

Registration number 2027199

Metaskil plc

Directors' report and financial statements

for the year ended 31 March 2004



Metaskil plc

Company information

Directors Donald Richard Hornblow
Wilfred Christopher Eaton

Secretary Donald Richard Hornblow

Company number 2027199

Registered office 7 Fortuna Court
Calleva Park Aldermaston
Reading
Berks
RG7 8UB

Auditors Accountancy Business Corporation Ltd
Penvose House Broad Lane
Upper Bucklebury
Reading
Berks
RG7 6QH

Business address 7 Fortuna Court
Calleva Park Aldermaston
Reading
Berks
RG7 8UB

Bankers Lloyds TSB Bank plc
PO Box 2566
Reading
Berks
RG1 2RS

Metaskil plc

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Metaskil plc

Directors' report for the year ended 31 March 2004

The directors present their report and the financial statements for the year ended 31 March 2004.

Principal activity and review of the business

The principal activity of the company continued to be the provision of a range of services centred on consultancy and staff supply. The directors are pleased to report a third successive year of profitable growth.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/03/04	01/04/03

Donald Richard Hornblow	-	-
Wilfred Christopher Eaton	-	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

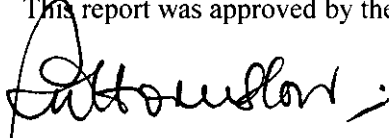
Metaskil plc

**Directors' report
for the year ended 31 March 2004**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Accountancy Business Corporation Ltd be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 27 October 2004 and signed on its behalf by



Donald Richard Hornblow
Secretary

Metaskil plc

Independent auditors' report to the shareholders of Metaskil plc

We have audited the financial statements of Metaskil plc for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 shareholders 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 shareholders 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 in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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 directors' report is not 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 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.

Basis of audit 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 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.

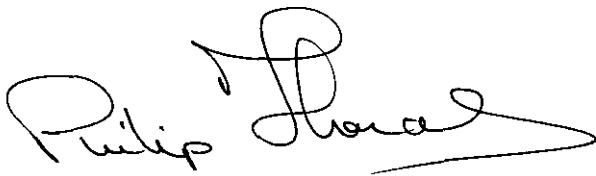
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Metaskil plc

Independent auditors' report to the shareholders of Metaskil plc continued

Opinion

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

A handwritten signature in black ink, appearing to read 'Philip Howard', with a long horizontal flourish extending to the right.

**Accountancy Business Corporation Ltd
Chartered Certified Accountants and
Registered Auditors
27 October 2004**

**Penvose House Broad Lane
Upper Bucklebury
Reading
Berks
RG7 6QH**

Metaskil plc

**Profit and loss account
for the year ended 31 March 2004**

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	4,537,581	3,193,831
Cost of sales		(3,552,968)	(2,599,176)
Gross profit		984,613	594,655
Administrative expenses		(945,046)	(566,268)
Operating profit	3	39,567	28,387
Other interest receivable and similar income	4	652	164
Interest payable and similar charges	5	(49)	(55)
Profit on ordinary activities before taxation		40,170	28,496
Tax on profit on ordinary activities	8	-	188
Profit on ordinary activities after taxation		40,170	28,684
Retained profit for the year		40,170	28,684
Retained profit brought forward		108,430	79,746
Retained profit carried forward		148,600	108,430

There are no recognised gains or losses other than the profit or loss for the above two financial years.

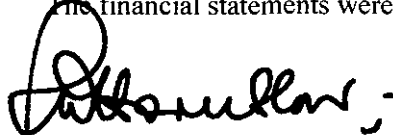
The notes on pages 8 to 15 form an integral part of these financial statements.

Metaskil plc

**Balance sheet
as at 31 March 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		5,185		-
Current assets					
Debtors	10	907,987		748,373	
Cash at bank and in hand		(132,193)		22,511	
		<u>775,794</u>		<u>770,884</u>	
Creditors: amounts falling due within one year	11	<u>(531,129)</u>		<u>(561,204)</u>	
Net current assets			<u>244,665</u>		<u>209,680</u>
Net assets			<u>249,850</u>		<u>209,680</u>
Capital and reserves					
Called up share capital	12		52,083		52,083
Share premium account	13		49,167		49,167
Profit and loss account	13		148,600		108,430
Equity shareholders' funds	14		<u>249,850</u>		<u>209,680</u>

The financial statements were approved by the Board on 27 October 2004 and signed on its behalf by



Donald Richard Hornblow
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

Metaskil plc

**Cash flow statement
for the year ended 31 March 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		39,567	28,387
Depreciation		772	-
(Increase) in debtors		(196,602)	(343,838)
Increase in creditors		81,653	260,102
Net cash outflow from operating activities		<u>(74,610)</u>	<u>(55,349)</u>
Cash flow statement			
Net cash outflow from operating activities		(74,610)	(55,349)
Returns on investments and servicing of finance	17	603	109
Taxation	17	-	36,988
Capital expenditure	17	(5,957)	19,385
Decrease in cash in the year		<u>(79,964)</u>	<u>1,133</u>
Reconciliation of net cash flow to movement in net debt (Note 18)			
Decrease in cash in the year		(79,964)	1,133
Net debt at 1 April 2003		<u>(52,229)</u>	<u>(53,362)</u>
Net debt at 31 March 2004		<u>(132,193)</u>	<u>(52,229)</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% on cost
Office equipment	-	25% on cost

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Pensions

Contributions are charged to the profit and loss account, as they become due, in accordance with the rules of the scheme.

