

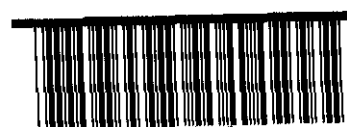
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# TRILOGY DEVELOPMENT LIMITED

Report and Financial Statements

30 June 2002

 ERNST & YOUNG



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COMPANIES HOUSE

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19/03/03

# Trilogy Development Limited

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Registered No. 3150228

## **DIRECTORS**

D Cassell  
J Liemandt  
P Kelly

## **SECRETARY**

Huntsmoor Nominees Limited

## **AUDITORS**

Ernst & Young LLP  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **BANKERS**

ABN Amro Bank N.V.  
London Headquarters  
250 Bishopsgate  
London EC2M 4AA

## **SOLICITORS**

Taylor Joynson Garrett  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London EC4Y 0DX

## **REGISTERED OFFICE**

Carmelite  
50 Victoria Embankment  
Blackfriars  
London EC4Y 0DX

# Trilogy Development Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 June 2002.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £31,049 (2001 - profit £94,669). The directors do not recommend the payment of a dividend (2001 - £nil).

### PRINCIPAL ACTIVITY

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 AND THEIR INTERESTS

The directors during the year were as follows:

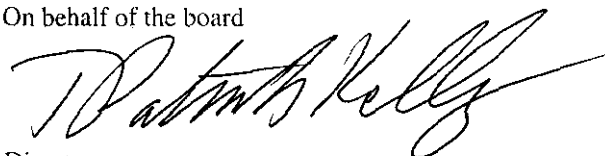
D Cassell  
J Liemandt  
P Kelly

None of the directors has any interest in the share capital of the company.

### AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



Director

18 MAR 2003

## Trilogy Development Limited

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### 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

**REPORT OF THE INDEPENDENT AUDITORS  
to the members of Trilogy Development Limited**

We have audited the company's financial statements for the year ended 30 June 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 13. 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. 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**

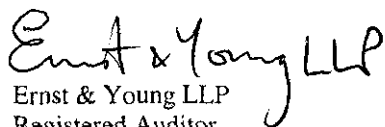
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**REPORT OF THE INDEPENDENT AUDITORS  
to the members of Trilogy Development Limited**

**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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
London

18 March 2003

# Trilogy Development Limited

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2002

	Notes	2002 £	2001 £
<b>TURNOVER</b>	3	837,288	1,370,683
Administrative expenses		(786,611)	(1,232,867)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	50,677	137,816
Taxation	6	(19,628)	(43,147)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10	31,049	94,669

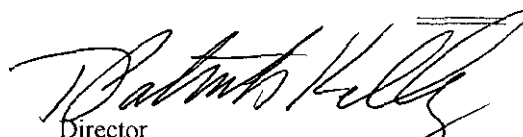
### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year.

# Trilogy Development Limited

## BALANCE SHEET at 30 June 2002

	Notes	2002 £	2001 £
<b>CURRENT ASSETS</b>			
Debtors	7	680,485	3,560,845
Cash at bank and in hand		65,117	-
		<u>745,602</u>	<u>3,560,845</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(579,923)	(3,426,215)
		<u>165,679</u>	<u>134,630</u>
<b>NET CURRENT ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	164,679	133,630
		<u>165,679</u>	<u>134,630</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10		

  
Director

18 MAR 2003



NOTES TO THE FINANCIAL STATEMENTS  
at 30 June 2002

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**

*Accounting convention*

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

*Statement of cash flows*

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows because it meets the criteria of a small company.

*Deferred Taxation*

Deferred taxation 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 right to pay less or to receive more tax with the following exception:

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 assets are 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.

*Leasing commitments*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

*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.

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 in respect of continuing activities.

# Trilogy Development Limited

## NOTES TO THE FINANCIAL STATEMENTS at 30 June 2002

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2002	2001
	£	£
Auditors' remuneration - audit services	5,000	4,900
- non-audit services	4,000	4,000
Operating lease rentals - buildings	36,149	39,384
	<u>          </u>	<u>          </u>

There was no directors' remuneration during the year.

### 5. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	402,333	732,084
Social security costs	85,184	113,270
	<u>          </u>	<u>          </u>
	487,517	845,354
	<u>          </u>	<u>          </u>

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

	2002	2001
	No.	No.
Administration	3	8
	<u>          </u>	<u>          </u>

# Trilogy Development Limited

## NOTES TO THE FINANCIAL STATEMENTS at 30 June 2002

### 6. TAXATION

(a) Analysis of charge in year:

	2002 £	2001 £
<i>Current tax</i>		
UK corporation tax on the profits for the year	16,855	43,000
Adjustments in respect of previous periods	2,773	147
Total current tax (note b)	19,628	43,147
Total tax charge for year	19,628	43,147

(b) Factors affecting tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	50,677	137,816
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30 %)	15,203	41,345
<i>Effects of:</i>		
Expenses not deductible for tax purposes and non taxable income	1,652	1,655
Adjustments in respect of previous periods	2,773	147
<b>Current tax for the year (note a)</b>	<b>19,628</b>	<b>43,147</b>

### 7. DEBTORS

	2002 £	2001 £
Amounts due from group undertakings	664,205	3,526,764
Other debtors	16,280	18,151
Pre payments and accrued income	-	15,930
	680,485	3,560,845

# Trilogy Development Limited

## NOTES TO THE FINANCIAL STATEMENTS at 30 June 2002

### 8. CREDITORS: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	40,138
Corporation tax	16,775	46,195
Amounts due to group undertakings	533,110	3,269,701
Other taxation and social security costs	-	55,431
Accruals	30,038	14,750
	<u>579,923</u>	<u>3,426,215</u>

### 9. SHARE CAPITAL

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 30 June 2000	1,000	38,961	39,961
Profit for the year	-	94,669	94,669
At 30 June 2001	1,000	133,630	134,630
Profit for the year	-	31,049	31,049
At 30 June 2002	1,000	164,679	165,679

### 11. OTHER FINANCIAL COMMITMENTS

At 31 June 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2002 £	2001 £
Operating leases which expire: within one year	6,895	-

NOTES TO THE FINANCIAL STATEMENTS  
at 30 June 2002

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking and smallest group in whose financial statements the company is consolidated is Trilogy International, Inc., a company incorporated in the United States of America.

The directors consider the ultimate parent undertaking and controlling party and largest group in whose financial statements the company is consolidated, to be Trilogy Inc., a company incorporated in the United States of America.

**13. RELATED PARTIES**

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Trilogy Inc. group.

Trilogy Inc. group financial statements are not publicly available. All of the company's turnover arises from its principal activity as the UK representative of Trilogy Inc.