

Registration number 2027199

Metaskil plc

Directors' report and financial statements

for the year ended 31 March 2006



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 2006

The present their report and the financial statements for the year ended 31 March 2006.

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 fifth successive year of profitable growth.

Results and dividends

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

Financial risk management objectives and policies

- a) the financial risk management objectives of the company for the year have been achieved and
- b) any additional information other than is already contained within the accounts with regard to the company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not considered material for the assessment of the assets, liabilities, financial position and profit of the company.

Directors and their interests

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

	Class of share	31/03/06	01/04/05
Wilfred Christopher Eaton	Ordinary shares	-	-
Donald Richard Hornblow	Ordinary shares	-	-

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 him 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 2006**

..... continued

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

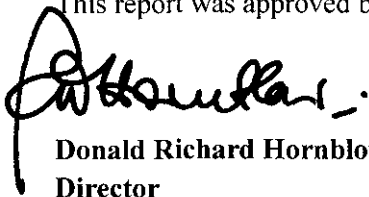
In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that he ought to have taken to make aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 25 October 2006 and signed on its behalf by



**Donald Richard Hornblow
Director**

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 2006 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 (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

Metaskil plc

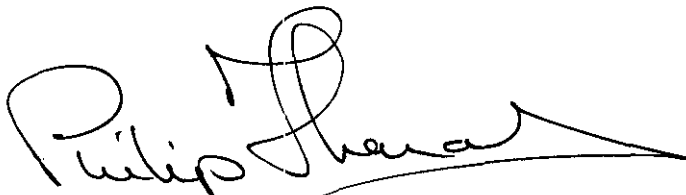
Independent auditors' report to the shareholders of Metaskil plc continued

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit and cash flows for the year then ended;

the financial statements 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 for the year ended 31 March 2006.



Accountancy Business Corporation Ltd
Chartered Certified Accountants and
Registered Auditors
25 October 2006

Penrose House Broad Lane
Upper Bucklebury
Reading
Berks
RG7 6QH

Metaskil plc

**Profit and loss account
for the year ended 31 March 2006**

		Continuing operations	
		2006	2005
	Notes	£	£
Turnover	2	5,705,873	5,034,548
Cost of sales		(4,504,152)	(3,779,420)
Gross profit		1,201,721	1,255,128
Administrative expenses		(1,134,140)	(1,183,997)
Operating profit	3	67,581	71,131
Other interest receivable and similar income	4	1,372	1,164
Interest payable and similar charges	5	-	(34)
Profit on ordinary activities before taxation		68,953	72,261
Tax on profit on ordinary activities	7	(26,357)	-
Profit on ordinary activities after taxation		42,596	72,261
Retained profit for the year	14	42,596	72,261

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

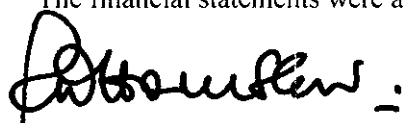
The notes on pages 8 to 16 form an integral part of these financial statements.

Metaskil plc

**Balance sheet
as at 31 March 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		5,614		6,220
Current assets					
Debtors	9	761,345		1,129,119	
Cash at bank and in hand		103,578		(19,226)	
		<u>864,923</u>		<u>1,109,893</u>	
Creditors: amounts falling due within one year	10	<u>(645,026)</u>		<u>(834,002)</u>	
Net current assets			<u>219,897</u>		<u>275,891</u>
Total assets less current liabilities			<u>225,511</u>		<u>282,111</u>
Provisions for liabilities	11		<u>(804)</u>		<u>-</u>
Net assets			<u><u>224,707</u></u>		<u><u>282,111</u></u>
Capital and reserves					
Called up share capital	13		52,083		52,083
Share premium account	14		49,167		49,167
Profit and loss account	14		123,457		180,861
Equity shareholders' funds	15		<u><u>224,707</u></u>		<u><u>282,111</u></u>

The financial statements were approved by the Board on 25 October 2006 and signed on its behalf by


Donald Richard Hornblow
Director

The notes on pages 8 to 16 form an integral part of these financial statements.

Metaskil plc

**Cash flow statement
for the year ended 31 March 2006**

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		67,581	71,131
Depreciation		1,872	2,074
Decrease in debtors		367,774	(221,132)
(Decrease) in creditors		(205,379)	93,912
Net cash inflow from operating activities		<u>231,848</u>	<u>(54,015)</u>
Cash flow statement			
Net cash inflow from operating activities		231,848	(54,015)
Returns on investments and servicing of finance	18	1,372	1,130
Capital expenditure	18	(1,265)	(3,109)
		<u>231,955</u>	<u>(55,994)</u>
Equity dividends paid		(100,000)	(40,000)
Increase in cash in the year		<u>131,955</u>	<u>(95,994)</u>
Reconciliation of net cash flow to movement in net funds (Note 19)			
Increase in cash in the year		131,955	(95,994)
Net debt at 1 April 2005		<u>(19,226)</u>	<u>76,768</u>
Net funds at 31 March 2006		<u>112,729</u>	<u>(19,226)</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

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 and other post-retirement benefits

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

1.6. Debt factoring

Debtors are shown gross as an asset in the accounts and proceeds received from the factor are included within creditors as a liability.

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

1.7. 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.

