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**HERALD INVESTMENT  
MANAGEMENT LIMITED**

**Annual Report and Accounts  
For the Year to 31<sup>st</sup> March 2005**



**HERALD INVESTMENT MANAGEMENT LIMITED**

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**HERALD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J Potts  
*Chairman & Managing Director*

T A Boyle DL  
*Non-Executive Director*

F Rose  
*Finance Director*

**SECRETARY**

F Rose

**REGISTERED OFFICE**

11 Charterhouse Square  
London  
EC1M 6AX

**AUDITORS**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**REGISTERED IN ENGLAND**

2877061

**BANKERS**

Barclays Bank  
Hatton Garden Business Centre  
99 Hatton Garden  
London  
EC1N 8DN

**SOLICITORS**

McFarlanes  
Norwich Street  
London  
EC4A 1BD

## HERALD INVESTMENT MANAGEMENT LIMITED

### DIRECTORS' REPORT

The Directors present their report and financial statements of the company for the year ended 31<sup>st</sup> March 2005.

### **RESULTS AND DIVIDENDS**

The results for the year to 31<sup>st</sup> March 2005 are set out on page 8 of the financial statements and the movement in reserves are shown in note 13.

The Directors recommend the payment of a final dividend of £1,031,925 (2004: £0).

An interim dividend of £1,005,000 was paid on 4<sup>th</sup> February 2005. A second interim of £4,940,066 was paid on 15<sup>th</sup> March 2005. After deduction of dividends of £6,976,991 a retained loss of £5,092,785 (2004 profit £1,495,479) was transferred to reserves. Reserves carried forward were £13,496 after the share buy-back.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the Company during the year was that of investment management and advice. The Company manages a number of investment vehicles whose mandates are to invest in companies which are involved in technology, media and telecommunications internationally. Investee companies range from unquoted companies through small to large quoted companies.

The Directors are satisfied with the Company's trading results and with the state of affairs of the Company at the balance sheet date.

### **SHARE CAPITAL**

Following approval by shareholders at an Extraordinary General Meeting of the Company, held on 7<sup>th</sup> April 2004, the Company purchased for cancellation 99,825 ordinary shares for £20 per share. On 15<sup>th</sup> October 17,000 nil paid shares, with a call price of £3.50 per share and, 3,000 nil paid shares with a call price of £17 per share were cancelled in accordance with the terms of their issue. On 30<sup>th</sup> November 2004 all the share capital was acquired by HIML Holdings Ltd. On 21<sup>st</sup> March 2005 20,000 nil paid shares with a call price of £17 per share were cancelled.

### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company at 31<sup>st</sup> March 2005 are listed on page 3. M Trimble resigned as a director of the Company on 30<sup>th</sup> September 2004 and A F Rose was appointed as a director on 28<sup>th</sup> June 2004.

The Directors' beneficial interests in the share capital of the Company were as follows: -

	<u>At 31<sup>st</sup> March 2005</u>	<u>At 1<sup>st</sup> April 2004</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
	<u>of 0.1p each</u>	<u>of 0.1p each</u>
K J Potts	340,000 fully paid shares*	340,000
D T A Boyle	6,000 fully paid shares*	6,000
	5,000 nil paid share*	
A F Rose	5,000 nil paid shares*	-
M F Trimble	-	20,000 nil paid

The Directors do not own shares in the Company but the above shareholdings reflect their holdings in the Company prior to the effect of the merger with HIML Holdings Ltd and their current holding in the parent.

HIML Holdings Ltd now owns 100% of the share capital of the Company.

