

Company Registration No. 4752535 (England and Wales)

CAPITAL ACCUMULATION LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005



CAPITAL ACCUMULATION LIMITED

DIRECTORS AND ADVISERS

Directors

T Carruthers
L Gaborit
M Horrocks
N Brigstocke

Secretary

M Messervy

Company number

4752535

Registered office

Standon House
21 Mansell Street
London
E1 8AA

Registered auditors

HLB Vantis Audit plc
66 Wigmore Street
London
W1U 2SB

CAPITAL ACCUMULATION LIMITED

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CAPITAL ACCUMULATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The directors present their report and financial statements for the year ended 30 June 2005.

Directors

The following directors have held office since 1 July 2004:

T Carruthers	
L Gaborit	
N Lethbridge	(Appointed 15 February 2005 and resigned 20 October 2005)
M Horrocks	
P McGrath	(Appointed 23 February 2005 and resigned 4 July 2005)
N Brigstocke	
S Melling	(Appointed 17 June 2005 and resigned 10 February 2006)

Principal activities and review of the business

The principal activity of the company is a holding company for a web based financial services and personal finance magazine publishing business.

As such, the Company has undertaken to provide additional capital to its wholly owned subsidiaries to fund their operations going forward. It has also undertaken to underwrite the costs of services incurred by its wholly owned subsidiaries in the conduct of their business.

On 9 October 2004 the group acquired the business known as Moneywise from RD Publications Limited a subsidiary of The Reader's Digest Association Limited. The assets acquired included current assets, contracts, subscriber database and intellectual property. The businesses acquired forms the largest monthly personal finance magazine in the UK.

The financial year to 30 June 2005 represented a transitional year in the business turnaround and whilst the loss reflects the cost of the substantial change and development within the business, the board is confident that the actions and developments undertaken will be reflected in the group's future results.

As at the date of signing these accounts (December 2006), the company has entered into negotiations with certain Institutional Investors in respect of refinancing existing debt, providing additional working capital and potentially making an offer for all share capital not held by management. All Convertible Loan Note Holders have agreed to roll-over their loans for a further 12 months to 30 November 2007. In addition, discussions have been on-going with debt providers to defer significant outstanding payments that are past their due date until such time as sufficient funds are available to enable the company to pay them. At present the company (and hence Group) is reliant on the continued support of these debt providers.

However, the board is confident, given the improvement in operational results since the year ended 30 June 2005, that it will be able to raise sufficient capital to restructure its balance sheet and provide adequate working capital going forward.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend payment of a preference dividend as they do not have sufficient reserves.

CAPITAL ACCUMULATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

Directors' interests

The directors have no other interests in the share capital of the company, except as disclosed below.

Kirkman LLP, a partnership in which T Carruthers owns 67% and interests associated with L Gaborit own 33%, owns 52,500 ordinary A shares of £0.000019 each and 1 deferred A share of £0.0025.

M Horrocks is a director of Dewscope Limited and Intrinsic Value Partnership Limited and also has an interest in NCL (Nominees) Limited. Either directly or through these companies, M Horrocks has an interest in 625 ordinary B shares; 9,766 ordinary C shares and 2,082 ordinary D shares, all of £0.000019 each and 2,140 Preference shares of £1 each and has warrants to subscribe for 1,482 ordinary C shares of £0.000019 each and 215 preference shares of £1 each.

N Brigstocke has an interest in 1,250 ordinary B shares and 694 ordinary D shares both of £0.000019 each and had warrants to subscribe for 625 ordinary C shares of £0.000019 each.

All warrants lapsed on 21 May 2006.

The directors do not have interests in the share capital of the subsidiary companies.

Auditors

On 1 April 2006, HLB AV Audit plc changed its name to HLB Vantis Audit plc. In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

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 and of the group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



.....
T Carruthers
Director
.....

22 DECEMBER 2006

CAPITAL ACCUMULATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPITAL ACCUMULATION LIMITED

We have audited the financial statements of Capital Accumulation Limited for the year ended 30 June 2005 set out on pages 5 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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.

