

SCOUT SOLUTIONS SOFTWARE LIMITED
(previously PGL (Fifty) Limited)

REPORT AND ACCOUNTS

31 DECEMBER 2004

Company Registration Number

04667857



SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

ACCOUNTS

for the year to 31 December 2004

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SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

Ralph Fergus Catto
John Michael Carthew

Company secretary

The Whittington Partnership LLP
Whittington Hall
Whittington Road
Worcester
WR5 2ZX

Registered office

Whittington Hall
Whittington Road
Worcester
WR5 2ZX

Auditors

Baker Tilly
Chartered Accountants
Registered Auditors
1 Georges Square
Bristol
BS1 6BP

Solicitors

Harrison Clark
5 Deansway
Worcester
WR1 2JG

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

DIRECTORS' REPORT

year to 31 December 2004

The directors have pleasure in presenting their report and the accounts of the company for the year to 31 December 2004.

CHANGE OF NAME

The directors of the company resolved to change the name from PGL (Fifty) Limited on 2 June 2004.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company was the provision of software to the residential social housing sector which was carried out in conjunction with other members of the Scout Solutions Group.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached accounts.

DIRECTORS

The directors who served the company during the year were as follows:

Pemberstone (Directors) Limited (resigned 30 April 2004)

Ralph Fergus Catto (appointed 30 April 2004)

John Michael Carthew (appointed 30 April 2004)

The company is a wholly owned subsidiary of Scout Solutions Group Limited. The interests of the directors in the shares of the ultimate parent are disclosed in the accounts of that company.

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on pages 7 and 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 and to enable them to ensure that the accounts 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.

AUDITORS

Baker Tilly were appointed as auditors during the year. A resolution proposing their reappointment will be proposed at the Annual General Meeting.

SCOUT SOLUTIONS SOFTWARE LIMITED

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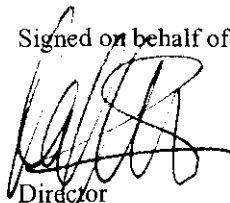
DIRECTORS' REPORT (*continued*)

year to 31 December 2004

SMALL ENTITY EXEMPTIONS

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Signed on behalf of the directors



Director

Approved by the directors on17/3/05.....

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

year to 31 December 2004

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

This report is made solely to the company's shareholders, 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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY
Chartered Accountants
Registered Auditors
Bristol

17. March. 2005

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

PROFIT AND LOSS ACCOUNT

year to 31 December 2004

	Note	Year to 31 Dec 2004 £	Period to 31 Dec 2003 £
TURNOVER	2	1,371,091	-
Operating expenses		(877,217)	-
OPERATING PROFIT	3	493,874	-
Tax on profit on ordinary activities	5	14,210	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR	14	508,084	-

The company has no recognised gains or losses other than the results for the year as set out above.

SCOUT SOLUTIONS SOFTWARE LIMITED

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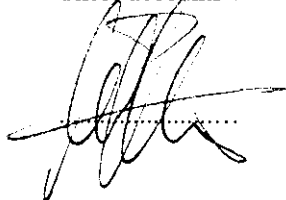
BALANCE SHEET

31 December 2004

	Note	31 Dec 2004 £	31 Dec 2003 £
FIXED ASSETS			
Intangible assets	6	138,885	-
Tangible assets	7	23,876	-
		<u>162,761</u>	<u>-</u>
CURRENT ASSETS			
Debtors	8	1,138,855	1
Cash at bank and in hand		1,083	-
		<u>1,139,938</u>	<u>1</u>
CREDITORS: Amounts falling due within one year	9	<u>(794,614)</u>	<u>-</u>
NET CURRENT ASSETS		345,324	1
NET ASSETS		<u>508,085</u>	<u>1</u>
CAPITAL AND RESERVES			
Called-up share capital	13	1	1
Profit and loss account		508,084	-
EQUITY SHAREHOLDER'S FUNDS	14	<u>508,085</u>	<u>1</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

These accounts were approved by the directors on the 17/3/05 and are signed on their behalf by:



SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

NOTES TO THE ACCOUNTS

year to 31 December 2004

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002).

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in FRSSE from including a cash flow statement in the accounts on the grounds that the company is small.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	-	3 years
Office furniture & equipment	-	3 years
Domain name registration	-	2 years

LONG TERM CONTRACTS

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

NOTES TO THE ACCOUNTS (*continued*)

year to 31 December 2004

1 ACCOUNTING POLICIES (*continued*)

RESEARCH AND DEVELOPMENT

Research expenditure is written off in the year in which it is incurred. Development expenditure represents IT expenditure incurred in establishing new software products. Such expenditure is amortised over the period during which the expenditure is revenue-producing up to a maximum of ten years. The directors review the capitalised development expenditure on an ongoing basis and, where appropriate, provide for any impairment in value.

PENSION COSTS

The company makes contributions to personal pension schemes of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the pension funds and amounts to £10,793.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and arose wholly in the United Kingdom.

3 OPERATING PROFIT

Operating profit is stated after charging:

	Year to 31 Dec 2004	Period to 31 Dec 2003
	£	£
Depreciation of tangible assets	3,882	-
Auditors' remuneration		
- as auditors	2,435	-
Pension costs	10,793	-
Amortisation of intangible assets	36,744	-
	<u>53,054</u>	<u>-</u>

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Dec 2004	Period to 31 Dec 2003
	£	£
Emoluments receivable	180,686	-
	<u>180,686</u>	<u>-</u>

No contributions were made to company pension schemes in respect of directors in the year. Contributions totalling £2,031 (2003 : £nil) were made by the company to directors' personal pension schemes during the year.

