



Unaudited
Financial statements
MDS Technologies Limited

For the Year Ended 30 April 2009

Contents

Report of the directors	3
Chartered accountants' report to the board of directors	4
Accounting policies	5
Profit and loss account	6
Balance sheet	7
Notes to the unaudited financial statements	8-13

Report of the directors

The directors present their report and the unaudited financial statements of the company for the year ended 30 April 2009.

Principal activities and business review

The principal activity of the company in the year under review was of the provision of a highly resilient hosting and co-location at a facility in Wiltshire, for internet based applications. In particular, the company provides a high availability infrastructure that enables major enterprises to secure their business continuity requirements, especially where there are demanding requirements for mobile connectivity and network security.

The company also provides business support for organisations requiring a range of technical or managed services, complex application development or network security consultancy.

Directors

The directors who served the company during the year were as follows:

J R Ancell (Chairman)
P M Dawson (Managing Director)
R N Tredwin (Finance Director)
A R Brown (Director)
M K Sprules (Director)

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

R N Tredwin
Secretary
14 August 2009



Chartered accountants' report to the board of directors on the unaudited financial statements of MDS Technologies Limited

In accordance with our terms of engagement, and in order to assist you to fulfill your duties under the Companies Act 2006, we have compiled the financial statements of the company for the year ended 30 April 2009 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS

Bristol
14 August 2009

Accounting policies

Basis of accounting

The unaudited financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the unaudited financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

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:

Short leasehold	-	at varying rates on cost over the life of the lease
Office equipment	-	Straight line over 4 to 7 years
Motor vehicles	-	25% on reducing balance
Computer equipment	-	Straight line over 3 years

Deferred taxation

Deferred tax is recognised in respect of all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Operating lease agreements

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

Pension costs

The company contributes to the personal pension of certain employees. Contributions are charged to the profit and loss account as incurred.

Profit and loss account

	Note	2009 £000	2008 £000
Turnover	1	1,867	1,094
Cost of sales		(692)	(532)
Gross profit		1,175	562
Administrative expenses		(1,105)	(419)
Operating profit	2	70	143
Interest receivable and similar income		6	3
		76	146
Interest payable and similar charges	5	(1)	(8)
Profit on ordinary activities before taxation		75	138
Tax on profit on ordinary activities	6	(51)	(123)
Profit for the financial year after taxation		24	15

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2009 £000	2008 £000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	92	130
		<u>92</u>	<u>130</u>
Current assets			
Debtors	9	375	453
Cash at bank and in hand		102	90
		<u>477</u>	<u>543</u>
Creditors: amounts falling due within one year	10	489	409
Net current (liabilities)/assets		<u>(12)</u>	<u>134</u>
Total assets less current liabilities		80	264
Creditors: amounts falling due in more than one year	11	30	235
Provisions for liabilities	13	7	10
Net assets		<u>43</u>	<u>19</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	43	19
Shareholders' funds		<u>43</u>	<u>19</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476(1) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These unaudited financial statements were approved by the directors on 14 August 2009 and are signed on their behalf by:

J R Ancell
 Director

The accompanying accounting policies and notes form part of these unaudited financial statements.

Notes to the unaudited financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2009	2008
	£000	£000
United Kingdom	1,867	1,094

2 Operating profit

Operating profit is stated after charging:

	2009	2008
	£000	£000
Depreciation - owned assets	71	62
Pension costs	15	3
Operating lease costs:		
Plant and equipment	7	-
Other	113	113

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	£000	£000
Administration and managerial	11	6

The aggregate payroll costs of the above were:

	2009	2008
	£000	£000
Wages and salaries	524	268
Social security costs	54	33
Other pension costs	15	4
	593	305

4 **Directors**

Remuneration in respect of directors was as follows:

	2009	2008
	£000	£000
Emoluments receivable	118	56
Value of company pension contributions to money purchase schemes	5	4
	123	60

The number of directors who accrued benefits under company pension schemes was as follows:

