

**THUNDERHEAD LIMITED**

**Directors' Report  
and  
Financial Statements**

**31st December 2003**



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Thunderhead Limited

COMPANY INFORMATION

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Directors: G R Manchester  
A J Copleston  
P A Milton

Secretary: A J Copleston

Registered Office: Anvil Court  
Denmark Street  
Wokingham  
Berkshire  
RG40 2BB

Auditors: Deloitte & Touche  
Abbots House  
Abbey Street  
Reading  
RG1 3BD

Bankers: Barclays Bank plc  
Corporate Business Centre  
Onslow Hall  
The Little Green  
Richmond upon Thames  
Surrey  
TW9 1WB

Company Number: 4303041

# Thunderhead Limited

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2003

The directors present their annual report and the financial statements of the company for the year ended 31st December 2003.

### Principal activity

The principal activity of the company is the development, sale and support of computer software for the document and correspondence output market.

### Dividends

No dividend will be paid for the period.

### Directors and their interests

The directors of the company are shown on page 3.

The beneficial interests of the directors in office at the balance sheet date in the issued share capital of the company were as follows:

	Ordinary Shares of £1 each	
	At 31st December 2003	At 1st January 2003
G R Manchester	806,668	806,668
A J Copleston	-	-
P R Milton	-	-

### Small Company Exemptions

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

By Order of the Board

  
A J COPLESTON  
Secretary

6th May 2004

## Thunderhead Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2003

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 to ensure that the accounts comply with the Companies Act 1985. They 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.

# Thunderhead Limited

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2003

	Notes	2003 £	2002 £
TURNOVER	2	43,098	-
Cost of Sales		(3,562)	-
GROSS PROFIT		39,536	-
Administrative expenses		(876,767)	(397,285)
Operating loss		(837,231)	(397,285)
Interest receivable and similar income		24,534	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(812,697)	(397,285)
Taxation	5	106,000	68,500
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(706,697)	(328,765)
Dividends paid		-	-
RETAINED DEFICIT FOR THE FINANCIAL PERIOD		£(706,697)	£(328,765)

The results shown above arose wholly from continuing operations

## STATEMENT OF RECOGNISED GAINS AND LOSSES

The results included in the Profit and Loss account represent the only recognised gains and losses for the period.

The notes on pages 8 to 13 form an integral part of these financial statements.

Thunderhead Limited

BALANCE SHEET

AT 31ST DECEMBER 2003

	Notes	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible Assets	6		9,681		15,221
CURRENT ASSETS					
Debtors and prepayments	7	1,096,433		480,357	
Cash at bank and in hand		706,180		14,865	
		<u>1,802,613</u>		<u>495,222</u>	
CREDITORS					
Amounts falling due within one year	8	(2,041,108)		(32,560)	
NET CURRENT (LIABILITIES)/ASSETS			(238,495)		462,662
NET (LIABILITIES)/ASSETS			<u>£(228,814)</u>		<u>£477,883</u>
Financed by:					
CAPITAL AND RESERVES					
Called up share capital	10		806,668		806,668
Profit and loss account	12		(1,035,482)		(328,785)
EQUITY SHAREHOLDERS' FUNDS	13		<u>£(228,814)</u>		<u>£477,883</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

1. In the opinion of the directors for the year in question the company was entitled to the exemption conferred by section 249A, subsection (1).
2. No notice has been deposited under section 249B, subsection (2) in relation to these accounts.
3. The directors acknowledge their responsibilities for:
  - a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
  - b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors on 6th May 2004

G R MANCHESTER

A J COPLESTON

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Directors

The notes on pages 8 to 13 form an integral part of these financial statements.

1. **Accounting policies**

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

a) **Basis of Preparation**

The accounts have been prepared under the historical cost accounting rules.

b) **Turnover**

Turnover represents the value of goods sold and services provided in connection with the activities of the company.

c) **Research and Development**

Expenditure on research and development is charged to profit and loss in the period in which it is incurred.

d) **Tangible Fixed Assets**

Tangible fixed assets are included at cost. They are depreciated at rates calculated to write off the cost of assets over their estimated useful lives in equal annual instalments as follows:

Computer equipment	- 33.33% per annum
Office equipment, fixtures and fittings	- 25% per annum

e) **Deferred Taxation**

Deferred tax assets and liabilities are not provided for in these financial statements.

Deferred tax will be provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. This will be introduced when there is firm evidence that the company will make sufficient taxable profits in the future for the reversal of the timing difference to affect the amount of tax actually paid.

f) **Pension Contributions**

The company does not operate a pension scheme but makes contributions to the personal pension plans of its employees. Contributions are charged to the profit and loss account as they arise.

