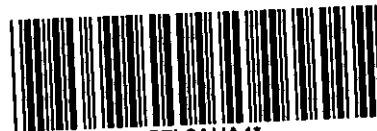


Company Registration No SC 181968 (Scotland)

**NETLET HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2006**

THURSDAY



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# NETLET HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Ingleby M Blakey
<b>Secretary</b>	F Barry
<b>Company number</b>	SC 181968
<b>Registered office</b>	24 Great King Street Edinburgh EH3 6QN
<b>Auditors</b>	Deloitte and Touche LLP 1 City Square Leeds LS1 2AL
<b>Bankers</b>	Royal Bank of Scotland St Andrew Square Edinburgh
<b>Solicitors</b>	MacRoberts 24 Great King Street Edinburgh EH3 6QN

# NETLET HOLDINGS LIMITED

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# **NETLET HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 APRIL 2006***

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The directors present their report and financial statements for the year ended 30 April 2006

This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

#### **Principal activities**

The company provides a matching service for the supply of residential accommodation for let in the United Kingdom

#### **Directors**

The following directors have held office during the year and subsequently

R Ingleby

M Blakey

K Fallon (resigned 25 September 2007)

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- So far as the director is aware there is no relevant audit information of which the company's auditors are unaware and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

#### **Auditors**

Deloitte & Touche LLP were appointed as auditors during the year. A resolution proposing that Deloitte and Touche LLP be reappointed as auditors of the company will be put to the Annual General Meeting

# NETLET HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2006**

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### Directors' responsibilities

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which 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 and comply with UK GAAP. 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the board



M Blakey

Director

25 September 2007

# NETLET HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NETLET HOLDINGS LIMITED

We have audited the financial statements of Netlet Holdings Limited for the year ended 30 April 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. 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 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we 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 with 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.

### 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 company's affairs as at 30 April 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to small companies, and
- the information given in the Directors' Report is consistent with the financial statements.

  
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Leeds, United Kingdom

26 October 2007

# NETLET HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 APRIL 2006**

		2006	2005 (As restated see note 2)
	Notes	£	£
Turnover	1	3 937	8 036
Cost of sales		(15 000)	(6 699)
Gross loss		<u>(11 063)</u>	<u>1 337</u>
Administrative expenses		(35 338)	(104 564)
Operating loss	3	<u>(46 401)</u>	<u>(103 227)</u>
Other interest receivable and similar income	4	279	22
Loss on ordinary activities before taxation		<u>(46,122)</u>	<u>(103,205)</u>
Tax on loss on ordinary activities	5		
Loss on ordinary activities after taxation		<u><u>(46 122)</u></u>	<u><u>(103 205)</u></u>

All activities derive from continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

**YEAR ENDED 30 APRIL 2006**

	2006	2005 (As restated see note 2)
	£	£
Loss on ordinary activities after taxation	<u>(46 122)</u>	<u>(103 205)</u>
<i>Note on prior period adjustment</i>		
Total recognised gains and losses related to the year as above	(46 122)	
Prior period adjustment (note 2)	<u>83 411</u>	
Total gains and losses recognised since the last financial statements	<u><u>37 289</u></u>	

# NETLET HOLDINGS LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2006

		2006		2005 (As restated see note 2)	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6				18 414
<b>Current assets</b>					
Debtors	/	14 329		55,768	
Cash at bank and in hand		<u>11 541</u>		<u>4 206</u>	
		25 870		59 974	
<b>Creditors amounts falling due within one year</b>	8		(36 921)		(43 317)
<b>Net current (liabilities)/assets</b>			<u>(11,051)</u>		16 657
<b>Total assets less current liabilities</b>			<u>(11 051)</u>		<u>35 071</u>
<b>Capital and reserves</b>					
Called up share capital	9		552		552
Share premium account	10		769 265		769,265
Profit and loss account	10		<u>(780 868)</u>		<u>(734,746)</u>
<b>Shareholders' funds – equity interests</b>			<u>(11,051)</u>		<u>35,071</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985

The financial statements were approved by the Board on 25<sup>th</sup> September 2007

  
M Blakey  
Director



# NETLET HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

### 1 Accounting policies

The particular accounting policies are summarised below. They have all been applied consistently throughout the current year and preceding year.

#### 1.1 Basis of accounting

The financial statements are prepared under the historical cost convention and applicable United Kingdom accounting standards.

#### Basis of preparation of the financial statements

The company had net liabilities of £11,051 as at 30 April 2006 and £31,266 as at 30 April 2007. The directors have prepared cash flow projections through to 31 October 2008. These projections indicate that during the period to 31 October 2008, the company will require further funding to cover negative cash balances. It is the present intention of a director to finance the anticipated cash shortfalls.