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 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 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 and the group'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.

CAPITAL ACCUMULATION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF CAPITAL ACCUMULATION LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30 June 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred a net loss of £5.3m during the year ended 30 June 2005 and although the situation has improved further losses of £1.2m have been incurred in the year ended 30 June 2006. The Group had net liabilities at both balance sheet dates. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of uncertainties which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

HLB Vantis Audit plc

HLB Vantis Audit plc

Chartered Accountants
Registered Auditor

22 DECEMBER 2006

66 Wigmore Street
London
W1U 2SB



CAPITAL ACCUMULATION LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Year ended 30 June 2005 £	14 Months ended 30 June 2004 £
Turnover	2	4,042,827	687,744
Cost of sales		(3,315,541)	(755,321)
Gross profit/(loss)		727,286	(67,577)
Administrative expenses		(5,671,708)	(1,231,028)
Other operating income		974	-
Operating loss	3	(4,943,448)	(1,298,605)
Other interest receivable and similar income		15,356	11,672
Interest payable and similar charges	4	(229,354)	(15,409)
Loss on ordinary activities before taxation	3	(5,157,446)	(1,302,342)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(5,157,446)	(1,302,342)
Dividends and appropriations			
Preference share appropriation		(119,992)	(23,624)
Retained loss for the year	16	(5,277,438)	(1,325,966)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The comparative figures represent trading for the period from 1 March 2004 to 30 June 2004.

CAPITAL ACCUMULATION LIMITED

BALANCE SHEETS AS AT 30 JUNE 2005

		Group		Company	
	Notes	2005 £	2004 £	2005 £	2004 £
Fixed assets					
Intangible assets	7	1,309,100	-	1,309,100	-
Tangible assets	8	1,050,794	750,590	218,094	289,047
Investments	9	-	-	3,080,486	2,200,488
		<u>2,359,894</u>	<u>750,590</u>	<u>4,607,680</u>	<u>2,489,535</u>
Current assets					
Stocks	10	8,045	-	-	-
Debtors: amounts falling due within one year	11	1,320,357	875,731	122,140	247,992
Debtors: amounts falling due after more than one year	11	-	-	4,950,000	-
Cash at bank and in hand		964,188	1,931,480	495,976	1,243,028
		<u>2,292,590</u>	<u>2,807,211</u>	<u>5,568,116</u>	<u>1,491,020</u>
Creditors: amounts falling due within one year	12	<u>(4,849,382)</u>	<u>(2,240,979)</u>	<u>(3,302,205)</u>	<u>(1,639,890)</u>
Net current (liabilities)/assets		<u>(2,556,792)</u>	<u>566,232</u>	<u>2,265,911</u>	<u>(148,870)</u>
Total assets less current liabilities		<u>(196,898)</u>	<u>1,316,822</u>	<u>6,873,591</u>	<u>2,340,665</u>
Creditors: amounts falling due after more than one year	13	<u>(166,795)</u>	<u>-</u>	<u>(2,500,000)</u>	<u>-</u>
		<u>(363,693)</u>	<u>1,316,822</u>	<u>4,373,591</u>	<u>2,340,665</u>
Capital and reserves					
Called up share capital	15	30,000	29,999	30,000	29,999
Share premium account	16	6,066,095	2,589,165	6,066,095	2,589,165
Profit and loss account	16	<u>(6,459,788)</u>	<u>(1,302,342)</u>	<u>(1,722,504)</u>	<u>(278,499)</u>
	17	<u>(363,693)</u>	<u>1,316,822</u>	<u>4,373,591</u>	<u>2,340,665</u>
Equity interests		<u>(2,007,209)</u>	<u>(206,702)</u>	<u>2,730,075</u>	<u>817,141</u>
Non-equity interests		<u>1,643,516</u>	<u>1,523,524</u>	<u>1,643,516</u>	<u>1,523,524</u>
		<u>(363,693)</u>	<u>1,316,822</u>	<u>4,373,591</u>	<u>2,340,665</u>

