

3775703

TM Property Service Limited

Abbreviated Financial Statements

Year Ended

31 December 2002



BDO Stoy Hayward
Chartered Accountants

TM PROPERTY SERVICE LIMITED

Report and financial statements for the year ended 31 December 2002

Contents

Directors and other company details

Page:

1	Report of the directors
2	Balance sheet
3	Notes forming part of the financial statements

Directors

S Foster
M Williams
R Scarff
H Hill
I Laing

Secretary and registered office

W Hodson, Ailesbury Court, High Street, Marlborough, Wilts. SN8 1AA

Company number

3775703

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

TM PROPERTY SERVICE LIMITED

Report of the independent auditors

Independent auditors' report to TM Property Service Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements of TM Property Service Limited for the year ended 31 December 2002 on pages 3 to 7 together with the financial statements of the company for the year ended 31 December 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements on pages 3 to 7 are properly prepared in accordance with those provisions.

Other information

On 6 January 2004 we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report included the following paragraph:

TM PROPERTY SERVICE LIMITED

Report of the independent auditors (*Continued*)

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's dependence on continued growth to generate sufficient cash flows to remain a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date *29 January 2004*

TM PROPERTY SERVICE LIMITED

Balance sheet at 31 December 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	2		986,975		749,688
Investments	3		573,738		573,738
			<u>1,560,713</u>		<u>1,323,426</u>
Current assets					
Debtors		318,677		2,230,398	
Cash at bank and in hand		253,952		541,151	
		<u>572,629</u>		<u>2,771,549</u>	
Creditors: amounts falling due within one year		<u>963,123</u>		<u>941,901</u>	
Net current (liabilities)/assets			<u>(390,494)</u>		<u>1,829,648</u>
Total assets less current liabilities			<u>1,170,219</u>		<u>3,153,074</u>
Capital and reserves					
Called up share capital	4		5,912,641		5,912,641
Share premium account	4		3,996,322		3,996,322
Profit and loss account			(8,738,744)		(6,755,889)
Shareholders' funds - equity			<u>1,170,219</u>		<u>3,153,074</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on

5 January 2004.

S Foster
Director



The notes on pages 4 to 7 form part of these financial statements

TM PROPERTY SERVICE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002

1 Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies applied during the year are as follows:

Going concern

The company's ability to continue trading is dependent on continued growth in turnover up to a level which will produce profits to generate sufficient positive cash flows. The directors are confident that sufficient cash flows will be generated and accordingly, consider it appropriate that these financial statements are prepared on a going concern basis. In the event that additional working capital were required, the directors would need to raise additional external finance.

The financial statements do not include any adjustments that would result if the company were unable to generate sufficient cash flows from operations or from raising finance.

Cash flow statement

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No. 1 "Cash flow statements".

Goodwill and intangible assets

Goodwill arising on the acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the net assets acquired.

The resulting goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full year following acquisition, and in other years if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided on tangible fixed assets to write off the cost or valuation, less estimated residual values, over their estimated useful lives on a straight line basis at the following principal rates per annum:

Operating licences	- over the life of the assets
Purchased goodwill	- 50%
Computer equipment	- 33 $\frac{1}{3}$ %
Computer software	- Over a 3 to 7 year period

TM PROPERTY SERVICE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over the period the company expects to benefit from the expenditure. Development costs comprising computer software are included in fixed assets.

Leased assets

Assets acquired under finance leases are capitalised and written off over the shorter of their useful lives and the terms of the lease. The interest element of the lease charges is apportioned over the period of the lease on the basis of the rate implicit in the lease. Operating lease rentals are charged to the profit and loss account in the year to which they relate.

Pension costs

The company contributes an amount based on the basic salary of each staff members to a private pension of their choice. These amounts are charged to the profit and loss account as incurred.

Share option incentive scheme

A charge is made to the profit and loss account and a reserve created in capital and reserves to record the fair value of shares conditionally awarded under the share option incentive plan in accordance with UITF Abstract 17.

TM PROPERTY SERVICE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

1 Accounting policies (*Continued*)

Employee benefit trust

The company is deemed to have control over the assets, liabilities, income and costs of its Employee Benefit Trust ("EBT"). It has therefore been included in the accounts of the company in accordance with UITF 13.

The ordinary shares of the company held by the EBT are included in fixed asset investments and are written down to the option price over the minimum period of service to which the conditions attached to the shares relate.

The EBT has no external borrowings.

2 Fixed assets

£

Tangible fixed assets

Cost

At 1 January 2002	911,008
Additions	511,154
Disposals	(11,500)
	<hr/>
At 31 December 2002	1,410,662
	<hr/>

Depreciation

At 1 January 2002	161,320
Provided in the year	262,367
	<hr/>
At 31 December 2002	423,687
	<hr/>

Net book value

At 31 December 2002	986,975
	<hr/>
At 31 December 2001	749,688
	<hr/>

Intangible fixed assets

The company has fully amortised goodwill with a historic cost of £470,000.

TM PROPERTY SERVICE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

3 Fixed assets investments – own shares

	Shares held in trust Number	Net book value £
At 1 January 2002 and at 31 December 2002	573,738	573,738

On 2 March 2001 the company's Employee Benefit Trust ("EBT") was established. On this date the company entered into an interest free unsecured loan with the EBT for £573,738. The Trustees of the EBT hold indirectly 573,738 £1 ordinary shares in the company at par value.

At 31 December 2002 options had been granted over 252,962 of the shares held by the EBT (2001 - 252,962 options).

The company is deemed to have control over the assets, liabilities, income and costs of its EBT and it has therefore been consolidated in the accounts of the company in accordance with UITF 13.

No write downs in the fixed assets investments have been required.

4 Share capital

	2002 Number	2001 Number	Authorised 2002 £	2001 £
Ordinary shares of £1 each	10,795,836	10,795,836	10,795,836	10,795,836
Deferred shares of £1 each	1,704,164	1,704,164	1,704,164	1,704,164
	12,500,000	12,500,000	12,500,000	12,500,000
	2002 Number	2001 Number	Allotted and called up 2002 £	2001 £
Ordinary shares of £1 each	4,208,477	4,208,477	4,208,477	4,208,477
Deferred shares of £1 each	1,704,164	1,704,164	1,704,164	1,704,164
	5,912,641	5,912,641	5,912,641	5,912,641

Under the terms of an agreement between the company and its major shareholder, Countrywide Assured Group Plc, ("CAG") on the listing or sale of the company, CAG can require additional shares to be issued to it at par value, the number of which is dependent on the valuation of the company at certain future dates.