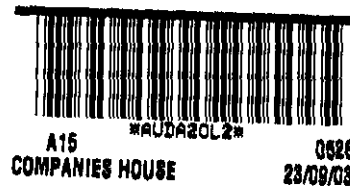


REGISTERED NUMBER: 3033421 (England and Wales)

Abbreviated Financial Statements for the Year Ended 31 March 2003

for

Ewan Associates Ltd



Ewan Associates Ltd

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for the Year Ended 31 March 2003

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Ewan Associates Ltd
Company Information
for the Year Ended 31 March 2003

DIRECTORS: VJ Ewan
AC Southall
R Allen

SECRETARY: S Blannin

REGISTERED OFFICE: Priory Court
Poulton
Cirencester
Gloucestershire
GL7 5JB

REGISTERED NUMBER: 3033421 (England and Wales)

AUDITORS: Morley & Co (UK) Ltd
Registered Auditors
Chartered Accountants
2 Cricklade Court
Old Town
Swindon
SN1 3EY

Ewan Associates Ltd

Report of the Directors
for the Year Ended 31 March 2003

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

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of management and technical consultancy operating principally in the fields of water, wastewater and environmental management. In addition, strategic asset management skills are being applied in other sectors.

REVIEW OF BUSINESS

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

Ewan Associates has built on the growth achieved last year and delivered further substantial growth and further improved profitability. The change, implemented last year, to multifunctional offices managed in three regions covering the UK, has proven successful. The Strategic Consulting group has demonstrated our ability to provide management consultancy in tandem with technical consultancy through a number of substantial commissions.

DIVIDENDS

A dividend of £6.33 per share was paid on 24 March 2003 in respect of the A Ordinary £1 shares. The total distribution for the year ended 31 March 2003 was £669,841.

FUTURE DEVELOPMENTS

The business remains well placed to enjoy substantial further growth in the water sector during the coming year. The additional challenges ahead are to build on the current level of work overseas and to increase further our activities with other utility sectors.

DIRECTORS

The directors during the year under review were:

VJ Ewan
AC Southall
R Allen

The directors holding office at 31 March 2003 did not hold any beneficial interest in the issued share capital of the company at 1 April 2002 or 31 March 2003.

THE EURO

The company does not expect any additional costs to be incurred through the introduction of the Euro.

PAYMENTS TO SUPPLIERS

The company has standard payment terms for suppliers of 30 days following receipt of an accurate invoice for goods or services provided in accordance with the agreed terms and conditions.

The company has 32 days purchases outstanding at 31 March 2003 based on the average daily amount invoiced by suppliers during the year.

EMPLOYMENT OF DISABLED PERSONS AND EMPLOYEE INVOLVEMENT

As an equal opportunities employer, it is the policy of the company to fairly consider all applications for vacancies regardless of age, race, creed, colour, nationality, sex or disability. Wherever possible, disability will not inhibit opportunities for continued employment, training or retraining to fully utilise an individual's abilities.

The company encourages the dissemination of information and employee consultation and involvement through regular office meetings where key issues are discussed.

Ewan Associates Ltd

Report of the Directors
for the Year Ended 31 March 2003

STATEMENT OF 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 affairs of the company and of the profit or loss of the company 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 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.

ON BEHALF OF THE BOARD:



S Blannin - SECRETARY

Dated: 18 September 2003

Ewan Associates Ltd

Report of the Independent Auditors to
Ewan Associates Ltd
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages five to sixteen, together with the full financial statements of the company for the year ended 31 March 2003 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages five to sixteen are properly prepared in accordance with that provision.

Morley & Co (UK) Ltd

Morley & Co (UK) Ltd
Registered Auditors
Chartered Accountants
2 Cricklade Court
Old Town
Swindon
SN1 3EY

Dated: 18 September 2003

Ewan Associates Ltd

Abbreviated Profit and Loss Account
for the Year Ended 31 March 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
GROSS PROFIT		2,637,897	1,850,309
Administrative expenses		<u>1,433,256</u>	<u>1,077,937</u>
OPERATING PROFIT	3	1,204,641	772,372
Interest payable and similar charges	4	<u>3,567</u>	<u>19,995</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,201,074	752,377
Tax on profit on ordinary activities	5	<u>322,184</u>	<u>98,771</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		878,890	653,606
Dividends	6	<u>669,841</u>	<u>211,640</u>
RETAINED PROFIT FOR THE YEAR		<u>£209,049</u>	<u>£441,966</u>

