

Company Registration No 5315337

## **Trading Partners Holdings Limited**

### **Report and Financial Statements**

**Period from 16 December 2004 to 31 January 2006**

**TUESDAY**



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# **Trading Partners Holdings Limited**

## **Report and financial statements 2006**

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# **Trading Partners Holdings Limited**

## **Report and financial statements 2006**

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### **Officers and professional advisers**

#### **Directors**

C Shah  
M J Halpin  
M Bleyleben

#### **Secretary**

C Grant

#### **Registered Office**

Summit House  
170 Finchley Road  
London  
NW3 6BP

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# Trading Partners Holdings Limited

## Directors' report

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The directors present their first report and the audited financial statements for the period from incorporation on 16 December 2004 to 31 January 2006. A long period of account has been prepared in order to align the company's accounting reference date with that of its subsidiary undertaking.

### Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the results for the year. The directors do not recommend the payment of a final dividend.

### Principal activities, trading review and future developments

The Company was incorporated on 16 December 2004. On 24 January 2005, the Company acquired Trading Parts Com Limited for consideration of £6,625,338.

The principal activity of the Company is that of a holding company. The principal activity of the Group is the provision of sourcing and procurement services for products and consultancy.

The directors do not anticipate any changes in the activities of the Company or the Group in the coming year.

### Directors and their interests

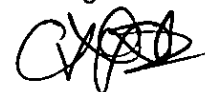
The directors of the Company and their beneficial interests in the Company during the year were

		Ordinary shares of £0.01 each 31 January 2006
C Shah	(appointed 16 December 2004)	467,092
M J Halpin	(appointed 16 December 2004)	166,938
M Bleyleben	(appointed 24 January 2005)	-
Q Baer	(appointed 2 June 2005, resigned 26 September 2006)	4,900
M Elias	(appointed 24 January 2005, resigned 2 June 2005)	-
M Enright	(appointed 24 January 2005, resigned 31 January 2005)	-

### Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



C Grant  
Secretary

5<sup>th</sup> APRIL 2007

## **Trading Partners Holdings Limited**

### **Statement of directors' responsibilities**

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The directors are responsible for preparing the Annual Report and 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

## **Independent auditors' report to the members of Trading Partners Holdings Limited**

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We have audited the group and parent company financial statements (the "financial statements") of Trading Partners Holdings Limited for the period from 16 December 2004 to 31 January 2006 which comprise the Group Profit and Loss account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 19. These financial statements have been prepared under 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**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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.

We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

## **Independent auditors' report to the members of Trading Partners Holdings 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, of the state of the group's and the parent company's affairs as at 31 January 2006 and of the group's loss for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985,

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

*5 April 2007*

## Trading Partners Holdings Limited

### Consolidated profit and loss account Period from 16 December 2004 to 31 January 2006

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	Note	2006 £
Turnover	2	4,816,052
Administrative expenses		(7,270,149)
		<hr/>
<b>Operating loss</b>	5	(2,454,097)
Interest receivable and similar income		9,732
Interest payable and similar charges	6	(146,196)
		<hr/>
<b>Loss on ordinary activities before taxation</b>		(2,590,561)
Tax on loss on ordinary activities	7	-
		<hr/>
<b>Loss on ordinary activities after taxation</b>		(2,590,561)
Difference between non-equity finance costs and the related dividends		(438,036)
		<hr/>
<b>Loss for the financial year</b>		<u>(3,028,597)</u>

All activities relate to acquired operations

### Consolidated statement of total recognised gains and losses 16 December 2004 to 31 January 2006

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	2006 £
Loss for the period	(3,028,597)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	(23,228)
	<hr/>
<b>Total recognised gains and losses</b>	<u>(3,051,825)</u>



