Registration number 3538821

Xylem Holdings Limited

Director's report and unaudited financial statements

for the year ended 31 August 2007





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Xylem Holdings Limited

Company information

Director	Russell Mark Brummitt
Secretary	Anita Kim Cripps
Company number	3538821
Registered office	7 Oak Industrial Park Chelmsford Road Great Dunmow Essex CM16 1XN
Accountants	Janice Cope Accountants 104 Henniker Gate Chelmsford Essex CM2 6SB
Business address	7 Oak Industrial Park Chelmsford Road Great Dunmow Essex CM16 1XN
Bankers	National Westminster Bank Plc 10 St Peters Street St Albans Herts AL1 3LY

Xylem Holdings Limited

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Xylem Holdings Limited

Director's report
for the year ended 31 August 2007

The director presents his report and the financial statements for the year ended 31 August 2007

Principal activity
The principal activity of the company during the year was that of internet retailers and corporate gifts

Director
The director who served during the year are as stated below

Russell Mark Brummitt

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 16 November 2007 and signed on its behalf by

AKCripps

Anita Kim Cripps
Secretary

Xylem Holdings Limited

Accountants' report to the Director on the unaudited financial statements of Xylem Holdings Limited

In accordance with the engagement letter and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the profit and loss account, the 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 director 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 director 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 director for our work or for this report

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

You have acknowledged on the balance sheet for the year ended 31 August 2007 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 1985 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

Janice Cope Accountants
Chartered Certified Accountants

16 November 2007

104 Henniker Gate
Chelmsford
Essex
CM2 6SB

Xylem Holdings Limited

Profit and loss account
for the year ended 31 August 2007

	Notes	2007 £	2006 £
Turnover	2	1,031,222	946,973
Cost of sales		(737,250)	(657,221)
Gross profit		293,972	289,752
Administrative expenses		(392,871)	(409,929)
Other operating income		2,188	-
Operating loss	3	(96,711)	(120,177)
Other interest receivable and similar income		15,895	16,251
Interest payable and similar charges		11	(2)
Loss on ordinary activities before taxation		(80,805)	(103,928)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation		(80,805)	(103,928)
Loss for the year	10	(80,805)	(103,928)
Accumulated loss brought forward		(248,437)	(144,509)
Accumulated loss carried forward		(329,242)	(248,437)

The notes on pages 6 to 10 form an integral part of these financial statements.

Xylem Holdings Limited

Balance sheet
as at 31 August 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Intangible assets	5		2		17,986
Tangible assets	6		37,641		47,477
			37,643		65,463
Current assets					
Stocks		107,918		74,701	
Debtors	7	60,971		50,262	
Cash at bank and in hand		289,225		388,860	
		458,114		513,823	
Creditors: amounts falling due within one year	8	(324,999)		(327,723)	
Net current assets			133,115		186,100
Net assets			170,758		251,563
Capital and reserves					
Called up share capital	9		500,000		500,000
Profit and loss account	10		(329,242)		(248,437)
Shareholders' funds			170,758		251,563

The director's statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet

The notes on pages 6 to 10 form an integral part of these financial statements.

Balance sheet (continued)

Director's statements required by Section 249B(4) for the year ended 31 August 2007

In approving these financial statements as director of the company I hereby confirm

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ,

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 August 2007 and

(c) that I acknowledge my responsibilities for

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) 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 year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board on 16 November 2007 and signed on its behalf by

Russell Mark Brummitt
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1 3. Goodwill

The acquired goodwill of Optima Fitness & Training Solutions Ltd, is written off in equal instalments over its estimated useful economic life of 5 years

1 4. Patents

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	10% straight line
Motor vehicles	-	25% straight line

1 6. Stock

Stock is valued at the lower of cost and net realisable value

1 7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date Transactions in foreign currencies are recorded at the date of the transactions All differences are taken to the Profit and Loss account

continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3. Operating loss

	2007 £	2006 £
Operating loss is stated after charging		
Depreciation and other amounts written off tangible assets	12,634	14,018
Loss on disposal of tangible fixed assets	-	4,633
and after crediting		

4. Director's emoluments

	2007 £	2006 £
Remuneration and other benefits	93,904	92,839

5. Intangible fixed assets

	Patents £	Goodwill £	Total £
Cost			
At 1 September 2006	6,986	11,000	17,986
At 31 August 2007	6,986	11,000	17,986
Provision for diminution in value			
Charge for year	6,985	10,999	17,984
At 31 August 2007	6,985	10,999	17,984
Net book values			
At 31 August 2007	1	1	2
At 31 August 2006	6,986	11,000	17,986

In the opinion of the directors the Patent and Goodwill are of negligible value and have been written off against reserves

continued

6. Tangible fixed assets	Long leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2006	2,631	68,484	22,043	93,158
Additions	-	2,798	-	2,798
At 31 August 2007	2,631	71,282	22,043	95,956
Depreciation				
At 1 September 2006	2,631	37,539	5,511	45,681
Charge for the year	-	7,123	5,511	12,634
At 31 August 2007	2,631	44,662	11,022	58,315
Net book values				
At 31 August 2007	-	26,620	11,021	37,641
At 31 August 2006	-	30,945	16,532	47,477

7 Debtors	2007 £	2006 £
Trade debtors	11,617	38,707
Other debtors	41,992	3,335
Prepayments and accrued income	7,362	8,220
	60,971	50,262

Included in other debtors is a £40,000 loan made during the year to Ishop Limited The loan is on a commercial basis at 2% above bank base rate As at 31st August, 2007 the balance outstanding was £40,000 (2006 Nil) The interest of £1991 98 has also been accrued and included in other debtors

continued

8. Creditors: amounts falling due within one year	2007 £	2006 £
Bank overdraft	151	308
Net obligations under finance leases and hire purchase contracts	5,439	-
Trade creditors	83,594	79,385
Amounts owed to connected companies	192,566	192,566
Other taxes and social security costs	17,362	24,835
Director's accounts	4,196	4,963
Other creditors	2,611	7,861
Accruals and deferred income	19,080	17,805
	324,999	327,723

9 Share capital	2007 £	2006 £
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000
Equity Shares		
500,000 Ordinary shares of £1 each	500,000	500,000

10. Reserves	Profit and loss account £	Total £
At 1 September 2006	(248,437)	(248,437)
Loss for the year	(80,805)	(80,805)
At 31 August 2007	(329,242)	(329,242)

continued

11 Related party transactions

Mr Brummitt is also a shareholder of Design Mania Limited, a company incorporated in the UK The balance of the interest free loan, repayable upon demand,as at the 31st August, 2007 was £192,566 (2006 £192,566) and is included in creditors 'amounts falling due within one year

The company also traded at 'arms length' with IShop Limited, a company registered in the UK Please see note 7 for details of a loan made to this company This company is owned by family members and for the purpose of FRS8 is considered to be related Other than those transactions already referred to in the notes there are no other transactions that require disclosure