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Report of the Directors and
Financial Statements for the Year Ended 30 September 2006
for
MyHome Systems Limited

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MyHome Systems Limited

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for the Year Ended 30 September 2006

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MyHome Systems Limited

Company Information
for the Year Ended 30 September 2006

DIRECTORS: Myhome International PLC
R O'Connell

SECRETARY: D A Venus

REGISTERED OFFICE: 119 Richmond Road
Kingston upon Thames
Surrey
KT2 5BX

REGISTERED NUMBER: 04459072 (England and Wales)

AUDITORS: Atkinsons
Chartered Accountants
Registered Auditors
19 Church Road
Hove
East Sussex
BN3 2FA

MyHome Systems Limited

Report of the Director
for the Year Ended 30 September 2006

The directors presents their report with the financial statements of the company for the year ended 30 September 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of residential cleaning franchisors and consultants

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2006

DIRECTORS

Myhome International PLC
R O'Connell appointed 30 06 2006

The beneficial interest in the issued share capital of the company was as follows

		30.9.06	1.10.05
Myhome International Plc	Ordinary £1 shares	1	1

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union

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 period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 it to ensure that the financial statements comply with the Companies Act 1985. It is 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and it has taken all the steps that it ought to have taken as a director in order to make itself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Atkinsons, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:



Director

Date 28 Nov 2006

Report of the Independent Auditors to the Shareholders of
MyHome Systems Limited

We have audited the financial statements of MyHome Systems Limited for the year ended 30 September 2006 on pages five to sixteen. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 auditors

As described on page two, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union.

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. We also report to you if, in our opinion, the Report of the Directors is 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 other transactions is not disclosed.

We read the Report of the Directors 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.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

In our opinion the information given in the report of the directors is consistent with the financial statements.

Atkinsons
Chartered Accountants
Registered Auditors
19 Church Road
Hove
East Sussex
BN3 2FA

Date

12/1/07

MyHome Systems Limited

Income Statement

for the Year Ended 30 September 2006

		Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
	Notes		
CONTINUING OPERATIONS			
Revenue		1,395,220	799,851
Cost of sales		<u>(446,232)</u>	<u>(240,968)</u>
GROSS PROFIT		948,988	558,883
Other operating income		3,765	-
Administrative expenses		<u>(929,467)</u>	<u>(534,355)</u>
OPERATING PROFIT		23,286	24,528
Finance costs	3	(27)	-
Finance income	3	<u>1,848</u>	<u>236</u>
PROFIT BEFORE TAX	4	25,107	24,764
Tax	5	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>25,107</u>	<u>24,764</u>

The notes form part of these financial statements

MyHome Systems Limited

Statement of Recognised Income and Expense
for the Year Ended 30 September 2006

	Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
PROFIT FOR THE FINANCIAL YEAR	<u>25,107</u>	<u>24,764</u>
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	<u>25,107</u>	<u>24,764</u>

The notes form part of these financial statements

MyHome Systems Limited

Balance Sheet
30 September 2006

	Notes	Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	73,790	-
Property, plant and equipment	7	<u>118,687</u>	<u>-</u>
		<u>192,477</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables	8	850,288	457,850
Cash and cash equivalents	9	<u>157,358</u>	<u>54,504</u>
		<u>1,007,646</u>	<u>512,354</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,013,122	469,296
Financial liabilities - borrowings			
Bank overdrafts	11	6,480	-
Interest bearing loans and borrowings	11	<u>30,868</u>	<u>-</u>
		<u>1,050,470</u>	<u>469,296</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(42,824)</u>	<u>43,058</u>
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	11	<u>81,488</u>	<u>-</u>
NET ASSETS		<u>68,165</u>	<u>43,058</u>
SHAREHOLDERS' EQUITY			
Called up share capital	13	1	1
Profit and loss account	14	<u>68,164</u>	<u>43,057</u>
TOTAL EQUITY		<u>68,165</u>	<u>43,058</u>