The financial statements were approved by the board on 22 DECEMBER 2006



T Carruthers
Director

CAPITAL ACCUMULATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Year ended 30 June 2005 £	14 Months ended 30 June 2004 £
Net cash outflow from operating activities	(3,619,952)	(1,334,564)
Returns on investments and servicing of finance		
Interest received	15,356	11,672
Interest paid	(76,821)	(15,409)
Net cash outflow for returns on investments and servicing of finance	(61,465)	(3,737)
Capital expenditure		
Payments to acquire intangible assets	(1,441,030)	-
Payments to acquire tangible assets	(285,021)	(793,726)
Net cash outflow for capital expenditure	(1,726,051)	(793,726)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	-	124,448
Net cash (outflow)/inflow for acquisitions and disposals	-	124,448
Net cash outflow before management of liquid resources and financing	(5,407,468)	(2,007,579)
Financing		
Issue of ordinary share capital	3,551,931	1,369,264
Issue of preference share capital	-	1,499,900
Cost of share issue	(75,000)	(250,000)
Issue of shares	3,476,931	2,619,164
Other new short term loans	1,031,500	1,285,000
Capital element of hire purchase contracts	(33,360)	-
Increase in debt	998,140	1,285,000
Net cash inflow from financing	4,475,071	3,904,164
(Decrease)/increase in cash in the year	(932,397)	1,896,585

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

1	Reconciliation of operating loss to net cash outflow from operating activities	2005	2004
		£	£
	Operating loss	(4,943,448)	(1,298,605)
	Depreciation of tangible assets	285,050	43,136
	Amortisation of intangible assets	131,930	(142,574)
	(Increase)/decrease in stocks	(8,045)	-
	Increase in debtors	(444,626)	(782,162)
	Increase in creditors within one year	1,359,187	845,641
	Net cash outflow from operating activities	(3,619,952)	(1,334,564)

2	Analysis of net (debt)/funds	1 July 2004	Cash flow	Other non-cash changes	30 June 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,931,480	(967,292)	-	964,188
	Bank overdrafts	(34,895)	34,895	-	-
		<u>1,896,585</u>	<u>(932,397)</u>	<u>-</u>	<u>964,188</u>
	Finance leases	-	33,360	(300,233)	(266,873)
	Debts falling due within one year	(1,285,000)	(1,031,500)	-	(2,316,500)
		<u>(1,285,000)</u>	<u>(998,140)</u>	<u>(300,233)</u>	<u>(2,583,373)</u>
	Net funds/(debt)	<u>611,585</u>	<u>(1,930,537)</u>	<u>(300,233)</u>	<u>(1,619,185)</u>

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	(Decrease)/increase in cash in the year	(932,397)	1,896,585
	Cash inflow from increase in debt	(998,140)	(1,285,000)
		<u>(1,930,537)</u>	<u>611,585</u>
	Change in net debt resulting from cash flows	(1,930,537)	611,585
	New finance lease	(300,233)	-
		<u>(2,230,770)</u>	<u>611,585</u>
	Movement in net (debt)/funds in the year	(2,230,770)	611,585
	Opening net funds	611,585	-
	Closing net (debt)/funds	<u>(1,619,185)</u>	<u>611,585</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Going concern

The Group incurred losses of £5.3m in the year ended 30 June 2005 and although the situation has improved further losses of £1.2m have been incurred in the year ended 30 June 2006. As at the balance sheet date the Group had net liabilities.

The directors have prepared detailed Group budgets for the period ending twelve months from the date of the approval of these financial statements. The projections show that the company's trading subsidiaries, other than Interactive Investor Trading Limited, will continue to be reliant on the company to provide additional capital as and when necessary to enable them to continue trading at least until the second half of 2007 when the Group as a whole is forecasting a return to consistent profitability. The projections assume that the Group successfully refinances current debt of around £3.4m in the early part of 2007.

