Company Registration No. 3637521 (England and Wales)

SITEC GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2005



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COMPANIES HOUSE 23/03/2006

SITEC GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	D J Medlock	
	P Phipps	
	I Bascombe	(Appointed 13 October 2004)
	D J Harris	(Appointed 13 October 2004)
	S G Thomson	(Appointed 1 November 2004)
Secretary	P Phipps	
Company number	3637521	
Registered office	St. George's Lodge 33 Oldfield Road Bath BA2 3NE	
Registered auditors	Robson Taylor Charter House, The Square Lower Bristol Road, Bath, BA2 3BH	
Bankers	Lloyds TSB Bank Plc 47 Milsom Street Bath BA1 1DN	

SITEC GROUP LIMITED

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SITEC GROUP LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2005

The directors present their report and financial statements for the year ended 31 July 2005.

On 31 August 2004 Sitec Group Limited merged with GED (Holdings) Limited. The company acquired the entire share capital of GED (Holdings) Limited in exchange for matching shares in Sitec Group Limited to the existing GED (Holdings) Limited shareholders.

On 21 September 2004 Hebron & Medlock (Holdings) Limited changed it's name to Sitec Group Limited.

Directors
The following directors have held office since 1 August 2004:

D J Medlock	
P Phipps	
I Bascombe	(Appointed 13 October 2004)
D J Harris	(Appointed 13 October 2004)
S G Thomson	(Appointed 1 November 2004)

Principal activities and review of the business
The principal activity of the company continued to be that of the provision of design and manufacturing services to the engineering industry.

The company acts as a holding company to its subsidiary undertakings, whose activities are described in note 10 to the financial statements.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends
The consolidated profit and loss account for the year is set out on page 6.

Directors' interests
The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary shares of 1p each	
	31 July 2005	1 August 2004
D J Medlock	508,837	192,000
P Phipps	3,289	-
I Bascombe	-	-
D J Harris	-	-
S G Thomson	13,157	-

	Preference shares of £1 each	
	31 July 2005	1 August 2004
D J Medlock	-	-
P Phipps	-	-
I Bascombe	-	-
D J Harris	-	-
S G Thomson	-	-

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

	2005	2004
	£	£
Donations		
During the year the group made the following payments:		
Charitable donations	15,714	8,005

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the group's performance.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 11 (2004- 12) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Robson Taylor be reappointed as auditors of the company will be put to the Annual General Meeting.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

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 group and of the profit or loss of the group 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;

-state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

P Phipps

Director

16/3/06

SITEC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SITEC GROUP LIMITED

We have audited the financial statements of Sitec Group Limited on pages 6 to 24 for the year ended 31 July 2005. 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 auditor's 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 in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the 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 directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 directors' report 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 and the group'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF SITEC GROUP LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 July 2005 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Taylor

Robson Taylor

Chartered Accountants
Registered Auditor

Charter House, The Square
Lower Bristol Road,
Bath, BA2 3BH

16 March 2006

SITEC GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Turnover	2	58,498,441	47,680,866
Cost of sales		(51,087,646)	(41,291,231)
Gross profit		7,410,795	6,389,635
Administrative expenses		(5,534,137)	(4,053,937)
Other operating income		225,768	195,290
Operating profit	3	2,102,426	2,530,988
Other interest receivable and similar income		155,277	105,586
Amounts written off investments	4	(37,875)	9,375
Interest payable and similar charges	5	(140,288)	(30,446)
Profit on ordinary activities before taxation		2,079,540	2,615,503
Tax on profit on ordinary activities	6	(764,923)	(526,286)
Profit on ordinary activities after taxation		1,314,617	2,089,217
Minority interests		(7,497)	1,174
Profit for the financial year	7	1,307,120	2,090,391
Dividends (including those in respect of non-equity shares)		(40,000)	(40,000)
Retained profit for the year	17	1,267,120	2,050,391

