

REGISTRAR'S COPY

Registration number 2027199

Metaskil plc

Directors' report and financial statements

for the year ended 31 March 2007

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Metaskil plc

Company information

Directors	Wilfred Christopher Eaton Donald Richard Hornblow Ian Faulkner	appointed 1 July 2007
Secretary	Donald Richard Hornblow	
Company number	2027199	
Registered office	7 Fortuna Court Calleva Park Aldermaston Reading Berks RG7 8UB	
Auditors	HW 30 Camp Road Farnborough Hants GU14 6EW	
Business address	7 Fortuna Court Calleva Park Aldermaston Reading Berks RG7 8UB	
Bankers	Lloyds TSB Bank plc 1-2 Market Place Reading Berks RG1 2EQ	

Metaskil plc

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Metaskil plc

Directors' report for the year ended 31 March 2007

The directors present their report and the financial statements for the year ended 31 March 2007

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. Business continued during 2006-2007 at the increased levels achieved in the previous year, the company winning significant new contracts for its Project Management Services with Dell Corporation, EDF Energy, Euphony Communications, HM Government Offices for the Regions, the Home Office, the Police, the Rail Industry, UBS, VTB Group and Aviva.

The directors consider that turnover, gross profit and maintenance of available cash are the key performance indicators of the business. Turnover for the year increased for the seventh consecutive year. However, profit reduced, due principally to the fundamental reorganisation of the Public Sector Division with costs of £71,833, in the year. These changes should enable the company to operate with a more effective team during the coming year. Margins were maintained in other divisions and additional cash of £121,595 was generated during the year. The directors remain confident that the strategy for the company is sound and expect growth to continue in the year ahead. For further information please visit the company's web site at www.Metaskil.com

Results and dividends

The profit for the year, after taxation, amounted to £17,924. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

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.

Policy on the payment of creditors

It is the company's policy to settle suppliers' accounts in accordance with their individual terms of business. At 31 March 2007 the company had £76,784 of trade creditors (creditor days 5.8).

Directors and their interests

The directors who have held office during the year and their beneficial interests in the company are as stated below.

	Class of share	31/03/07	01/04/06
Wilfred Christopher Eaton	Ordinary shares	-	-
Donald Richard Hornblow	Ordinary shares	-	-

Ian Faulkner was appointed a director on 1 July 2007.

Metaskil plc

Directors' report for the year ended 31 March 2007

continued

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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.

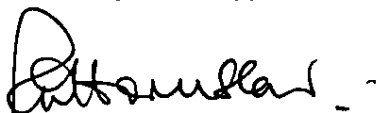
Statement of disclosure to the auditor

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

HW were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 25 October 2007 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 2007 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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

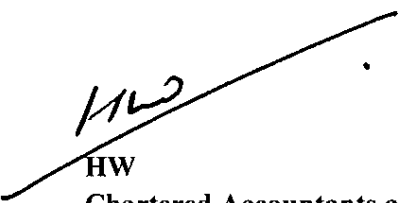
Independent auditors' report to the shareholders of Metaskil plc continued

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 2007 and of its profit 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 2007



HW

Chartered Accountants and
Registered Auditors
25 October 2007

30 Camp Road
Farnborough
Hants
GU14 6EW

Metaskil plc

**Profit and loss account
for the year ended 31 March 2007**

		2007	2006
	Notes	£	£
Turnover	2	5,795,085	5,705,873
Cost of sales		(4,808,484)	(4,504,152)
Gross profit		986,601	1,201,721
Administrative expenses		(895,697)	(1,134,140)
Operating profit	3	90,904	67,581
Cost of fundamental reorganisation		(71,833)	-
Profit on ordinary activities before interest		19,071	67,581
Other interest receivable and similar income	4	980	1,372
Interest payable and similar charges	5	(6)	-
Profit on ordinary activities before taxation		20,045	68,953
Tax on profit on ordinary activities	7	(2,121)	(26,357)
Profit on ordinary activities after taxation		17,924	42,596
Retained profit for the year	14	17,924	42,596

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

The profit and loss account has been prepared on the basis that all operations are continuing operations

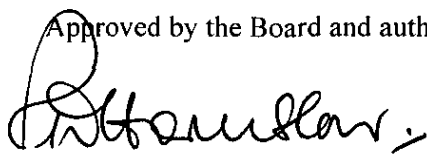
The notes on pages 8 to 16 form an integral part of these financial statements.