# Trading Partners Holdings Limited

## Balance sheets as at 31 January 2006

	Note	£	Group 2006 £	£	Company 2006 £
<b>Fixed assets</b>					
Goodwill	8		4,973,944		-
Tangible assets	9		132,783		-
Fixed asset investments	10		-		6,625,338
			<hr/>		<hr/>
			5,106,727		6,625,338
<b>Current assets</b>					
Debtors	11	1,061,211		826,969	
Cash at bank and in hand		588,681		336,838	
		<hr/>		<hr/>	
		1,649,892		1,163,807	
<b>Creditors' amounts falling due within one year</b>					
Convertible debt	12	(988,507)		(988,507)	
Other creditors	12	(2,149,869)		(48,268)	
		<hr/>		<hr/>	
<b>Net current (liabilities)/assets</b>			(1,488,484)		127,032
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			3,618,243		6,752,370
<b>Creditors: amounts falling due after more than one year</b>	13		(23,733)		-
			<hr/>		<hr/>
			3,594,510		6,752,370
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		6,688		6,688
Share premium account	15		6,201,611		6,201,611
Other reserves	15		438,036		438,036
Profit and loss account	15		(3,051,825)		106,035
			<hr/>		<hr/>
<b>Shareholders' funds</b> (including non-equity interests)			3,594,510		6,752,370
			<hr/>		<hr/>
<b>Shareholders' funds comprise</b>					
Equity interests			56,474		3,214,334
Non-equity interests			3,538,036		3,538,036
			<hr/>		<hr/>
			3,594,510		6,752,370
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

C Shah  
Director



5<sup>th</sup> APRIL 2007

# Trading Partners Holdings Limited

## Consolidated cash flow statement

Period from 16 December 2004 to 31 January 2006

	Note	£	2006 £
<b>Net cash outflow from operating activities</b>	A		(730,820)
<b>Returns on investments and servicing of finances</b>			
Interest received		9,732	
Interest paid		(116,968)	
Interest element of finance lease rentals		(11,910)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(119,146)
<b>Taxation paid</b>			(61,548)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(63,679)	
Receipts from sale of tangible fixed assets		1,067	
<b>Net cash outflow for capital expenditure</b>			(62,612)
<b>Acquisitions and disposals</b>	D		
Purchase of subsidiary undertaking		(3,597,221)	
Cash acquired with subsidiary		854,112	
			(2,743,109)
<b>Cash outflow before financing</b>			(3,717,235)
<b>Financing</b>			
Issue of shares	B	3,103,032	
Increase in debt		1,196,907	
<b>Net cash inflow from financing</b>			4,299,939
<b>Increase in cash in the period</b>			582,704
<b><u>Reconciliation of net cash flow to movement in net debt</u></b>			
Increase in cash in the period		582,704	
Cash inflow from increase in debt financing		(1,196,907)	
			(614,203)
Loans and finance leases acquired with subsidiary			(841,146)
Translation difference			5,977
<b>Movement in net debt in the period and net debt at 31 January 2006</b>	C		(1,449,372)

# Trading Partners Holdings Limited

## Notes to the consolidated cash flow statement Period from 16 December 2004 to 31 January 2006

### A. Reconciliation of operating loss to operating cash flows

	£
Operating loss	(2,454,097)
Depreciation changes	43,484
Amortisation of goodwill	1,243,486
Decrease in debtors	78,185
Increase in creditors	358,122
	<hr/>
Net cash outflow from operating activities	(730,820)
	<hr/>

### B. Financing

	£	£
Issue of Ordinary shares of £0.01 each		3,032
Issue of Series A Preference Shares of 0.01p each		3,100,000
		<hr/>
		3,103,032
Debt due within one year		
<i>Increase in short term borrowings</i>	1,956,507	
Debt due after one year		
<i>(Decrease) in long term borrowings</i>	(730,715)	
Capital element of finance leases	(28,885)	
	<hr/>	1,196,907
		<hr/>
Net cash inflow from financing		4,299,939
		<hr/>

### C. Analysis of net debt

	Cash flow £	Acquisition £	Exchange movement £	At 31 January 2006 £
Cash at bank and in hand	582,704	-	5,977	588,681
Debt due within one year	(1,956,507)	(18,715)	-	(1,975,222)
Debt due after one year	730,715	(744,751)	-	(14,036)
Finance leases	28,885	(77,680)	-	(48,795)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(614,203)	(841,146)	5,977	(1,449,372)
	<hr/>	<hr/>	<hr/>	<hr/>

## Trading Partners Holdings Limited

### Notes to the consolidated cash flow statement Period from 16 December 2004 to 31 January 2006

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#### D. Acquisitions

On 24 January 2005, the Company acquired the entire issued share capital of Trading Parts Com Limited for a combination of cash/shares in Trading Partners Holdings Limited. The acquisition has been accounted for using the acquisition method of accounting. The following table sets out the fair values of the identifiable assets and liabilities acquired.

