Interactive Projects Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2008

Company Registration No 4327499

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COMPANIES HOUSE

Interactive Projects Limited
DIRECTORS AND ADVISERS

DIRECTORS

C D Buck
T Couling
M Cowley
T Cowley
C P Knapton
J Watkins

SECRETARY

T Couling

COMPANY NUMBER

4327499 (England and Wales)

REGISTERED OFFICE

Lydden House
Wincombe Business Park
Shaftesbury
Dorset
SP7 9QJ

AUDITOR

Baker Tilly UK Audit LLP
Chartered accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS

HSBC Bank plc
Norwich House
Commercial Road
Southampton
SO15 1WJ

Interactive Projects Limited
DIRECTORS' REPORT

The Directors present their report and financial statements of Interactive Projects Limited for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were project management and design of vehicle telematics products.

REVIEW OF THE BUSINESS

A full review of the business is contained in the Chairman's & Chief Executive Officer's reports on pages 5 to 10 of the Report and Accounts of the parent company, Trakm8 Holdings PLC.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £225,447 (2007: loss £15,827).

The Directors do not recommend payment of an ordinary dividend.

DIRECTORS AND THEIR INTERESTS

The following directors have held office since 1 April 2007:

C D Buck
T Coulling
M Cowley
T Cowley
T Evans (Resigned 24 April 2007)
C P Knapton
J Watkins

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Should existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to such employees as appropriate.

GOING CONCERN

The Directors have formed the judgement that at the time of approving the financial statements the Company had adequate resources to continue in existence for the foreseeable future. Therefore the Directors consider the adoption of the going concern basis in preparing the financial statements to be appropriate.

POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable donations in the year.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company raises finance through equity and borrowings and places surplus cash on short-term deposits. The primary source of borrowings is the bank facility which is in place for use as required.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit and currency risk. The policies for managing these are reviewed by the board.

Interest rate - The Company uses fixed and floating interest rates where appropriate in order to minimise any interest rate risks.

Liquidity - The Company operates a long-term business, and its policy is to finance it primarily with equity and short to medium-term borrowings. Short-term flexibility is achieved by cash balances and overdraft facilities.

Credit risk - The Company aims to minimise its exposure to credit risk through a mixture of credit insurance, credit limits and credit checks on new customers.

Currency risk - Historically the Company has not used hedging instruments to minimise currency risk as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as necessary.

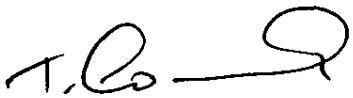
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

By approval of the Board on 26 August 2008.



T Couling
Company Secretary

Interactive Projects Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;

d. 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 requirements of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

Interactive Projects Limited

We have audited the financial statements on pages 8 to 17.

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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its profit 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

26 August 2008

Interactive Projects Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

	Notes	2008 £	2007 £ Restated
TURNOVER	2	257,290	494,632
Cost of sales		(33,833)	(101,786)
Gross profit		223,457	392,846
Other operating expenses		(18,020)	(379,922)
OPERATING PROFIT	3	205,437	12,924
Interest receivable		-	1,044
		205,437	13,968
Interest payable	4	(13,090)	(18,096)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		192,347	(4,128)
Taxation	6	33,100	47,501
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	225,447	43,373

The operating profit for the year arises from the Company's continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	Notes	2008 £	2007 £
Profit after Tax		225,447	43,373
Prior year adjustment (see note 1)	1,7	(532,000)	-
Total Gains and (losses) recognised since last annual report		(306,553)	43,373

Interactive Projects Limited

BALANCE SHEET

as at 31 March 2008

	Notes	2008 £	2007 Restated £
FIXED ASSETS			
Intangible assets	7	8,000	8,000
Tangible assets	8	18,912	27,042
		26,912	35,042
CURRENT ASSETS			
Stocks	9	56,466	54,623
Debtors	10	358,511	73,482
Cash at bank and in hand		-	15
		414,977	128,120
CREDITORS: Amounts falling due within one year	11	(255,820)	(166,826)
NET CURRENT ASSETS / (LIABILITIES)		159,157	(38,706)
TOTAL ASSETS LESS CURRENT LIABILITIES		186,069	(3,664)
CREDITORS: Amounts falling due after more than one year	12	(66,965)	(102,679)
		119,104	(106,343)
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Share premium account	14	957	957
Revaluation Reserve	14	-	-
Profit and loss account	14	108,147	(117,300)
SHAREHOLDER'S FUNDS / (DEFICIT)		119,104	(106,343)

Approved by the Board and authorised for issue on 26 August 2008.