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

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	1,872	2,074
Operating lease rentals		
- Plant and machinery	7,255	6,683
- Land and buildings	31,000	31,000
- Motor vehicles	7,460	14,799
Auditors' remuneration	3,250	3,250

4. Interest receivable and similar income

	2006	2005
	£	£
Bank interest	12	1,164
Other interest	1,360	-
	<u>1,372</u>	<u>1,164</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

5. Interest payable and similar charges	2006	2005
	£	£
Interest payable on loans < 1 yr	-	34
	<u> </u>	<u> </u>
6. Employees		
Number of employees	2006	2005
The average monthly numbers of employees (including the directors) during the year were:		
Administration	2	2
Operations	9	10
	<u>11</u>	<u>12</u>
	<u> </u>	<u> </u>
Employment costs	2006	2005
	£	£
Wages and salaries	846,756	798,907
Social security costs	105,128	92,686
Pension costs-other operating charge	42,234	39,510
Staff costs-operating charges	<u>994,118</u>	<u>931,103</u>
	<u> </u>	<u> </u>
6.1. Directors' emoluments	2006	2005
	£	£
Remuneration and other emoluments	119,678	100,000
Pension contributions	12,000	12,500
	<u>131,678</u>	<u>112,500</u>
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>
	<u> </u>	<u> </u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2006	2005
	£	£
Current tax		
UK corporation tax	18,203	-
Adjustments in respect of previous periods	7,350	-
	<u>25,553</u>	<u>-</u>
Total current tax charge	<u>25,553</u>	<u>-</u>
Deferred tax		
Prior period adjustments	804	-
Total deferred tax	<u>804</u>	<u>-</u>
Tax on profit on ordinary activities	<u>26,357</u>	<u>-</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2006	2005
	£	£
Profit on ordinary activities before taxation	<u>68,953</u>	<u>72,261</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 March 2005 : 30%)	20,686	-
Effects of:		
Expenses not deductible for tax purposes	5,013	-
Capital allowances for period in excess of depreciation	422	-
Adjustments to tax charge in respect of previous periods	7,350	-
Marginal relief	(7,918)	-
Current tax charge for period	<u>25,553</u>	<u>-</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

8. Tangible fixed assets

	Plant and machinery	Office equipment	Total
	£	£	£
Cost			
At 1 April 2005	8,417	650	9,067
Additions	1,265	-	1,265
At 31 March 2006	<u>9,682</u>	<u>650</u>	<u>10,332</u>
Depreciation			
At 1 April 2005	2,663	183	2,846
Charge for the year	1,755	117	1,872
At 31 March 2006	<u>4,418</u>	<u>300</u>	<u>4,718</u>
Net book values			
At 31 March 2006	<u>5,264</u>	<u>350</u>	<u>5,614</u>
At 31 March 2005	<u>5,754</u>	<u>467</u>	<u>6,221</u>

9. Debtors

	2006	2005
	£	£
Trade debtors	695,946	569,736
Amounts owed by group undertakings	(381,780)	178,507
Other debtors	1,051	-
Prepayments and accrued income	446,128	380,876
	<u>761,345</u>	<u>1,129,119</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

10. Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors	119,799	206,845
Corporation tax	18,203	1,800
Other taxes and social security costs	31,357	104,455
Other creditors	-	150,271
Accruals and deferred income	475,667	370,631
	<u>645,026</u>	<u>834,002</u>

The company has an invoice discounting facility with Lloyds/TSB Commercial Finance. No funds were in use at 31 March 2006 (31 March 2005 - £150,271). The company has given a debenture over all of its assets as security for funds advanced under the facility.

The company, together with other group companies, is party to an omnibus guarantee and set-off agreement with its bankers in respect of all monies and liabilities at any time due to the bank by any member of the group.

11. Provisions for liabilities

	Deferred taxation (Note 12) £	Total £
Movements in the year	804	804
At 31 March 2006	<u>804</u>	<u>804</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

12. Provision for deferred taxation

	2006	2005
	£	£
Accelerated capital allowances	804	-
	<u>804</u>	<u>-</u>
Deferred tax charge in profit and loss account	804	
Provision at 31 March 2006	<u>804</u>	

13. Share capital

	2006	2005
	£	£
Authorised equity		
97,000 Ordinary shares of £1 each	97,000	97,000
	<u>97,000</u>	<u>97,000</u>
Allotted, called up and fully paid equity		
52,083 Ordinary shares of £1 each	52,083	52,083
	<u>52,083</u>	<u>52,083</u>

14. Equity Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 April 2005	49,167	180,861	230,028
Retained profit for the year		42,596	42,596
	<u>49,167</u>	<u>223,457</u>	<u>272,624</u>
At 31 March 2006	49,167	123,457	172,624
	<u>49,167</u>	<u>123,457</u>	<u>172,624</u>

15. Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the year	42,596	72,261
Dividends	(100,000)	(40,000)
	<u>(57,404)</u>	<u>32,261</u>
Opening shareholders' funds	282,111	249,850
Closing shareholders' funds	<u>224,707</u>	<u>282,111</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

16. Financial commitments

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Within one year	-	-	-	20,452
Between one and five years	31,000	31,000	18,289	17,529
	<u>31,000</u>	<u>31,000</u>	<u>18,289</u>	<u>37,981</u>

17. Ultimate parent undertaking

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

18. Gross cash flows

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	1,372	1,164
Interest paid	-	(34)
	<u>1,372</u>	<u>1,130</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(1,265)</u>	<u>(3,109)</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

19. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	(19,226)	122,804	103,578
Net funds	<u>(19,226)</u>	<u>122,804</u>	<u>103,578</u>