	Book value and fair value
	£
<b>Net assets at date of acquisition</b>	
Fixed assets	113,031
Debtors	1,050,708
Cash at bank and in hand	854,112
Creditors falling due within one year	(823,593)
Creditors falling due after more than one year	(786,350)
	<hr/>
Net assets acquired	407,908
Consideration given	6,625,338
	<hr/>
Goodwill arising on acquisition	6,217,430
	<hr/>
No fair value adjustments were recorded on the acquisition	
<b>Analysis of consideration</b>	
Cash	3,495,826
Issue of shares	3,028,117
Costs of acquisition	101,395
	<hr/>
	6,625,338
	<hr/>

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

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### 1. Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice), which have been applied consistently

#### 1.3 Basis of consolidation

The consolidated financial statements incorporate the results of Trading Partners Holdings Limited and all of its subsidiary undertakings as at 31 January 2006 using the acquisition method of accounting. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

The Company has taken advantage of the exemption from presenting its own profit and loss account permitted by Section 230 of the Companies Act 1985. The results of the holding company for the period ended 31 January 2006 was a profit of £106,035.

#### 1.3 Turnover

Turnover represents amounts receivable for services rendered net of VAT and trade discounts. Income is recognised as earned when, and to the extent that, the company obtains the right to consideration under its contractual arrangements with customers.

#### 1.4 Goodwill

Goodwill is amortised evenly on a straight line basis over a five year period. The useful economic life of goodwill is reviewed annually and revised if necessary.

#### 1.5 Investments

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

#### 1.6 Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives, calculated at the following rates:

Leasehold improvements	20% per annum
Fixtures and fittings	20% per annum
Computer equipment	33% per annum

#### 1.7 Deferred income

Income is recognised over the course of the contract and where the contract straddles an accounting period, that part of the income that relates to future accounting periods is deferred.

#### 1.8 Leasing

Assets obtained under hire purchase contracts and finance leases, which confer rights and obligations similar to those attached to owned assets, 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, even if the payments are not made on that basis.

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 1. Accounting policies (continued)

#### 1.9 Foreign currency

Foreign currency transactions of individual companies are translated at the rate of exchange at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate of exchange to the closing rate of exchange are taken to reserves. All other differences are taken to the profit and loss account.

#### 1.10 Taxation

Finance costs of debt and non-equity interests are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. The Group's non-equity shares do not attract a dividend, the finance cost arising is computed based on the redemption amount over the period to the earliest redemption date, this is accounted for as an appropriation of profits. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, 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 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.

#### 1.11 Finance Costs

Finance costs of debt and non-equity interests are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. The Group's non-equity shares do not attract a dividend, the finance cost arising is computed based on the redemption amount over the period to the earliest redemption date, this is accounted for as an appropriation of profits.

### 2 Turnover

Turnover is wholly attributable to the principal activity of the Group and can be analysed as follows:

	2006 £
United Kingdom	3,965,178
Continental Europe	249,000
United States	601,874
	<hr/>
	4,816,052
	<hr/>

Turnover by destination is not materially different from turnover by origin.

## Trading Partners Holdings Limited

### Notes to the accounts

Period from 16 December 2004 to 31 January 2006

#### 3 Employees

The average monthly number of employees, including directors, during the period was 61

	Group 2006 Number
Staff consist of	
Operations	32
Sales & Marketing	17
Administration and IT	12
	<hr/>
	61
	<hr/>
	Group £
Staff costs consist of	
Wages and salaries	3,205,296
Social security costs	356,251
	<hr/>
	3,561,547
	<hr/>

There were no pensions contributions payable by the Group

#### 4 Directors

	2006 £
Directors' remuneration consists of	
Emoluments	348,760
	<hr/>

The emoluments of the highest paid director were £192,998. No pension contributions were payable by the Group in respect of the directors.

