1PE

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# GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

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# GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their report and financial statements for the year ended 31 December 2006

### Principal activities

The principal activity of the company during the year continued to be that of telecommunications

### Directors' interests

The following directors have held office since 1 January 2005 and their interests in the shares of the company were as stated below

	Ordinary Shares of £1 each	
	31 December 2006	1 January 2006
I L Fenwick	2	2
The Rt Hon Francis Maude MP	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Clarkson Hyde LLP be reappointed as auditors of the company will be put to the Annual General Meeting

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

**Statement of disclosure to auditors**

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board



I L Fenwick

**Director**

19 October 2007

## GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

### INDEPENDENT AUDITORS' REPORT

#### TO THE SHAREHOLDERS OF GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

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We have audited the financial statements of Globalink Telecommunications International Limited for the year ended 31 December 2006 set out on pages 5 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 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 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 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

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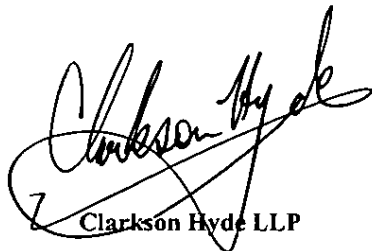
**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the information given in the directors' report is consistent with the financial statements

**Emphasis of matter**

In forming our opinion, we have considered the adequacy of the disclosures made in note 12 of the financial statements concerning the adequacy of sufficient resources being available to meet the company's future obligations and the negotiations with potential investors to provide additional working capital. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.



Clarkson Hyde LLP

Chartered Accountants  
Registered Auditors

19 October 2007

137-143 High Street  
Sutton  
Surrey  
SM1 1JH



Clarkson Hyde  
CHARTERED ACCOUNTANTS

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
<b>Turnover</b>		1,600,118	1,533,355
Cost of sales		(1,047,033)	(703,581)
<b>Gross profit</b>		553,085	829,774
Distribution costs		(186,608)	(352,217)
Administrative expenses		(431,331)	(406,404)
<b>Operating (loss)/profit</b>	<b>2</b>	(64,854)	71,153
Other interest receivable and similar income	<b>3</b>	-	134
Interest payable and similar charges		(40,199)	(50,250)
<b>(Loss)/profit on ordinary activities before taxation</b>		(105,053)	21,037
Tax on (loss)/profit on ordinary activities	<b>4</b>	-	(11,569)
<b>(Loss)/profit for the year</b>	<b>11</b>	(105,053)	9,468



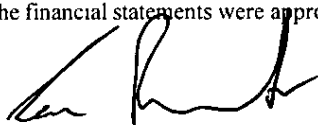
**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Intangible assets	5		184,078		209,285
Tangible assets	6		60,954		75,967
			<u>245,032</u>		<u>285,252</u>
<b>Current assets</b>					
Stocks			14,999		14,999
Debtors	7		714,778		528,253
			<u>729,777</u>		<u>543,252</u>
<b>Creditors amounts falling due within one year</b>	8		<u>(1,053,156)</u>		<u>(793,911)</u>
<b>Net current liabilities</b>			<u>(323,379)</u>		<u>(250,659)</u>
<b>Total assets less current liabilities</b>			<u>(78,347)</u>		<u>34,593</u>
<b>Creditors amounts falling due after more than one year</b>	9		<u>(11,209)</u>		<u>(19,096)</u>
			<u>(89,556)</u>		<u>15,497</u>
<b>Capital and reserves</b>					
Called up share capital	10		2		2
Profit and loss account	11		<u>(89,558)</u>		<u>15,495</u>
<b>Shareholders' funds</b>			<u>(89,556)</u>		<u>15,497</u>

These 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 January 2005)

The financial statements were approved by the Board on 19 October 2007

  
I L Fenwick  
Director

# GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

#### 1.2 Going concern

As at 31 December 2006, the company had net current liabilities of £323,379 and net liabilities of £89,556. The accounts have been drawn up on a going concern basis, which the directors believe is applicable as they believe the company will have sufficient resources to meet its future obligations as and when they fall due.

In addition, the directors are in negotiations with potential investors and lenders who will be providing additional working capital to fund the expansion plans and further development of the business. The directors are also in a process of a financial restructuring of the company to reduce the short term liabilities.

#### 1.3 Turnover

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

#### 1.4 Goodwill

Acquired goodwill is written off over its estimated useful economic life by way of annual impairment reviews.

#### 1.5 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:

Computer equipment	33% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

#### 1.6 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.

#### 1.7 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.8 Pensions

The company contributes to the personal pension schemes of certain employees. The company's contributions are charged to the profit and loss account as incurred.

2 Operating (loss)/profit	2006 £	2005 £
Operating (loss)/profit is stated after charging		
Amortisation of intangible assets	25,207	25,208
Depreciation of tangible assets	22,617	29,044
Auditors' remuneration	10,158	9,000
Directors' emoluments	59,049	126,000

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>3</b>	<b>Investment income</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank interest	-	134
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Domestic current year tax		
	U K corporation tax	-	11,569
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Intangible fixed assets</b>		<b>Goodwill</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 January 2006 & at 31 December 2006		252,080
			<u>          </u>
	<b>Amortisation</b>		
	At 1 January 2006		42,795
	Charge for the year		25,207
			<u>          </u>
	At 31 December 2006		68,002
			<u>          </u>
	<b>Net book value</b>		
	At 31 December 2006		184,078
			<u>          </u>
	At 31 December 2005		209,285
			<u>          </u>

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**6 Tangible fixed assets**

	<b>Plant and machinery etc</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2006	116,939
Additions	7,604
	<hr/>
At 31 December 2006	124,543
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<b>Depreciation</b>	
At 1 January 2006	40,972
Charge for the year	22,617
	<hr/>
At 31 December 2006	63,589
	<hr/>
<b>Net book value</b>	
At 31 December 2006	60,954
	<hr/> <hr/>
At 31 December 2005	75,967
	<hr/> <hr/>

The net book value of tangible fixed assets includes £40,422 (2005 - £59,185) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £14,992 (2005 - £21,952) for the year.

<b>7 Debtors</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade debtors	272,200	104,951
Director's loan account	122,144	183,366
Other debtors	320,434	239,936
	<hr/>	<hr/>
	714,778	528,253
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GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006

8	Creditors: amounts falling due within one year	2006 £	2005 £
	Bank overdrafts	112,051	117,518
	Net obligations under hire purchase contracts	28,044	42,333
	Trade creditors	459,743	270,934
	Taxation and social security	223,546	128,437
	Amounts due to factoring company	50,221	41,438
	Other creditors	179,551	193,251
		<u>1,053,156</u>	<u>793,911</u>

9	Creditors: amounts falling due after more than one year	2006 £	2005 £
	Net obligations under hire purchase contracts	<u>11,209</u>	<u>19,096</u>

10	Share capital	2006 £	2005 £
	<b>Authorised</b>		
	100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
	<b>Allotted, called up and fully paid</b>		
	2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

11	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2006	15,495
	Loss for the year	<u>(105,053)</u>
	Balance at 31 December 2006	<u>(89,558)</u>

12 Control

The director, I L Fenwick, controls the company as a result of controlling directly 100% of the issued share capital of the company

**GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**13 Post balance sheet events**

The company is in the process of obtaining a PLUS listing in the near future. As at the date of signing the accounts, this had not been obtained.