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SITEC GROUP LIMITED

BALANCE SHEETS
AS AT 31 JULY 2005

	Notes	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Fixed assets					
Intangible assets	**8**	2,011,479	2,141,252	-	-
Tangible assets	**9**	689,201	736,518	673,516	607,249
Investments	**10**	140,250	178,125	3,999,537	180,742
		2,840,930	3,055,895	4,673,053	787,991
Current assets					
Stocks	**11**	1,371,539	431,489	-	-
Debtors	**12**	19,299,192	10,703,691	189,604	199,972
Cash at bank and in hand		3,147,013	5,448,226	1,651,912	2,159,341
		23,817,744	16,583,406	1,841,516	2,359,313
Creditors: amounts falling due within one year	**13**	(11,989,003)	(6,494,227)	(5,281,192)	(2,084,630)
Net *current assets*		11,828,741	10,089,179	(3,439,676)	274,683
Total assets less current liabilities		14,669,671	13,145,074	1,233,377	1,062,674
		14,669,671	13,145,074	1,233,377	1,062,674
Capital and reserves					
Called up share capital	**16**	1,006,647	1,006,482	1,006,647	1,002,617
Share premium account	**17**	249,815	-	249,815	-
Other reserves	**17**	2,812,107	2,812,107	-	-
Profit and loss account	**17**	10,587,216	9,320,096	(23,085)	60,057
	19	14,655,785	13,138,685	1,233,377	1,062,674
Minority interests	**18**	13,886	6,389	-	-
		14,669,671	13,145,074	1,233,377	1,062,674
Equity interests		13,669,671	12,145,074	233,377	62,674
Non-equity interests		*1,000,000*	*1,000,000*	*1,000,000*	*1,000,000*
		14,669,671	13,145,074	1,233,377	1,062,674

The financial statements were approved by the board on 16/03/06

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D J Medlock
Director

SITEC GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

	2005		2004	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(4,902,840)		2,394,081
Returns on investments and servicing of finance				
Interest received	155,277		105,586	
Interest paid	(118,288)		(30,446)	
Non equity dividends paid	(40,000)		-	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(3,011)		75,140
Taxation		(745,526)		(280,158)
Capital expenditure				
Payments to acquire tangible assets	(235,820)		(328,951)	
Receipts from sales of intangible assets	97,658		-	
Receipts from sales of tangible assets	53,960		179,351	
Net cash outflow for capital expenditure		(84,202)		(149,600)
Net cash (outflow)/inflow before management of liquid resources and financing		(5,735,579)		2,039,463
Management of liquid resources				
Bank deposits	(1)		-	
		(1)		-
Financing				
Issue of ordinary share capital	249,980		-	
Issue of preference share capital	-		1,000,000	
Issue of shares	249,980		1,000,000	
Capital element of hire purchase contracts	(5,443)		(10,726)	
Decrease in debt	(5,443)		(10,726)	
Net cash inflow from financing		244,537		989,274
(Decrease)/increase in cash in the year		(5,491,043)		3,028,737

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2005	2004
	£	£
Operating profit	2,102,426	2,530,988
Depreciation of tangible assets	224,279	239,421
Amortisation of intangible assets	129,773	129,773
(Loss)/profit on disposal of tangible assets	4,898	(818)
Profit on disposal of intangible assets	(97,658)	-
(Increase)/decrease in stocks	(940,050)	51,501
Increase in debtors	(8,612,002)	(77,654)
Increase/(decrease) in creditors within one year	2,285,494	(479,130)
Net cash (outflow)/inflow from operating activities	(4,902,840)	2,394,081

2 Analysis of net (debt)/funds

	1 August 2004	Cash flow	Other non-cash changes	31 July 2005
	£	£	£	£
Net cash:				
Cash at bank and in hand	5,448,215	(2,301,214)	-	3,147,001
Bank overdrafts	(1,214,056)	(3,189,829)	-	(4,403,885)
	4,234,159	(5,491,043)	-	(1,256,884)
Liquid resources:				
Bank deposits	11	1	-	12
Finance leases	(5,443)	5,443	-	-
Net funds/(debt)	4,228,727	(5,485,599)	-	(1,256,872)