## Trading Partners Holdings Limited

### Notes to the accounts

Period from 16 December 2004 to 31 January 2006

#### 5 Operating loss

This has been arrived at after charging

	2006 £
Depreciation of tangible fixed assets	
- owned assets	16,925
- leased assets	26,559
Amortisation of goodwill	1,243,486
Operating lease charges – land and buildings	107,847
Auditors' remuneration – audit	24,000
Auditors' remuneration – non audit services	4,000
Exceptional costs	
Bad debt	246,977
	<hr/>

#### 6 Interest payable and similar charges

	2006 £
Loan interest	134,286
Finance leases	11,910
	<hr/>
	146,196
	<hr/>

#### 7. Taxation on loss on ordinary activities

There is no liability to corporation tax in the year due to losses incurred in the period. The Group has estimated losses for tax purposes of £1.1 million which may be available for carry forward and offset against future profits from the same trade.

There is an unprovided deferred tax asset which has not been recognised in the accounts as the FRS19 criteria for recognition have not been satisfied.



# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 8. Goodwill Group

	Total £
<b>Cost</b>	
On acquisitions in period and at 31 January 2006	6,217,430
<b>Accumulated amortisation</b>	
Charge for the period and at 31 January 2006	1,243,486
<b>Net book value</b>	
At 31 January 2006	4,973,944

### Company

The company had no goodwill or intangible assets at 31 January 2006

### 9 Tangible fixed assets Group

	Leasehold improvement £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
On incorporation	-	-	-	-
On acquisitions	18,739	62,799	106,960	188,498
Additions	3,485	59,415	779	63,679
Disposals	-	(268)	(799)	(1,067)
Exchange differences	18	497	335	850
At 31 January 2006	22,242	122,443	107,275	251,960
<b>Accumulated depreciation</b>				
On incorporation	-	-	-	-
On acquisitions	2,499	32,223	40,745	75,467
Charge for the period	4,205	23,749	15,530	43,484
Exchange differences	-	129	97	226
At 31 January 2006	6,704	56,101	56,372	119,177
<b>Net book value</b>				
At 31 January 2006	15,538	66,342	50,903	132,783

The net book value of tangible fixed assets for the Group includes an amount of £41,528 in respect of assets held under finance leases. The related depreciation charge is £26,559.

The company had no tangible fixed assets at 31 January 2006.

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 10 Fixed asset investments

Company	Shares in subsidiary undertakings £
<b>Cost</b>	
At incorporation	-
Additions	6,625,338
	<hr/>
At 31 January 2006	6,625,338
	<hr/>

The company holds more than 20% of the share capital of the following companies

Name		Percentage Held %	Country of incorporation or registration	Nature of business
<b>Subsidiary undertakings</b>				
Trading Parts Com Limited	Ordinary	100	United Kingdom	Sourcing services
Trading Partners Inc*	Ordinary	100	United States	Sourcing services
Trading Partners Com Limited*	Ordinary	100	United Kingdom	Dormant
Trading Parts Limited*	Ordinary	100	United Kingdom	Dormant

\* denotes held indirectly

### 11 Debtors

	Group 2006 £	Company 2006 £
Trade debtors	764,438	-
Amounts owed by group undertakings	-	749,819
Other debtors	296,773	77,150
	<hr/>	<hr/>
	1,061,211	826,969
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

## Trading Partners Holdings Limited

### Notes to the accounts

Period from 16 December 2004 to 31 January 2006

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#### 12 Creditors' amounts falling due within one year

	<b>Group 2006 £</b>	<b>Company 2006 £</b>
Unsecured convertible loan note	988,507	988,507
Bank loan	986,715	-
Trade creditors	302,286	-
Taxation and social security	309,112	-
Other creditors	46,432	-
Obligations under finance leases	39,098	-
Accruals and deferred income	466,226	48,268
	<hr/>	<hr/>
	3,138,376	1,036,775
	<hr/>	<hr/>

#### 13. Creditors: amounts falling due after more than one year

	<b>Group 2006 £</b>	<b>Company 2006 £</b>
Bank loan	14,036	-
Obligations under finance leases	9,697	-
	<hr/>	<hr/>
	23,733	-
	<hr/>	<hr/>

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 13. Creditors. amounts falling due after more than one year - (continued)

Financial liabilities are due

	Loans £	Group 2006 Finance leases £	Total £
In one year or less	1,975,222	39,098	2,014,320
In more than one year but not more than two years	14,036	9,697	23,733

The bank loan is drawn against a joint facility of Trading Parts Com and Trading Partners Inc , and is secured by a fixed and floating charge over the assets of those companies