**HERALD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' REPORT**

**AUDITORS**

resolution to re-appoint Ernst & Young LLP, Registered Auditors, of 1 More London Place, London SE1 2AF, as auditors of the Company will be proposed at the Annual General Meeting.

by order of the Board

F Rose  
Company Secretary

5 June 2005



**HERALD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and estimates that are reasonable and prudent; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

**INDEPENDENT AUDITOR'S REPORT TO THE**  
**MEMBERS OF HERALD INVESTMENT MANAGEMENT LIMITED**

We have audited the Company's financial statements for the year ended 31<sup>st</sup> March 2005 which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, 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 members those matters we are required to state to them in our 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 Directors' 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 Directors' remuneration and transactions with the Group 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 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Frederick & Young LLP*

Frederick & Young LLP  
Registered Auditors  
London

June 2005

**HERALD INVESTMENT MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

	<u>Notes</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
Turnover	2	4,103,459 ✓	3,530,334
Other income		378,367	56,330
Administrative expenses		(1,947,669) ✓	(1,929,164)
Non-recurring release of provisions no longer required		0	157,868
<b>OPERATING PROFIT</b>	3	<u>2,534,157</u>	<u>1,815,368</u>
Net profit on sale of investments		254,535	405,327
Interest received	5	54,510	178,996
Interest paid	5	(187,051) ✓	0
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,656,151</u>	<u>2,399,691</u>
Taxation	6	(771,945)	(651,212)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>1,884,206</u>	<u>1,748,479</u>
Dividends - Interim	7	(5,945,066)	(253,000)
Dividends - Final	7	(1,031,925)	0
<b>RETAINED PROFIT FOR THE YEAR</b>	13	<u><u>(5,092,785)</u></u>	<u><u>1,495,479</u></u>
Earnings per share	12	208.5p	170p

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit attributable to the shareholders of the Company.

The attached notes, on pages 11 to 17, form an integral part of these financial statements.



**HERALD INVESTMENT MANAGEMENT LIMITED**

**BALANCE SHEET AT 31<sup>st</sup> MARCH 2005**

	Notes	<u>2005</u>	<u>2004 (as restated)</u>
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	8	30,966	37,776
Investments	9	<u>1,985,232</u>	<u>4,288,435</u>
		2,016,198	4,326,211
<b>CURRENT ASSETS</b>			
Debtors	10	474,115	1,085,245
Cash at bank and in hand		<u>403,281</u>	<u>4,010,377</u>
		877,396	5,095,622
<b>LIABILITIES</b>			
Amounts falling due within one year	11	<u>1,818,598</u>	<u>627,067</u>
<b>NET CURRENT ASSETS</b>		(941,202)	4,468,555
<b>TOTAL ASSETS LESS LIABILITIES</b>			
		<u>1,074,996</u>	<u>8,794,766</u>
<b>EQUITY</b>			
<b>RESERVES</b>			
Called up share capital	12	872	1,012
Capital redemption reserve	13	15,193	15,053
Share premium account	13	1,045,435	1,045,435
Profit and loss account	13	13,496	7,733,266
<b>SHAREHOLDERS' EQUITY</b>	14	<u>1,074,996</u>	<u>8,794,766</u>




June 2005

Attached notes, on pages 11 to 17, form an integral part of these financial statements.

**HERALD INVESTMENT MANAGEMENT LIMITED**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

	Notes	2005 £	2004 £
Net cash inflow from operating activities	15	2,601,602	1,493,991
Returns on investments and servicing of finance			
Interest received/(paid)		(121,166)	215,114
Taxation		(682,716)	(416,147)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(9,230,379)	(26,764)
Disposal of tangible fixed assets		9,219,378	189
Payments to acquire investments		(1,019,477)	(2,766,338)
Receipt from sale of investments		3,577,214	5,712,179
Adjustment on part sale of subsidiary		0	206
Equity dividends paid		(5,945,066)	(357,200)
Financing			
Loan received		6,975,000	
Loan repaid		(6,975,000)	
Purchase of Ordinary shares		(2,006,486)	(298,480)
Decrease) / Increase in cash		<u>(3,607,096)</u>	<u>3,556,750</u>

The attached notes, on pages 11 to 17, form an integral part of these financial statements.

