

Report of the Directors and
Financial Statements for the Period 1 April 2003 to 30 June 2004
for
Ewan Associates Ltd



Ewan Associates Ltd

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for the Period 1 April 2003 to 30 June 2004

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Ewan Associates Ltd
Company Information
for the Period 1 April 2003 to 30 June 2004

DIRECTORS:

VJ Ewan
R Allen
A P Gunning
R G Williams

SECRETARY:

S J 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 Period 1 April 2003 to 30 June 2004

The directors present their report with the financial statements of the company for the period 1 April 2003 to 30 June 2004.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period 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 period and financial position of the company are as shown in the annexed financial statements.

Many businesses in the water sector have found trading conditions more difficult in the past year than is normal at this point in the regulatory cycle (year 4 of 5). These conditions have influenced the results achieved during the 15 month period covered by the accounts. However, the company has been successful in winning a number of significant long running framework agreements with water utilities which form a sound basis to underpin the forward workload. In addition the environmental sector work has been growing in line with expectations.

DIVIDENDS

The following interim dividends were paid in the period:

1 October 2003 a dividend of £1.89 per Ordinary £1 A share.

27 October 2003 a dividend of £8.51 per Ordinary £1 A share.

24 March 2004 a dividend of £2.82 per Ordinary £1 A share.

30 June 2004 a dividend of £1.34 per Ordinary £1 A share.

The total distribution for the period ended 30 June 2004 was £1,539,971.

FUTURE DEVELOPMENTS

The new financial year will see the businesses of Ewan Associates Ltd and Ewan Services Ltd being taken up into Ewan Group to form a single trading entity.

Ewan Associates is well placed in the water sector with a strong reputation for quality. It has had success in the target areas of environmental work and in using key strengths to gain work in utilities outside water. The objectives for the future are to continue to build on these successes under the Ewan Group name and to increase our market share.

DIRECTORS

The directors during the period under review were:

VJ Ewan		
AC Southall	- resigned 30.5.03	
R Allen		
A P Gunning	- appointed 1.9.03	- resigned 30.6.04
R G Williams	- appointed 1.9.03	- resigned 30.6.04

The directors holding office at 30 June 2004 did not hold any beneficial interest in the issued share capital of the company at 1 April 2003 (or date of appointment if later) or 30 June 2004.

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 30 June 2004 based on the average daily amount invoiced by suppliers during the year.

Ewan Associates Ltd

Report of the Directors
for the Period 1 April 2003 to 30 June 2004

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.

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 J Blannin*.....

S J Blannin - Secretary

Date: 28 January 2005

Report of the Independent Auditors to the Shareholders of
Ewan Associates Ltd

We have audited the financial statements of Ewan Associates Ltd for the period ended 30 June 2004 on pages five to eighteen. 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 members, 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 members 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 members 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 on page three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Morley & Co (UK) Ltd

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

Date: 28 January 2005

Ewan Associates Ltd
Profit and Loss Account
for the Period 1 April 2003 to 30 June 2004

	Notes	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
TURNOVER		9,319,788	8,802,106
Cost of sales		<u>7,105,032</u>	<u>6,164,209</u>
GROSS PROFIT		2,214,756	2,637,897
Administrative expenses		<u>1,733,352</u>	<u>1,433,256</u>
OPERATING PROFIT	3	481,404	1,204,641
Interest payable and similar charges	4	<u>5,145</u>	<u>3,567</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		476,259	1,201,074
Tax on profit on ordinary activities	5	<u>37,260</u>	<u>322,184</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		438,999	878,890
Dividends	6	<u>1,539,971</u>	<u>669,841</u>
(DEFICIT)/RETAINED PROFIT FOR THE PERIOD		<u>(1,100,972)</u>	<u>209,049</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current period or previous year.

