
XSMG WORLD LTD

ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2009

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COMPANIES HOUSE

XSMG WORLD LTD

**INDEPENDENT AUDITORS' REPORT TO XSMG WORLD LTD
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of XSMG World Ltd for the period ended 31 December 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.


Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 2 to 6 have been properly prepared in accordance with the regulations made under that section.



Anthony Pins (senior statutory auditor)

for and on behalf of
Nyman Libson Paul

Statutory Auditors
Chartered Accountants

Regina House
124 Finchley Road
London
NW3 5JS

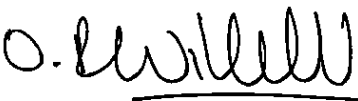
2 September 2010

XSMG WORLD LTD
REGISTERED NUMBER: 06807510

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2009

| | Note | £ | 2009 £ |
|--|------|------------------|--------------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 2 | | 295,834 |
| Tangible fixed assets | 3 | | 76,350 |
| | | | <u>372,184</u> |
| CURRENT ASSETS | | | |
| Stocks | | 38,500 | |
| Debtors | 4 | 501,500 | |
| Cash at bank and in hand | | 103,592 | |
| | | <u>643,592</u> | |
| CREDITORS: amounts falling due within one year | | <u>(126,348)</u> | |
| NET CURRENT ASSETS | | | 517,244 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>889,428</u> |
| CREDITORS: amounts falling due after more than one year | 5 | | (3,612,685) |
| NET LIABILITIES | | | <u>(2,723,257)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 6 | | 1 |
| Profit and loss account | | | <u>(2,723,258)</u> |
| SHAREHOLDERS' DEFICIT | | | <u>(2,723,257)</u> |

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the board and were signed on its behalf on 2 September 2010


O Willett
 Director

The notes on pages 3 to 6 form part of these financial statements

XSMG WORLD LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Compliance with accounting standards

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

1.3 Going concern

In common with many start ups, the company has, in line with its original business plan, invested a considerable amount on its infrastructure and on research and development of its key defence products. Good progress is being made in these areas and in developing an effective sales and marketing strategy, which the directors anticipate will start to yield tangible results in the future

At the balance sheet date the company shows net liabilities of £2,723,257. The directors have received assurances from its parent undertaking, XSMG Holding Limited, that for a period of 12 months from the signing of the financial statements, it is their present intention that they will maintain their financial support and provide such funds as are necessary to enable it to continue with its current and future activities and meet debts as they fall due. On this basis the directors consider it appropriate that the financial statements are drawn up on the going concern basis.

1.4 Turnover

Revenue represents sales at invoiced amounts less value added tax

Boats under construction are assessed on a contract by contract basis and are reflected in the profit and loss account by recording revenue and related costs as contract activity progresses. Where the outcome of each contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported revenue and the related costs for that contract.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 3 years.

XSMG WORLD LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (continued)

1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

| | | |
|------------------------|---|-----------------------------|
| Leasehold improvements | - | straight line over 6 years |
| Plant and machinery | - | straight line over 5 years |
| Fixtures and fittings | - | straight line over 10 years |
| Office equipment | - | straight line over 10 years |
| Computer equipment | - | straight line over 3 years |
| Tooling and moulds | - | straight line over 5 years |

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.8 Stocks

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

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.11 Research and development

Research and development costs are written off to the profit and loss account in the period in which they are incurred

XSMG WORLD LTD

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

2 INTANGIBLE FIXED ASSETS

| | |
|-----------------------|-----------------------|
| | £ |
| Cost | |
| Additions | 426,000 |
| At 31 December 2009 | <u>426,000</u> |
| Amortisation | |
| Charge for the period | 130,166 |
| At 31 December 2009 | <u>130,166</u> |
| Net book value | |
| At 31 December 2009 | <u><u>295,834</u></u> |

3 TANGIBLE FIXED ASSETS

| | |
|-----------------------|----------------------|
| | £ |
| Cost | |
| Additions | 89,711 |
| At 31 December 2009 | <u>89,711</u> |
| Depreciation | |
| Charge for the period | 13,361 |
| At 31 December 2009 | <u>13,361</u> |
| Net book value | |
| At 31 December 2009 | <u><u>76,350</u></u> |

4 DEBTORS

Included within other debtors due within one year is a loan to I D Sanderson, a director, amounting to £11,500. The maximum amount outstanding during the period was £11,500. The interest charged on this loan during the period amounted to £173 and was also outstanding at the period end. Interest was charged at bank base rate + 1%.

XSMG WORLD LTD

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

5 CREDITORS:

Amounts falling due after more than one year

Creditors include amounts not wholly repayable within 5 years as follows

| | |
|-------------------------------------|-----------|
| | 2009 £ |
| Repayable other than by instalments | 3,612,685 |
| | <hr/> |

The amounts owed are not secured and are not interest bearing

6 SHARE CAPITAL

| | |
|---|-----------|
| | 2009 £ |
| Allotted, called up and fully paid | |
| 1 Ordinary share of £1 | 1 |
| | <hr/> |

The company issued one ordinary share of £1 on incorporation

7 CONTROLLING PARTY

The company's immediate controlling party is XSMG Holding Limited, an entity incorporated in the United Arab Emirates