The financial statements were approved by the Board of Directors on its behalf by

and were signed on


Director



The notes form part of these financial statements

MyHome Systems Limited

Cash Flow Statement
for the Year Ended 30 September 2006

		Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
Cash flows from operating activities			
Cash generated from operations	1	214,236	54,267
Interest paid		<u>(27)</u>	<u>-</u>
Net cash from operating activities		<u>214,209</u>	<u>54,267</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(73,790)	-
Purchase of tangible fixed assets		(158,249)	-
Interest received		<u>1,848</u>	<u>236</u>
Net cash from investing activities		<u>(230,191)</u>	<u>236</u>
Cash flows from financing activities			
Capital repayments in year		112,356	-
Share issue		<u>-</u>	<u>1</u>
Net cash from financing activities		<u>112,356</u>	<u>1</u>
Increase/(Decrease) in cash and cash equivalents		96,374	54,504
Cash and cash equivalents at beginning of year	2	<u>54,504</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u>150,878</u>	<u>54,504</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 30 September 2006**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
Operating profit	23,286	24,528
Depreciation charges	39,562	-
Increase in trade and other receivables	(392,438)	(457,850)
Increase in trade and other payables	<u>543,826</u>	<u>487,589</u>
Net cash inflow/(outflow) from operating activities	<u>214,236</u>	<u>54,267</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 30 September 2006

	30 9 06 £	1 10 05 £
Cash and cash equivalents	157,358	54,504
Bank overdrafts	<u>(6,480)</u>	<u>-</u>
	<u>150,878</u>	<u>54,504</u>

Period ended 30 September 2005

	30 9 05 £	2 10 04 £
Cash and cash equivalents	<u>54,504</u>	<u>-</u>

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Intangible Assets

Intangible assets comprise of costs incurred in research and development.

Expenditure on research and development comprises costs that are incurred in line with the code of ethics as set out by the British Franchise Association. Under the code the group is expected to incur costs in respect of know how and unbiased and scientific study into franchising. Know how means a body of non patented practical information resulting from experience and testing by the franchisor which is secret, substantial and identified. The development costs in the balance sheet reflect such costs and commitment by the group towards its franchisees and ongoing development for further advancement in its services.

Development expenditure is capitalised on the basis it is clearly identifiable, there is a clear indication of future benefits and the costs are controllable in accordance with IAS 38.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Research and development

Expenditure on research and development comprises costs that are incurred in line with the code of ethics as set out by the British Franchise Association. Under the code the group is expected to incur costs in respect of know how and unbiased and scientific study into franchising. Know how means a body of non patented practical information resulting from experience and testing by the franchisor which is secret, substantial and identified. The development costs in the balance sheet reflect such costs and commitment by the group towards its franchisees and ongoing development for further advancement in its services. As such the group considers these costs to have an indefinite life.

Development expenditure is capitalised on the basis it is clearly identifiable, there is a clear indication of future benefits and the costs are controllable in accordance with IAS 38.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2 EMPLOYEES AND DIRECTORS

	Year Ended	Period
	30 9 06	2 10 04
	£	to
		30 9 05
	£	£
Wages and salaries	189,549	117,378
Other pension costs	20,911	-
	<u>210,460</u>	<u>117,378</u>

MyHome Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2006

2 EMPLOYEES AND DIRECTORS – continued

	Year Ended 30 9 06	Period 2 10 04 to 30 9 05
Average number of employees were	<u>14</u>	<u>11</u>
Directors' emoluments	<u>£</u> <u>112</u>	<u>£</u> <u>-</u>

3 NET FINANCE INCOME

	Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
Finance income		
Deposit account interest	<u>1,848</u>	<u>236</u>
Finance costs		
Bank interest	<u>27</u>	<u>-</u>
Net finance income	<u>1,821</u>	<u>236</u>

4 PROFIT BEFORE TAX

The profit before tax is stated after charging

	Year Ended 30 9 06 £	Period 2 10 04 to 30 9 05 £
Other operating leases	18,290	9,739
Depreciation - owned assets	39,562	-
Auditors' remuneration	<u>6,000</u>	<u>-</u>

5 TAX

There is no liability to corporation tax due to the availability of group losses

6 INTANGIBLE ASSETS

	Development costs £
COST	
Additions	<u>73,790</u>
At 30 September 2006	<u>73,790</u>
NET BOOK VALUE	
At 30 September 2006	<u>73,790</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2006

