

TRACE2 LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2004



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TRACE2 LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

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TRACE2 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The director	T P Curran
Company secretary	C Miller
Registered office	Pinnacle House 17-25 Hartfield Road London SW19 3SE
Auditors	Windsor Stebbing Marsh Chartered Accountants & Registered Auditors Pinnacle House 17-25 Hartfield Road Wimbledon London SW19 3SE
Bankers	Barclays Bank plc 99 Hatton Garden London EC1N 8DN

TRACE2 LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 30 APRIL 2004

The director has pleasure in presenting his report and the financial statements of the company for the year ended 30 April 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was genealogical research provided on the website.

COMPARATIVE FIGURES

The comparative figures report details of the company's activities for the one month to 30 April 2003.

DIRECTOR

The director who served the company during the year was as follows:

T P Curran

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is 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 director 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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

The auditors, Windsor Stebbing Marsh, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 6 March 2003.

TRACE2 LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 30 APRIL 2004

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.

Signed by order of the director



C MILLER
Company Secretary

Approved by the director on 1 Feb 05

TRACE2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 APRIL 2004

We have audited the financial statements on pages 6 to 12 which have been prepared 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 DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's 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 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 director 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.

TRACE2 LIMITED

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

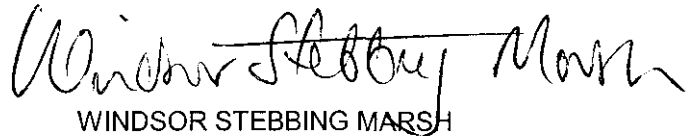
YEAR ENDED 30 APRIL 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE

1 February 2005



WINDSOR STEBBING MARSH
Chartered Accountants
& Registered Auditors

TRACE2 LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2004

	Note	2004 £	2003 £
TURNOVER		1,763,035	142,770
Cost of sales		<u>80,698</u>	<u>7,758</u>
GROSS PROFIT		1,682,337	135,012
Administrative expenses		<u>889,129</u>	<u>237,264</u>
OPERATING PROFIT/(LOSS)	3	793,208	(102,252)
Interest receivable		<u>7,429</u>	<u>18</u>
Interest payable and similar charges	4	<u>(14,907)</u>	<u>(10,485)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		785,730	(112,719)
Tax on profit/(loss) on ordinary activities	5	<u>215,060</u>	<u>(22,483)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		570,670	(90,236)
Balance brought forward		<u>(90,236)</u>	<u>—</u>
Balance carried forward		<u>480,434</u>	<u>(90,236)</u>

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.

The notes on pages 8 to 12 form part of these financial statements.

TRACE2 LIMITED

BALANCE SHEET

30 APRIL 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	6		148,281		86,956
CURRENT ASSETS					
Debtors	7	19,520		32,483	
Cash at bank		<u>1,122,241</u>		<u>109,479</u>	
		1,141,761		141,962	
CREDITORS: Amounts falling due within one year	8	<u>694,489</u>		<u>168,691</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>447,272</u>		<u>(26,729)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>595,553</u>		<u>60,227</u>
CREDITORS: Amounts falling due after more than one year	9		<u>62,298</u>		<u>140,463</u>
			<u>533,255</u>		<u>(80,236)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Other Provisions	11		<u>42,821</u>		<u>-</u>
			<u>490,434</u>		<u>(80,236)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		10,000		10,000
Profit and loss account			<u>480,434</u>		<u>(90,236)</u>
SHAREHOLDERS' FUNDS/(DEFICIENCY)	14		<u>490,434</u>		<u>(80,236)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director on 1 February 05

.....
T P CURRAN

The notes on pages 8 to 12 form part of these financial statements.

TRACE2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have also been prepared in accordance with applicable accounting standards.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

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:

Computer Equipment - 25% per annum on a straight line basis

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 at a constant rate of charge on the balance of capital repayments outstanding.

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.

2. TURNOVER

The turnover and operating profit for the year were derived from the company's principal activity. Of the total turnover, 11.8% related to exported services (2003 : 16.8%).

