

ANDROMEDA TELEMATICS HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2006

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ANDROMEDA TELEMATICS HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 9
The following pages do not form part of the financial statements	
Detailed profit and loss account	11
Notes to the detailed profit and loss account	12

ANDROMEDA TELEMATICS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

D H Burford
K A Dunlop
C E Glasow
S J Glasow
K Henman
C S Sexton
AUB Secretaries Limited

COMPANY SECRETARY

S J Glasow

REGISTERED OFFICE

Tec 6, Byfleet Technical Centre
Byfleet
Surrey
KT14 7JX

AUDITOR

Menzies Bolton Colby
Chartered Accountants
& Registered Auditors
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

BANKERS

Lloyds TSB Bank Plc
32 Commercial Way
Woking
Surrey
GU21 1ER

ANDROMEDA TELEMATICS HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2006	At 1 April 2005
D H Burford	Ordinary Shares of £1 each	-	50
	Ordinary Class A Shares of 1p each	5,000	-
K A Dunlop	Ordinary Shares of £1 each	-	10
	Ordinary Class A Shares of 1p each	10,000	-
C E Glasow	Ordinary Shares of £1 each	-	920
	Ordinary Class A Shares of 1p each	920,000	-
S J Glasow		-	-
K Henman	Ordinary Shares of £1 each	-	10
	Ordinary Class A Shares of 1p each	10,000	-
C S Sexton		-	-

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 that 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. The directors 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

A resolution to re-appoint Menzies Bolton Colby as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ANDROMEDA TELEMATICS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Tec 6, Byfleet Technical Centre
Byfleet
Surrey
KT14 7JX

Signed by order of the directors



S J Glasow
Company Secretary

Approved by the directors on 12/07/06

ANDROMEDA TELEMATICS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ANDROMEDA TELEMATICS HOLDINGS LIMITED

YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Andromeda Telematics Holdings Limited for the year ended 31 March 2006 on pages 5 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 AUDITOR

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These conditions indicate the existence of an uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY
12/7/06

Menzies Bolton Colby
MENZIES BOLTON COLBY
Chartered Accountants
& Registered Auditors

ANDROMEDA TELEMATICS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER		-	-
Administrative expenses		25	91
OPERATING LOSS	2	(25)	(91)
Interest receivable		8	53
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(17)	(38)
LOSS FOR THE FINANCIAL YEAR		(17)	(38)

The notes on pages 8 to 10 form part of these financial statements.

ANDROMEDA TELEMATICS HOLDINGS LIMITED

BALANCE SHEET

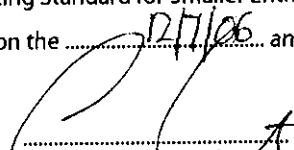
31 MARCH 2006

	Note	2006 £	£	2005 £	£
FIXED ASSETS					
Investments	3		264,000		264,000
CURRENT ASSETS					
Debtors	4	-		5,240	
Cash at bank		300		322	
		<u>300</u>		<u>5,562</u>	
CREDITORS: Amounts falling due within one year	5	<u>172,997</u>		<u>5,502</u>	
NET CURRENT (LIABILITIES)/ASSETS			(172,697)		60
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>91,303</u>		<u>264,060</u>
CREDITORS: Amounts falling due after more than one year	6		<u>77,260</u>		<u>250,000</u>
			<u>14,043</u>		<u>14,060</u>
CAPITAL AND RESERVES					
Called-up equity share capital	8		10,001		1,001
Profit and loss account	9		4,042		13,059
SHAREHOLDERS' FUNDS			<u>14,043</u>		<u>14,060</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 27/06 and are signed on their behalf by:


C E Glasow


C S Sexton

ANDROMEDA TELEMATICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The subsidiary company has committed to repay the loan on behalf of the company within the next 12 months.

The directors are currently negotiating renewal of the loan facilities or further external refinancing and are confident that finance will be available from such sources. However, the directors have committed to support the company in the event that insufficient external funds are available to make the necessary debt repayments as they fall due. The directors, therefore, consider that the preparation of the accounts on a going concern basis is appropriate.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING LOSS

Operating loss is stated after charging:

	2006 £	2005 £
Directors' emoluments	—	—

3. INVESTMENTS

Investment in subsidiary undertaking

	£
COST	
At 1 April 2005 and 31 March 2006	264,000
NET BOOK VALUE	
At 31 March 2006	264,000
At 31 March 2005	264,000

The company owns 100% of the issued share capital of the companies listed below,

	2006 £	2005 £
Aggregate capital and reserves		
Andromeda Telematics Limited	77,045	6,753
Profit and (loss) for the year		
Andromeda Telematics Limited	70,292	3,536

4. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	—	5,240

ANDROMEDA TELEMATICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

5. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	167,500	-
Other taxation	3,747	3,752
Other creditors	1,750	1,750
	<u>172,997</u>	<u>5,502</u>

The bank loan is secured by composite guarantee and debenture dated 12 November 2001 over the company's assets.

6. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	-	250,000
Amounts owed to group undertakings	77,260	-
	<u>77,260</u>	<u>250,000</u>

7. RELATED PARTY TRANSACTIONS

The company was under the control of Mr C E Glasow throughout the current and previous year. Mr C E Glasow is the managing director and majority shareholder.

At the balance sheet date £77,260 (2005: (£5,241)) was due to Andromeda Telematics Limited.

In consideration of making a bank loan of £167,500, Ahli United Bank (UK) Plc have been granted warrants by the company which if exercised would result in 25% of the fully diluted equity share capital being issued to them.

8. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
1,000,000 Ordinary shares of £1 each	-	1,000,000
50,000,000 Ordinary Class A shares of £0.01 each	500,000	-
50,000,000 Ordinary Class B shares of £0.01 each	500,000	-
1 Deferred Ordinary shares of £1 each	1	1
	<u>1,000,001</u>	<u>1,000,001</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	-	-	1,000	1,000
Ordinary Class A shares of £0.01 each	1,000,000	10,000	-	-
Deferred Ordinary shares of £1 each	1	1	1	1
	<u>1,000,001</u>	<u>10,001</u>	<u>1,001</u>	<u>1,001</u>

On the 31 March 2006 the authorised share capital of the company was subdivided from 1,000,000 shares of £1 each into 50,000,000 Class A shares of 1p each and 50,000,000 Class B shares of 1p each.

On the 28 March 2006 a bonus issue of shares took place in the form of 9 shares issued for each 1 ordinary share held. The bonus issue took place out of the companies retained profits.

ANDROMEDA TELEMATICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

9. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	13,059	13,097
Loss for the financial year	(17)	(38)
Capitalisation of reserves	(9,000)	-
Balance carried forward	<u>4,042</u>	<u>13,059</u>