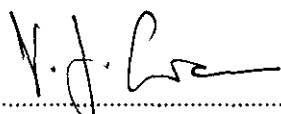
The notes form part of these financial statements

Ewan Associates Ltd

Balance Sheet
30 June 2004

	Notes	2004	2003
		£	£
FIXED ASSETS			
Intangible assets	7	-	83,453
Tangible assets	8	-	<u>406,198</u>
		-	489,651
CURRENT ASSETS			
Debtors	9	105,820	2,190,886
Cash at bank and in hand		-	<u>1,467,600</u>
		105,820	3,658,486
CREDITORS			
Amounts falling due within one year	10	-	<u>2,871,871</u>
NET CURRENT ASSETS		<u>105,820</u>	<u>786,615</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		105,820	1,276,266
CREDITORS			
Amounts falling due after more than one year	11	-	(44,563)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	<u>(24,911)</u>
		<u>105,820</u>	<u>1,206,792</u>
CAPITAL AND RESERVES			
Called up share capital	15	105,820	105,820
Profit and loss account	16	-	<u>1,100,972</u>
SHAREHOLDERS' FUNDS	18	<u>105,820</u>	<u>1,206,792</u>

ON BEHALF OF THE BOARD:



.....
VJ Ewan - Director

Approved by the Board on 28 January 2005

The notes form part of these financial statements

Ewan Associates Ltd

Cash Flow Statement
for the Period 1 April 2003 to 30 June 2004

	Notes	Period 1.4.03 to 30.6.04		Year Ended 31.3.03	
		£	£	£	£
Net cash inflow from operating activities	1		228,755		1,937,453
Returns on investments and servicing of finance	2		(5,145)		(3,567)
Taxation	2		(372,473)		(50,742)
Capital expenditure	2		312,505		(311,551)
Equity dividends paid			<u>(1,539,971)</u>		<u>(669,841)</u>
			(1,376,329)		901,752
Financing	2		<u>(91,271)</u>		<u>69,760</u>
(Decrease)/Increase in cash in the period			<u>(1,467,600)</u>		<u>971,512</u>
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period		(1,467,600)		971,512	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>91,271</u>		<u>(69,760)</u>	
Change in net funds resulting from cash flows			<u>(1,376,329)</u>		<u>901,752</u>
Movement in net funds in the period			(1,376,329)		901,752
Net funds at 1 April			<u>1,376,329</u>		<u>474,577</u>
Net funds at 30 June			<u>-</u>		<u>1,376,329</u>

The notes form part of these financial statements

Ewan Associates Ltd

Notes to the Cash Flow Statement
for the Period 1 April 2003 to 30 June 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Operating profit	481,404	1,204,641
Depreciation charges	175,726	108,175
Loss on disposal of fixed assets	1,420	2,873
Decrease in stocks	-	26,000
Decrease in debtors	2,085,066	759,518
Decrease in creditors	<u>(2,514,861)</u>	<u>(163,754)</u>
Net cash inflow from operating activities	<u>228,755</u>	<u>1,937,453</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Returns on investments and servicing of finance		
Interest paid	-	(100)
Interest element of hire purchase payments	<u>(5,145)</u>	<u>(3,467)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(5,145)</u>	<u>(3,567)</u>
Taxation		
Taxation paid	(344,978)	(50,742)
Accelerated Capital Allowances	<u>(27,495)</u>	<u>-</u>
Net cash outflow for taxation	<u>(372,473)</u>	<u>(50,742)</u>
Capital expenditure		
Purchase of tangible fixed assets	(126,282)	(240,792)
Sale of intangible fixed assets	45,060	(73,453)
Sale of tangible fixed assets	<u>393,727</u>	<u>2,694</u>
Net cash inflow/(outflow) for capital expenditure	<u>312,505</u>	<u>(311,551)</u>

The notes form part of these financial statements

Ewan Associates Ltd

Notes to the Cash Flow Statement
for the Period 1 April 2003 to 30 June 2004

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Financing		
Capital repayments in year	<u>(91,271)</u>	<u>69,760</u>
Net cash (outflow)/inflow from financing	<u>(91,271)</u>	<u>69,760</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.03 £	Cash flow £	At 30.6.04 £
Net cash:			
Cash at bank and in hand	<u>1,467,600</u>	<u>(1,467,600)</u>	<u>-</u>
	<u>1,467,600</u>	<u>(1,467,600)</u>	<u>-</u>
Debt:			
Hire purchase	<u>(91,271)</u>	<u>91,271</u>	<u>-</u>
	<u>(91,271)</u>	<u>91,271</u>	<u>-</u>
Total	<u>1,376,329</u>	<u>(1,376,329)</u>	<u>-</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 1 April 2003 to 30 June 2004

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 was 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

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.