## **HERALD INVESTMENT MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

#### **1. ACCOUNTING POLICIES**

##### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost convention and are in accordance with applicable Accounting Standards.

In the year to March 2004 Herald Investment Management Limited reduced the share premium element when contingent nil paid shares were cancelled. In the year to March 2005 this treatment was changed and a prior year adjustment was made for the shares cancelled in the year to March 2004.

##### **FIXED ASSETS**

All fixed assets are initially recorded at cost.

##### **DEPRECIATION**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life as follows: -

Fixtures and fittings – 33 1/3% straight line.

Computer equipment is written off immediately on purchase.

Depreciation is not provided on assets with an indefinite useful life, such as decorative items. Impairment is considered annually and the amount is immaterial.

Intangible assets – 33 1/3% straight line.

##### **DEFERRED TAXATION**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

A deferred tax asset is only recognised when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the asset can be offset.

##### **LEASING COMMITMENTS**

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

##### **PENSIONS**

The Company makes payments to several employees' personal pension plans. The pension charge represents the amounts payable by the Company to these plans in respect of the year.

##### **INVESTMENTS**

Investments held for the long term are shown at cost. Permanent impairments in value are written off to the profit and loss account. Realised profits and losses are accounted for in the profit and loss account of the period in which the disposal occurs.

**HERALD INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

**1. ACCOUNTING POLICIES (cont.)**

**CONSOLIDATION**

The Company does not publish consolidated financial statements, being exempt from the requirement under S228 of the Companies Act 1985, because the Company is included in audited financial statements of HIML Holdings Ltd.

**2. TURNOVER**

The turnover and pre-tax profit are attributable to the principal activity of the Company, which is conducted wholly in the United Kingdom.

**3. OPERATING PROFIT**

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
(a) This is stated after charging:		
Directors' remuneration (see below)	395,851	374,380
Auditors' remuneration	17,631	13,350
Depreciation charge	17,812	72,419
Operating property lease rentals	120,801	144,850
(b) Directors' remuneration:		
Other emoluments (including benefits in kind)	379,351	357,880
Pension contributions	16,500	16,500
	<u>395,851</u>	<u>374,380</u>

(c) The emoluments of the highest paid director, who is also the chairman, excluding pension contributions, were £210,000 (2004: £210,000).

**4. STAFF COSTS (including directors)**

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Wages and salaries	985,698	769,793
Social security costs	115,406	107,583
Pension costs	31,960	36,319
	<u>1,133,064</u>	<u>913,695</u>

Average monthly number of employees	<u>13</u>	<u>12</u>
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**5. INTEREST**

	<u>£</u>	<u>£</u>
Bank Interest received	54,510	178,996
Bank Interest paid	<u>(187,051)</u>	<u>0</u>
Net interest received/(paid)	<u>(132,541)</u>	<u>178,996</u>

# **HERALD INVESTMENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

	<u>2005</u>	<u>2004</u>
<b>TAXATION</b>	<b>£</b>	<b>£</b>
UK Corporation tax on profits of the year	768,319	624,418
Adjustments in respect of previous periods	3,626	26,794
Tax on profit on ordinary activities	<u>771,945</u>	<u>651,212</u>

### **Factors affecting the tax charge for the period**

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK. The differences are explained below.

Profit on ordinary activities before taxation	<u>2,656,151</u>	<u>2,399,691</u>
Corporation tax at 30% (2003: 30%)	796,845	719,907
Adjusted for:		
Disallowed expenses and non-taxable income	(3,398)	(109,854)
Depreciation in excess of capital allowances	(1,468)	1,152
Other timing differences	(7,890)	(32,042)
(Profit)/loss on sale of investments	(15,770)	45,255
Under provision for prior year	3,626	26,794
Tax charge for the year	<u>771,945</u>	<u>651,212</u>

There is an unrecognised deferred tax asset of £35,989 arising from timing differences on accelerated capital allowances and general provisions.