	2009	2008
	No	No
Money purchase schemes	1	1

5 **Interest payable and similar charges**

	2009	2008
	£000	£000
Finance charges	1	8

6 **Taxation on ordinary activities**

a) Analysis of charge in the year

	2009	2008
	£000	£000
Current tax		
UK corporation tax based on the results for the year at 28%	54	32
Adjustments in respect of prior year	-	94
Total current tax	54	126
Deferred tax:		
Decrease in deferred tax provision	(3)	(3)
Tax on profit on ordinary activities	51	123

b) Factors affecting current tax charge

Profit on ordinary activities before taxation	<u>75</u>	<u>138</u>
Profit on ordinary activities by rate of 20%	16	28
Net expenses not deductible for tax purposes	34	-
Depreciation in excess of capital allowances	4	4
Adjustments in respect of prior year	-	94
Total current tax	<u>54</u>	<u>126</u>

Following consultation with HM Revenue & Customs in respect of account periods prior to the appointment of the present board of directors and shareholders, the company acknowledges that the corporation tax liabilities for those accounting periods were understated as a consequence of misclassification of certain assets and expenses in the financial statements of earlier years. The directors have agreed an interest free repayment plan with HM Revenue & Customs over three years with the final instalment due by 30 September 2010.

7 Intangible fixed assets

	Goodwill
	£000
Cost	
At 1 May 2008 and 30 April 2009	<u>5</u>
	<u>5</u>
Amortisation	
At 1 May 2008 and 30 April 2009	<u>5</u>
	<u>5</u>
Net Book Value	
At 30 April 2009	<u>-</u>
At 30 April 2008	<u>-</u>

8 Tangible fixed assets

	Short Leasehold £000	Office Equipment £000	Motor Vehicles £000	Computer Equipment £000	Totals £000
Cost or valuation					
At 1 May 2008	31	13	23	174	241
Additions	1	1	-	31	33
Disposals	-	-	-	-	-
At 30 April 2009	<u>32</u>	<u>14</u>	<u>23</u>	<u>205</u>	<u>274</u>
Depreciation					
At 1 May 2008	15	6	16	74	111
Charge for the year	8	1	7	55	71
On disposals	-	-	-	-	-
At 30 April 2009	<u>23</u>	<u>7</u>	<u>23</u>	<u>129</u>	<u>182</u>
Net Book Value					
At 30 April 2009	<u>9</u>	<u>7</u>	<u>-</u>	<u>76</u>	<u>92</u>
At 30 April 2008	<u>16</u>	<u>7</u>	<u>7</u>	<u>100</u>	<u>130</u>

9 Debtors: Amounts falling due within one year

	2009 £000	2008 £000
Trade debtors	303	263
Other debtors	-	146
Amounts owed by related parties	32	-
Prepayments	40	44
	<u>375</u>	<u>453</u>

10 Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Bank loans and overdrafts	5	12
Trade creditors	140	133
Corporation Tax	79	57
Social security and other taxes	21	36
Accruals	96	38
Deferred income	136	133
Amounts owed to related parties	12	-
	<u>489</u>	<u>409</u>

11 Creditors: amounts falling due after more than one year

	2009	2008
	£000	£000
Corporation Tax	30	55
Director's loan account	-	180
	<u>30</u>	<u>235</u>

12 Contingencies

There were no contingent liabilities at 30 April 2009 or 30 April 2008.

13 Provision for liabilities

	Deferred tax	
	2009	2008
	£000	£000
Balance as at 1 May 2008	10	13
Movement during year	(3)	(3)
Balance as at 30 April 2009	<u>7</u>	<u>10</u>

14 Called up share capital

	2009	2008
	£	£
Called up share capital		
Authorised share capital		
10,400 shares of £0.01 each	<u>104</u>	<u>104</u>
Allotted, called up and fully paid		
10,400 shares of £0.01 each	<u>104</u>	<u>104</u>

15 Reserves

	2009	2008
	£000	£000
Balance brought forward	19	4
Profit for the year	24	15
Balance carried forward	43	19

16 Related party transactions

During the year the company undertook the following transactions and had amounts owing to/from members of the Churngold Construction Holdings Limited group, of which J R Ancell, R N Tredwin and A R Brown are directors, and MDS Technologies Southern Limited, which has common directors.

	Purchases	Sales	Owed to	Owed by
	£000	£000	£000	£000
2009				
Churngold Construction Holdings Limited	-	-	-	32
Churngold Construction Limited	99	-	8	-
MDS Technologies Southern Limited	9	-	4	-

17 Capital commitments

There were no capital commitments at 30 April 2009 or 30 April 2008.

18 Ultimate controlling party

There is no single ultimate controlling party.