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Registered Number: 3033421 (England and Wales)

Report of the Directors and
Unaudited Financial Statements for the Year Ended 30 June 2005
for
Ewan Associates Ltd



Ewan Associates Ltd

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for the Year Ended 30 June 2005

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Ewan Associates Ltd
Company Information
for the Year Ended 30 June 2005

DIRECTORS: VJ Ewan
R Allen

SECRETARY: S J Blannin

REGISTERED OFFICE: Priory Court
Poulton
Cirencester
Gloucestershire
GL7 5JB

REGISTERED NUMBER: 3033421 (England and Wales)

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

Ewan Associates Ltd

Report of the Directors
for the Year Ended 30 June 2005

The directors present their report with the financial statements of the company for the year ended 30 June 2005.

DIRECTORS

The directors during the year under review were:

VJ Ewan
R Allen

The directors holding office at 30 June 2005 did not hold any beneficial interest in the issued share capital of the company at 1 July 2004 or 30 June 2005.

THE EURO

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

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.

ON BEHALF OF THE BOARD:



.....
S J Blannin - Secretary

Date: 26th January 2006

Ewan Associates Ltd
Profit and Loss Account
for the Year Ended 30 June 2005

	Notes	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
TURNOVER		-	9,319,788
Cost of sales		<u>-</u>	<u>7,105,032</u>
GROSS PROFIT		-	2,214,756
Administrative expenses		<u>-</u>	<u>1,733,352</u>
OPERATING PROFIT	3	-	481,404
Interest payable and similar charges	4	<u>-</u>	<u>5,145</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	476,259
Tax on profit on ordinary activities	5	<u>-</u>	<u>37,260</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		-	438,999
Dividends	6	<u>-</u>	<u>1,539,971</u>
DEFICIT FOR THE YEAR		<u><u>-</u></u>	<u><u>(1,100,972)</u></u>

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the previous period.

Ewan Associates Ltd

Balance Sheet
30 June 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors	7	<u>105,820</u>	<u>105,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>105,820</u>	<u>105,820</u>
CAPITAL AND RESERVES			
Called up share capital	8	<u>105,820</u>	<u>105,820</u>
SHAREHOLDERS' FUNDS	10	<u>105,820</u>	<u>105,820</u>

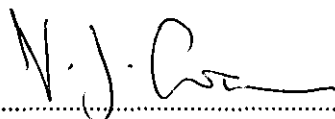
The company is entitled to exemption from audit under Section 249AA(1) of the Companies Act 1985 for the year ended 30 June 2005.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2005 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

ON BEHALF OF THE BOARD:



.....
VJ Ewan - Director

Approved by the Board on 26th January 2006

Notes to the Financial Statements
for the Year Ended 30 June 2005

1. ACCOUNTING POLICIES

Accounting convention

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

The company was dormant throughout the year ended 30 June 2005. However, reference to information relating to the period ended 30 June 2004 has been made where appropriate.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

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.

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 June 2005

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.

Software rights

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

2. **STAFF COSTS**

	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
Wages and salaries	-	4,590,612
Social security costs	-	465,526
Other pension costs	-	207,788
	<u>-</u>	<u>5,263,926</u>

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

	Year Ended 30.6.05	Period 1.4.03 to 30.6.04
Directors	-	4
Admin	-	36
Engineers	-	164
	<u>-</u>	<u>204</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
Other operating leases	-	232,470
Depreciation - owned assets	-	101,975
Depreciation - assets on hire purchase contracts or finance leases	-	35,358
Loss on disposal of fixed assets	-	1,420
R&D and Patents/Licences amortisation	-	38,393
Auditors Remuneration	-	7,000
Directors Pension Contributions	-	14,957
	<u>-</u>	<u>432,573</u>
Directors' emoluments	-	197,942

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 June 2005

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
HP & LP Interest	-	<u>5,145</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period ended 30 June 2004 was as follows:

Current tax:	
UK corporation tax	34,676
Deferred tax	<u>2,584</u>
Tax on profit on ordinary activities	<u>37,260</u>

Factors affecting the tax charge

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

	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
Profit on ordinary activities before tax	-	<u>476,259</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 30%)	-	142,878
Effects of: Depreciation	-	52,718
Expenses not deductible for tax purposes	-	478
year Marginal relief	-	(9,116)
Group relief	-	<u>(152,282)</u>
Current tax charge	-	<u>34,676</u>