C D Buck
Director

T Couling
Director

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

CASH FLOW STATEMENT
The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

INTANGIBLE FIXED ASSETS
Intellectual Property is valued at cost. Amortisation is calculated over ten years in equal instalments, according to the expected useful life.

TANGIBLE FIXED ASSETS
Fixed assets are stated at historical cost less depreciation.
Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Furniture, fixtures and equipment	25% reducing balance
Computer equipment	33% straight line

STOCK
Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION
Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability to taxation is unlikely to materialise.

FOREIGN CURRENCY TRANSLATION
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

TURNOVER
Turnover represents the total of amounts receivable for goods and services provided excluding value added tax. Turnover is recognised on the delivery of the goods to the customer.

PRIOR YEAR ADJUSTMENT
In the Company's accounts for the year ended 31 March 2003 the Intellectual Property (bought during the year for £8,000) was revalued to £200,000. This valuation was further revised to £600,000 in the accounts for the year ended 31 March 2007. It has subsequently been established that the Company was not permitted to revalue Intellectual Property and therefore these two revaluations have been treated as a fundamental error. A prior year adjustment has been made in order to reduce the valuation of Intellectual Property to the original cost of £8,000. The impact of this prior year adjustment to shareholder's funds can be seen in note 14 and has resulted in an increase of profit in 2007 by £59,200.

1. ACCOUNTING POLICIES (*continued*)

LEASED ASSETS
Annual rentals payable on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Where leased assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the sum of the digits method Depreciation on the relevant assets and interest are charged to the profit and loss account.

2. TURNOVER

All turnover, profits and net assets are derived from the Company's principal activities which were wholly undertaken in the UK.

3. OPERATING PROFIT

	2008	2007
	£	£
Operating Profit is stated after charging:		
Depreciation of tangible assets - owned	1,138	5,862
- leased	6,992	8,549
Operating lease rentals – land and buildings	2,852	20,349
Auditor's remuneration – audit	6,250	6,000

4. INTEREST PAYABLE

	2008	2007
	£	£
Bank interest payable	13,090	18,096

5. EMPLOYEES

The average monthly number of persons (including Directors) employed by the Company during the year was:	2008 No.	2007 No.
Sales	-	1
Administration	-	1
Research & Development	-	6
	-	8

During the year all the employees transferred to Trakm8 Ltd, another Group company.

5. EMPLOYEES (*continued*)

	2008	2007
	£	£
Staff costs for the above persons:		
Wages and salaries	-	265,279
Social security costs	-	28,729
	-	294,008

DIRECTORS' REMUNERATION	2008	2007
	£	£
Emoluments for qualifying services	-	97,802

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	-	55,656

The emoluments of the Directors are paid by a Group company which makes no recharge to the Company. The Directors are directors of the Parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the Directors. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the parent company.

6. TAXATION

	2008	2007
	£	£
Current tax charge	-	198
Adjustments in respect of prior periods	(33,100)	(47,699)
Tax credit for the current year	(33,100)	(47,501)
Factors affecting the tax charge for the year		
Profit / (Loss) on ordinary activities before taxation	192,347	(63,328)
Profit / (Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2007: 19%)	57,704	(12,032)
Expenses not deductible for tax purposes		11,421
Depreciation in excess of capital allowances	439	1,017
Other timing differences	(31,750)	(208)
Adjustment in respect of previous years	(33,100)	(47,699)
Group relief	(26,393)	-
Current tax credit	(33,100)	(47,501)

7. INTANGIBLE ASSETS

	Development costs £
Cost	
As at 1 April 2006 as previously reported	200,000
Prior Year adjustment to opening position	(192,000)
As at 31 March 2007 (restated) and 2008	8,000
Amortisation	
As at 1 April 2006	-
Amortisation charged as previously reported	(60,000)
Prior year adjustment to correct amortisation	60,000
As at 31 March 2007 (restated) and 2008	-
Net book value	
31 March 2008	8,000
31 March 2007 as restated	8,000

