

**Interactive Hotel Services Limited**

**Directors' report and financial  
statements**

**Registered number 4033274**

**31 March 2002**



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## Directors' report

The directors present their annual report and the audited financial statements of Interactive Hotel Services Limited for the year ended 31 March 2002.

### Principal activities and business review

The company operates as a holding company for the Quadriga business of the Carmelite Capital Limited group.

### Directors

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

F S Duncan	(resigned 19 December 2001)
M Fresson	
C M Rowlinson	(appointed 1 August 2001)
M L Simpson	(resigned 1 August 2001)

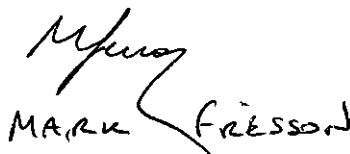
None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

### Auditors

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

On behalf of the board



MARK FRESSON

Director

Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0DX

Date: 30/1/2003

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- 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.



**KPMG Audit Plc**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Report of the independent auditors to the members of Interactive Hotel Services 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 Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

*31 January 2003*

**Profit and loss account**  
*for the year ended 31 March 2002*

		Year ended 31 March 2002 £	9 month period ended 31 March 2001 £
Loan interest payable	<i>Note</i>	(1,682)	(788)
<b>Loss on ordinary activities before taxation</b>		<b>(1,682)</b>	<b>(788)</b>
Tax on loss on ordinary activities	4	-	-
<b>Retained loss for the financial period</b>		<b>(1,682)</b>	<b>(788)</b>

All results relate to continuing operations.

There is no material difference between the result on a historical cost basis and that described in the profit and loss account.

The company has no recognised gains or losses other than the result retained for the period.

**Balance sheet**  
 at 31 March 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Investments	5	50,000	12,500
<b>Current assets</b>			
Cash at bank		1,000	-
<b>Total assets</b>		<u>51,000</u>	<u>12,500</u>
<b>Creditors: loans falling due after more than one year</b>	6	<u>(52,470)</u>	<u>(13,288)</u>
<b>Net liabilities</b>		<u>(1,470)</u>	<u>(788)</u>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Profit and loss account	8	(2,470)	(788)
Warrant reserve	8	1,000	-
<b>Shareholder's deficit - equity</b>		<u>(1,470)</u>	<u>(788)</u>

These financial statements were approved by the board of directors on 30/1/2003 and were signed on its behalf by:



Director ' MARK FRESSON

**Reconciliation of movements in shareholder's funds**  
*for the year ended 31 March 2002*

	Year ended 31 March 2002 £	9 month period ended 31 March 2001 £
Loss for the financial period	(1,682)	(788)
Warrants issue settlement	1,000	-
New share capital subscribed	-	-
	<hr/>	<hr/>
Net reduction in shareholder's funds	(682)	(788)
Opening shareholder's (deficit)/funds	(788)	-
	<hr/>	<hr/>
Closing shareholder's deficit	(1,470)	(788)
	<hr/>	<hr/>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements. There is no impact on the results and net assets of the company arising from the adoption of these accounting standards.

#### ***Basis of preparation***

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

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carmelite Capital Limited, a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Carmelite Capital Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Carmelite Capital Limited group (or investees of the group qualifying as related parties). The consolidated financial statements of Carmelite Capital Limited, within which this company is included, can be obtained from the address given in note 10.

#### ***Investments***

In the company's financial statements, investments in subsidiary undertakings, are stated at cost less any amounts written off.

#### ***Taxation***

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Warrants***

Where warrants are in issue, which give the holder the option to receive cash or shares, the amount is shown as a liability. Where the amount due under the cash option is calculated by reference to the market value per share on the exercise date, the liability included in the balance sheet is based on the director's best estimate of the open market value of the issuing company.

## Notes (continued)

### 2 Auditors remuneration

The audit fees of the company were borne by Quadriga Worldwide Limited, a subsidiary undertaking.

### 3 Remuneration of directors and staff numbers and costs

No director received any remuneration during the period in respect of services to the company.

The company employs no staff.

### 4 Taxation

	Year ended 31 March 2002 £	9 month period ended 31 March 2001 £
UK Corporation tax	-	-

The current tax charge for the period is higher (2001: higher) than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	Year ended 31 March 2002 £	7 month period ended 31 March 2001 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,682)	(788)
Current tax at 30% (2001: 30%)	(504)	(236)
<i>Effect of:</i>		
Unutilised tax losses	504	236
Total current tax charge (see above)	-	-

#### Factors that may affect future tax charges

The company has the following timing differences which may give rise to reduced tax charges in the future:

#### a) Tax losses

Tax losses as at 31 March 2002 amounted to £2,470 (£741 tax value) which are available for offset against future income. No deferred tax asset has been recognised in respect of these losses as the ability of the company to obtain tax relief is dependant on suitable profits arising in the future, which cannot be estimated with sufficient certainty.

## Notes (continued)

### 5 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost and net book value</b>	
At beginning of year	12,500
Additions	37,500
	<hr/>
At end of year	50,000
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On 15 March 2002, the company's interest in 50,000 25p part paid cumulative redeemable preference shares in Interactive Hotel Services Holdings plc was fully paid up.

