

COMPANY REGISTRATION NUMBER 4480097

GEN-X IT LIMITED

Financial Statements

31 December 2007



WRIGLEY PARTINGTON

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

GEN-X IT LIMITED

Financial Statements

PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

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	Sol House 24 Dark Lane Ardwick Green Manchester United Kingdom M12 6FA
Auditor	Wrigley Partington Chartered Accountants & Registered Auditors Sterling House 501 Middleton Road Chadderton Oldham OL9 9LY
Bankers	The Royal Bank of Scotland Precinct Centre Oxford Road Manchester M13 9PH

GEN-X IT LIMITED

The Directors' Report

PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 August 2006 to 31 December 2007

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN THE 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 31 December 2007	At 1 August 2006
Mr A Gould	500	500
Miss K Stewart	<u>500</u>	<u>500</u>

DIRECTORS' RESPONSIBILITIES

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 of the profit or loss of the company for that period. In preparing these 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,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Wrigley Partington as auditor 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 1 AUGUST 2006 TO 31 DECEMBER 2007

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
Sol House
24 Dark Lane
Ardwick Green
Manchester
United Kingdom
M12 6FA

Signed by order of the directors

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

MR A GOULD
Company Secretary

Approved by the directors on 30 June 2008

GEN-X IT LIMITED**Independent Auditor's Report to the Shareholders of
Gen-X IT Limited****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007**

We have audited the financial statements of Gen-X IT Limited for the period from 1 August 2006 to 31 December 2007, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9

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 auditor's 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 DIRECTORS AND AUDITOR

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 also 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 within 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.

GEN-X IT LIMITED


Independent Auditor's Report to the Shareholders of Gen-X IT Limited *(continued)*

PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

WRIGLEY PARTINGTON
Chartered Accountants
& Registered Auditors

30 June 2008

GEN-X IT LIMITED**Profit and Loss Account****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007**

		Period from 1 Aug 06 to 31 Dec 07 £	Year to 31 Jul 06 £
TURNOVER	Note 2	6,655,440	4,451,631
Cost of sales		<u>5,110,098</u>	<u>3,241,579</u>
GROSS PROFIT		1,545,342	1,210,052
Administrative expenses		1,458,278	1,023,784
Other operating income		<u>(5,100)</u>	<u>—</u>
OPERATING PROFIT	3	92,164	186,268
Interest receivable		5,720	(144)
Interest payable and similar charges		<u>(74,594)</u>	<u>(53,828)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,290	132,296
Tax on profit on ordinary activities	4	11,268	27,209
PROFIT FOR THE FINANCIAL PERIOD		12,022	105,087
Balance brought forward		<u>190,380</u>	<u>85,293</u>
Balance carried forward		<u>202,402</u>	<u>190,380</u>

The notes on pages 8 to 13 form part of these financial statements

GEN-X IT LIMITED**Balance Sheet****31 DECEMBER 2007**

	Note	31 Dec 07 £	£	31 Jul 06 £	£
FIXED ASSETS					
Tangible assets	5		36,169		17,056
CURRENT ASSETS					
Stocks		233,488		287,479	
Debtors	6	1,528,959		851,421	
Cash at bank and in hand		34,798		29,458	
		<u>1,797,245</u>		<u>1,168,358</u>	
CREDITORS. Amounts falling due within one year	7	<u>1,232,062</u>		<u>565,994</u>	
NET CURRENT ASSETS			<u>565,183</u>		<u>602,364</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>601,352</u>		<u>619,420</u>
CREDITORS: Amounts falling due after more than one year	8		<u>396,950</u>		<u>425,683</u>
			<u>204,402</u>		<u>193,737</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	9		—		1,357
			<u>204,402</u>		<u>192,380</u>
CAPITAL AND RESERVES					
Called-up equity share capital	12		2,000		2,000
Profit and loss account			<u>202,402</u>		<u>190,380</u>
SHAREHOLDERS' FUNDS			<u>204,402</u>		<u>192,380</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 January 2005)

These financial statements were approved by the directors and authorised for issue on 30 June 2008, and are signed on their behalf by

MR A GOULD
Director



The notes on pages 8 to 13 form part of these financial statements.

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007**

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 January 2005)

Turnover

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

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

Leasehold Property	- Over the term of the lease
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

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007****1. ACCOUNTING POLICIES** *(continued)*

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

Overseas turnover amounted to 36.26% (To 31 July 2006 - 45.11%) of the total turnover for the period

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 1 Aug 06 to 31 Dec 07 £	Year to 31 Jul 06 £
Directors' emoluments	222,148	152,871
Depreciation of owned fixed assets	26,797	10,911
Auditor's fees	5,000	4,375
Net profit on foreign currency translation	<u>(103,738)</u>	<u>(47,985)</u>

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007****4. TAXATION ON ORDINARY ACTIVITIES****Analysis of charge in the period**