3 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£	£
(Decrease)/increase in cash in the year	(5,491,043)	3,028,737
Cash outflow from increase in liquid resources	1	-
Cash outflow from decrease in debt	5,443	10,726
Movement in net (debt)/funds in the year	(5,485,599)	3,039,463
Opening net funds	4,228,727	1,189,264
Closing net (debt)/funds	(1,256,872)	4,228,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

1.1 *Accounting convention*

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 July 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.5 *Goodwill*

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% and 25% straight line
Fixtures, fittings & equipment	20% and 33% straight line
Motor vehicles	25% reducing balance

1.7 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies **(continued)**

1.10 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2005	2004
	£	£
Geographical segment		
United Kingdom	38,857,134	29,959,292
European Union	18,605,181	16,901,709
United States of America	1,036,126	819,865
	58,498,441	47,680,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

3	**Operating profit**	**2005**	**2004**
		£	**£**
	Operating profit is stated after charging:		
	Depreciation of intangible assets	129,773	129,773
	Depreciation of tangible assets	224,279	239,421
	Loss on disposal of tangible assets	4,898	2,159
	Loss on foreign exchange transactions	86	136,581
	Operating lease rentals	551,667	559,819
	Auditors' remuneration	40,000	42,200
	and after crediting:		
	Rents receivable	159,910	123,751
	Profit on disposal of tangible assets	-	(2,977)
	Profit on disposal of intangible assets	(97,658)	-
	Profit on foreign exchange transactions	(126,968)	(13,629)

4	**Amounts written off investments**	**2005**	**2004**
		£	**£**
	Amounts written off fixed asset investments:		
	- temporary diminution in value	37,875	(9,375)

5	***Interest payable***	***2005***	***2004***
		£	**£**
	On bank loans and overdrafts	118,288	3,056
	On other loans wholly repayable within five years	-	25,936
	Hire purchase interest	-	1,454
	On overdue tax	22,000	-
		140,288	30,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

6 Taxation	2005 £	2004 £
Domestic current year tax		
U.K. corporation tax	576,548	613,911
Adjustment for prior years	154,675	(108,353)
	731,223	505,558
Foreign corporation tax		
Foreign corporation tax	26,781	1,804
Adjustment for prior years	-	8,037
	26,781	9,841
Current tax charge	758,004	515,399
Deferred tax		
Deferred tax charge/credit current year	6,919	10,641
Deferred tax adjust re previous year	-	246
	764,923	526,286
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,079,540	2,615,503
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	623,862	784,651
Effects of:		
Non deductible expenses	95,506	18,213
Depreciation add back	78,329	70,597
Capital allowances	(86,623)	(88,562)
Tax losses utilised	(18,021)	-
Foreign tax adjustments	26,781	-
Adjustments to previous periods	154,675	(108,353)
Chargeable disposals	-	648
Other tax adjustments	(116,505)	(161,795)
	134,142	(269,252)
Current tax charge	758,004	515,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

7 (Loss)/profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

	2005 £	2004 £
Holding company's (loss)/profit for the financial year	(43,142)	72,168

8 Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 August 2004 & at 31 July 2005	2,595,457
Amortisation	
At 1 August 2004	454,205
Charge for the year	129,773
At 31 July 2005	583,978
Net book value	
At 31 July 2005	2,011,479
At 31 July 2004	2,141,252

9 **Tangible fixed assets**

Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2004	740,048	426,047	411,537	1,577,632
Additions	85,419	29,583	120,818	235,820
Disposals	-	-	(83,981)	(83,981)
At 31 July 2005	825,467	455,630	448,374	1,729,471
Depreciation				
At 1 August 2004	560,121	146,841	134,152	841,114
On disposals	-	-	(25,123)	(25,123)
Charge for the year	101,937	38,662	83,680	224,279
At 31 July 2005	662,058	185,503	192,709	1,040,270
Net book value				
At 31 July 2005	163,409	270,127	255,665	689,201
At 31 July 2004	179,927	279,206	277,385	736,518