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

NOTES TO THE ACCOUNTS (*continued*)

year to 31 December 2004

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of current period tax credit

	Year to 31 Dec 2004 £	Period to 31 Dec 2003 £
UK Corporation tax based on the results for the year at 19%	-	-
Deferred tax (note 10)	14,210	-
Total tax credit for the year	14,210	-

(b) Factors affecting current tax credit

The tax assessed on the profit on ordinary activities for the year is lower than the applicable rate of corporation tax in the UK of 19%.

	Year to 31 Dec 2004 £	Period to 31 Dec 2003 £
Profit on ordinary activities before taxation	493,874	-
Profit on ordinary activities multiplied by rate of tax	93,836	-
Excess of capital allowances over depreciation	(2,042)	-
Expenses not deductible	123	-
Losses transferred in	(91,917)	-
Total current tax (note 5(a))	-	-

6 INTANGIBLE FIXED ASSETS

	Domain names £	Research and Development costs £	Total £
COST			
At 1 January 2004	-	-	-
Intra-group transfers	118	175,511	175,629
At 31 December 2004	118	175,511	175,629
AMORTISATION			
At 1 January 2004	-	-	-
Charge for the year	67	36,677	36,744
At 31 December 2004	67	36,677	36,744
NET BOOK VALUE			
At 31 December 2004	51	138,834	138,885
At 1 January 2004	-	-	-

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

NOTES TO THE ACCOUNTS *(continued)*

year to 31 December 2004

7 TANGIBLE FIXED ASSETS

	Computer equipment £	Office furniture and equipment £	Total £
COST			
At 1 January 2004	-	-	-
Additions	11,139	1,461	12,600
Intra-group transfers	13,633	1,525	15,158
	<u>24,772</u>	<u>2,986</u>	<u>27,758</u>
At 31 December 2004			
DEPRECIATION			
At 1 January 2004	-	-	-
Charge for the year	3,606	276	3,882
	<u>3,606</u>	<u>276</u>	<u>3,882</u>
At 31 December 2004			
NET BOOK VALUE			
At 31 December 2004	<u>21,166</u>	<u>2,710</u>	<u>23,876</u>
At 1 January 2004	-	-	-

8 DEBTORS

	31 Dec 2004 £	31 Dec 2003 £
Trade debtors	124,524	-
Amounts owed by group undertakings	967,674	-
Other debtors	9,198	1
Prepayments and accrued income	23,249	-
Deferred taxation (note 10)	14,210	-
	<u>1,138,855</u>	<u>1</u>

9 CREDITORS: Amounts falling due within one year

	31 Dec 2004 £	31 Dec 2003 £
Trade creditors	168,810	-
Other creditors	60,283	-
Amounts owing to group undertakings	393,166	-
Accruals and deferred income	172,355	-
	<u>794,614</u>	<u>-</u>

SCOUT SOLUTIONS SOFTWARE LIMITED

(previously PGL (Fifty) Limited)

NOTES TO THE ACCOUNTS (*continued*)

year to 31 December 2004

10 DEFERRED TAXATION

The amounts of deferred tax assets provided at the end of the year are as follows:

	31 Dec 2004	31 Dec 2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,408	-
Other timing differences	12,802	-
	<u>14,210</u>	<u>-</u>

11 OTHER FINANCIAL COMMITMENTS

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	31 Dec 2004		31 Dec 2003	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	<u>14,400</u>	<u>-</u>	<u>-</u>	<u>-</u>

12 RELATED PARTY TRANSACTIONS

During the year, Scout Solutions Software Limited entered into transactions with the following group companies under common control:

a) Scout Solutions Limited

The trade and assets of Scout Solutions Limited were transferred to Scout Solutions Software Limited on 1 August 2004. In addition funds have transferred between the companies. The amounts involved were as follows:

	£
Net liabilities transferred from Scout Solutions Limited	(299,232)
Funds transferred from Scout Solutions Limited	692,398
Amount owed to Scout Solutions Limited at 31 December 2004	<u>393,166</u>

b) Scout Solutions Projects Limited

Scout Solutions Software Limited has developed software for and provided management consultancy services to Scout Solutions Projects Limited during the year as follows:

	£
Software development	672,447
Management consultancy and related services	466,743
Amount owed by Scout Solutions Projects Limited at 31 December 2004	<u>967,674</u>

SCOUT SOLUTIONS SOFTWARE LIMITED

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NOTES TO THE ACCOUNTS (*continued*)

year to 31 December 2004

12 RELATED PARTY TRANSACTIONS (*continued*)

In addition to the above, the company has a 25% interest in Housing Options Scotland Limited, a joint venture investment engaged in the supply of shared social housing registers. During the year the company sold IT solutions to Housing Options Scotland Limited to the value of £41,510 of which none was outstanding at 31 December 2004.

13 SHARE CAPITAL

Authorised share capital:

	31 Dec 2004 and 31 Dec 2003 £
2,000,000 Ordinary shares of £1 each	2,000,000

Allotted and called up:

	31 Dec 2004 and 31 Dec 2003 £
1 Ordinary share of £1 each	1

14 RECONCILIATION OF MOVEMENTS IN RESERVES AND SHAREHOLDER'S FUNDS

	Share capital £	Profit and loss £	Total £
At 17 February 2003	-	-	-
Issue of share capital	1	-	1
At 31 December 2003	1	-	1
Profit for the year	-	508,084	508,084
At 31 December 2004	1	508,084	508,085

15 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Scout Solutions Group Limited, a company registered in England and Wales. This represents the smallest and largest group into which the results of the company are consolidated.