	Period from 1 Aug 06 to 31 Dec 07 £	Year to 31 Jul 06 £
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 20% (2006 - 19%)	12,625	28,302
Total current tax	12,625	28,302
Deferred tax		
Origination and reversal of timing differences	(1,357)	(1,093)
Tax on profit on ordinary activities	<u>11,268</u>	<u>27,209</u>

5 TANGIBLE FIXED ASSETS

	Leasehold Property £	Equipment £	Total £
COST			
At 1 August 2006	–	44,313	44,313
Additions	43,987	1,923	45,910
At 31 December 2007	<u>43,987</u>	<u>46,236</u>	<u>90,223</u>
DEPRECIATION			
At 1 August 2006	–	27,257	27,257
Charge for the period	13,442	13,355	26,797
At 31 December 2007	<u>13,442</u>	<u>40,612</u>	<u>54,054</u>
NET BOOK VALUE			
At 31 December 2007	<u>30,545</u>	<u>5,624</u>	<u>36,169</u>
At 31 July 2006	<u>–</u>	<u>17,056</u>	<u>17,056</u>

6 DEBTORS

	31 Dec 07 £	31 Jul 06 £
Trade debtors	1,141,996	606,012
Other debtors	249,280	180,128
Directors current accounts	91,901	41,513
Prepayments and accrued income	45,782	23,768
	<u>1,528,959</u>	<u>851,421</u>

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007****6. DEBTORS (continued)**

The debtors above include the following amounts falling due after more than one year

	31 Dec 07	31 Jul 06
	£	£
Other debtors	<u>73,742</u>	<u>—</u>

7 CREDITORS: Amounts falling due within one year

	31 Dec 07	31 Jul 06
	£	£
Overdrafts	162,449	—
Trade creditors	379,836	97,027
Other creditors including taxation and social security		
Invoice discounting	571,748	375,517
Corporation tax	12,625	28,302
PAYE and social security	16,973	40,922
Other creditors	12,642	8,851
Accruals and deferred income	<u>75,789</u>	<u>15,375</u>
	689,777	468,967
	<u>1,232,062</u>	<u>565,994</u>

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

	31 Dec 07	31 Jul 06
	£	£
Overdrafts	162,449	—
Invoice discounting	<u>571,748</u>	<u>375,517</u>
	<u>734,197</u>	<u>375,517</u>

8 CREDITORS: Amounts falling due after more than one year

	31 Dec 07	31 Jul 06
	£	£
Other creditors including		
Related party loan	<u>396,950</u>	<u>425,683</u>

9 DEFERRED TAXATION

The movement in the deferred taxation provision during the period was

	Period from 1 Aug 06 to 31 Dec 07	Year to 31 Jul 06
	£	£
Provision brought forward	1,357	2,450
Profit and loss account movement arising during the period	<u>(1,357)</u>	<u>(1,093)</u>
Provision carried forward	<u>—</u>	<u>1,357</u>

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007****9. DEFERRED TAXATION** *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	31 Dec 07 £	31 Jul 06 £
Excess of taxation allowances over depreciation on fixed assets	-	1,357
	<u>-</u>	<u>1,357</u>

10 TRANSACTIONS WITH THE DIRECTORS

Included in debtors is £91,901 due from two directors for which interest has been charged at a commercial rate. Further details are

	31 Dec 07 £	31 Jul 06 £
Mr A Gould	48,262	23,212
Miss K Stewart	43,639	18,301
	<u>91,901</u>	<u>41,513</u>

	Maximum balance £
Mr A Gould	48,262
Miss K Stewart	43,639

11 RELATED PARTY TRANSACTIONS

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

As at the balance sheet date there is a loan outstanding to Mr J Calderwood, a fifty per cent shareholder of the company, of £396,950 (2006 £425,684) for which interest is charged at 12% per annum. The movement on the loan balance is a result of exchange rate movements between sterling and US dollars. The interest charged for the period amounted to £68,626 (2006 £53,441). The loan is fully repayable on the 31st December 2010.

Included in other debtors is an amount due from Syskal Distribution Limited, a company which Alan Gould, a director, is also a director of, amounting to £73,742 (2006 £73,742). The company is in administration however the directors are confident the monies will be repaid.

During the period loans of £103,891 outstanding from Funki-ink Limited, Funki Holdings Limited and Funki-ink Featuring the Nail Studio Limited, companies the directors, Alan Gould and Kelley Stewart are materially interested as shareholders, were transferred to Actus Global Europe Limited, a company for which Alan Gould and Kelley Stewart are also directors. The amount due from Actus Global Europe Limited at the balance sheet date was £103,984.

GEN-X IT LIMITED**Notes to the Financial Statements****PERIOD FROM 1 AUGUST 2006 TO 31 DECEMBER 2007**

12. SHARE CAPITAL**Authorised share capital**

	31 Dec 07	31 Jul 06
	£	£
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	31 Dec 07	31 Jul 06
	No	No
	£	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>