

Registration number 2027199

Metaskil plc

Directors' report and financial statements

for the year ended 31 March 2005



Metaskil plc

Company information

Directors	Wilfred Christopher Eaton Donald Richard Hornblow
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 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

Principal activity and review of the business

The principal activity of the company continued to be the provision of a range of management consulting and staffing services. The directors are pleased to report a fourth successive year of profitable growth.

Results and dividends

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

The directors have paid an interim dividend amounting to £40,000 and they 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:

	Class of share	31/03/05	01/04/04
Wilfred Christopher Eaton	Ordinary shares	-	-
Donald Richard Hornblow	Ordinary shares	-	-

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.

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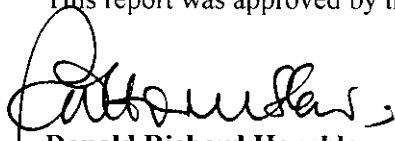
**Directors' report
for the year ended 31 March 2005**

..... continued

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 2005 and signed on its behalf by



Donald Richard Hornblow
Secretary

Metaskil plc

3ndependent auditors' report to the shareholders of Metaskil plc

We have audited the financial statements of Metaskil plc for the year ended 31 March 2005 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.

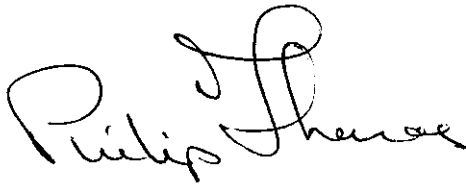
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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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 2005 and of its profit and cash flows 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 Thomas', is positioned above the company name.

**Accountancy Business Corporation Ltd
Chartered Certified Accountants and
Registered Auditors
27 October 2005**

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

Metaskil plc

**Profit and loss account
for the year ended 31 March 2005**

		Continuing operations	
		2005	2004
	Notes	£	£
Turnover	2	5,034,548	4,537,581
Cost of sales		(3,779,420)	(3,552,968)
Gross profit		1,255,128	984,613
Administrative expenses		(1,183,996)	(945,046)
Operating profit	3	71,132	39,567
Other interest receivable and similar income	4	1,164	652
Interest payable and similar charges	5	(34)	(49)
Profit on ordinary activities		72,262	40,170
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		72,262	40,170
Dividends	8	(40,000)	-
Retained profit for the year		32,262	40,170
Retained profit brought forward		148,600	108,430
Retained profit carried forward		180,862	148,600

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

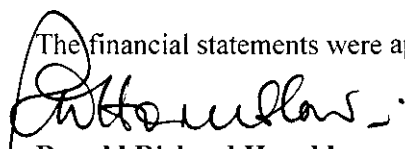
The notes on pages 8 to 14 form an integral part of these financial statements.

Metaskil plc

**Balance sheet
as at 31 March 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		6,221		5,185
Current assets					
Debtors	10	1,129,119		907,987	
Cash at bank and in hand		(169,497)		76,768	
		959,622		984,755	
Creditors: amounts falling due within one year	11	(683,731)		(740,090)	
Net current assets			275,891		244,665
Net assets			282,112		249,850
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		180,862		148,600
Shareholders' funds	14		282,112		249,850

The financial statements were approved by the Board on 27 October 2005 and signed on its behalf by


Donald Richard Hornblow
 Director

The notes on pages 8 to 14 form an integral part of these financial statements.

Metaskil plc

Cash flow statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		71,132	39,567
Depreciation		2,074	772
(Increase) in debtors		(221,132)	(196,602)
Increase in creditors		152,602	81,653
Net cash inflow from operating activities		<u>4,676</u>	<u>(74,610)</u>
Cash flow statement			
Net cash inflow from operating activities		4,676	(74,610)
Returns on investments and servicing of finance	17	1,130	603
Capital expenditure	17	-	(5,957)
		<u>5,806</u>	<u>(79,964)</u>
Equity dividends paid		(40,000)	-
Decrease in cash in the year		<u>(34,194)</u>	<u>(79,964)</u>
Reconciliation of net cash flow to movement in net debt (Note 18)			
Decrease in cash in the year		(34,194)	(79,964)
Net debt at 1 April 2004		<u>(132,193)</u>	<u>(52,229)</u>
Net debt at 31 March 2005		<u>(166,387)</u>	<u>(132,193)</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2005

