

Expense Reduction Analysts (UK) Limited

Financial statements

For the year ended 31 December 2003

Grant Thornton 



Company No. 03225310

Company information

Company registration number	03225310
Registered office	St Pauls Gate Cross Street Winchester Hampshire SO23 8SZ
Directors	J C Allison R Allison
Secretary	S K Wiles
Bankers	Barclays Bank Plc 50 Pall Mall PO Box No 151165 London SW1A 1QF Bank of Scotland 144/148 High Street Southampton SO14 2JF
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Barnes Wallis Road SEGENSWORTH Hampshire PO15 5GT

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Report of the directors

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

Principal activities and business review

The principal activity of the company during the year was that of business consultants providing services wholly within the United Kingdom.

There was a profit for the year after taxation amounting to £72,361 (2002 - £140,971).

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2003	At 1 January 2003 or later date of appointment
J C Allison	1	1
R Allison (appointed 1 December 2003)	—	—

Jerauk Limited (a company wholly owned by J C Allison) holds one share in the company at 31 December 2003.

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 at the end of the year and of the profit or loss for the year then ended. 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'J C Allison', written over the printed name.

J C Allison
Director

14 OCTOBER 2004

Report of the independent auditors to the members of Expense Reduction Analysts (UK) Limited

We have audited the financial statements of Expense Reduction Analysts (UK) Limited for the year ended 31 December 2003 on pages 8 to 12. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

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 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

PORTSMOUTH

14 October 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	25%
Motor Vehicles	-	25%
Office Equipment	-	25%

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

	Note	2003 £	2002 £
Turnover		1,262,780	1,329,359
Cost of sales		100,420	106,163
Gross profit		1,162,360	1,223,196
Other operating charges	1	1,066,935	1,024,874
Operating profit	2	95,425	198,322
Interest receivable and similar income		4,470	42
Interest payable		(45)	(16,715)
Profit on ordinary activities before taxation		99,850	181,649
Tax on profit on ordinary activities	3	27,489	40,678
Retained profit for the financial year		72,361	140,971

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	<u>26,817</u>	<u>17,489</u>
Current assets			
Debtors	5	188,601	223,907
Cash at bank and in hand		<u>135,760</u>	<u>136,283</u>
		324,361	360,190
Creditors: amounts falling due within one year	6	<u>75,007</u>	<u>173,869</u>
Net current assets		<u>249,354</u>	<u>186,321</u>
Total assets less current liabilities		<u>276,171</u>	<u>203,810</u>
Capital and reserves			
Called-up equity share capital	8	2	2
Profit and loss account	9	<u>276,169</u>	<u>203,808</u>
Shareholders' funds		<u>276,171</u>	<u>203,810</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on 14 October 2004 and are signed on their behalf by:



J C Allison
Director

Notes to the financial statements

1 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>1,066,935</u>	<u>1,024,874</u>

2 Operating profit

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation of owned fixed assets	11,355	24,138
Profit on disposal of fixed assets	—	(100)
Auditors' fees	<u>6,250</u>	<u>4,500</u>

3 Taxation on ordinary activities

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 19.25%)	<u>27,489</u>	<u>40,678</u>
Total current tax	<u>27,489</u>	<u>40,678</u>

4 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
Cost				
At 1 January 2003	26,038	44,687	40,845	111,570
Additions	1,896	—	18,787	20,683
At 31 December 2003	<u>27,934</u>	<u>44,687</u>	<u>59,632</u>	<u>132,253</u>
Depreciation				
At 1 January 2003	19,756	44,684	29,641	94,081
Charge for the year	5,257	3	6,095	11,355
At 31 December 2003	<u>25,013</u>	<u>44,687</u>	<u>35,736</u>	<u>105,436</u>
Net book value				
At 31 December 2003	<u>2,921</u>	<u>—</u>	<u>23,896</u>	<u>26,817</u>
At 31 December 2002	<u>6,282</u>	<u>3</u>	<u>11,204</u>	<u>17,489</u>

5 Debtors

	2003 £	2002 £
Trade debtors	127,615	211,729
Amounts owed by group undertakings	3,450	—
VAT recoverable	—	4,396
Other debtors	57,536	7,782
	<u>188,601</u>	<u>223,907</u>

The debtors above include the following amounts falling due after more than one year:

	2003 £	2002 £
Other debtors	<u>38,000</u>	<u>—</u>

6 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	9,687	64,364
Corporation tax	28,104	39,610
Other taxation and social security	9,226	4,874
Other creditors	27,990	65,021
	<u>75,007</u>	<u>173,869</u>

7 Related party transactions

During the year consultancy fees totalling £178,000 (2002 - £154,792) were paid to Franchise Alliance Limited, a company controlled by J C Allison. There were no balances outstanding at the financial year end

During the year administration fees totalling £20,000 were paid to Jerauk Limited, a company controlled by J C Allison. At 31 December 2003 the company was owed £41,450 by Jerauk Limited.

During the year consultancy fees totalling £69,248 (2002 - £49,645) were paid to R G A Enterprises Limited, a company controlled by R Allison, the son of J C Allison, and from 1 December 2003, a director of this company. There were no balances outstanding at the financial year end

8 Share capital

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

On 1 May 2004 a further 98 ordinary shares of £1 each were issued at par value.

9 Profit and loss account

	2003	2002
	£	£
Balance brought forward	203,808	62,837
Retained profit for the financial year	<u>72,361</u>	<u>140,971</u>
Balance carried forward	<u>276,169</u>	<u>203,808</u>

10 Ultimate controlling party

The ultimate controlling party is considered to be J C Allison by virtue of his 50% shareholding in the company and his 100% ownership of Jerauk Limited, a company which also has a 50% shareholding in Expense Reduction Analysts (UK) Limited.

11 Contingent liabilities

The company has given a corporate guarantee to the Bank of Scotland in respect of loan amounts owed by Jerauk Limited. At 31 December 2003 the amount outstanding was £188,359.