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

Ewan Associates Ltd

Abbreviated Balance Sheet

31 March 2003

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		83,453		19,000
Tangible assets	8		<u>406,198</u>		<u>270,148</u>
			489,651		289,148
CURRENT ASSETS					
Stocks	9	-		26,000	
Debtors	10	2,190,886		2,985,404	
Cash at bank and in hand		<u>1,467,600</u>		<u>496,088</u>	
		3,658,486		3,507,492	
CREDITORS					
Amounts falling due within one year	11	<u>2,871,871</u>		<u>2,776,941</u>	
NET CURRENT ASSETS			<u>786,615</u>		<u>730,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,276,266		1,019,699
CREDITORS					
Amounts falling due after more than one year	12		(44,563)		(11,185)
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(24,911)</u>		<u>(10,771)</u>
			<u>£1,206,792</u>		<u>£997,743</u>
CAPITAL AND RESERVES					
Called up share capital	16		105,820		105,820
Profit and loss account	17		<u>1,100,972</u>		<u>891,923</u>
SHAREHOLDERS' FUNDS	19		<u>£1,206,792</u>		<u>£997,743</u>

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

ON BEHALF OF THE BOARD:



VJ Ewan - DIRECTOR

Approved by the Board on 18 September 2003

The notes form part of these financial statements

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

1. **ACCOUNTING POLICIES**

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services and goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in December 1999 is being written off evenly over its estimated useful life of three years.

Tangible fixed assets

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

Leasehold Improvements - in accordance with the lease period

Furniture	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa
Electrical	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa
Other	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa
Logging	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa
Vehicles	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa
Computer	- Year 1-3 at 20% on cost, year 4 at 10%, thereafter at 5%pa

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. All are depreciated over their estimated useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pension Costs

Pension payments are made under a defined contribution scheme to an independently administered fund. The charge to the profit and loss account is the amount of contribution due for payment in respect of the particular accounting period. Any outstanding or prepaid contributions at the balance sheet date are accounted for under the accruals concept where necessary.

Research and development

Expenditure on in-house research and development is written off in the year in which it is incurred while externally procured scientific R&D is accounted for in accordance with SSAP 13.

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

1. ACCOUNTING POLICIES - continued

Deferred Taxation

Deferred tax, in accordance with FRS19 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at current rates in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Software rights

Software rights purchased in March 2002 are being written off evenly over its estimated useful life of four years.

2. STAFF COSTS

	2003 £	2002 £
Wages and salaries	3,719,578	2,432,399
Social security costs	336,849	211,905
Other pension costs	<u>50,553</u>	<u>95,193</u>
	<u>4,106,980</u>	<u>2,739,497</u>

The average monthly number of employees during the year was as follows:

	2003	2002
Directors	3	3
Admin	14	10
Engineers	<u>195</u>	<u>180</u>
	<u>212</u>	<u>193</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Other operating leases	187,971	85,183
Depreciation - owned assets	71,219	73,393
Depreciation - assets on hire purchase contracts	27,956	1,700
Loss on disposal of fixed assets	2,873	13,338
Goodwill written off	4,000	4,000
R&D and Patents/Licences written off	5,000	5,000
Auditors Remuneration	7,000	7,000
Directors Pension Contributions	<u>4,888</u>	<u>63,600</u>
Directors' emoluments	<u>173,971</u>	<u>196,329</u>

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Directors Loan Interest	-	18,588
Revenue Interest	100	-
HP & LP Interest	<u>3,467</u>	<u>1,407</u>
	<u>3,567</u>	<u>19,995</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	310,302	88,000
Under(Over) Provision Prior Yr	<u>(2,258)</u>	<u>-</u>
Total current tax	<u>308,044</u>	<u>88,000</u>
Deferred tax:		
Deferred taxation	14,140	10,771
Tax on profit on ordinary activities	<u>322,184</u>	<u>98,771</u>

UK corporation tax has been charged at 30% (2002 - 29.35%).

