

Honeyframe Software Development Limited

**Directors' report and financial
statements**

Registered number 3538502

31 March 2002



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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2002.

Principal activities

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

Business review

The directors are satisfied with the results for the year.

Results and dividends

The retained loss attributable to shareholders is £203,000 (2001: loss of £333,000) 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	
WD Martin	
CP Preece	
S Stott	
EM Kilby	(resigned on 27 February 2002)
K Revitt	(resigned on 27 February 2002)

The directors who held office during the year had the following interests in the ordinary shares of the Company according to the register of directors' interests:

	Class of share	Interest at beginning and end of year Number
Mr CP Preece	Ordinary "B" shares	13
Mr WD Martin	Ordinary "B" shares	12

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

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually.

Following the year end the business of KPMG was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 17 October 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

By order of the board


S Stott
Director

23/1/03

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

29 January 2003



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

Independent auditor's report to the members of Honeyframe Software Development Limited

We have audited the financial statements on pages 4 to 12.

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 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.

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

KPMG LLP
Chartered Accountants
Registered Auditor

29/01/2003

Profit and loss account

for the year ended 31 March 2002

	Note	2002 £000	2001 £000
Turnover	1	722	390
Cost of sales		(363)	(234)
Gross profit		359	156
Administrative expenses		(531)	(469)
Operating loss	2	(172)	(313)
Net interest payable	3	(23)	(20)
Loss on ordinary activities before taxation		(195)	(333)
Tax on loss on ordinary activities	6	(8)	-
Retained loss for the financial year	15	(203)	(333)

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 2002

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 2002

	Note	2002		2001	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	7		94		119
Tangible assets	8		23		18
Investments	9		-		-
			<u>117</u>		<u>137</u>
Current assets					
Stock	10	69		-	
Debtors	11	251		316	
Cash at bank and in hand		-		23	
		<u>320</u>		<u>339</u>	
Creditors: amounts falling due within one year	12	(612)		(831)	
Net current liabilities			(292)		(492)
Provisions for liabilities and charges	13		(8)		-
Net liabilities			<u>(183)</u>		<u>(355)</u>
Capital and reserves					
Called up share capital	14		375		-
Profit and loss account	15		(558)		(355)
Equity shareholders' funds	15		<u>(183)</u>		<u>(355)</u>

Approved by the board of directors on 29 January 2003 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.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, including all relevant overhead expenditure, and net realisable value.

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 loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting 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

	2002 £000	2001 £000
<i>Operating loss is stated after charging:</i>		
Depreciation on owned assets	7	3
Auditors' remuneration	2	2
	<hr/>	<hr/>

3 Net interest payable

	2002 £000	2001 £000
<i>Interest payable</i>		
On loans from group undertakings	23	20
	<hr/>	<hr/>

4 Staff numbers and costs

	2002 £000	2001 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	300	307
Social security costs	31	31
	<hr/>	<hr/>
	331	338
	<hr/>	<hr/>

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

	2002 Number	2001 Number
Management and administration	11	16
	<hr/>	<hr/>

Notes (continued)

5 Directors' remuneration

Directors' remuneration of £111,000 (2001: £108,000) includes pension contributions of £nil (2001: £nil).

6 Tax on loss on ordinary activities

	2002 £000	2001 £000
UK corporation tax at 30% (2001: 30%) on the loss for the year	-	-
Deferred tax – adjustment in relation to prior years	8	-
	<u>8</u>	<u>-</u>
	2002 £000	2001 £000
Loss on ordinary activities before taxation	(195)	(333)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	<u>(59)</u>	<u>(100)</u>
Effects of:		
Group relief surrendered to fellow group companies	57	97
Expenses not deductible for tax purposes	2	3
	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

Notes (continued)

7 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At 1 April 2001	125
Additions	-
At 31 March 2002	125
<i>Amortisation</i>	
At 1 April 2001	6
Charge for the year	25
At 31 March 2002	31
<i>Net book value</i>	
As at 31 March 2002	94
As at 31 March 2001	119

8 Tangible fixed assets

	Plant & machinery £000
<i>Cost</i>	
At 1 April 2001	22
Additions	12
At 31 March 2002	34
<i>Depreciation</i>	
At 1 April 2001	4
Charge for the year	7
At 31 March 2002	11
<i>Net book value</i>	
As at 31 March 2002	23
As at 31 March 2001	18

Notes (continued)

9 Fixed asset investments

Investments
 £000

Cost at beginning and end of the year

-

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 Stock

2002
 £000

2001
 £000

Goods for resale

69

-

11 Debtors

2002
 £000

2001
 £000

Trade debtors

230

302

Other debtors

10

10

Prepayments and accrued income

11

4

251

316

12 Creditors

2002
 £000

2001
 £000

Amounts falling due within one year:

Amounts owed to group undertakings

298

619

Other taxation and social security

27

45

Accruals and deferred income

19

24

Trade creditors

230

143

Loans and overdraft

38

-

612

831

13 Provisions for liabilities and charges

The amounts provided for deferred taxation are as follows:

2002
 £000

2001
 £000

Accelerated capital allowances

8

-

Notes (continued)

14 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
750 ordinary 'A' shares of £1 each	750	750
250 ordinary 'B' shares of £1 each	250	-
	<u>1,000</u>	<u>750</u>
<i>Allotted and fully paid</i>		
75 ordinary 'A' shares of £1 each	75	75
25 ordinary 'B' shares of £1 each	25	25
	<u>100</u>	<u>100</u>
<i>Authorised</i>		
375,000 redeemable shares of £1 each	375,000	-
<i>Allotted and fully paid</i>		
375,000 redeemable preference shares of £1 each	375,000	-

15 Reserves

	Profit and loss account £000
At 31 March 2001	(355)
Loss for the year	(203)
At 31 March 2002	<u>(558)</u>

16 Reconciliation of movement in shareholders' funds

	2002 £000	2001 £000
Loss for the financial year	(203)	(333)
Issue of preference shares	375	-
Net addition/(reduction) to shareholders funds	172	(333)
Shareholders' funds at beginning of year	(355)	(22)
Shareholders' funds at end of year	<u>(183)</u>	<u>(355)</u>

Notes *(continued)*

17 Related party transactions

The amount owed to group companies at the balance sheet date was £288,000 (2001: £619,000) being a loan from Guild Ventures Limited.

18 Contingent liabilities

The company is party to group banking arrangements for TJH Group Limited. Consequently it is jointly and severally liable for the loans and overdrafts of TJH Group Limited and certain of its subsidiary undertakings. At 31 March 2002 the liability under this guarantee amounted to £203,710,000 (2001: £145,531,000).

19 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