

COMPANY REGISTRATION NUMBER 4480097

GEN-X IT LIMITED
FINANCIAL STATEMENTS
31 JULY 2003



WRIGLEY PARTINGTON
Chartered Accountants & Registered Auditors
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

GEN-X IT LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 8 JULY 2002 TO 31 JULY 2003

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GEN-X IT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A Gould
Miss K Stewart

Company secretary

Mr A Gould

Registered office

The Works Business Centre
5 Union Street
Ardwick Green
Manchester
United Kingdom
M12 4JD

Auditors

Wrigley Partington
Chartered Accountants
& Registered Auditors
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Bankers

HSBC Bank plc
109 Union Street
Oldham

GEN-X IT LIMITED**THE DIRECTORS' REPORT****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

The directors have pleasure in presenting their report and the financial statements of the company for the period from 8 July 2002 to 31 July 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sale of computer hardware.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 July 2003	8 July 2002
Mr A Gould	500	—
Miss K Stewart	<u>500</u>	<u>—</u>

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint Wrigley Partington as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

GEN-X IT LIMITED

THE DIRECTORS' REPORT *(continued)*

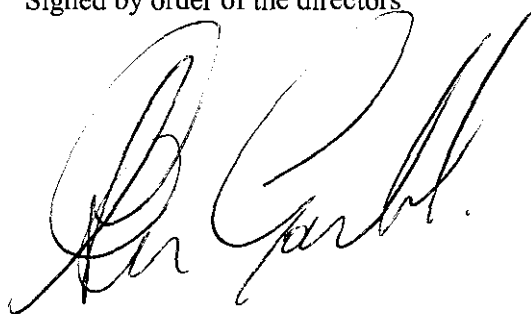
PERIOD FROM 8 JULY 2002 TO 31 JULY 2003

SMALL COMPANY PROVISIONS

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

Registered office:
The Works Business Centre
5 Union Street
Ardwick Green
Manchester
United Kingdom
M12 4JD

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'Mr A Gould', written over a horizontal line.

MR A GOULD
Company Secretary

Approved by the directors on 30 September 2003

GEN-X IT LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

We have audited the financial statements on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 8 .

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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 transactions with the company 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. Our responsibilities do not extend to any other information.

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 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.

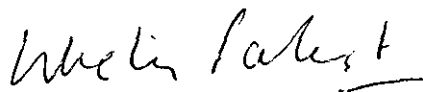
GEN-X IT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

PERIOD FROM 8 JULY 2002 TO 31 JULY 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2003 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

WRIGLEY PARTINGTON
Chartered Accountants
& Registered Auditors

1 October 2003

GEN-X IT LIMITED**PROFIT AND LOSS ACCOUNT****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

	Note	Period from 8 Jul 02 to 31 Jul 03 £
TURNOVER	2	3,598,783
Cost of sales		<u>3,037,551</u>
GROSS PROFIT		561,232
Distribution costs		6,838
Administrative expenses		<u>507,400</u>
OPERATING PROFIT	3	46,994
Interest payable	5	<u>16,500</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		30,494
Tax on profit on ordinary activities	6	<u>2,570</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u><u>27,924</u></u>

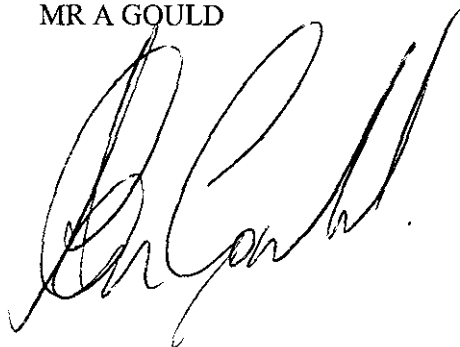
GEN-X IT LIMITED**BALANCE SHEET****31 JULY 2003**

	Note	31 Jul 03 £	£
FIXED ASSETS			
Tangible assets	7		11,990
CURRENT ASSETS			
Stocks		172,502	
Debtors	8	792,065	
Cash at bank and in hand		<u>6,089</u>	
		970,656	
CREDITORS: Amounts falling due within one year	9	<u>597,671</u>	
NET CURRENT ASSETS			<u>372,985</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>384,975</u>
CREDITORS: Amounts falling due after more than one year	10		<u>355,051</u>
			<u>29,924</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13		2,000
Profit and loss account			<u>27,924</u>
SHAREHOLDERS' FUNDS			<u>29,924</u>