The Company has undertaken to provide additional capital to its wholly owned subsidiaries to fund their operations going forward. It has also undertaken to underwrite the costs of services incurred by its wholly owned subsidiaries in the conduct of their business.

Since the end of the 2006 financial year, the company has entered into negotiations with certain Institutional Investors in respect of the refinancing outlined above and all Convertible Loan Note Holders have agreed to roll-over their loans for a further 12 months to 30 November 2007. In addition, discussions have been on-going with certain debt providers to defer significant outstanding payments that are past their due date until such time as sufficient funds are available to enable the company to pay them. At present the company (and hence Group) is reliant on the continued support of these debt providers.

The company's current refinancing and the on-going discussions with debt providers are both matters that are not yet finalised, and are unlikely to be concluded until early 2007. As a result, whilst we have disclosed to our auditors currently available evidence, evidence of the outcome of these matters is not available.

There can be no certainty that the outcome of all the matters discussed above will be as forecast by the directors. The directors believe that they will secure adequate refinancing and be successful in their on-going discussions with debt providers. On this basis the directors believe it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments to the value of balance sheet assets, particularly the carrying value of goodwill of £1,309,100 and investments of £3,080,486, or provision for further liabilities, which would result should the going concern basis not be valid.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.4 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

1 Accounting policies

(continued)

1.5 Turnover

Turnover represents the amounts (excluding value added tax) derived from trading transactions, advertising and magazine publishing.

Transactions-related revenue is derived from four types of transactions: initial and trail commission from the sale of unit trusts and ISA's, fixed and variable fees charged in relation to IPO's, equity trades and purchase transactions. Purchase transactions are revenues from third party referrals which are generated from accessing the company's web-site. Revenue normally comprises a flat fee although there may be a variable element dependent on the nature of the referral. All transactions-related revenue is billed and recognised as revenue in the period that the transaction occurs.

Advertising revenue is earned in the form of upfront and variable payments dependent on delivery of a required number of page views and in the form of revenue share arrangements. Upfront or periodic payments are deferred and recognised as revenue over the period and level of page views to which the contract relates.

1.6 Goodwill

Goodwill arising on the acquisition of the business known as Moneywise is being written off in equal annual instalments over its estimated useful economic life of seven years.

1.7 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:

Land and buildings Leasehold	Over the life of the lease
Computer equipment	20% - 33.33% straight line
Fixtures, fittings & equipment	25% straight line

1.8 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.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

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

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

1 Accounting policies (continued)

1.12 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2005 £	2004 £
Operating loss is stated after charging:		
Depreciation of intangible assets	131,930	-
Depreciation of tangible assets	285,050	43,136
Operating lease rentals	27,079	30,134
Auditors' remuneration (company £15,000 ;2004: £12,500)	30,000	25,000
Remuneration of auditors for non-audit work	30,000	10,000
and after crediting:		
Negative goodwill	-	(142,574)

4 Interest payable	2005 £	2004 £
On bank loans and overdrafts	-	7
On other loans wholly repayable within five years	227,533	15,402
Hire purchase interest	1,821	-
	<u>229,354</u>	<u>15,409</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

5	Taxation	2005 £	2004 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(5,157,446)	(1,302,342)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	(1,547,234)	(390,703)
	Effects of:		
	Non deductible expenses	76,403	5,949
	Depreciation add back	85,514	12,941
	Capital allowances	(479)	-
	Tax losses carried forward	1,415,796	545,562
	Other tax adjustments	(30,000)	(173,749)
		1,547,234	390,703
	Current tax charge	-	-

The group has estimated losses of £ 5,000,000 available for carry forward against future profits.

The group is unable to utilise these losses other than by way of offsetting against future profits. Given the uncertainty over future utilisation of these losses no deferred tax assets have been recognised in respect of them.