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

5. TAXATION - continued

Factors affecting the tax 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	<u>1,201,074</u>	<u>752,377</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	360,322	225,713
Effects of:		
Depreciation	32,453	25,228
Capital Allowances	(44,277)	(36,914)
Expenses not deductible for tax purposes	2,144	4,462
Other tax adjustments	-	829
Under/Over provision in prior year	(2,258)	-
Marginal relief	-	(1,948)
Trading losses brought forward	-	(18,400)
Group relief	<u>(40,340)</u>	<u>(110,970)</u>
Current tax charge	<u>308,044</u>	<u>88,000</u>

6. DIVIDENDS

	2003 £	2002 £
Equity shares:		
105,820 A Ordinary Shares shares of £1 each		
Interim	<u>669,841</u>	<u>211,640</u>
	<u>669,841</u>	<u>211,640</u>

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

7. INTANGIBLE FIXED ASSETS

	Goodwill £	R&D and Patents/Licences £	Totals £
COST:			
At 1 April 2002	12,000	20,000	32,000
Inter Group Transfers	<u>-</u>	<u>128,573</u>	<u>128,573</u>
At 31 March 2003	<u>12,000</u>	<u>148,573</u>	<u>160,573</u>
AMORTISATION:			
At 1 April 2002	8,000	5,000	13,000
Charge for year	4,000	5,000	9,000
Inter Group Transfers	<u>-</u>	<u>55,120</u>	<u>55,120</u>
At 31 March 2003	<u>12,000</u>	<u>65,120</u>	<u>77,120</u>
NET BOOK VALUE:			
At 31 March 2003	<u>-</u>	<u>83,453</u>	<u>83,453</u>
At 31 March 2002	<u>4,000</u>	<u>15,000</u>	<u>19,000</u>

No depreciation charge has been applied this year on the R&D inter group transfer as full depreciation had been provided before the transfer from Ewan Optimal Solutions Ltd on 31.3.03 in line with the requirements of SSAP 13.

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Furniture £	Electrical Equipment £	Other Equipment £
COST:				
At 1 April 2002	15,734	44,830	28,994	71,968
Additions	-	10,722	4,040	18,907
Disposals	<u>-</u>	<u>(1,304)</u>	<u>(17)</u>	<u>-</u>
At 31 March 2003	<u>15,734</u>	<u>54,248</u>	<u>33,017</u>	<u>90,875</u>
DEPRECIATION:				
At 1 April 2002	644	23,093	19,258	39,642
Charge for year	-	1,798	248	9,427
Eliminated on disposal	<u>-</u>	<u>(823)</u>	<u>(3)</u>	<u>-</u>
At 31 March 2003	<u>644</u>	<u>24,068</u>	<u>19,503</u>	<u>49,069</u>
NET BOOK VALUE:				
At 31 March 2003	<u>15,090</u>	<u>30,180</u>	<u>13,514</u>	<u>41,806</u>
At 31 March 2002	<u>15,090</u>	<u>21,737</u>	<u>9,736</u>	<u>32,326</u>

Ewan Associates Ltd

**Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003**

8. TANGIBLE FIXED ASSETS - continued

	Logging Equipment £	Motor Vehicles £	Computer Equipment £	Totals £
COST:				
At 1 April 2002	300	24,665	331,744	518,235
Additions	-	29,500	177,623	240,792
Disposals	-	(5,600)	(10,760)	(17,681)
At 31 March 2003	<u>300</u>	<u>48,565</u>	<u>498,607</u>	<u>741,346</u>
DEPRECIATION:				
At 1 April 2002	1	7,788	157,661	248,087
Charge for year	20	16,006	71,676	99,175
Eliminated on disposal	-	(4,760)	(6,528)	(12,114)
At 31 March 2003	<u>21</u>	<u>19,034</u>	<u>222,809</u>	<u>335,148</u>
NET BOOK VALUE:				
At 31 March 2003	<u>279</u>	<u>29,531</u>	<u>275,798</u>	<u>406,198</u>
At 31 March 2002	<u>299</u>	<u>16,877</u>	<u>174,083</u>	<u>270,148</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Other Equipment £	Motor Vehicles £	Computer Equipment £	Totals £
COST:				
At 1 April 2002	-	19,065	8,500	27,565
Additions	<u>3,048</u>	<u>20,500</u>	<u>94,132</u>	<u>117,680</u>
At 31 March 2003	<u>3,048</u>	<u>39,565</u>	<u>102,632</u>	<u>145,245</u>
DEPRECIATION:				
At 1 April 2002	-	-	3,400	3,400
Charge for year	<u>610</u>	<u>7,915</u>	<u>19,431</u>	<u>27,956</u>
At 31 March 2003	<u>610</u>	<u>7,915</u>	<u>22,831</u>	<u>31,356</u>
NET BOOK VALUE:				
At 31 March 2003	<u>2,438</u>	<u>31,650</u>	<u>79,801</u>	<u>113,889</u>
At 31 March 2002	<u>-</u>	<u>19,065</u>	<u>5,100</u>	<u>24,165</u>