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.

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

1. **ACCOUNTING POLICIES - continued**

Software rights

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

2. **STAFF COSTS**

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Wages and salaries	4,590,612	3,719,578
Social security costs	465,526	336,849
Other pension costs	207,788	50,553
	<u>5,263,926</u>	<u>4,106,980</u>

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

	Period 1.4.03 to 30.6.04	Year Ended 31.3.03
Directors	2	3
Managers / Admin	21	14
Engineers / Technicians	<u>181</u>	<u>195</u>
	<u>204</u>	<u>212</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Other operating leases	232,470	187,971
Depreciation - owned assets	101,975	71,219
Depreciation - assets on hire purchase contracts	35,358	27,956
Loss on disposal of fixed assets	1,420	2,873
Goodwill amortisation	-	4,000
R&D and Patents/Licences amortisation	38,393	5,000
Auditors Remuneration	7,000	7,000
Directors Pension Contributions	<u>14,957</u>	<u>4,888</u>
	<u>197,942</u>	<u>173,971</u>

Directors' emoluments

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Revenue Interest	-	100
HP & LP Interest	<u>5,145</u>	<u>3,467</u>
	<u>5,145</u>	<u>3,567</u>

5. **TAXATION**

Analysis of the tax charge

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

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Current tax:		
UK corporation tax	34,676	310,302
Under(Over) Provision Prior Yr	-	(2,258)
Total current tax	34,676	308,044
Deferred tax	<u>2,584</u>	<u>14,140</u>
Tax on profit on ordinary activities	<u>37,260</u>	<u>322,184</u>

UK corporation tax was charged at 30% in 2003.

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

5. **TAXATION - continued**

Factors affecting the tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Profit on ordinary activities before tax	<u>476,259</u>	<u>1,201,074</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	142,878	360,322
Effects of:		
Depreciation	52,718	32,453
Capital Allowances	-	(44,277)
Expenses not deductible for tax purposes	478	2,144
Under/Over provision in prior year	-	(2,258)
Marginal relief	(9,116)	-
Group relief	<u>(152,282)</u>	<u>(40,340)</u>
Current tax charge	<u>34,676</u>	<u>308,044</u>

6. **DIVIDENDS**

	Period 1.4.03 to 30.6.04 £	Year Ended 31.3.03 £
Equity shares:		
A Ordinary Shares shares of £1 each		
Interim	<u>1,539,971</u>	<u>669,841</u>
	<u>1,539,971</u>	<u>669,841</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

7. INTANGIBLE FIXED ASSETS

	Goodwill £	R&D and Patents/Licences £	Totals £
COST			
At 1 April 2003	12,000	148,573	160,573
Inter Group Transfers	<u>(12,000)</u>	<u>(148,573)</u>	<u>(160,573)</u>
At 30 June 2004	-	-	-
AMORTISATION			
At 1 April 2003	12,000	65,120	77,120
Amortisation for period	-	38,393	38,393
Inter Group Transfers	<u>(12,000)</u>	<u>(103,513)</u>	<u>(115,513)</u>
At 30 June 2004	-	-	-
NET BOOK VALUE			
At 30 June 2004	-	-	-
At 31 March 2003	<u>-</u>	<u>83,453</u>	<u>83,453</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Furniture £	Electrical Equipment £	Other Equipment £
COST				
At 1 April 2003	15,734	54,248	33,016	90,874
Additions	4,392	9,793	867	13,567
Inter Group Transfers	<u>(20,126)</u>	<u>(64,041)</u>	<u>(33,883)</u>	<u>(104,441)</u>
At 30 June 2004	-	-	-	-
DEPRECIATION				
At 1 April 2003	644	24,068	19,503	49,069
Charge for period	-	16,557	9,745	9,159
Inter Group Transfers	<u>(644)</u>	<u>(40,625)</u>	<u>(29,248)</u>	<u>(58,228)</u>
At 30 June 2004	-	-	-	-
NET BOOK VALUE				
At 30 June 2004	-	-	-	-
At 31 March 2003	<u>15,090</u>	<u>30,180</u>	<u>13,513</u>	<u>41,805</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