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

1.6. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	772	-
Operating lease rentals		
- Plant and machinery	9,337	2,824
- Motor vehicles	25,770	23,151
Auditors' remuneration	3,000	3,000

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

4. Interest receivable and similar income	2004	2003
	£	£
Bank interest	652	164
	<u>652</u>	<u>164</u>
5. Interest payable and similar charges	2004	2003
	£	£
Interest payable on loans < 1 yr	49	55
	<u>49</u>	<u>55</u>
6. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:		
Administration	2	2
Operations	8	7
	<u>10</u>	<u>9</u>
Employment costs	2004	2003
	£	£
Wages and salaries	552,938	279,865
Social security costs	59,900	39,445
Other pension costs	26,349	19,722
	<u>639,187</u>	<u>339,032</u>
6.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	92,004	52,000
Pension contributions	12,000	12,000
	<u>104,004</u>	<u>64,000</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

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Notes to the financial statements for the year ended 31 March 2004

..... continued

7. Pension costs

The company contributes to personal pension plans for a director. The pension cost, charged in the accounts, represents contributions made by the company to the fund and amounted to £12,000 (2003 £12,000).

8. Tax on profit on ordinary activities

Analysis of charge in period	2004 £	2003 £
Current tax		
UK corporation tax	-	1,800
Adjustments in respect of previous periods	-	(1,988)
	<u>-</u>	<u>(188)</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>40,170</u>	<u>28,496</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 March 2003 : 19%)	7,632	5,414
Effects of:		
Expenses not deductible for tax purposes	3,075	3,378
Capital allowances for period in excess of depreciation	(911)	2,859
Utilisation of tax losses	-	(8,312)
Adjustments to tax charge in respect of previous periods	-	(1,988)
Other adjustments	(1,900)	(1,539)
Group relief	<u>(7,896)</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>(188)</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

9. Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
Cost			
Additions	5,307	650	5,957
At 31 March 2004	5,307	650	5,957
Depreciation			
Charge for the year	745	27	772
At 31 March 2004	745	27	772
Net book values			
At 31 March 2004	4,562	623	5,185

10. Debtors

	2004 £	2003 £
Trade debtors	450,066	460,792
Amounts owed by group undertakings	135,023	67,773
Other debtors	-	36,988
Prepayments and accrued income	322,898	182,820
	907,987	748,373

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2004**

..... continued

11. Creditors: amounts falling due within one year	2004	2003
	£	£
Bank overdraft	-	74,740
Trade creditors	193,266	191,494
Corporation tax	1,800	38,788
Other taxes and social security costs	87,312	78,496
Other creditors	(375)	-
Accruals and deferred income	249,126	177,686
	<u>531,129</u>	<u>561,204</u>

The company has an invoice discounting facility with Lloyds TSB Commercial Finance. The funds in use at 31 March 2004 were £208,961 (31 March 2003 - £74,740). The company has given a debenture over all of its assets as security for funds advanced under the facility.

12. Share capital	2004	2003
	£	£
Authorised		
97,000 Ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>
Allotted, called up and fully paid		
52,083 Ordinary shares of £1 each	<u>52,083</u>	<u>52,083</u>

13. Equity Reserves	Share premium account	Profit and loss account	Total
	£	£	£
At 1 April 2003	49,167	108,430	157,597
Retained profit for the year		40,170	40,170
At 31 March 2004	<u>49,167</u>	<u>148,600</u>	<u>197,767</u>

14. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the year	40,170	28,684
Opening shareholders' funds	<u>209,680</u>	<u>180,996</u>
Closing shareholders' funds	<u>249,850</u>	<u>209,680</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2004

..... continued

15. Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2004	2003
	£	£
Expiry date:		
Within one year	1,965	3,730
Between one and five years	28,832	59,902
	<u>30,797</u>	<u>63,632</u>

16. Ultimate parent undertaking

The company considers Metaskil Group Ltd, a company incorporated in England, to be it's ultimate holding company.

17. Gross cash flows

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest received	652	164
Interest paid	(49)	(55)
	<u>603</u>	<u>109</u>
Taxation		
Corporation tax repaid	-	36,988
Capital expenditure		
Payments to acquire tangible assets	(5,957)	-
Receipts from sales of tangible assets	-	19,385
	<u>(5,957)</u>	<u>19,385</u>

Metaskil plc

Notes to the financial statements
for the year ended 31 March 2004

..... continued

18. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	22,511	(154,704)	(132,193)
Overdrafts	(74,740)	74,740	-
	<u>(52,229)</u>	<u>(79,964)</u>	<u>(132,193)</u>
Net funds	<u><u>(52,229)</u></u>	<u><u>(79,964)</u></u>	<u><u>(132,193)</u></u>