

Honeyframe Software Development Limited

**Directors' report and financial
statements**

Registered number 3538502

31 March 2001



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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company is the development of computer software.

Business review

The company has continued to develop its product range. The directors expect the company to be profitable in the forthcoming year and are optimistic for the future.

Post balance sheet event

The company issued 375,000 7.5% redeemable preference shares of £1 each in June 2001.

Results and dividends

The retained loss attributable to shareholders is £333,000 (*8 month period to 31 March 2000: profit of £14,000*) and has been transferred to reserves. The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

JC Kay
EM Kilby
WD Martin
CP Preece
K Revitt
S Stott

The interests of Mr TJ Hemmings in the company's ultimate parent company, TJH Group Limited, are disclosed in the financial statements of that company.

No rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors' report *(continued)*

Directors responsibilities

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

During the year Corfields resigned as auditors and KPMG were appointed by the directors to fill a casual vacancy.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


S Stott
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

28 September 2001



Edward VII Quay
Navigation Way
Ashton-on-Ribble
PRESTON
Lancashire PR2 2YF

Report of the auditors to the members of Honeyframe Software Development Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

28 September 2001

Profit and loss account
for the year ended 31 March 2001

	Note	Year ended 31 March 2001 £000	8 months ended 31 March 2000 £000
Turnover	1	390	143
Cost of sales		(234)	(49)
		<hr/>	<hr/>
Gross profit		156	94
Administrative expenses		(469)	(87)
		<hr/>	<hr/>
Operating (loss)/profit	2	(313)	7
Net interest payable	3	(20)	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(333)	7
Tax on (loss)/profit on ordinary activities	6	-	7
		<hr/>	<hr/>
Retained (loss)/profit for the financial year	12	(333)	14
		<hr/>	<hr/>

All amounts relate to continuing activities.

There was no material difference between the reported profits and the historical cost profits of the company.

Statement of total recognised gains and losses
for the year ended 31 March 2001

The profit and loss account includes the only gains and losses of the company for the current and prior period.

Balance sheet

as at 31 March 2001

	Note	2001 £000	2000 £000	2000 £000
Fixed assets				
Intangible assets	7		119	-
Tangible assets	8		18	-
Investments	9		-	-
			<u>137</u>	<u>-</u>
Current assets				
Debtors	10	316	19	
Cash at bank and in hand		23	4	
		<u>339</u>	<u>23</u>	
Creditors: amounts falling due within one year	11	<u>(831)</u>	<u>(45)</u>	
Net current liabilities			<u>(492)</u>	<u>(22)</u>
Net liabilities			<u>(355)</u>	<u>(22)</u>
Capital and reserves				
Called up share capital	12		-	-
Profit and loss account	13		(355)	(22)
Equity shareholders' funds	14		<u>(355)</u>	<u>(22)</u>

Approved by the board of directors on 28 September 2001 and signed on its behalf by:

CP Preece
 Director



Notes to the financial statements

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

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

The financial statements have been prepared on a going concern basis. The Company is reliant on its ultimate parent undertaking for its continued support. The ultimate parent company has indicated its continued support for the foreseeable future.

The company is exempt by issue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard Number 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of TJH Group Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard Number 8, paragraph 3(c) and have not disclosed transactions with entities that are part of TJH Group Limited.

Intangible fixed assets

Goodwill arising on acquisitions represented by the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life.

Tangible fixed assets and depreciation

The cost of tangible fixed assets less their estimated residual value is written off on a straight line basis over their useful lives. The principal annual rates in use are:

Plant and machinery	-	25%
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Investments

Investments are stated at cost less provision for any impairments.

Turnover

Turnover represents the amounts (excluding VAT) derived from the provision of goods and services during the year. All turnover arises in the United Kingdom.

Notes (continued)

1 Statement of accounting policies (Continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounts purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Amounts claimed or surrendered by way of group relief are transferred at nil consideration.