6 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2005 £	2004 £
Holding company's loss for the financial year	(1,444,005)	(278,499)

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

7 Intangible fixed assets	
Group and company	
	Goodwill
	£
Cost	
At 1 July 2004	-
Additions	1,441,030
	<hr/>
At 30 June 2005	1,441,030
	<hr/>
Amortisation	
At 1 July 2004	-
Charge for the year	131,930
	<hr/>
At 30 June 2005	131,930
	<hr/>
Net book value	
At 30 June 2005	1,309,100
	<hr/> <hr/>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

8 Tangible fixed assets

Group

	Land and buildings Leasehold £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 July 2004	71,552	686,075	36,099	793,726
Additions	-	516,481	68,773	585,254
At 30 June 2005	71,552	1,202,556	104,872	1,378,980
Depreciation				
At 1 July 2004	6,240	35,172	1,724	43,136
Charge for the year	23,851	234,430	26,769	285,050
At 30 June 2005	30,091	269,602	28,493	328,186
Net book value				
At 30 June 2005	41,461	932,954	76,379	1,050,794
At 30 June 2004	65,312	650,903	34,375	750,590

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment £	Total £
Net book values		
At 30 June 2005	275,213	275,213
Depreciation charge for the year		
30 June 2005	25,020	25,020

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

Tangible fixed assets (continued)

Company

	Land and buildings Leasehold	Computer equipment	Total
	£	£	£
Cost			
At 1 July 2004 & at 30 June 2005	71,552	235,511	307,063
Depreciation			
At 1 July 2004	6,240	11,776	18,016
Charge for the year	23,851	47,102	70,953
At 30 June 2005	30,091	58,878	88,969
Net book value			
At 30 June 2005	41,461	176,633	218,094
At 30 June 2004	65,312	223,735	289,047

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

9 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 July 2004	2,200,488
Additions	879,998
	<hr/>
At 30 June 2005	3,080,486
	<hr/>
At 30 June 2004	2,200,488
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following significant trading entities:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Capital Accumulation Services Limited	England and Wales	Ordinary	100
Interactive Investor Trading Limited	England and Wales	Ordinary	100
Moneywise Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Capital Accumulation Services Limited	Financial products information and service provider
Interactive Investor Trading Limited	Financial products information and transactional services
Moneywise Limited	Magazine publisher

10 Stocks

	Group 2005 £	2004 £	Company 2005 £	2004 £
Finished goods and goods for resale	8,045	-	-	-

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

11 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	592,329	154,208	-	-
Amounts owed by group undertakings	-	-	5,001,810	-
Other debtors	229,142	298,071	70,330	164,363
Prepayments and accrued income	498,886	423,452	-	83,629
	<u>1,320,357</u>	<u>875,731</u>	<u>5,072,140</u>	<u>247,992</u>

Amounts falling due after more than one year and included in the debtors above are:

	2005	2004	2005	2004
	£	£	£	£
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>4,950,000</u>	<u>-</u>

The subsidiaries will continue to rely upon the continued support of fellow group companies (and ultimately the Parent Company - Capital Accumulation Limited) for a period of at least twelve months from the date of approval of these financial statements. The Company has agreed to continue to support its subsidiaries for a period of at least twelve months from the date of approval of these financial statements. Therefore £4,950,000 of the subsidiary debtor balance has been classified as due after more than one year.

12 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	-	34,895	-	-
Net obligations under finance lease and hire purchase contracts	100,078	-	-	-
Trade creditors	685,382	559,238	18,213	-
Amounts owed to group undertakings	-	-	120,702	250,002
Taxes and social security costs	92,851	166,864	-	-
Other creditors	2,768,550	1,285,000	2,716,500	1,285,000
Accruals and deferred income	1,202,521	194,982	446,790	104,888
	<u>4,849,382</u>	<u>2,240,979</u>	<u>3,302,205</u>	<u>1,639,890</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed to group undertakings	-	-	2,500,000	-
Net obligations under finance leases and hire purchase agreements	166,795	-	-	-
	<u>166,795</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	105,540	-	-	-
Repayable between one and five years	175,900	-	-	-
	<u>281,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(14,567)	-	-	-
	<u>266,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(100,078)	-	-	-
	<u>166,795</u>	<u>-</u>	<u>-</u>	<u>-</u>

All group companies will continue to rely upon the continued support of fellow group companies (and ultimately the Parent Company - Capital Accumulation Limited) for a period of at least twelve months from the date of approval of these financial statements. As a result of this support from the subsidiaries £2,500,000 of the balance due to them has been classified as falling due after more than one year.