9. STOCKS

	2003 £	2002 £
Work in Progress	<u>-</u>	<u>26,000</u>

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Trade Debtors	2,025,068	1,805,020
Inter Company Account	144,632	1,115,384
Other Debtors	6,640	-
Corporation Tax Recoverable	-	35,000
Prepayments	<u>14,546</u>	<u>30,000</u>
	<u><u>2,190,886</u></u>	<u><u>2,985,404</u></u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Hire purchase contracts (see note 13)	46,708	10,326
Trade Creditors	277,689	1,021,129
Income Tax	-	3,718
Taxation	310,302	88,000
VAT	343,955	347,511
Inter Company Account	1,699,156	1,062,042
Other Creditors	9,061	8,676
Accruals	<u>185,000</u>	<u>235,539</u>
	<u><u>2,871,871</u></u>	<u><u>2,776,941</u></u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003	2002
	£	£
Hire purchase contracts (see note 13)	<u>44,563</u>	<u>11,185</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2003	2002
	£	£
Net obligations repayable:		
Within one year	46,708	10,326
Between one and five years	<u>44,563</u>	<u>11,185</u>
	<u><u>91,271</u></u>	<u><u>21,511</u></u>

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiring:				
Within one year	36,957	23,313	3,872	404
Between one and five years	64,477	33,155	2,769	3,872
In more than five years	-	21,950	-	-
	<u>101,434</u>	<u>78,418</u>	<u>6,641</u>	<u>4,276</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

2003	2002
£	£
<u> </u>	<u> </u>

In respect of any bank borrowings of this company and other group companies, the bankers hold a mortgage over the assets of this company and all other group companies, and a composite guarantee and right of set off against all group bank balances. Natwest also hold unsupported personal guarantees of £5,000 each from the directors, Mr V J Ewan and Mr A C Southall.

15. PROVISION FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Deferred tax	<u>24,911</u>	<u>10,771</u>
	Deferred tax	
	£	
Balance at 1 April 2002	10,771	
Accelerated Capital Allowances	<u>14,140</u>	
Balance at 31 March 2003	<u>24,911</u>	
Deferred tax provision		
	2003	2002
	£	£
Accelerated Capital Allowances	<u>24,911</u>	<u>10,771</u>
	<u>24,911</u>	<u>10,771</u>

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

16. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2003 £	2002 £
480,000	A Ordinary Shares	£1	480,000	480,000
10,000	B Ordinary Shares	£1	10,000	10,000
10,000	C Ordinary Shares	£1	10,000	10,000
			<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2003 £	2002 £
105,820	A Ordinary Shares	£1	105,820	105,820
			<u>105,820</u>	<u>105,820</u>

17. RESERVES

	Profit and loss account £
At 1 April 2002	891,923
Retained profit for the year	<u>209,049</u>
At 31 March 2003	<u>1,100,972</u>

18. ULTIMATE PARENT COMPANY

The ultimate holding company is Ewan Group plc, accounts of which can be obtained from Companies House (company registration number 4182542). As the company is a 100% owned subsidiary of Ewan Group plc, the company, in accordance with the exemption available within FRS8, is not required to disclose its related party transactions with group members as such details are available from the parent company's financial statements.

Ewan Associates Ltd

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 2003

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	878,890	653,606
Dividends	<u>(669,841)</u>	<u>(211,640)</u>
	209,049	441,966
Revaluation Reserve	<u>-</u>	<u>(18,705)</u>
Net addition to shareholders' funds	209,049	423,261
Opening shareholders' funds	<u>997,743</u>	<u>574,482</u>
Closing shareholders' funds	<u>1,206,792</u>	<u>997,743</u>
Equity interests	<u>1,206,792</u>	<u>997,743</u>