TRACE2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Director's emoluments	—	—
Depreciation of owned fixed assets	20,981	21,446
Depreciation of assets held under hire purchase agreements	13,657	7,540
Auditors' fees	<u>2,500</u>	<u>2,300</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Finance charges	5,536	—
Other interest and similar charges	<u>9,371</u>	<u>10,485</u>
	<u>14,907</u>	<u>10,485</u>

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 19%)	<u>149,756</u>	—
Total current tax	<u>149,756</u>	—
Deferred tax:		
Increase/(decrease) in deferred tax provision	<u>65,304</u>	(22,483)
Tax on profit/(loss) on ordinary activities	<u>215,060</u>	<u>(22,483)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 19%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	<u>785,730</u>	<u>(112,719)</u>
Profit/(loss) on ordinary activities by rate of tax	235,719	(21,417)
Difference between depreciation and capital allowance	(17,868)	—
Expenses not deductible for tax purposes	2,914	—
Losses brought forward	(70,988)	—
Losses carried forward	—	21,417
Marginal relief	<u>(21)</u>	—
Total current tax (note 5(a))	<u>149,756</u>	—

TRACE2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

6. TANGIBLE FIXED ASSETS

	Computer Equipment £
COST	
At 1 May 2003	115,942
Additions	95,963
At 30 April 2004	211,905
DEPRECIATION	
At 1 May 2003	28,986
Charge for the year	34,638
At 30 April 2004	63,624
NET BOOK VALUE	
At 30 April 2004	148,281
At 30 April 2003	86,956

Hire purchase agreements

Included within the net book value of £148,281 is £92,384 (2003 - £22,619) relating to company held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,657 (2003 - £7,540).

7. DEBTORS

	2004 £	2003 £
Amounts owed by group undertakings	19,520	10,000
Deferred taxation (note 11)	—	22,483
	19,520	32,483

8. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	11,648	101,597
Trade creditors	52,447	1,904
Amounts owed to group undertakings	28,652	31,917
Corporation tax	149,756	—
Other taxation	78,005	24,630
Hire purchase agreements	33,578	5,643
Other creditors	340,403	3,000
	694,489	168,691

TRACE2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

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

	2004 £	2003 £
Bank loans and overdrafts	—	120,652
Hire purchase agreements	62,298	19,811
	<u>62,298</u>	<u>140,463</u>

10. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	33,578	5,643
Amounts payable between 1 and 2 years	62,298	19,811
	<u>95,876</u>	<u>25,454</u>

11. DEFERRED TAXATION

	2004 £	2003 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	(22,483)	—
Profit and loss account movement arising during the year	65,304	(22,483)
Balance carried forward	<u>42,821</u>	<u>(22,483)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	42,821	26,087
Tax losses available	—	(48,570)
	<u>42,821</u>	<u>(22,483)</u>

12. RELATED PARTY TRANSACTIONS

The company was under the control of Mr T P Curran throughout the current year. Mr T P Curran is the managing director.

At the balance sheet date, the company owed a total amount of £28,652 (2003: £31,917) to Title Research (Administration) Limited and was owed a total amount of £19,520 (2003: £10,000) from Title Research Group Limited. Management charges of £425,000 (2003: £NIL) were charged by Title Research (Administration) Limited during the year.

TRACE2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2004

13. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
1,000,000 Ordinary shares of £0.10 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £0.10 each	<u>100,000</u>	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit/(Loss) for the financial year	570,670	(90,236)
New equity share capital subscribed	—	10,000
Net addition/(reduction) to funds	570,670	(80,236)
Opening shareholders' equity deficit	(80,236)	—
Closing shareholders' equity funds/(deficit)	<u>490,434</u>	<u>(80,236)</u>

15. ULTIMATE PARENT COMPANY

The ultimate parent company is Title Research Group Limited, a company incorporated in England, which owns 100% of the issued share capital.

Title Research Group Limited is owned by Mr T P Curran, who owns 65.01% of the issued share capital and is also a director of that company.