14 Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

Defined contribution

	2005	2004
	£	£
Contributions payable by the group for the year	88,204	18,948
Contributions payable to the fund at the year end and included in creditors	<u>(12,732)</u>	<u>-</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

15 Share capital	2005 £	2004 £
Authorised		
52,546,197 Ordinary A shares of £0.000019 each	998.38	998.38
11,250 Ordinary B shares of £0.000019 each	0.21	0.21
74,000 Ordinary C shares of £0.000019 each	1.41	1.41
100,000 Ordinary D shares of £0.000019 each	1.90	-
1 Deferred A share of £0.0025	-	-
1 Deferred B share of £0.000007	-	-
30,000 Preference shares of £1 each	30,000	30,000
	<u>31,002</u>	<u>31,000</u>
Allotted, called up and fully paid		
52,500 Ordinary A shares of £0.000019	1.00	1.00
7,500 Ordinary B shares of £0.000019 each	0.14	0.14
19,605 Ordinary C shares of £0.000019 each	0.37	0.37
50,530 Ordinary D shares of £0.000019 each	0.93	-
1 Deferred A share of £0.0025	-	-
29,998 Preference shares of £1 each	29,998	29,998
	<u>30,000</u>	<u>29,999</u>

The Ordinary Shares carry the rights to distributable profits, and, on a winding-up, to all surplus capital remaining after the payment of all other debts and liabilities and preferential obligations.

Save as may be expressly set out in the Articles the Preference Shares, A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares are treated on a pari passu basis.

The Deferred Share(s) rank below the Ordinary Shares and Preference Shares.

The Preference Shareholders shall be entitled to (and the Company shall in priority to payment of any dividend to holders of Ordinary Shares) a fixed cumulative preferential dividend at the rate of 8% per annum accruing on a daily basis on the Subscription Price for such shares, paid quarterly in arrears on 31 March, 30 June, 30 September and 31 December.

On a return of assets on a liquidation, reduction of capital or otherwise the Preference Shares rank above Ordinary Shares.

In the event of a sale the Preference Shares rank above Ordinary Shares.

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

15 Share capital

(continued)

The preference shareholders, the ordinary A shareholders, ordinary B shareholders, ordinary C shareholders and ordinary D shareholders shall be entitled to receive notice of, to attend, and to vote at, general meetings of the company; every preference shareholder, ordinary A shareholder, ordinary B shareholder, ordinary C shareholder and ordinary D shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every preference shareholder, ordinary A shareholder, ordinary B shareholder, ordinary C shareholder and ordinary D shareholder so present shall have one vote for each preference share, ordinary A share, ordinary B share, ordinary C share and ordinary D share (as the case may be) held by him.

The group has three share option schemes, one scheme is Inland Revenue approved, the other two are unapproved schemes.

The approved scheme has 38 members, there are 5,000 options on the ordinary A shares and the exercise price per share is £61.11. These options expire on 22 June 2014.

The unapproved scheme has 6 members, there are 2,000 options on the ordinary A shares and the exercise price per share is £61.11. These options expire on 22 June 2014.

The executive scheme has 3 members, there are 3,000 options on the ordinary A shares and the exercise price is £61.11. These options expire on 22 June 2014.

None of the directors in the group hold any share options.

The group has issued the following share warrants, warrants over 3,434 ordinary B shares at a subscription price of £40 per share expiring on 21 May 2006, warrants over 5,843 ordinary C shares at a subscription price of £61.11 per share expiring on 21 May 2006 and warrants over 2,998 preference shares at a subscription price of £50 per share expiring on 21 May 2006. The directors' interests in the warrants are disclosed in the directors' report. All warrants have lapsed without being exercised.