7 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
Additions	<u>304</u>	<u>132,656</u>	<u>25,289</u>	<u>158,249</u>
At 30 September 2006	<u>304</u>	<u>132,656</u>	<u>25,289</u>	<u>158,249</u>
DEPRECIATION				
Charge for year	<u>76</u>	<u>33,164</u>	<u>6,322</u>	<u>39,562</u>
At 30 September 2006	<u>76</u>	<u>33,164</u>	<u>6,322</u>	<u>39,562</u>
NET BOOK VALUE				
At 30 September 2006	<u>228</u>	<u>99,492</u>	<u>18,967</u>	<u>118,687</u>

8 TRADE AND OTHER RECEIVABLES

	30 9 06 £	30 9 05 £
Current		
Trade debtors	613,143	418,057
Amounts owed by group undertakings	111,586	-
Other debtors	36,203	39,793
Prepayments	<u>89,356</u>	<u>-</u>
	<u>850,288</u>	<u>457,850</u>

9 CASH AND CASH EQUIVALENTS

	30 9 06 £	30 9 05 £
Cash in hand	200	200
Bank accounts	<u>157,158</u>	<u>54,304</u>
	<u>157,358</u>	<u>54,504</u>

10 TRADE AND OTHER PAYABLES

	30 9 06 £	30 9 05 £
Current		
Trade creditors	231,152	35,163
Amounts owed to group undertakings	581,360	396,652
Social security and other taxes	72,797	-
Other creditors	49,860	37,481
VAT	<u>77,953</u>	<u>-</u>
	<u>1,013,122</u>	<u>469,296</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2006

11 FINANCIAL LIABILITIES - BORROWINGS

	30 9 06 £	30 9 05 £
Current		
Bank overdrafts	6,480	-
Hire purchase contracts (see note 12)	<u>30,868</u>	<u>-</u>
	<u>37,348</u>	<u>-</u>
Non-current		
Hire purchase contracts (see note 12)	<u>81,488</u>	<u>-</u>
Terms and debt repayment schedule		
	1 year or less £	1-2 years £
Bank overdrafts	6,480	-
Hire purchase contracts	<u>30,868</u>	<u>30,866</u>
	<u>37,348</u>	<u>30,866</u>
	2-5 years £	Totals £
	<u>50,622</u>	<u>6,480</u>
	<u>50,622</u>	<u>112,356</u>
	<u>118,836</u>	

12 LEASING AGREEMENTS

Minimum lease payments under hire purchase contracts fall due as follows

	30 9 06 £	30 9 05 £
Net obligations repayable		
Within one year	30,868	-
Between one and five years	<u>81,488</u>	<u>-</u>
	<u>112,356</u>	<u>-</u>

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	30 9 06 £	30 9 05 £
10,000	Ordinary		<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	30 9 06 £	30 9 05 £
1	Ordinary		<u>1</u>	<u>1</u>

MyHome Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 30 September 2006

14 RESERVES

	Profit and loss account £
At 1 October 2005	43,057
Profit for the year	<u>25,107</u>
At 30 September 2006	<u>68,164</u>

15 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of MyHome International PLC a company registered in England

16 RELATED PARTY DISCLOSURES

Management fees at arms length of £365,000 were charged by Myhome International Plc during the year Other transactions with Myhome International Plc amounted to a net outflow of £180,292 in the year

At the balance sheet date the company owed £581,360 to MyHome International Plc shown in Trade Creditors falling due within one year

Included in Trade Creditors is an amount due to Franchise Results Limited of £107,525 This company is related to Mr R O'Connell During the year £131,000 was invoiced for technical services by Franchise Results Limited Mr R O'Connell is also a director of Myhome International Plc

Included in trade debtors is an amount owed by Wandsworth branch of £25,245 This entity is a related party to Mr S L McNeill Ritchie During the year the company invoiced £9,705 (2005 £2,316) by way of Royalty charges to the Wandsworth branch

The following costs were incurred on behalf of group companies and outstanding at the balance sheet date

Oven Clean Ltd	- Advertising	£7,433
Autosheen Ltd	- Advertising	£7,433
Surface Doctor (Europe) Ltd	- Licence fee	£40,294
Franchise Alliance Ltd	- Room hire	£729

17 EFFECT OF TRANSITION TO IAS FROM UK GAAP

No statement is required as to the effect on the accounts of transition to IAS as it is considered there would be no material changes as a result