8. TANGIBLE FIXED ASSETS - continued

	Logging Equipment £	Motor Vehicles £	Computer Equipment £	Totals £
COST				
At 1 April 2003	300	48,565	498,607	741,344
Additions	-	-	97,663	126,282
Disposals	-	(3,000)	-	(3,000)
Inter Group Transfers	<u>(300)</u>	<u>(45,565)</u>	<u>(596,270)</u>	<u>(864,626)</u>
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION				
At 1 April 2003	21	19,034	222,809	335,148
Charge for period	25	9,741	92,106	137,333
Eliminated on disposal	-	(1,350)	-	(1,350)
Inter Group Transfers	<u>(46)</u>	<u>(27,425)</u>	<u>(314,915)</u>	<u>(471,131)</u>
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2003	<u>279</u>	<u>29,531</u>	<u>275,798</u>	<u>406,196</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 2003	3,048	39,565	102,632	145,245
Transfer to ownership	-	-	(8,500)	(8,500)
Inter Group Transfers	<u>(3,048)</u>	<u>(39,565)</u>	<u>(94,132)</u>	<u>(136,745)</u>
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION				
At 1 April 2003	610	7,915	22,831	31,356
Charge for period	762	8,938	25,658	35,358
Transfer to ownership	-	-	(7,225)	(7,225)
Inter Group Transfers	<u>(1,372)</u>	<u>(16,853)</u>	<u>(41,264)</u>	<u>(59,489)</u>
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 30 June 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2003	<u>2,438</u>	<u>31,650</u>	<u>79,801</u>	<u>113,889</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade Debtors	-	2,025,068
Inter Company Account	105,820	144,632
Other Debtors	-	6,640
Prepayments	-	14,546
	<u>105,820</u>	<u>2,190,886</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Hire purchase contracts (see note 12)	-	46,708
Trade Creditors	-	277,689
Tax	-	310,302
VAT	-	343,955
Inter Company Account	-	1,699,156
Other Creditors	-	9,061
Accruals	-	185,000
	<u>-</u>	<u>2,871,871</u>

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

	2004	2003
	£	£
Hire purchase contracts (see note 12)	<u>-</u>	<u>44,563</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2004	2003
	£	£
Net obligations repayable:		
Within one year	-	46,708
Between one and five years	<u>-</u>	<u>44,563</u>
	<u>-</u>	<u>91,271</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

12. 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	
	2004 £	2003 £	2004 £	2003 £
Expiring:				
Within one year	-	36,957	-	3,872
Between one and five years	-	64,477	-	2,769
	<u>-</u>	<u>101,434</u>	<u>-</u>	<u>6,641</u>

13. SECURED DEBTS

At 30 June 2004 the Company had no secured debts.

14. PROVISION FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred tax		
Accelerated Capital Allowances	-	24,911
	<u>-</u>	<u>24,911</u>
		Deferred tax
		£
Balance at 1 April 2003		24,911
Accelerated Capital Allowances		2,584
Transfer to Group		(27,495)
Balance at 30 June 2004		<u>-</u>

15. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2004	2003
Number:	Class:		£	£
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:	2004	2003
			£	£
105,820	A Ordinary Shares	£1	105,820	105,820
			<u>105,820</u>	<u>105,820</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Period 1 April 2003 to 30 June 2004

16. RESERVES

	Profit and loss account £
At 1 April 2003	1,100,972
Deficit for the period	<u>(1,100,972)</u>
At 30 June 2004	<u>-</u>

17. ULTIMATE PARENT COMPANY / TRANSFER OF BUSINESS

The ultimate holding company is Ewan Group plc, accounts of which can be obtained from Companies House (company registration number 4182542).

On the 30 June 2004 the business and assets of the Company's two wholly owned subsidiaries Ewan Associates Ltd and Ewan Services Ltd were transferred to the Ultimate Holding Company Ewan Group Plc to form a single trading entity.

The trade of this company has been continued by Ewan Group Plc.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial period	438,999	878,890
Dividends	<u>(1,539,971)</u>	<u>(669,841)</u>
Net (reduction)/addition to shareholders' funds	(1,100,972)	209,049
Opening shareholders' funds	<u>1,206,792</u>	<u>997,743</u>
Closing shareholders' funds	<u>105,820</u>	<u>1,206,792</u>
Equity interests	<u>105,820</u>	<u>1,206,792</u>