Metaskil plc

**Balance sheet
as at 31 March 2007**

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		4,999		5,614
Current assets					
Debtors	9				
falling due after more than one year		7,750		7,750	
falling due within one year		877,123		1,187,546	
Cash at bank and in hand		225,173		116,160	
		<u>1,110,046</u>		<u>1,311,456</u>	
Creditors: amounts falling due within one year	10	<u>(871,780)</u>		<u>(1,091,559)</u>	
Net current assets			<u>238,266</u>		<u>219,897</u>
Total assets less current liabilities			<u>243,265</u>		<u>225,511</u>
Provisions for liabilities	11		<u>(634)</u>		<u>(804)</u>
Net assets			<u><u>242,631</u></u>		<u><u>224,707</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		141,381		123,457
Equity shareholders' funds	15		<u><u>242,631</u></u>		<u><u>224,707</u></u>

Approved by the Board and authorised for issue on 25 October 2007 and signed on its behalf by


Donald Richard Hornblow
 Director

The notes on pages 9 to 16 form an integral part of these financial statements.

Metaskil plc

**Cash flow statement
for the year ended 31 March 2007**

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		90,904	67,581
Depreciation		1,666	1,872
Decrease / (increase) in debtors		310,423	(66,177)
(Decrease) / increase in creditors		(191,694)	228,572
Cost of fundamental reorganisation		(71,833)	-
Net cash inflow from operating activities		<u>139,466</u>	<u>231,848</u>
Cash flow statement			
Net cash inflow from operating activities		139,466	231,848
Returns on investments and servicing of finance	19	974	1,372
Taxation	19	(17,794)	(9,151)
Capital expenditure	19	(1,051)	(1,265)
		<u>121,595</u>	<u>222,804</u>
Equity dividends paid		-	(100,000)
Increase in cash in the year		<u>121,595</u>	<u>122,804</u>
Reconciliation of net cash flow to movement in net funds (Note 20)			
Increase in cash in the year		121,595	122,804
Net funds at 1 April 2006		<u>103,578</u>	<u>(19,226)</u>
Net funds at 31 March 2007		<u>225,173</u>	<u>103,578</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards

1.2. Compliance with accounting standards

The financial statements are prepared in accordance with United Kingdom Auditing Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3. Turnover

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

1.4. 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

1.5. Leasing

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

1.6. Pensions and other post-retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.7. 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

1.8. 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

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

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2007**

3. Operating profit	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	1,666	1,872
Operating lease rentals		
- Plant and machinery	8,712	7,255
- Land and buildings	31,000	31,000
- Motor vehicles	-	7,460
Auditors' remuneration	3,500	3,250
	<u> </u>	<u> </u>
4. Interest receivable and similar income	2007	2006
	£	£
Bank interest	980	1,372
	<u> </u>	<u> </u>
5. Interest payable and similar charges	2007	2006
	£	£
On loans and overdrafts	6	-
	<u> </u>	<u> </u>
6. Employees		
Number of employees	2007	2006
The average monthly numbers of employees (including the directors) during the year were		
Administration	2	2
Operations	8	9
	<u> </u>	<u> </u>
	10	11
	<u> </u>	<u> </u>
Employment costs	2007	2006
	£	£
Wages and salaries	661,297	846,756
Social security costs	66,404	105,128
Pension costs-other operating charge	40,835	42,234
Staff costs-operating charges	768,536	994,118
	<u> </u>	<u> </u>

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**Notes to the financial statements
for the year ended 31 March 2007**

6.1. Directors' emoluments

	2007	2006
	£	£
Remuneration and other emoluments	129,268	129,264
Pension contributions	12,000	12,000
	<u>141,268</u>	<u>141,264</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2007

7. Tax on profit on ordinary activities

Analysis of charge in period	2007 £	2006 £
Current tax		
UK corporation tax	2,700	18,203
Adjustments in respect of previous periods	(409)	7,350
	<u>2,291</u>	<u>25,553</u>
Total current tax charge	<u>2,291</u>	<u>25,553</u>
Deferred tax		
Timing differences, origination and reversal	(170)	-
Prior period adjustments	-	804
	<u>(170)</u>	<u>804</u>
Total deferred tax	<u>(170)</u>	<u>804</u>
Tax on profit on ordinary activities	<u>2,121</u>	<u>26,357</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

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>20,045</u>	<u>68,953</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 March 2006 30%)	3,809	20,686
Effects of:		
Expenses not deductible for tax purposes	3,673	5,013
Capital allowances for period in excess of depreciation	170	422
Adjustments to tax charge in respect of previous periods	(409)	7,350
Marginal relief	-	(7,918)
Group relief	(4,952)	-
Current tax charge for period	<u>2,291</u>	<u>25,553</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2007**