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 July 2005	-	-	-	-
At 31 July 2004	-	-	10,012	10,012
Depreciation charge for the year				
31 July 2005	-	-	-	-
31 July 2004	-	-	3,338	3,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

Tangible fixed assets (continued)
Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2004	271,969	202,165	383,384	857,518
Transfers in	50,358	62,170	-	112,528
Additions	85,419	29,583	120,818	235,820
Disposals	-	-	(83,981)	(83,981)
At 31 July 2005	407,746	293,918	420,221	1,121,885
Depreciation				
At 1 August 2004	96,434	43,212	110,623	250,269
On disposals	-	-	(25,123)	(25,123)
Charge for the year	101,937	37,606	83,680	223,223
At 31 July 2005	198,371	80,818	169,180	448,369
Net book value				
At 31 July 2005	209,375	213,100	251,041	673,516
At 31 July 2004	175,535	158,953	272,761	607,249

10 **Fixed asset investments**

Group

	Listed investments	Total
	£	£
Cost		
At 1 August 2004 & at 31 July 2005	112,500	112,500
Provisions for diminution in value		
At 1 August 2004	(65,625)	(65,625)
Charge for the year	37,875	37,875
At 31 July 2005	(27,750)	(27,750)
Net book value		
At 31 July 2005	140,250	140,250
At 31 July 2004	178,125	178,125

Fixed asset investments

Company

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 August 2004	112,500	2,617	115,117
Additions	-	3,859,287	3,859,287
Disposals	-	(2,617)	(2,617)
At 31 July 2005	112,500	3,859,287	3,971,787
Provisions for diminution in value			
At 1 August 2004	(65,625)	-	(65,625)
Charge for the year	37,875	-	37,875
At 31 July 2005	(27,750)	-	(27,750)
Net book value			
At 31 July 2005	140,250	3,859,287	3,999,537
At 31 July 2004	178,125	2,617	180,742

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
HM Sitec Limited	England & Wales	Ordinary	100
GED Sitec Limited	England & Wales	Ordinary	100
Graphic Engineering Design Limited	England & Wales	Ordinary	100
Sitec Trustees Limited	England & Wales	Ordinary	100
Graphic Engineering Design GmbH	Germany	Ordinary	100
GED Technology Inc.	USA	Ordinary	85
Graphic Engineering Design SL	Spain	Ordinary	100
GED Technology Group Limited	England & Wales	Ordinary	100
Causedecree Limited	England & Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
HM Sitec Limited	Engineering design
GED Sitec Limited	Engineering design
Graphic Engineering Design Limited	Engineering design
Sitec Trustees Limited	Non trading
Graphic Engineering Design GmbH	Engineering design
GED Technology Inc.	Engineering design
Graphic Engineering Design SL	Dormant
GED Technology Group Limited	Dormant
Causedecree Limited	Dormant

11 Work in progress

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Work in progress	1,371,539	431,489	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

12 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	18,428,276	9,948,284	54,759	27,474
Other debtors	183,186	339,645	23,958	8,991
Prepayments and accrued income	667,883	379,414	91,040	136,741
Deferred tax asset (see note 14)	19,847	36,348	19,847	26,766
	19,299,192	10,703,691	189,604	199,972

13 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	4,403,885	1,214,056	-	-
Net obligations under finance lease and hire purchase contracts	-	5,443	-	-
Trade creditors	1,531,173	1,414,016	28,492	14,344
Amounts owed to group undertakings	-	-	4,011,957	1,740,577
Corporation tax	652,807	649,911	63,370	23,340
Taxes and social security costs	2,060,343	1,162,124	348,223	7,261
Directors current accounts	479	479	-	-
Other creditors	1,465,232	1,056,667	14,286	16,772
Accruals and deferred income	1,835,084	951,531	774,864	242,336
Proposed dividend	40,000	40,000	40,000	40,000
	11,989,003	6,494,227	5,281,192	2,084,630