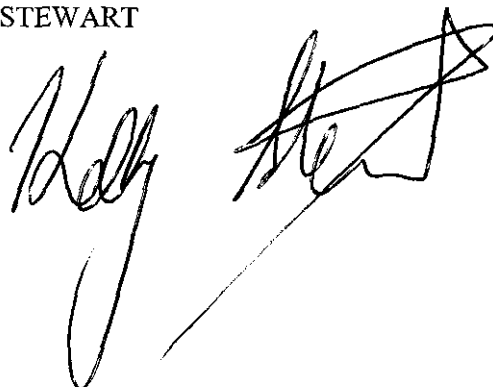
These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 30 September 2003 and are signed on their behalf by:

MR A GOULD



MISS K STEWART



GEN-X IT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

Overseas turnover amounted to 24.85% of the total turnover for the period.

GEN-X IT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Period from 8 Jul 02 to 31 Jul 03 £
Depreciation of owned fixed assets	3,247
Depreciation of assets held under hire purchase agreements	750
Auditors' fees	3,500
Net profit on foreign currency translation	<u>(6,143)</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 8 Jul 02 to 31 Jul 03 £
Aggregate emoluments	<u>46,000</u>

5. INTEREST PAYABLE

	Period from 8 Jul 02 to 31 Jul 03 £
Other interest	<u>16,500</u>

Interest paid to group undertakings amounted to £12,321.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 8 Jul 02 to 31 Jul 03 £
Current tax:	
UK Corporation tax based on the results for the period at 12%	<u>2,570</u>
Total current tax	<u>2,570</u>

GEN-X IT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003****7. TANGIBLE FIXED ASSETS**

	Equipment £
COST	
Additions	15,987
At 31 July 2003	<u>15,987</u>
DEPRECIATION	
Charge for the period	3,997
At 31 July 2003	<u>3,997</u>
NET BOOK VALUE	
At 31 July 2003	<u>11,990</u>

Hire purchase agreements

Included within the net book value of £11,990 is £2,250 relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £750.

8. DEBTORS

	31 Jul 03 £
Trade debtors	672,734
Other debtors	48,927
Directors current accounts	64,988
Prepayments and accrued income	5,416
	<u>792,065</u>

9. CREDITORS: Amounts falling due within one year

	31 Jul 03 £	£
Bank loans and overdrafts		20,816
Trade creditors		169,526
Other creditors including taxation and social security:		
Factoring accounts	364,962	
Corporation tax	2,570	
PAYE and social security	17,563	
Hire purchase agreements	1,762	
Other creditors	9,300	
Accruals and deferred income	11,172	
		<u>407,329</u>
		<u>597,671</u>

GEN-X IT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003****9. CREDITORS: Amounts falling due within one year (continued)**

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	31 Jul 03
	£
Bank loans and overdrafts	20,816
Factoring accounts	364,962
	<u>385,778</u>

10. CREDITORS: Amounts falling due after more than one year

	31 Jul 03
	£
Amounts owed to group undertakings	<u>355,051</u>

11. TRANSACTIONS WITH THE DIRECTORS

Included in debtors is £64,988 due from two directors. Further details are:

	31 Jul 03
	£
Mr A Gould	55,129
Miss K Stewart	9,859
	<u>64,988</u>

	Maximum balance
	£
Mr A Gould	55,129
Miss K Stewart	9,859

12. RELATED PARTY TRANSACTIONS

In the directors opinion the company is not under the control of any one person.

On 23rd May 2003 the company issued fifty percent of its share capital to Vector Consulting Inc., from the United States of America. During the year the following transactions have taken place with Vector Consulting Inc. :-

1. As at the balance sheet date there is loan outstanding of £355,051 for which interest is charged at 12% per annum.
2. Since the loan was received the company purchased and sold goods on a commercial basis amounting to £163,213 and £38,759 respectively.

Included in other debtors is an amount due from Syskal Distribution Limited, a company which the directors of Gen-X it Limited are also directors, of £36,392.

GEN-X IT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 8 JULY 2002 TO 31 JULY 2003**

13. SHARE CAPITAL**Authorised share capital:**

2,000 Ordinary shares of £1 each

31 Jul 03**£****2,000****Allotted, called up and fully paid:**

Ordinary shares of £1 each

No**2,000****£****2,000**