2 Operating (loss)/profit

	Year ended 31 March 2001 £000	8 months ended 31 March 2000 £000
Operating (loss)/profit is stated after charging:		
Depreciation on owned assets	3	-
Auditors' remuneration	2	1
	<hr/>	<hr/>

3 Net interest payable

	Year ended 31 March 2001 £000	8 months ended 31 March 2000 £000
Interest payable		
On loans from group undertakings	20	-
	<hr/>	<hr/>

4 Staff numbers and costs

	Year ended 31 March 2001 £000	8 months ended 31 March 2000 £000
Employee costs (including directors):		
Wages and salaries	307	54
Social security costs	31	5
	<hr/>	<hr/>
	338	59
	<hr/>	<hr/>

The average number of persons employed by the company during the year (including directors) was:

	Year ended 31 March 2001 Number	8 months ended 31 March 2000 Number
Management and administration	16	3
	<hr/>	<hr/>

Notes (continued)

5 Directors' remuneration

Directors' remuneration of £108,000 (8 month period ended 31 March 2000: £8,000) includes pension contributions of £nil (8 month period ended 31 March 2000: £nil).

6 Tax on (loss)/ profit on ordinary activities

	Year ended 31 March 2001 £000	8 months ended 31 March 2000 £000
UK corporation tax at 20% (2000: 20%) on the profit for the year	-	-
Group Relief	-	(7)
	<u>-</u>	<u>(7)</u>

There is no corporation tax charge in the current year due to the taxable loss.

7 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At 1 April 2000	-
Additions	125
At 31 March 2001	<u>125</u>
<i>Amortisation</i>	
At 1 April 2000	-
Charge for the year	6
At 31 March 2001	<u>6</u>
<i>Net book value</i>	
As at 31 March 2001	<u>119</u>
As at 31 March 2000	<u>-</u>

Notes (continued)

8 Tangible fixed assets

	Plant & Machinery £000
<i>Cost</i>	
At 1 April 2000	1
Additions	21
At 31 March 2001	<u>22</u>
<i>Depreciation</i>	
At 1 April 2000	1
Charge for the year	3
At 31 March 2001	<u>4</u>
<i>Net book value</i>	
As at 31 March 2001	<u>18</u>
As at 31 March 2000	<u>-</u>

9 Fixed asset investments

	Investments £000
Cost at beginning and end of the year	<u>-</u>

The company has a subsidiary Honeyframe Cashmaster Limited, a company incorporated in England. The company holds 2 ordinary shares of £1 each, representing 100% of the issued share capital. The company is currently dormant.

10 Debtors

	2001 £000	2000 £000
Trade debtors	302	6
Other debtors	10	10
Prepayments and accrued income	4	3
	<u>316</u>	<u>19</u>

Notes (continued)

11 Creditors

	2001 £000	2000 £000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	619	18
Other taxation and social security	45	2
Accruals and deferred income	24	16
Trade creditors	143	9
	<u>831</u>	<u>45</u>

12 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>
<i>Allotted and fully paid</i>		
100 ordinary shares of £1 each	-	-
	<u> </u>	<u> </u>

13 Reserves

	Profit and loss account £000
At 31 March 2000	(22)
Loss for the year	(333)
	<u> </u>
At 31 March 2001	(355)

14 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
(Loss)/profit for the financial year	(333)	14
	<u> </u>	<u> </u>
Net addition to shareholders funds	(333)	14
Shareholders' funds at beginning of year	(22)	(36)
	<u> </u>	<u> </u>
Shareholders' funds at end of year	(355)	(22)

Notes (continued)

15 Related party transactions

The amount owed to group companies at the balance sheet date was £619,000 (2000: £18,000) being a loan from Guild Ventures Limited.

16 Post balance sheet event

The company issued 375,000 7.5% redeemable preference shares of £1 each in June 2001.

17 Ultimate parent company

The ultimate parent company is TJH Group Limited, a company registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by TJH Group Limited. The consolidated financial statements of TJH Group Limited are available to the public and may be obtained from:

The Registrar of Companies
Companies House
Crown Way
CARDIFF
CF14 3UZ