2. **Turnover**

Turnover is attributable to the principal activity of the company and arose wholly in the United Kingdom

3. **Loss on Ordinary Activities Before Taxation**

	2003 £	2002 £
This is stated after charging:		
Directors' remuneration	63,843	770
Depreciation - owned assets	6,549	4,500
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4. **Directors' Remuneration**

	2003 £	2002 £
Salaries and wages	62,500	-
Pension Contributions	-	-
Benefits in kind	1,343	770
	<u>£63,843</u>	<u>£770</u>

5. **Taxation**

The taxation credit on the loss on ordinary activities arises as follows:

## Current Tax:

UK Corporation Tax

	-	-
Research and development tax credit	106,000	68,500

## Deferred Tax:

On timing differences arising in the period

	-	-
	<u>£106,000</u>	<u>£68,500</u>

**Factors affecting the tax credit for the period**

Loss on ordinary activities before taxation	(812,697)	(397,285)
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Loss on ordinary activities before taxation multiplied by a standard rate of UK corporation tax of 19% (2002: 19%)	(154,413)	(75,485)
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## Effects of:

Non deductible expenses	917	194
Depreciation in excess of/(less than) capital allowances	1,000	(2,451)
Tax losses surrendered for research & development tax credit	89,475	54,285
Tax losses carried forward	63,021	23,457
Research and development tax credit	106,000	68,500
	<u>261,413</u>	<u>143,985</u>
Current tax credit for the period	<u>£106,000</u>	<u>£68,500</u>

At the balance sheet date the company had unutilised corporation tax losses of approximately £483,000 (2002: £123,000) to carry forward to future periods.

6. **Tangible Fixed Assets**

	Computer Equipment	Office Equipment Fixtures & Fittings	Total
	£	£	£
<b>COST</b>			
Balance at 1st January 2003	15,853	3,868	19,721
Additions	549	460	1,009
Disposals	-	-	-
Balance at 31st December 2003	<u>16,402</u>	<u>4,328</u>	<u>20,730</u>
<b>DEPRECIATION</b>			
Balance at 1st January 2003	3,900	600	4,500
Charge for the period	5,467	1,082	6,549
Eliminated on disposals	-	-	-
Balance at 31st December 2003	<u>9,367</u>	<u>1,682</u>	<u>11,049</u>
<b>NET BOOK VALUE</b>			
At 31st December 2003	<u>7,035</u>	<u>2,646</u>	<u>£9,681</u>
At 31st December 2002	<u>11,953</u>	<u>3,268</u>	<u>£15,221</u>

7. **Debtors**

	2003 £	2002 £
Unpaid share capital	-	391,668
Trade debtors	961,970	-
Taxation recoverable	112,580	81,642
Other debtors and prepayments	21,883	7,047
	<u>£1,096,433</u>	<u>£480,357</u>

8. Creditors

	2003 £	2002 £
Amounts falling due within one year		
Trade creditors	28,713	11,961
Other taxes and social security costs	153,143	17,118
Shareholder's loan (see note 14)	1,080,149	-
Other creditors and accruals	779,103	3,481
	<u>£2,041,108</u>	<u>£32,560</u>

9. Deferred Taxation

	At 31st December 2003		At 31st December 2002	
	Provided	Unprovided	Provided	Unprovided
Capital allowances in excess of depreciation	-	(1,475)	-	(2,451)
Losses carried forward	-	91,770	-	23,457
Deferred tax asset/(liability)	<u>-</u>	<u>£90,295</u>	<u>-</u>	<u>£21,006</u>

The potential net deferred tax asset has not been recognised at the balance sheet date as there is not yet firm evidence that the company will make sufficient taxable profits in the future for the reversal of any timing difference to affect the amount of tax actually paid.

10. Share Capital

	2003 £	2002 £
Authorised:		
1,000,000 Ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, called-up and fully paid:		
806,668 Ordinary shares of £1 each	<u>£806,668</u>	<u>£806,668</u>

11. **Share Options**

On 31st August 2002 options were granted to certain staff members over 193,332 Ordinary shares at an exercise price of £1. The options vest in tranches between 31st August 2003 and 31st August 2005 and can then be exercised at any time up to ten years from the date of grant.

No vested options had been exercised at the balance sheet date.

12. **Profit and Loss Account**

	2003 £	2002 £
Balance brought forward	(328,765)	-
Retained loss for the year	(706,697)	(328,765)
Balance carried forward	<u>£(1,035,462)</u>	<u>£(328,765)</u>

13. **Reconciliation of Movement in Shareholders' Funds**

Loss for the year after taxation	(706,697)	(328,765)
Share capital subscribed for	-	806,668
Net movement in shareholders' funds	<u>(706,697)</u>	<u>477,883</u>
Shareholders' funds brought forward	477,883	-
Shareholders' funds carried forward	<u>£(228,814)</u>	<u>£477,883</u>

14. **Pension Contributions**

During the period the company made contributions of £22,747 (2002: £11,980) to the personal pension plans of employees. There were no contributions due and outstanding at the balance sheet date.

15. **Capital Commitments**

At the balance sheet date the company had no capital expenditure either authorised or contracted for.

16. **Related Party Transactions**

During the year Mr G R Manchester made a loan to the company to provide working capital. At the balance sheet date the amount outstanding was £1,080,149. This loan has no terms for repayment attached to it.

Mr A J Copleston, a director of the company, is the proprietor of an accountancy firm. During the period his firm charged the company £23,653 (2002: £14,386) for professional accountancy and related services.

Mr P A Milton, a director of the company, is a partner in a firm of solicitors. During the period his firm charged the company £54,075 (2002: £7,449) for legal fees.

17. **Controlling Party**

The company is under the control of Mr G R Manchester, by virtue of his beneficial interest in the whole of the issued share capital.