The undertakings in which the company has a direct or an indirect interest at the period end are as follows:

	Country of incorporation	Class and percentage of shares held	
Quadriga Worldwide Limited	England	Ordinary	100
Quadriga EMEA Limited	England	Ordinary	100
Quadriga Interactive Systems Limited	England	Ordinary	100
Quadriga Benelux BV	Netherlands	Ordinary	100
Quadriga Belgium NS/SA	Belgium	Ordinary	100
Quadriga Danmark AS	Denmark	Ordinary	100
Quadriga Norge AS	Norway	Ordinary	100
Quadriga Finland OY	Finland	Ordinary	100
Quadriga Svenska AB	Sweden	Ordinary	100
Quadriga France SAS	France	Ordinary	100
Quadriga Greece Hotel Technologies SA	Greece	Ordinary	100
Quadriga Poland SP z.o.o	Poland	Ordinary	100
Quadriga Suisse SA	Switzerland	Ordinary	100
Quadriga Espana SA	Spain	Ordinary	100
Quadriga Italia Spa	Italy	Ordinary	100
Quadriga Deutschland GmbH	Germany	Ordinary	100
Quadriga Romania SRL	Romania	Ordinary	100

The principal activity of the subsidiary undertakings set out above is the supply of equipment and software enabling the provision of in-room technology based services to hotels and similar services to other markets across Europe.

## Notes (continued)

### 5 Fixed asset investments (continued)

The following subsidiary undertakings are either a holding company or are dormant:

<i>Subsidiary undertakings</i>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Class and percentage of shares held</b>
Interactive Hotel Services Holdings plc *	Holding company	England	Ordinary 67 Preference shares 100
Quadriga Holdings Limited	Holding company	England	Ordinary 100
Quadriga Overseas Holdings Limited	Holding company	England	Ordinary 100
Quadriga UK Limited	Dormant	England	Ordinary 100
Quadriga Holdings BV	Holding company	Netherlands	Ordinary 100
Thorn France Holdings SAS	Holding company	France	Ordinary 100
Quadriga Technology Limited	Dormant	England	Ordinary 100
Thorn France SAS	Dormant	France	Ordinary 100
Visca GP SA	Dormant	France	Ordinary 100
Quadriga Continental Europe SNC	Dormant	France	Ordinary 100
Handelmaatschappij Netto BV	Dormant	Netherlands	Ordinary 100

\* denotes investment held directly by the company at 31 March 2002.

### 6 Creditors: loans falling due after more than one year

Loans falling due after more than one year comprise unsecured loan notes plus interest accruing at 11% which have a maturity date of 6 September 2010.

The loan notes were originally issued to Nomura International plc. On 27 March 2002, the interest of Nomura International plc in the loan notes was contributed to Terra Firma Capital Partners I, an English Limited Partnership, acting through its general partner, Terra Firma Investments (GP) Limited, a company registered in Guernsey.

### 7 Called up share capital

	<b>2002 £</b>	<b>2001 £</b>
<i>Authorised</i>		
Equity: 100,000 ordinary shares of 1 pence each	<b>1,000</b>	1,000
<i>Allotted, called up and fully paid</i>		
Equity: 1 ordinary share of 1 pence	-	-

## Notes (continued)

### 8 Reserves

	Warrant reserve £	Profit and loss account £
At beginning of year	-	(788)
Retained loss for the year	-	(1,682)
Warrant issue settlement	1,000	-
	<hr/>	<hr/>
At end of year	1,000	(2,470)
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### 9 Warrants

Warrants exercisable at a strike price of 1 pence, originally issued to Nomura International Plc, were transferred to Terra Firma Investments (GP) Limited on 27 March 2002. The warrants are for cash settlement or the issue of one ordinary share per warrant. Upon exercise of the warrants, if the cash settlement has been selected, the cash settlement amount per warrant shall be the excess (if any) of the open market value of an ordinary share in the company over the cost to subscribe at par for an ordinary share. The number of warrants outstanding as at 31 March 2002 was 99,999 (2001: 99,999).

The directors consider that the value of the warrants at the balance sheet date is £nil and no cash settlement is currently anticipated. Accordingly, no liability in respect of these warrants has been recognised as at 31 March 2002.

### 10 Related party disclosures

Nomura International plc is a related party by virtue of the fact that during the year ended 31 March 2002 the Nomura group of companies had the ability to exercise a controlling influence over the company and its group through its holding of warrants to subscribe for ordinary shares in the company.

On 25 July 2000 Nomura International plc was issued 99,999 warrants in respect of the £0.01 ordinary shares of the company at a subscription price of £0.01 per warrant. The number of warrants outstanding as at 31 March 2002 was 99,999.

Up to 27 March 2002 the company had issued to Nomura International plc £50,000 in subordinated loan notes bearing interest at a rate of 11% per annum. £2,470 has been accrued as interest payable on the loan notes up to the year end.

On 27 March 2002, the interest of Nomura International plc in the warrants and the subordinated loan notes, was contributed to Terra Firma Capital Partners I, an English Limited Partnership, acting through its general partner Terra Firma Investments (GP) Limited, a company registered in Guernsey. These entities are also considered to be related parties.

**Notes** *(continued)*

**11 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The directors regard Terra Firma Capital Partners Holdings Limited, a company incorporated in Jersey, as the ultimate controlling party and the ultimate parent entity.

Carmelite Capital Limited is the parent of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of their accounts are available to the public and may be obtained from Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX.

Prior to 27 March 2002 the Nomura group of companies, of which Nomura International plc is the principal UK subsidiary, had the ability to exercise a controlling influence over Interactive Hotel Services Limited (see Note 10).