On the basis that the director is able to provide sufficient funding, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would arise if sufficient funds were not made available by the director.

#### 1.2 Turnover

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

#### 1.3 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:

Company website	Straight line over 3 years
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#### 1.4 Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 2 Prior period adjustment

The accounts for the year ended 30 April 2005 contained fundamental errors which have been corrected in accordance with UK GAAP. During the year ended 30 April 2005, shares were issued to Leeds Student Homes Limited at a valuation of £90,000. The accounting treatment was to increase Share Premium Account by £90,000 and administrative expenses by £90,000. A subsequent review of this transaction valued the shares at nil and as such the original accounting treatment has been reversed by reducing administrative expenses by £90,000 and reducing the balance on the Share Premium Account by £90,000.

In addition, Company Website equipment at a cost of £8,901 which had been treated as cost of sales has now been capitalised. Also liabilities outstanding at 30 April 2005 of £16,374 have now been recognised in the correct accounting period, as has an amount of £874 of VAT receivable. The result of these adjustments has been to increase the loss for the year ended 30 April 2005 by £6,589.

The net result of these adjustments has been to increase the total recognised gains in the year ended 30 April 2005 by £83,411.

# NETLET HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

### 3 Operating loss

	2006 £	2005 £
Operating loss is stated after charging		
Depreciation of tangible assets	18,414	44,678
Auditors' remuneration	1,500	2,500
and after crediting		
Profit on disposal of tangible assets		(851)

### 4 Investment income

	2006 £	2005 £
Bank interest	279	22

### 5 Taxation

	2006 £	2005 £
Current tax charge		
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(46,122)	(103,205)
Loss on ordinary activities at standard rate of UK corporation tax of 19.00% (2005 – 19.00%)	(8,763)	(19,609)
Effects of		
Depreciation add back	3,499	8,327
Capital allowances		
Unutilised losses	5,264	11,282
Current tax charge for the year		

### 6 Tangible fixed assets

	Company website £	Total £
<b>Cost</b>		
At 1 May 2005 and at 30 April 2006	142,935	142,935
<b>Depreciation</b>		
At 1 May 2005	124,521	124,521
Charge for the year	18,414	18,414
At 30 April 2006	142,935	142,935
<b>Net book value</b>		
At 30 April 2006		
At 30 April 2005	18,414	18,414

# NETLET HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

### 7 Debtors

	2006 £	2005 £
Trade debtors	1 000	1 000
Other debtors	8 884	53 884
Taxation	3,014	884
Prepayments	1 431	
	<u>14 329</u>	<u>55 768</u>

### 8 Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	25 861	6 696
Loan Account	2 250	2 250
Taxation and social security		3 441
Accruals	8 810	30 930
	<u>36 921</u>	<u>43 317</u>

### 9 Share capital

	2006 £	2005 £
<b>Authorised</b>		
50 000 000 Ordinary shares of £0.002	<u>100 000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
276,079 Ordinary shares of £0.002	<u>552</u>	<u>552</u>

During the 2004/2005 financial year 108 397 ordinary shares of £0.002 each were issued for an amount of £233,226. At the balance sheet date £8 884 of the monies due remained outstanding and this amount has been included in other debtors.

# NETLET HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

### 10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Brought forward as previously reported	859 265	(818 157)
Prior period adjustment (see note 2)	(90 000)	83 411
Brought forward as restated	769 265	(734 746)
Loss for the year		(46 122)
Carried forward	<u>769 265</u>	<u>(780 868)</u>

### 11 Reconciliation of movements in shareholders funds

	2006 £	2005 (as restated see note 2) £
Loss attributable to members of the company as previously reported	(46 122)	(186 616)
Proceeds from issue of shares as previously reported	—	323 226
Net reduction in shareholders funds as previously reported	(46 122)	136 610
Opening shareholders funds as previously reported	41 660	(94 950)
Prior year adjustment	(6 589)	(6 589)
Opening shareholders funds	<u>35 071</u>	<u>(94 950)</u>
Closing shareholders funds as restated	<u>(11 051)</u>	<u>35,071</u>

### 12 Related party transactions

Included within creditors is an amount due to a former director Mr Kevin Grainger of £2,250 on which there has been no movement during the year Mr Kevin Grainger resigned as a director of Netlet Holdings Limited on 14 August 2001

Included in Debtors is an amount of £8 884 (2005 £53 884) in respect of unpaid share capital due from a director Mr Ray Ingleby