

Company registration number 4646508

Virtalis Limited  
Abbreviated accounts  
for the year ended 28<sup>th</sup> February 2006



# **Virtualis Limited**

## **Abbreviated accounts for the year ended 28<sup>th</sup> February 2006**

### **Contents**

Independent auditors' report to Virtualis Limited under Section 247B of the Companies Act 1985 .....	1
Abbreviated balance sheet as at 28 <sup>th</sup> February 2006.....	2
Notes to the abbreviated accounts for the year ended 28 <sup>th</sup> February 2006.....	3

## **Virtalis Limited**

### **Independent auditors' report to Virtalis Limited under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Virtalis Limited for the year ended 28<sup>th</sup> February 2006 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special auditors' report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

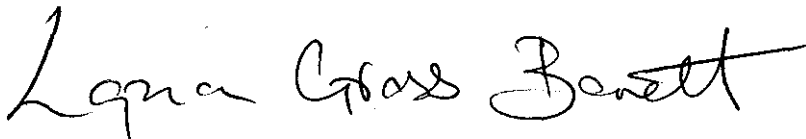
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

#### **Basis of audit opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.



**Lopian Gross Barnett & Co.**  
**Chartered Accountants and Registered Auditor**  
**Manchester**  
**22<sup>nd</sup> January 2007**

# Virtalis Limited

## Abbreviated balance sheet as at 28<sup>th</sup> February 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	2		42,222		47,782
Investments	2		4		4
			42,226		47,786
<b>Current assets</b>					
Stock		9,411		43,838	
Debtors – due within one year	3	587,575		533,690	
Debtors – due after more than one year	3	-		21,500	
Cash at bank and in hand		46,663		36,710	
		643,649		635,738	
Creditors - amounts falling due within one year	4	(592,266)		(468,834)	
<b>Net current assets</b>			51,383		166,904
<b>Total assets less current liabilities</b>			93,609		214,690
<b>Creditors - amounts falling due after more than one year</b>					
	5		240,000		320,000
<b>Capital and reserves</b>					
Called up share capital	6	88,235		88,235	
Share premium account		37,317		37,317	
Profit and loss account		(271,943)		(230,862)	
<b>Shareholders' funds</b>			(146,391)		(105,310)
			93,609		214,690
<b>Analysis of shareholders' funds</b>					
Equity shareholders' funds			(223,458)		(176,777)
Non-equity shareholders' funds			77,067		71,467
			(146,391)		(105,310)

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. The financial statements were approved by the Board of directors on 22<sup>nd</sup> January 2007 and were signed on its behalf by:



**David Cockburn-Price**  
Director

# **Virtalis Limited**

## **Notes to the abbreviated accounts for the year ended 28<sup>th</sup> February 2006**

### **1 Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors have prepared projected cash flow information for the period ending 14 months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company will continue to operate within the facility currently agreed and within that which they expect will be agreed on 1<sup>st</sup> March 2007, when the Group's bankers are due to consider renewing the facility for a further year. Hence, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### **Turnover, profit recognition and long term contracts**

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

Revenue and profits are recognised at the date of despatch of goods or provision of services.

Developments of applications and installations of systems are not normally treated as long-term contracts as they are relatively short in duration and consist of a mixture of supplying goods and providing consultancy services. Revenue and profits are recognised at the date of achieving contractually agreed milestones with customers.

When developments are of sufficient duration or materiality to be accounted for as long term contracts, revenue is recognised when contractually agreed milestones are achieved with attributable costs in line with the total anticipated profit. Costs include all goods and labour costs incurred in bringing a contract to its state of completion at the period end, including an appropriate portion of indirect expenses. Any provisions required for estimated losses on contracts are made in the period in which such losses are foreseen. Long-term work in progress is stated net of payments received on account.

In the case of maintenance and support contracts, revenue is included in turnover in equal monthly amounts over the life of each contract with costs being charged as incurred.

Deferred income represents the portion of contract income invoiced relating to future accounting periods.

#### **Tangible fixed assets**

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:

Computers

Straight line over 3 years

#### **Leasing**

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

# **Virtalis Limited**

## **1 Accounting policies (continued)**

### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

### **Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

### **Stocks**

Work in progress is stated at the lower of cost and net realisable value.