Ewan Associates Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 June 2005

6. DIVIDENDS

	Year Ended 30.6.05 £	Period 1.4.03 to 30.6.04 £
Equity shares:		
A Ordinary Shares shares of £1 each		
Interim	-	1,539,971
	-	1,539,971

7. DEBTORS

	2005 £	2004 £
Amounts falling due within one year:		
Inter Company Account	-	105,820
Amounts falling due after more than one year:		
Intercompany Account	105,820	-
Aggregate amounts	105,820	105,820

8. CALLED UP SHARE CAPITAL

Authorised:			2005	2004
Number:	Class:	Nominal value:	£	£
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
			500,000	500,000
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005 £	2004 £
105,820	A Ordinary Shares	£1	105,820	105,820
1,000	B Ordinary Shares	£1	-	-
1,000	C Ordinary Shares	£1	-	-
			105,820	105,820

9. 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 Financial Statements - continued
for the Year Ended 30 June 2005

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	-	438,999
Dividends	-	(1,539,971)
Revaluation Reserve		
Net addition/(reduction) to shareholders' funds	-	(1,100,972)
Opening shareholders' funds	<u>105,820</u>	<u>1,206,792</u>
Closing shareholders' funds	<u>105,820</u>	<u>105,820</u>
Equity interests	<u>105,820</u>	<u>105,820</u>

Ewan Associates Ltd

Report of the Accountants to the Directors of
Ewan Associates Ltd

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30 June 2005 set out on pages three to nine and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Morley & Co (UK) Ltd

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

Date: 26th January 2006

Ewan Associates Ltd

Trading and Profit and Loss Account
for the Year Ended 30 June 2005

	Year Ended 30.6.05		Period 1.4.03 to 30.6.04	
	£	£	£	£
Turnover				
Sales	-		9,319,477	
Equipment Hire Income	-		311	
		-		9,319,788
Cost of sales				
Wages	-		4,253,367	
Social Security	-		427,694	
Pensions	-		186,082	
Travel & Subsistence	-		401,050	
Motor Expenses	-		347,760	
Services Bought	-		1,314,481	
Goods for Resale	-		96,254	
Equipment Hire	-		154,841	
	-		7,181,529	
Closing WIP	-		(76,497)	
		-		7,105,032
GROSS PROFIT		-		2,214,756
Expenditure				
Rates	-		50,196	
Light & Heat	-		16,790	
Relocation Expenses	-		2,668	
Directors Remuneration	-		184,711	
Social Security	-		22,971	
Directors' pension contributions	-		14,957	
Wages	-		152,534	
Social Security	-		14,861	
Pensions	-		6,749	
Rent	-		232,470	
Office Services	-		13,898	
Telephone	-		80,395	
Postage & Stationery	-		76,145	
Advertising	-		23,992	
Computer Supplies	-		19,622	
Tools	-		25,294	
Insurance	-		53,513	
Leasing Office Equipment	-		6,076	
Repairs & Renewals	-		18,227	
Protective Clothing	-		5,479	
Staff Welfare	-		15,757	
Training & Conferences	-		75,415	
Books & Journals	-		5,656	
Subscriptions	-		14,772	
Legal & Professional Fees	-		8,341	
Management Charge	-		393,364	
Auditors Remuneration	-		7,000	
Entertainment	-		171	
Bad Debts	-		11,557	
		-		1,553,581
Carried forward		-		661,175

This page does not form part of the statutory financial statements

Ewan Associates Ltd

Trading and Profit and Loss Account
for the Year Ended 30 June 2005

	Year Ended 30.6.05		Period 1.4.03 to 30.6.04	
	£	£	£	£
Brought forward		-		661,175
Finance costs				
Bank Charges	-		2,350	
Exchange Rate Gain	-		275	
HP & LP Interest	-		5,145	
	<u>-</u>	<u>-</u>		<u>7,770</u>
		-		653,405
Depreciation				
Development Costs	-		38,393	
Furniture	-		16,557	
Electrical Equipment	-		9,745	
Other Equipment	-		9,159	
Logging Equipment	-		25	
Motor Vehicles	-		9,741	
Computer Equipment	-		92,106	
	<u>-</u>	<u>-</u>		<u>175,726</u>
		-		477,679
Loss on disposal of fixed assets				
Motor Vehicles		-		<u>1,420</u>
NET PROFIT		<u>-</u>		<u><u>476,259</u></u>