REGISTERED NUMBER: 679021 (England and Wales)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2003

FOR

JAMES HUGH GROUP LIMITED



Mehta & Tengra
Chartered Accountants
24 Bedford Row
London
WC1R 4TQ

JAMES HUGH GROUP LIMITED

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FOR THE YEAR ENDED 31 MAY 2003

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COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2003

DIRECTORS:	B J Smith Mrs A C Smith
SECRETARY:	Mrs A C Smith
REGISTERED OFFICE:	5 Hampstead West 224 Iverson Road London NW6 2HL
REGISTERED NUMBER:	679021 (England and Wales)
ACCOUNTANTS:	Mehta & Tengra Chartered Accountants 24 Bedford Row London WC1R 4TQ
BANKERS:	National Westminster Bank Plc Holborn Circus PO Box No 204 No 1 Hatton Garden London EC1P 1DU

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2003

The directors present their report with the financial statements of the company for the year ended 31 May 2003.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of a holding company.

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

DIVIDENDS
The directors recommend the payment of dividends amounting to £32,000 (2002: £36,000).

FIXED ASSETS
The changes to fixed assets are given in notes 9 and 10 to the financial statements.

DIRECTORS
The directors during the year under review were:

B J Smith
Mrs A C Smith

The beneficial interests of the directors holding office on 31 May 2003 in the issued share capital of the company were as follows:

	31.5.03	1.6.02
Ordinary £1 shares		
B J Smith	500	500
Mrs A C Smith	500	500

RELATED PARTY TRANSACTIONS
Except as stated in note 15 to the financial statements, none of the directors had any other material interests at any time during the year in any contracts of significance in relation to the business of the company.

TAXATION STATUS
The company is a close company within the provision of the Income and Corporation Taxes Act 1988.

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

ON BEHALF OF THE BOARD:



Mrs A C Smith - Secretary

Date: ... December 2003

JAMES HUGH GROUP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2003

	Notes	2003 £	2002 £
TURNOVER		-	70,000
Administrative expenses		(1,250)	(16,612)
OPERATING (LOSS)/PROFIT	3	(1,250)	53,388
Income from investments	4	35,000	-
Interest receivable and similar income	5	-	841
		33,750	54,229
Interest payable and similar charges	6	-	(272)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,750	53,957
Tax on profit on ordinary activities	7	237	(10,101)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		33,987	43,856
Dividends	8	(32,000)	(36,000)
		1,987	7,856
Retained profit brought forward		69,123	61,267
RETAINED PROFIT CARRIED FORWARD		£71,110	£69,123

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

JAMES HUGH GROUP LIMITED

BALANCE SHEET
31 MAY 2003

	Notes	2003 £	2002 £
FIXED ASSETS:			
Tangible assets	9	-	14,251
Investments	10	10,100	10,100
		10,100	24,351
CURRENT ASSETS:			
Debtors	11	57,649	78,303
Cash at bank		14,472	7,973
		72,121	86,276
CREDITORS: Amounts falling due within one year	12	(10,111)	(40,504)
NET CURRENT ASSETS:		62,010	45,772
TOTAL ASSETS LESS CURRENT LIABILITIES:		£72,110	£70,123
CAPITAL AND RESERVES:			
Called up share capital	14	1,000	1,000
Profit and loss account		71,110	69,123
SHAREHOLDERS' FUNDS:	16	£72,110	£70,123

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 May 2003.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2003 in accordance with Section 249B(2) of the Companies Act 1985.

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 financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

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

ON BEHALF OF THE BOARD:

.....

B J Smith - Director

Approved by the Board on ... December 2003

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention
The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1
Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover
Turnover represents the amounts derived from the sale of goods & services within the company's ordinary activities after deducting value added tax.

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

Furniture and equipment - 25% on reducing balance

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Group accounts
The company and its subsidiary comprise a small group and has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. STAFF COSTS

There were no staff employed during the year.

3. OPERATING (LOSS)/PROFIT

The operating loss (2002 - operating profit) is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation - owned assets	-	4,750
Profit on disposal of fixed assets	-	(2,000)
Auditors' remuneration-audit fees	-	1,000
Directors' emoluments	-	19,625

The directors emoluments paid by the subsidiary company during the year amounted to £19,500 (2001:£nil).

4. INCOME FROM INVESTMENTS

	2003	2002
	£	£
Dividend receivable	35,000	-

During the year the company received dividend of £35,000 (2002: £nil) from its subsidiary company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003	2002
	£	£
Bank interest receivable	-	841

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank interest payable	-	19
Other interest paid	-	253
	-	272

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	-	10,101
Loss relief under S393A carried back	(237)	-
Total current tax	(237)	10,101
Tax on profit on ordinary activities	(237)	10,101

7. **TAXATION - continued**

Factors affecting the tax (credit)/charge
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	33,750	53,957
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 19%)	6,413	10,252
Effects of:		
excess of capital allowances over depreciation	-	(195)
profit on disposal of assets	-	(380)
change in rate of corporation tax during the year	-	424
dividend receivable from group company	(6,650)	-
Current tax (credit)/charge	(237)	10,101

8. **DIVIDENDS**

	2003	2002
	£	£
Equity shares:		
Final - ordinary shares	32,000	36,000

9. **TANGIBLE FIXED ASSETS**

	Furniture and equipment
	£
COST:	
At 1 June 2002	81,820
Transfer to group co.	(81,820)
At 31 May 2003	-
DEPRECIATION:	
At 1 June 2002	67,569
Transfer to group co.	(67,569)
At 31 May 2003	-
NET BOOK VALUE:	
At 31 May 2003	-
At 31 May 2002	14,251

10. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 June 2002 and 31 May 2003	10,100
NET BOOK VALUE:	
At 31 May 2003	10,100
At 31 May 2002	10,100

	2003 £	2002 £
Unlisted investments	10,100	10,100

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Quality Monitoring Instruments Ltd
Nature of business: Manufacture of industrial & marine safety equipment

Class of shares:	% holding
'A' Ordinary shares	100.00
'B' Ordinary shares	100.00

	2003 £	2002 £
Aggregate capital and reserves	266,302	323,539
(Loss)/Profit for the year	(57,237)	61,617

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
V.A.T.	-	3,054
Trade debtors	-	1,988
Amounts owed by subsidiary company	57,412	73,261
Corporation tax	237	-
	57,649	78,303

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts (see note 13)	8	8
Trade creditors	6,140	8,807
Directors current accounts	1,013	19,588
Corporation tax	-	10,101
Accruals & deferred income	2,950	2,000
	10,111	40,504

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	8	8

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003 £	2002 £
1,000	Ordinary	£1	1,000	1,000

15. RELATED PARTY DISCLOSURES

The company holds 100% of the issued share capital of Quality Monitoring Instruments Limited. During the year the company received management fees amounting to £Nil (2002:£70,000).

At the balance sheet date the amount due by Quality Monitoring Instruments Limited was £57,412 (2002: £73,261).

During the year Quality Monitoring Instruments Limited paid £7,500 (2002:£7,500) to each of the directors and £7,500 to J.Smith, son of the directors in respect of rent for the business premises owned by them.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	33,987	43,856
Dividends	(32,000)	(36,000)
Net addition to shareholders' funds	1,987	7,856
Opening shareholders' funds	70,123	62,267
Closing shareholders' funds	72,110	70,123
Equity interests	72,110	70,123