### **Deferred taxation**

Deferred tax is provided on all timing differences that result in an obligation at the balance sheet date to pay more tax in the future or a right to pay less tax in the future at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the year end. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Profits or losses on exchange are included in the profit and loss account in the year in which they are incurred.

### **Pension costs**

The company contributes to a defined contribution pension scheme, which is financially independent from the company. Amounts payable to the scheme are charged to the profit and loss account in the year in which they arise.

### **Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

# **Virtalis Limited**

## **2 Tangible assets**

	<b>Computer equipment</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 <sup>st</sup> March 2005	77,903
Additions	25,757
<b>At 28<sup>th</sup> February 2006</b>	<b>103,660</b>
<b>Accumulated depreciation</b>	
At 1 <sup>st</sup> March 2005	30,121
Charge for the year	31,317
<b>At 28<sup>th</sup> February 2006</b>	<b>61,438</b>
<b>Net book value</b>	
<b>At 28<sup>th</sup> February 2006</b>	<b>42,222</b>
At 28 <sup>th</sup> February 2005	47,782

## **Investments**

	<b>Shares in group undertakings and participating interests</b>
	<b>£</b>
<b>Cost and net book value</b>	
<b>At 28<sup>th</sup> February 2006 and 28<sup>th</sup> February 2005</b>	<b>4</b>

## **3 Debtors**

Trade debtors includes £Nil (2005: £21,500) which falls due after more than one year.

## **4 Creditors – Amounts falling due within one year**

Other creditors includes an amount of £115,741 (2005: £79,924) drawn down under the factoring arrangement, which is secured against trade debtors.

## **5 Creditors – Amounts falling due after more than one year**

The aggregate amount for which security has been given is £240,000 (2005: £320,000).

# Virtalis Limited

## 6 Called up share capital

	2006 £	2005 £
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100,000	100,000
30,000 ordinary 'A' shares of £1 each	30,000	30,000
	<b>130,000</b>	<b>130,000</b>
<b>Allotted, called up and fully paid</b>		
60,000 ordinary shares of £1 each	60,000	60,000
28,235 ordinary 'A' shares of £1 each	28,235	28,235
	<b>88,235</b>	<b>88,235</b>

The ordinary shares and ordinary 'A' shares carry identical voting rights of one vote each.

The rights to dividends are as follows:

### Ordinary 'A' Shares

- A fixed dividend 7% of subscription price each year cumulative from date of subscription payable half yearly commencing 31<sup>st</sup> August 2004.
- A participating dividend of 7% of group profit each year cumulative from date of subscription.
- A compensatory dividend equal to any amount the managers draw in excess benefit over and above the agreed limits.

In light of the above the ordinary 'A' shares have been classified as non-equity shares under FRS4. As at the balance sheet date, the cumulative fixed dividend which has not been able to be declared or provided amounts to £11,515.

### Ordinary Shares

Any amounts approved by the members but not exceeding the total amount of fixed plus participating dividends payable on ordinary 'A' shares providing:

- All dividends are up to date.
- Retained profits in the company remain in excess of £200,000.
- The total of all dividends and excess benefits paid in the year are less than  $\frac{1}{3}$  of the profit after tax.

### Ordinary 'A' Shares and Ordinary Shares

Any further dividends on both shares as though the same class with the consent of the 'A' shareholders.

For capital repayment, the shares, providing all dividends have first been paid, rank as follows:

- 1<sup>st</sup> Ordinary 'A' shares at subscription price paid.
- 2<sup>nd</sup> Ordinary shares at subscription price paid.
- 3<sup>rd</sup> Ordinary 'A' shares and ordinary shares as though same class.

## 7 Transactions with directors

The company purchased public relations services during the period costing £30,000 (2005: £16,900) from Cockburn-Price & Carter, a partnership in which the director, David Cockburn-Price, had a 1% interest. At the balance sheet date, there was an amount owing to Cockburn-Price & Carter of £2,500 (2005: £2,500).

The company paid consultancy fees to Tom O'Brien, a non-executive director, amounting to £15,000 (2005: £8,750).