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	5,443	-	-
Finance charges and interest allocated to future accounting periods	-	-	-	-
	-	5,443	-	-

14 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 12) is made up as follows:

	Group 2005 £	Company 2005 £
Balance at 1 August 2004	(36,348)	(26,766)
Profit and loss account	16,501	6,919
Balance at 31 July 2005	(19,847)	(19,847)

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Decelerated capital allowances	(19,847)	(36,348)	(19,847)	(26,766)

15 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the group for the year	141,328	85,635

16 Share capital

	2005 £	2004 £
Authorised		
1,000,000 Ordinary shares of 1p each	10,000	10,000
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	1,010,000	1,010,000
Allotted, called up and fully paid		
664,700 Ordinary shares of 1p each	6,647	2,617
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	1,006,647	1,002,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

17 Statement of movements on reserves

Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 August 2004	-	2,812,107	9,320,096
Retained profit for the year	-	-	1,267,120
Premium on shares issued during the year	249,815	-	-
Balance at 31 July 2005	249,815	2,812,107	10,587,216

Other reserves

Reserves provided for by the Articles of Association

Balance at 1 August 2004 & at 31 July 2005	2,812,107

Company

	Share premium account £	Profit and loss account £
Balance at 1 August 2004	-	60,057
Retained loss for the year	-	(83,142)
Premium on shares issued during the year	249,815	-
Balance at 31 July 2005	249,815	(23,085)

18 Minority interests

	2005 £	2004 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	13,886	6,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

19 Reconciliation of movements in shareholders' funds

Group	2005 £	2004 £
Profit for the financial year	1,307,120	2,090,391
Dividends	(40,000)	(40,000)
	1,267,120	2,050,391
Proceeds from issue of shares	249,980	1,000,000
Net addition to shareholders' funds	1,517,100	3,050,391
Opening shareholders' funds	13,138,685	10,088,294
Closing shareholders' funds	14,655,785	13,138,685

Company	2005 £	2004 £
(Loss)/Profit for the financial year	(43,142)	72,168
Dividends	(40,000)	(40,000)
	(83,142)	32,168
Proceeds from issue of shares	253,845	1,000,000
Net addition to shareholders' funds	170,703	1,032,168
Opening shareholders' funds	1,062,674	30,506
Closing shareholders' funds	1,233,377	1,062,674

20 Contingent liabilities

Group

There is a contingent liability in respect of a deed of guarantee given by the company in favour of Lloyds TSB plc relating to the indebtedness of group companies. The net amount due to Lloyds TSB plc as at 31 July 2005 was £1,256,872 (2004: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

21 Financial commitments

At 31 July 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Between two and five years	168,380	215,880
In over five years	47,500	47,500
	215,880	263,380

22 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	992,031	221,939
Company pension contributions to money purchase schemes	90,047	38,608
	1,082,078	260,547

Emoluments disclosed above include the following amounts paid to the *highest paid director*:

Emoluments for qualifying services	761,666	150,001

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005	2004
	Number	Number
	641	505

Employment costs	2005	2004
	£	£
Wages and salaries	28,543,028	22,046,044
Social security costs	1,811,319	1,059,438
Other pension costs	141,328	85,635
	30,495,675	23,191,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

24 Related party transactions

Group

During the year the group entered into the following transactions involving the directors:-

1) Rent of properties owned by D.J. Medlock of £121,000 (2004 - £121,000).

During the year the group made sales of £190 (2004 - £1,500) to Aquatravel Limited, a company of which D J Medlock is a director and has a controlling interest.

During the year the group also made sale of £5,780 to Premium Wing Limited, a company of which D J Medlock's close family are shareholders.

During the year the group also paid rent of £6,250 (2004 - £6,250) to the Medlock Charitable Trust, a charity of which D J Medlock is a trustee.

During the year the group purchased management consultancy services to the value of £46,670 (2004 - £46,473) from J & A W Sully & Co Chartered Accountants of which I Bascombe is a Partner.

Company

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.