

Directors' Report & Accounts - 2003

1. The Company was incorporated on 17 February 1997, and commenced trading on 1 March 1997. The Company's Accounting Reference Date is 31 December.

The Company operates as a close company, as defined by HM Inland Revenue. Of the £1000 authorised share capital, £100 is issued and held between the Company's two directors, in the form of £1 ordinary paid-up shares.

The Company has no permanent employees or office holders, other than its two directors.

2. The principal business of the Company, throughout the period covered by this report, remained the provision of professional consultancy services to the civil engineering and related industries, both in the UK and overseas.
3. Following completion of a full-time commission at the end of 2002, workload was substantially reduced, with only very modest income from small UK commissions throughout the first three quarters of 2003. An enquiry for a major commission in Saudi Arabia generated income from preparatory work in the final quarter. That project represents a substantial prospect for 2004 and beyond, but remained unconfirmed by the date of drafting of this report. Active prospecting for other new commissions continues.

Little of the work undertaken during the year was considered as subject to Income Tax liability under IR35 rules, considered to be covered by the small directors' salary vote. On a gross turnover of £21,915, and after deduction of capital charges, the Company therefore generated a pre-tax profit of £4,388.

4. Professional Indemnity insurance premium shows an increase of 115% over the cost for 2002, reflecting an industry-wide rise in premium levels of up to 150%, against a background of worsening insurance market conditions world-wide.
5. As stated at ¶6 of the 2002 Directors' Report, Profit & Loss A/c funds brought forward from 2002 included a notional £1,100 earmarked for replacement of the Company's computer. This was done in January '03, at a cost of £1,050.25, £100 being raised from disposal of the obsolete equipment. The 100% first-year write-down on this item (temporary tax concession for SMEs) is therefore reflected in the 2003 profits.
6. The accounts for the period ended 31 December 2003 are appended hereto.

Having regard to the fact that turnover was less than £1,000,000, and under the provisions of the Audit Exemption Regulations (Companies Act 1985, §§249A-E), the Directors have elected to dispense with an independent audit for the 2003 Accounts.

Appropriation is set out in the attached accounts – see also ¶5 above. After due adjustment for non-deductible expenses, chargeable profit is calculated at £4,406, falling entirely within the zero-rate band applicable to Tax Years 2002-03 and 2003-04. The Directors therefore consider that no provision for Corporation Tax is necessary in respect of 2003 profits.

The amount of directors' PAYE-taxable remuneration has been determined with due regard to any potential liability to additional taxation under IR35 rules. As at 31 December 2003 no further provision was considered necessary in respect of IR35 for the Tax Year ending 5 April 2004.

An interim dividend of £30.00/share was paid on 19 November 2003. Having regard to earmarked funds brought forward from 2002 (see ¶5 above), the Directors have voted a final dividend of £15.00/share, payable on 12 March 2004, bringing the total distribution in respect of the Company's 2003 financial year to £45.00/share.

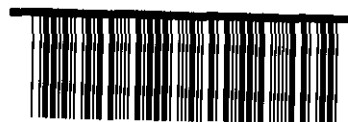
Andrew P.R. Sadleir (Secretary)

}
} Directors
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Barbara Sadleir

10 May 2004

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PROFIT & LOSS ACCOUNT: 1 January-31 December 2003

	£	£	notes
TURNOVER			<i>a</i>
sales			
- fees	20,014.73		
- expenses	<u>1,900.66</u>		
		21,915.39	<i>b</i>
COSTS			
directors' remuneration	3,875.00		
employer's National Insurance	0.00		<i>c</i>
directors' expenses	1,939.30		<i>d</i>
sub-contractors/suppliers	550.00		
premises - heating & lighting	76.15		
other office costs	2,104.16		<i>e</i>
professional indemnity insurance	4,093.40		
other overheads/administration costs	1,582.24		<i>f, g</i>
bank, etc charges	123.63		<i>h</i>
LESS interest receivable	(21.80)		
motor car - fuel	770.60		<i>i</i>
- maintenance	994.30		<i>j</i>
- tax, insurance, etc	98.79		<i>j</i>
increase/(decrease) in accruals	144.46		<i>r</i>
decrease/(increase) in work-in-progress	<u>100.00</u>		<i>k</i>
		(16,430.23)	
CAPITAL CHARGES			
fixed assets (not motor vehicles)			<i>l</i>
depreciation	1,117.28		
balancing charges	(<u>20.31</u>)		
		(1,096.97)	
PROFIT/(LOSS) BEFORE TAX		<u>4,388.19</u>	

APPROPRIATION: 2003

Profit/(Loss) before tax B/F	4,388.19	
Provide for Corporation Tax	(<u>0.00</u>)	<i>m</i>
Net Profit/(Loss)	4,388.19	
Brought forward from 2002	1,230.21	
2002 Corporation Tax adjustment	0.04	<i>n</i>
Disposals from LESS additions to fixed assets (2003)	(950.25)	<i>l</i>
Transfer (to)/from general reserve	0.00	
Proposed total distribution (inclusive of interim vote)	<u>(4,500.00)</u>	
Balance carried forward to 2004	<u>168.19</u>	