8. TANGIBLE FIXED ASSETS

	Furniture, fixtures and equipment £	*Computer equipment* £	*Total* £
Cost			
1 April 2007	50,204	33,941	84,145
Additions	-	-	-
31 March 2008	50,204	33,941	84,145
Depreciation			
1 April 2007	25,250	31,853	57,103
Charge in the year	6,359	1,771	8,130
31 March 2008	31,609	33,624	65,233
Net book value			
31 March 2008	18,595	317	18,912
31 March 2007	24,954	2,088	27,042

The net book value of fixed assets include £15,190 (2007: £21,071) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge in respect of these assets was £6,992 (2007: £8,549).

9. STOCKS

	2008	2007
	£	£
Finished goods and goods for resale	56,466	54,623

10 DEBTORS

	2008	2007
	£	£
Trade debtors	225	1,714
Amounts owed by Group companies	325,384	71,340
R&D Tax Credit	32,902	-
Prepayments and accrued income	-	428
	358,511	73,482

11. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	204,202	52,404
Bank loans	35,714	35,714
Amounts owed to Group companies	6,000	-
Trade creditors	42	43,614
Taxes and social security costs	-	13,567
Finance lease creditor	1,605	12,188
Corporation tax	-	198
Accruals and deferred income	8,257	9,141
	255,820	166,826

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

	2008	2007
	£	£
Bank loans	66,965	102,679

Borrowings are repayable as follows:

	2008	2007
	£	£
After one and within two years	35,714	35,714
After two and within five years	31,251	66,965
	66,965	102,679

The Bank loans are provided by HSBC under the Small Firms Loan Guarantee Scheme The two loans are each repayable at the rate of £1,488 per month and interest is payable at the rate of 3.5% over Base rate. The bank loans and overdraft are secured by fixed or floating charges on all the assets of the Company.

13. SHARE CAPITAL

	2008	2007
	£	£
Authorised:		
100,000 Ordinary shares of £0 10 each	10,000	10,000
Allotted, issued and fully paid:		
100,000 Ordinary shares of £0.10 each	10,000	10,000

14. STATEMENT OF MOVEMENT ON RESERVES

	Share Capital	Share premium Account	Revaluation Reserve	Profit and loss account	Total
	£	£	£	£	£
1 April 2006 as previously reported	10,000	957	192,000	(161,473)	41,484
Prior Year Adjustment (see note 1)	-	-	(192,000)	-	(192,000)
1 April 2006 as restated	10,000	957	-	(161,473)	(149,716)
Profit for the year (restated)	-	-	-	43,373	43,373
31 March 2007 as restated	10,000	957	-	(117,300)	(106,343)
Profit for the year	-	-	-	225,447	225,447
31 March 2008	10,000	957	-	108,147	119,104

15. FINANCIAL COMMITMENTS

At each year end the Company was committed to making the following payments during the next year in respect of leases:

Operating Leases	2008 £	2007 £
Land and buildings:	-	-
Less than one year	-	3,090

The above commitment relates to a lease on Units at Tarhinton Farms Ltd. The lease was terminated on 1 July 2007.

Finance Leases	2008 £	2007 £
Plant and equipment:		
Less than one year	556	10,537
Expiring within two to five years	-	1,651

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions conferred by FRS 8 from the requirement to disclose transactions between subsidiary undertakings, 90% or more of whose voting rights are controlled within the Group.

A total of £66,691 was invoiced by the Company to Trakm8 Limited during the year ended 31 March 2007 prior to the Company being acquired by Trakm8 Holdings PLC on 26 May 2006.

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Company has cross guarantee arrangements in respect of bank lending with other group undertakings.

18. ULTIMATE PARENT COMPANY

The ultimate parent company of Interactive Projects Limited is Trakm8 Holdings PLC, a company registered in England and Wales. Copies of the Group accounts can be obtained from its registered office: Lydden House, Wincombe Business Park, Shaftesbury, Dorset SP7 9QJ.