	<u>2005</u>	<u>2004</u>
<b>DIVIDENDS</b>	<b>£</b>	<b>£</b>
Interim dividend paid	1,005,000	253,000
Second interim dividend	4,940,066	-
Final dividend payable	1,031,925	-
Total dividends for the year	<u>6,976,991</u>	<u>253,000</u>

### **FIXED ASSETS**

<i>Group and Company</i>	<i>Fixtures &amp; Fittings</i>
	<u>£</u>
<i>Cost:</i>	
At 1 <sup>st</sup> April 2004	275,911
Additions	11,002
Disposals	0
At 31 <sup>st</sup> March 2005	<u>286,913</u>
<i>Depreciation:</i>	
At 1 <sup>st</sup> April 2004	238,135
Provided during the year	17,812
On disposals	-
At 31 <sup>st</sup> March 2005	<u>255,947</u>
<i>Net book value:</i>	
At 31 <sup>st</sup> March 2005	<u>30,966</u>
At 31 <sup>st</sup> March 2004	<u>37,776</u>

# **HERALD INVESTMENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

<b>INVESTMENTS</b>	<u>Listed</u>	<u>Unlisted subsidiary</u>	<u>Other Unlisted</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost:				
Net Book Value at 31 <sup>st</sup> March 2004	1,988,240	100	2,300,095	4,288,435
Additions	644,334	142	375,000	1,019,476
Disposals	(647,679)	-	(2,675,000)	(3,322,679)
Reclassifications	0	95	(95)	0
Net Book Value at 31 <sup>st</sup> March 2005	<u>1,984,895</u>	<u>337</u>	<u>0</u>	<u>1,985,232</u>

The market value of the listed investments at 31<sup>st</sup> March 2005 was £3,070,768 (2004 - £2,857,054); if they had been sold at this value there would have been a liability to tax of £355,906 (2004 - £207,415). The listed investments include 22,500 shares in Herald Worldwide Fund which are linked to bonuses granted to certain employees.

The "Other Unlisted" category included preference shares in HIML Jersey Limited at 31<sup>st</sup> March 2005, a company with a similar setup of shareholders but one which is not part of the HIML Group. This Company is the vehicle via which the HIML shareholders invest in the Herald Ventures Limited Partnerships Venture Fund. These shares have now been transferred to HIML Holdings Ltd.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<u>Name of Company</u>	<u>Holding</u>	<u>Proportion of voting rights and shares held</u>	<u>Nature of Business</u>
<b>Subsidiary Undertakings:</b>			
Herald GP Limited	Ordinary Shares	100%	Limited Partnership General Partner
Herald GP II Limited	Ordinary Shares	100%	Limited Partnership General Partner
Herald Jersey Ventures Limited	Voting Shares	54%	Carried interest vehicle
Herald Ventures II CP Ltd	Partnership capital	70%	Carried interest vehicle
Herald Ventures Scotland (GP) Limited	Ordinary shares	100%	Limited Partnership General Partner

**HERALD INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

<b>0. DEBTORS</b>	<u>2005</u> £	<u>2004</u> £
Trade debtors	14,939	297,016
Repayments and accrued income	375,416	110,448
Called up share capital not paid	-	620,500
Amounts owed by related companies	33,785	56,388
Other debtors	49,975	893
	<u>474,115</u>	<u>1,085,245</u>

<b>1. CREDITORS: Amounts falling due within one year</b>	<u>2005</u> £	<u>2004</u> £
Trade creditors	87,167	15,987
Corporation tax payable	403,116	313,887
Other taxes and social security costs	73,132	79,266
Dividends payable	1,031,925	-
Accruals and deferred income	223,258	217,927
	<u>1,818,598</u>	<u>627,067</u>

**2. SHARE CAPITAL**

<b>Authorised:</b>	<u>2005</u> £	<u>2004</u> £
10,000,000 ordinary shares of 0.1p each	10,000	10,000
10,000 8% cumulative redeemable preference shares	15,000	15,000
10,000,000 deferred shares of 0.1p each	5,000	5,000
	<u>30,000</u>	<u>30,000</u>
<b>Issued and called up:</b>	<u>2004</u> £	<u>2005</u> £
2,175 (2004: 972,000) ordinary shares of 0.1p each, fully paid	872	972
1 (2004: 40,000) ordinary shares of 0.1p each, nil paid	-	40
	<u>872</u>	<u>1,012</u>

Weighted average number of Ordinary shares in issue during the year was 903,695 (2004: 1,028,872).