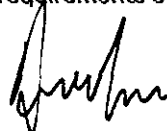
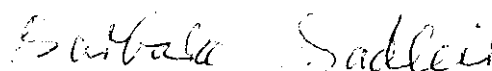
	£	£	notes
ASSETS			
Fixed Assets (book value after depreciation)			
office equipment, including computers	<u>201.09</u>		
total fixed assets		201.09	/
Current Assets			
cash and bank accounts	269.42		
trade debtors	941.31		b
directors' current accounts	10,023.45		o
work in progress	<u>100.00</u>		k
total current assets		<u>11,334.18</u>	
TOTAL ASSETS		<u>11,535.27</u>	
ISSUED CAPITAL			
100 ordinary shares of £1 each, fully paid		100.00	
REVENUE RESERVES			
Accumulated cost of fixed assets	3,568.29		
General Reserve	5,600.00		
Profit & Loss A/c	<u>168.19</u>		
		<u>9,336.48</u>	
TOTAL SHAREHOLDERS' INTERESTS		9,436.48	
Corporation Tax (year to 31/12/2003)	0.00		m
		<u>0.00</u>	
CAPITAL EMPLOYED		9,436.48	
CURRENT LIABILITIES			
(amounts falling due within 45 days)			
Value Added Tax	224.50		p
PAYE and NICs	nil		q
trade creditors (incl. credit card balances)	23.09		
accruals	351.20		r
directors' current accounts	nil		o
(amounts falling due within 1 year)			
proposed final dividend (12 March 2004)	1,500.00		
total current liabilities		<u>2,098.79</u>	
TOTAL LIABILITIES		<u>11,535.27</u>	

The Directors hereby confirm, with reference to the Companies Act 1985 ("the Act"), and relevant amendments:

- that they have elected to dispense with an audit of these accounts, under the provisions of §249A(1) of the Act;
- that no notice has been deposited under §249B(2) of the Act;

and acknowledge their responsibility:

- for ensuring the maintenance of the Company's accounting records in compliance with §221 of the Act;
- for so preparing these accounts as to give a true and fair view of the Company and of its profit for the period stated, in accordance with the requirements of §226 of the Act, and that they otherwise comply with the applicable requirements of the Act relating to accounts.

Notes to the 2003 Accounts

- a All figures are quoted exclusive of Value Added Tax, to the extent that VAT is payable to/recoverable from HM Customs & Excise.
- b As invoiced to 31/12/03. Outstanding non-sterling balances have been valued on the basis of exchange rates obtained on conversion of corresponding subsequent receipts.
- c Because of salary payment timings, NIC Class 1 liabilities for Tax Years 2002-03 and 2003-04 fell respectively before and after the Company financial year 2003. There was no Class 1A charge.
- d Includes £1,618.26 in respect of the Saudi commission, of which £1,261.17 relates directly to a visit to Saudi Arabia in October 2003.
- e Includes £1,352.35 telecommunications, £211.13 internet services, and £310.46 computer software and consumables.
- f Includes £408.45 professional subscriptions.
- g Includes £18.49 as business gifts, this figure being added back to profit for calculation of Corporation Tax (see note m below).
- h Includes £14.08 (equivalent) deducted by originating bank in respect of international transfers received.
- i *Pro rata* apportionment of actual fuel cost related to business mileage only; VAT element reclaimed.
- j Paid in respect of Director's own private vehicle. As paid or reimbursed to 31/12/03, but subject to review in respect of payments for Tax Year ending 5 April 2004.
- k Rounded down to nearest £50: estimated £100 in uninvoiced preparatory work on confirmed commission. (WIP at 31/12/02 was £200.)

- l Fixed Assets consist primarily of computer equipment and software. The majority of items are therefore classified as short-life assets, individual valuations being maintained on an asset database. Advantage has been taken of enhanced (40% and 100%) first-year write-down rates for small companies.

A negative balancing charge arises from disposal of obsolete IT equipment at greater than book value.

The fixed asset valuation summary for 2003 is as follows (excludes motor vehicles):

	<u>short-life</u>	<u>pooled</u>	<u>all assets</u>
book value B/F	109.02	238.79	347.81
additions	1,050.25	nil	1,050.25
disposals	35.00	65.00	100.00
depreciation	(1,071.68)	(45.60)	(1,117.28)
balancing charges	(20.31)	N/A	(20.31)
short-life assets >4 years old	<u>(8.61)</u>	<u>8.61</u>	<u>=</u>
book value C/F	64.29	136.80	201.09

- m Calculation of Corporation Tax (small companies rates) - see Report ¶6 (page i).

Trading profit/(loss)	4,388.19		
Non-deductible expenses (see note g)	<u>18.49</u>		
Taxable profit/(loss)	4,406.68		
Tax Year to 31/03/03	£4,406 x 90/365 = 1,086.41	x 0% =	0.00
Tax Year to 31/03/04	£4,406 x 275/365 = 3,319.59	x 0% =	<u>0.00</u>
Provision for Corporation Tax (self-assessment), payment due 1 October 04			<u>0.00</u>

- n Provision in 2002 Accounts: £148.54; assessed by IR: £148.50.

- o ie Andrew Sadleir 10,023.45
Barbara Sadleir nil
10,023.45

- p Due 7 February 2004.

- q Normally due 19 January 2004.

- r Accruals at 31/12/03 include unbilled telecommunications charges for December 03, bank charges on outstanding foreign debts, and £105.00 uninvoiced sub-consultant's fees.