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

16 Statement of movements on reserves

Group

	Share premium account £	Profit and loss account £
Balance at 1 July 2004	2,589,165	(1,302,342)
Retained loss for the year	-	(5,277,438)
Premium on shares issued during the period	3,551,930	-
Share premium - other movements	(75,000)	-
Preference shares appropriations	-	119,992
	<u>6,066,095</u>	<u>(6,459,788)</u>
Balance at 30 June 2005	<u>6,066,095</u>	<u>(6,459,788)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 July 2004	2,589,165	(278,499)
Retained loss for the year	-	(1,563,997)
Premium on shares issued during the year	3,551,930	-
Share premium - other movements	(75,000)	-
Preference shares appropriations	-	119,992
	<u>6,066,095</u>	<u>(1,722,504)</u>
Balance at 30 June 2005	<u>6,066,095</u>	<u>(1,722,504)</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

17 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Group		
Loss for the financial year	(5,157,446)	(1,302,342)
Proceeds from issue of shares	3,551,931	2,869,164
Cost of share issue written off to share premium account	(75,000)	(250,000)
Net (depletion in)/addition to shareholders' funds	(1,680,515)	1,316,822
Opening shareholders' funds	1,316,822	-
Closing shareholders' funds	(363,693)	1,316,822
	<u>2005</u>	<u>2004</u>
	£	£
Company		
Loss for the financial year	(1,444,005)	(278,499)
Proceeds from issue of shares	3,551,931	2,869,164
Cost of share issue written off to share premium account	(75,000)	(250,000)
Net addition to shareholders' funds	2,032,926	2,340,665
Opening shareholders' funds	2,340,665	-
Closing shareholders' funds	4,373,591	2,340,665

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

18 Financial commitments

At 30 June 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	82,990	-
Between two and five years	-	82,990
	<u>82,990</u>	<u>82,990</u>

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	82,990	-
Between two and five years	-	82,990
	<u>82,990</u>	<u>82,990</u>

19 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	<u>95,000</u>	<u>26,667</u>

CAPITAL ACCUMULATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Management	9	10
Administration	44	31
	<u>53</u>	<u>41</u>

Employment costs

	2005 £	2004 £
Wages and salaries	2,657,781	634,842
Social security costs	283,205	69,870
Other pension costs	88,204	18,948
	<u>3,029,190</u>	<u>723,660</u>

21 Related party transactions

Group

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Company

During the year, Dewscope Limited advanced £100,000 to the company as part of an agreed loan facility, the balance of £100,000 is included within other creditors due within one year. No repayments have been made to Dewscope Limited and the loan is unsecured. The loan carries a fixed interest rate of 12% and at the year end interest of £8,000 was included in accruals.

Included in consultancy costs is £nil (2004: £15,000) paid to L Gaborit, director, £nil (2004: £15,000) paid to T Carruthers, director, and £331,250 (2004: £70,000) paid to Kirkman LLP, in which T Carruthers owns 67% and interests associated with L Gaborit own 33%. At the year end, £118,750 (2004: £25,000) was due to Kirkman LLP and included in accruals and other creditors.

Convertible loan notes were issued between 19 October 2004 and 10 December 2004. Interest of 8.5% is payable on the loan notes. The interests of the directors were as follows, T Carruthers - £70,000 (interest accrued £3,156), L Gaborit - £10,000 (£470) and N Brigstocke - £50,000 (£2,888).

In 2004, investments included costs capitalised on the purchase of Interactive Investor Trading Limited paid to the following related parties, T Carruthers - £37,500 and L Gaborit £37,500.

In 2004, the company paid £62,500 to Dewscope Limited and £187,500 to Intrinsic Value Patnership Limited for capital raising fees and £75,000 to Dewscope Limited for the arrangement of a loan facility. M Horrocks is a director of both of these companies.