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% reducing balance
Office equipment	-	25% reducing balance

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 2005

..... 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

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	2,074	772
Operating lease rentals		
- Plant and machinery	6,683	9,337
- Motor vehicles	14,799	25,770
Auditors' remuneration	3,250	3,000

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2005**

..... continued

4. Interest receivable and similar income	2005	2004
	£	£
Bank interest	1,164	652
	<u> </u>	<u> </u>
5. Interest payable and similar charges	2005	2004
	£	£
Interest payable on loans < 1 yr	34	49
	<u> </u>	<u> </u>
6. Employees		
Number of employees	2005	2004
The average monthly numbers of employees (including a director) during the year were:		
Administration	2	2
Operations	10	8
	<u> </u>	<u> </u>
	12	10
	<u> </u>	<u> </u>
Employment costs	2005	2004
	£	£
Wages and salaries	798,907	552,938
Social security costs	92,686	59,900
Other pension costs	39,510	26,349
	<u> </u>	<u> </u>
	931,103	639,187
	<u> </u>	<u> </u>
6.1. Directors' emoluments	2005	2004
	£	£
Remuneration and other emoluments	100,000	92,004
Pension contributions	12,500	12,000
	<u> </u>	<u> </u>
	112,500	104,004
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1
	<u> </u>	<u> </u>

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Notes to the financial statements for the year ended 31 March 2005

..... 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 (2004 £12,000).

8. Dividends	2005 £	2004 £
Dividends on equity shares:		
Ordinary shares - interim paid	40,000	-

9. Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
Cost			
At 1 April 2004	8,417	650	9,067
At 31 March 2005	8,417	650	9,067
Depreciation			
At 1 April 2004	745	27	772
Charge for the year	1,918	156	2,074
At 31 March 2005	2,663	183	2,846
Net book values			
At 31 March 2005	5,754	467	6,221
At 31 March 2004	7,672	623	8,295

10. Debtors	2005 £	2004 £
Trade debtors	569,736	450,066
Amounts owed by group undertakings	178,507	135,023
Prepayments and accrued income	380,876	322,898
	1,129,119	907,987

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2005**

..... continued

11. Creditors: amounts falling due within one year	2005	2004
	£	£
Bank overdraft	-	208,961
Trade creditors	206,845	193,266
Corporation tax	1,800	1,800
Other taxes and social security costs	104,455	87,312
Other creditors	-	(375)
Accruals and deferred income	370,631	249,126
	<u>683,731</u>	<u>740,090</u>

The company has an invoice discounting facility with Lloyds TSB Commercial Finance. The funds in use at 31 March 2005 were £150,271 (31 March 2004 - £208,961). The company has given a debenture over all of its assets as security for funds advanced under the facility.

12. Share capital	2005	2004
	£	£
Authorised equity		
97,000 Ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>
Allotted, called up and fully paid equity		
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 2004	49,167	148,600	197,767
Retained profit for the year		32,262	32,262
At 31 March 2005	<u>49,167</u>	<u>180,862</u>	<u>230,029</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2005

..... continued

14. Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the year	72,262	40,170
Dividends	(40,000)	-
	<u>32,262</u>	<u>40,170</u>
Opening shareholders' funds	249,850	209,680
Closing shareholders' funds	<u>282,112</u>	<u>249,850</u>

15. Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005	Other	2004
	£		£
Expiry date:			
Within one year	20,452		1,965
Between one and five years	-		28,832
	<u>20,452</u>		<u>30,797</u>

16. Ultimate parent undertaking

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

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2005**

..... continued

17. Gross cash flows

	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	1,164	652
Interest paid	(34)	(49)
	<u>1,130</u>	<u>603</u>
Capital expenditure		
Payments to acquire tangible assets	<u>-</u>	<u>(5,957)</u>

18. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	76,768	(246,265)	(169,497)
Overdrafts	(208,961)	208,961	-
	<u>(132,193)</u>	<u>(37,304)</u>	<u>(169,497)</u>
Net funds	<u>(132,193)</u>	<u>(37,304)</u>	<u>(169,497)</u>