
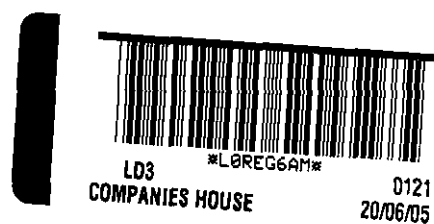


# Trilogy Development Limited

## Report and Financial Statements

30 June 2004

 ERNST & YOUNG



# Trilogy Development Limited

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Registered No: 3150228

## Directors

D Cassell  
J Liemandt  
S Fallon

## Secretary

Huntsmoor Nominees Limited

## Auditors

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

## Bankers

ABN AMRO Bank N.V.  
250 Bishopsgate  
London  
EC2M 4AA

## Solicitors

Taylor Wessing  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0DX

## Registered office

Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0DX

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2004.

### Results and dividends

The loss for the year, after taxation, amounted to £5,938. The directors do not recommend the payment of any dividends.

### Principal activities

The company acts as the UK representative of Trilogy, Inc., which deals in enterprise software sales and marketing solutions.

### Future developments

The directors do not anticipate any substantial change in the company's activities or level of trade in the foreseeable future.

### Directors

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

D Cassell

J Liemandt

S Fallon

(appointed 30 June 2004)

P Kelly

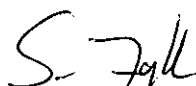
(resigned 30 June 2004)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



Director

June 3 2005

## **Statement of directors' responsibilities in respect of 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;
- 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 auditors' report**

### **to the members of Trilogy Development Limited**

We have audited the company's financial statements for the year ended 30 June 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. 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 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 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 company 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 judgements made by the directors 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.

## **Independent auditors' report**

**to the members of Trilogy Development Limited (continued)**

### **Opinion**

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

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*17 June* 2005

## Profit and loss account

for the year ended 30 June 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	3	165,180	245,456
Administrative expenses		179,103	237,426
<b>Operating (loss)/profit</b>	4	(13,923)	8,030
Interest receivable and similar income	6	60,725	49,682
Interest payable and similar charges	7	(52,472)	(40,854)
		8,253	8,828
<b>(Loss)/profit on ordinary activities before taxation</b>		(5,670)	16,858
Tax on (loss)/profit on ordinary activities	8	268	5,167
<b>(Loss)/profit retained for the financial year</b>		(5,938)	11,691

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £5,938 attributable to the shareholders for the year ended 30 June 2004 (2003 - profit of £11,691).

# Balance sheet

at 30 June 2004

	Notes	2004 £	2003 £
<b>Current assets</b>			
Debtors	9	1,168,100	1,102,173
Cash at bank		1,642	864
		<u>1,169,742</u>	<u>1,103,037</u>
<b>Creditors:</b> amounts falling due within one year	10	998,310	925,667
		<u>171,432</u>	<u>177,370</u>
<b>Net current assets</b>			
		<u>171,432</u>	<u>177,370</u>
<b>Total assets less current liabilities</b>			
		<u>171,432</u>	<u>177,370</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,000	1,000
Profit and loss account	13	170,432	176,370
		<u>171,432</u>	<u>177,370</u>
<b>Equity shareholders' funds</b>	13		
		<u>171,432</u>	<u>177,370</u>

ERNST & YOUNG

S Fallon

S Fallon  
Director

June 3 2005



## Notes to the financial statements

at 30 June 2004

### 1. Fundamental accounting concept

The company is dependent upon continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The parent company has agreed to provide sufficient funds to the company for this purpose. The directors believe that it is therefore appropriate to prepare these financial statements on a going concern basis.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention.

#### *Cash flow statement*

The company had taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

#### *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, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Operating lease agreements*

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

### 3. Turnover

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's group companies in the United States of America in respect of continuing activities.

## Notes to the financial statements

at 30 June 2004

### 4. Operating (loss)/profit

This is stated after charging/(crediting):

	2004 £	2003 £
Auditors' remuneration - audit services	5,500	5,000
- non-audit services	5,500	5,000
Operating lease rentals - land and buildings	16,052	19,094
Net loss/(profit) on foreign currency translation	26,159	(11,460)

### 5. Staff costs

	2004 £	2003 £
Wages and salaries	27,466	26,190
Social security costs	3,136	8,603
	30,602	34,793

The monthly average number of employees during the year was as follows:

	2004 No.	2003 No.
Administration	1	1

### 6. Interest receivable

	2004 £	2003 £
Interest from group undertakings	60,725	49,682

### 7. Interest payable and similar charges

	2004 £	2003 £
Interest on other loans	52,472	40,854

### 8. Taxation

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2004 £	2003 £
<i>Current tax:</i>		
UK corporation tax	-	5,057
Tax under provided in previous years	268	110
Total current tax (note 8(b))	268	5,167

## Notes to the financial statements

at 30 June 2004

### 8. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	(5,670)	16,858
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30%)	(1,701)	5,057
Adjustments in respect of previous periods	268	110
Unrealised tax losses carried forward	1,701	—
Total current tax (note 8(a))	268	5,167

### 9. Debtors

	2004 £	2003 £
Amounts owed by group undertakings	1,159,593	1,092,713
Other debtors	8,507	9,460
	<u>1,168,100</u>	<u>1,102,173</u>

### 10. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	—	1,042
Amounts owed to group undertakings	987,310	903,514
Corporation tax	—	5,167
Other creditors	—	4,877
Accruals and deferred income	11,000	11,067
	<u>998,310</u>	<u>925,667</u>

### 11. Commitments under operating leases

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2004 £	2003 £
Operating leases which expire:		
Within one year	<u>—</u>	<u>2,300</u>

# Notes to the financial statements

at 30 June 2004

## 12. Share capital

		2004 £	Authorised 2003 £
Ordinary shares of £1 each		1,000	1,000

	No.	Allotted, called up and fully paid 2004 £	No.	2003 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

## 13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 July 2002	1,000	164,679	165,679
Profit for the year	—	11,691	11,691
At 30 June 2003	1,000	176,370	177,370
Loss for the year	—	(5,938)	(5,938)
At 30 June 2004	1,000	170,432	171,432

## 14. Related party transactions

During the year, the company recharged an aggregate amount of £165,180 (2003 - £245,456) to Trilogy International Professional Services, a fellow subsidiary undertaking. These recharges were for commission income for marketing and consulting services.

During the year, the company was charged interest on outstanding balances owed to its parent undertaking, Trilogy International, Inc., at LIBOR + 1.5%, totalling £52,472 (2003 - £40,854). The company charged interest at LIBOR + 1.5% to Trilogy International Professional Services totalling £55,628 (2003 - £49,682) and Trilogy SARL totalling £5,097 (2003 - £nil). Trilogy SARL is a fellow subsidiary undertaking.

At the year end, Trilogy International Professional Services and Trilogy SARL owed the company an amount of £1,141,074 (2003 - £950,031) and £18,519 (2003 - £142,682) respectively. At the same date, the company owed its parent undertaking and Trilogy SARL an amount of £983,115 (2003 - £903,514) and £4,195 (2003 - £nil) respectively.

## 15. Ultimate parent company

The directors consider the ultimate parent undertaking and controlling party to be Trilogy, Inc., a company incorporated in the United States of America.