An unsecured convertible loan note for £1million was issued on 9 November 2005. Interest was calculated at 3% above LIBOR six month sterling deposits. The loan note was converted into Series A convertible preference shares at a conversion rate of between £6.14 and £11.96 per share following approval by the Board of the accounts of the Group for the six month period from 1 November 2005 to 30 April 2006 ( See note 19)

### Company

	Loans £	2006 Finance leases £	Total £
In one year or less	988,507	-	988,507

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 14 Share capital

	2006 No	2006 £
<b>Authorised</b>		
Ordinary shares of £0.01 each	1,500,000	15,000
Series A convertible preference shares of 0.01p each	1,000,000	100
	<hr/>	<hr/>
	2,500,000	15,100
	<hr/>	<hr/>
<b>Called up, allotted and fully paid</b>		
Ordinary shares of £0.01 each	663,730	6,637
Series A convertible preference shares of 0.01p each	504,886	51
	<hr/>	<hr/>
	1,168,616	6,688
	<hr/>	<hr/>

During the period 504,886 Series A convertible preference shares were issued for £3,100,000 in cash. The share premium resulting on this issue was £3,099,950. The Series A convertible preference shareholders have the following rights: to be paid in priority on a sale or return of assets of the company, in event of listing to be repaid a dividend equal to the subscription price or to be issued with equal shares in the offering, to exercise one vote for each share held in general meetings, to convert the preference shares into ordinary shares on a one for one basis. The shares can be redeemed at the option of the holder between five years and five years six months after the date of issue at a value equal to twice the subscription price. If the shares are not redeemed at the relevant redemption date, interest accrues at 4% above base rate, on a compound basis. The finance charge attributable to these shares has been calculated using discounted cash flows based on the dates of redemption.

During the period 663,730 ordinary shares were issued as partial consideration for the acquisition of Trading Parts Com Limited, to satisfy the exercise of employee share options and as a result of shares issued to Directors. Cash received for these shares totalled £3,032, an amount of £77,150 is outstanding from directors in respect of these share purchases (see note 18). The share premium on these issues was £3,101,661.

### 15 Reserves

	Group			Company		
	Share premium account £	Other £	Profit and loss account £	Share premium account £	Other £	Profit and loss account £
On incorporation	-	-	-	-	-	-
Premium on share issues	6,201,611	-	-	6,201,611	-	-
Non-equity finance costs	-	438,036	-	-	438,036	-
(Loss)/profit for the period	-	-	(3,051,825)	-	-	106,035
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2006	6,201,611	438,036	(3,051,825)	6,201,611	438,036	106,035
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Trading Partners Holdings Limited

## Notes to the accounts

Period from 16 December 2004 to 31 January 2006

### 16 Reconciliation of movement in shareholders' funds

	2006 £
Loss for the period	(3,028,597)
Non-equity finance costs	438,036
Exchange rate adjustments	(23,228)
New share capital subscribed	6,688
Share premium on share issues	6,201,611
	<hr/>
Net movement in shareholders' funds	3,594,510
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	3,594,510
	<hr/>

### 17 Commitments under operating leases

The Group and Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings Group £	Company £
Operating leases which expire		
In two to five years	90,590	90,590
	<hr/>	<hr/>

### 18. Related party transactions

The balances owed to the Company by the directors to satisfy the consideration on issue of shares is as set out below

	2006 £
C Shah	38,575
M J Halpin	38,575
	<hr/>
	77,150
	<hr/>

## **Trading Partners Holdings Limited**

### **Notes to the accounts**

**Period from 16 December 2004 to 31 January 2006**

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#### **18 Related party transactions – (continued)**

On 13 October 2005 C Shah and M Halpin each purchased 78,725 ordinary shares. These shares were partly paid and the remaining subscription amount due is included in other debtors.

Kennet Venture Partners Ltd is a shareholder in the Company and provided management services to the Group on an arms length basis to the value of £10,138. At 31 January 2006 a sum of £8,813 was owed to this company.

#### **19 Post Balance Sheet Event**

On 7 June 2006 the company converted the £1,000,000 unsecured convertible loan note into 114,416 Series A Preference Shares of 0.01p each. The share premium resulting from this issue was £999,989.