**HERALD INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2005**

**SHARE CAPITAL (continued)**

Deferred shares have no rights to dividends or votes in general meetings of the company. On liquidation the holders of deferred shares shall be entitled to the amount paid up, but only after holders of Ordinary shares have received £1,000,000 per share.

**3. RESERVES**

	Share Capital £	Capital Redemption Reserve £	Share Premium Account £
Balance at 1 <sup>st</sup> April 2004 <i>As previously reported</i>	1,012	15,053	620,435
Prior year adjustment (See note 1)			425,000
Balance at 1 <sup>st</sup> April 2004 <i>Restated</i>	1,012	15,053	1,045,435
Repurchase of nil paid shares	(40)	40	
Repurchase of shares	(100)	100	
Balance at 31 <sup>st</sup> March 2005	<u>872</u>	<u>15,193</u>	<u>1,045,435</u>

	Profit and Loss Account £
Balance at 1 <sup>st</sup> April 2004 <i>As previously reported</i>	8,158,266
Prior year adjustment (See note 1)	(425,000)
Balance at 1 <sup>st</sup> April 2004 <i>Restated</i>	7,733,266
Profit on ordinary activities after tax	1,884,206
Repurchase of fully paid shares	(2,006,485)
Repurchase of partly paid shares	(620,500)
Dividend	(6,976,991)
Balance at 31 <sup>st</sup> March 2005	<u>13,496</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2005</u> £	<u>2004</u> £
Profit for the financial year	1,884,206	1,748,479
Dividend	(6,976,991)	(253,000)
Retained profit for the year	<u>(5,092,785)</u>	1,495,479
Issue of shares	-	229,500
Repurchase of shares	(2,626,985)	(723,488)
Opening shareholders' funds	8,794,766	7,793,275
Closing shareholders' funds	<u>1,074,996</u>	<u>8,794,766</u>



**HERALD INVESTMENT MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

**5. NOTES TO THE STATEMENT OF CASH FLOWS**

	<u>2005</u>	<u>2004</u>
a) Reconciliation of operating profit to net cash inflow from operating activities	<u>£</u>	<u>£</u>
Operating profit	2,534,157	1,815,368
Depreciation charges	17,812	72,419
Increase)/decrease in debtors	(20,744)	(149,172)
Increase)/decrease in creditors	70,377	(244,624)
Net cash inflow from operating activities	<u>2,601,602</u>	<u>1,493,991</u>
b) Analysis of changes in net cash in hand and at bank	<u>£</u>	<u>£</u>
At 1 <sup>st</sup> April 2004	4,010,377	453,627
Cashflows	(3,607,096)	3,556,750
At 31 <sup>st</sup> March 2005	<u>403,281</u>	<u>4,010,377</u>

**6. FINANCIAL COMMITMENTS**

At 31<sup>st</sup> March 2005, the Company had annual commitments under one non-cancellable operating leases, which expire:

	<u>Land and buildings</u>	
	<u>2005</u>	<u>2004</u>
Less than one year	£85,000	0
Between two and five years	0	£134,850

**7. RELATED PARTY TRANSACTIONS**

The ultimate holding company and controlling party of the Company is HIML Holdings Limited, a company incorporated in England and Wales. Copies of the accounts are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

The Company has taken advantage of the exemptions in FRS 8 from disclosing related party transactions with other group companies.