8. Tangible fixed assets

	Plant and machinery	Office equipment	Total
	£	£	£
Cost			
At 1 April 2006	9,682	650	10,332
Additions	1,051	-	1,051
At 31 March 2007	<u>10,733</u>	<u>650</u>	<u>11,383</u>
Depreciation			
At 1 April 2006	4,418	300	4,718
Charge for the year	1,579	87	1,666
At 31 March 2007	<u>5,997</u>	<u>387</u>	<u>6,384</u>
Net book values			
At 31 March 2007	<u>4,736</u>	<u>263</u>	<u>4,999</u>
At 31 March 2006	<u>5,264</u>	<u>350</u>	<u>5,614</u>

9. Debtors

	2007	2006
	£	£
Trade debtors	394,350	695,946
Amounts owed by group undertakings	6,624	52,171
Other debtors	11,972	1,051
Prepayments and accrued income	471,927	446,128
	<u>884,873</u>	<u>1,195,296</u>

Amounts falling due after more than one year and included in debtors are

Prepayments and accrued income	<u>7,750</u>	<u>7,750</u>
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Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2007**

10. Creditors: amounts falling due within one year	2007 £	2006 £
Bank overdraft	-	12,582
Trade creditors	76,784	119,799
Amounts owed to group undertaking	272,721	433,951
Corporation tax	2,700	18,203
Other taxes and social security costs	67,521	31,357
Accruals and deferred income	452,054	475,667
	<u>871,780</u>	<u>1,091,559</u>

The company has an invoicediscounting facility with Lloyds/TSBCommercial Finance No funds were in use at 31 March 2007 (31 March 2006 - £Nil) 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 £
At 1 April 2006	804	804
Movements in the year	(170)	(170)
At 31 March 2007	<u>634</u>	<u>634</u>

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**Notes to the financial statements
for the year ended 31 March 2007**

12. Provision for deferred taxation		2007	2006
		£	£
Accelerated capital allowances		634	804
		<u>634</u>	<u>804</u>
Provision at 1 April 2006		804	
Deferred tax charge in profit and loss account		(170)	
		<u>634</u>	
Provision at 31 March 2007		<u>634</u>	
		<u>634</u>	
13. Share capital		2007	2006
		£	£
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>
		<u>52,083</u>	<u>52,083</u>
14. Equity Reserves	Share premium account	Profit and loss account	Total
	£	£	£
At 1 April 2006	49,167	123,457	172,624
Retained profit for the year		17,924	17,924
	<u>49,167</u>	<u>141,381</u>	<u>190,548</u>
At 31 March 2007	<u>49,167</u>	<u>141,381</u>	<u>190,548</u>
	<u>49,167</u>	<u>141,381</u>	<u>190,548</u>
15. Reconciliation of movements in shareholders' funds		2007	2006
		£	£
Profit for the year		17,924	42,596
Dividends		-	(100,000)
		<u>17,924</u>	<u>(57,404)</u>
Opening shareholders' funds		224,707	282,111
		<u>224,707</u>	<u>282,111</u>
Closing shareholders' funds		242,631	224,707
		<u>242,631</u>	<u>224,707</u>
		<u>242,631</u>	<u>224,707</u>

Metaskil plc

Notes to the financial statements for the year ended 31 March 2007

16. Financial commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Expiry date:				
Within one year	-	-	1,166	1,166
Between one and five years	31,000	31,000	760	3,092
In over five years	-	-	-	-
	<u>31,000</u>	<u>31,000</u>	<u>1,926</u>	<u>4,258</u>

17. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate holding company. These transactions are available from the parent company's registered address.

18. Ultimate parent undertaking

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

19. Gross cash flows

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	980	1,372
Interest paid	(6)	-
	<u>974</u>	<u>1,372</u>
Taxation		
Corporation tax paid	<u>(17,794)</u>	<u>(9,151)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(1,051)</u>	<u>(1,265)</u>

Metaskil plc

**Notes to the financial statements
for the year ended 31 March 2007**

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	116,160	109,013	225,173
Overdrafts	(12,582)	12,582	-
	<u>103,578</u>	<u>121,595</u>	<u>225,173</u>
Net funds	<u><u>103,578</u></u>	<u><u>121,595</u></u>	<u><u>225,173</u></u>