Company Number: 1382145

NEWSHIP GROUP LIMITED

ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

NEWSHIP GROUP LIMITED

COMPANY INFORMATION

Directors	J W Newman A J Newman J D Clarkson
Secretary	R H Llewelyn
Company Number	1382145
Registered Office	Clive House 12-18 Queens Road Weybridge Surrey KT13 9XB
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants The Explorer Building Fleming Way Manor Royal Crawley RH10 9GT

NEWSHIP GROUP LIMITED

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NEWSHIP GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2004

The directors submit their report and the financial statements for the year ended 30 June 2004.

Principal activity and results for the year

The company's principal activity was the provision of management services and deriving rental income from its various properties.

The company reports a loss for the financial year of £7,704 (2003: profit - £2,838), which has been transferred to reserves. The directors do not recommend the payment of a dividend (2003: Nil).

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary Shares of £1 each	
	2004	2003
J W Newman	**49**	49
A J Newman	**17**	17
J D Clarkson	**-**	-

Auditors

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

Basis of preparation

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

By order of the board

R H Llewelyn

R H Llewelyn
Secretary

NEWSHIP GROUP LIMITED
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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWSHIP GROUP LIMITED

We have audited the financial statements of Newship Group Limited for the year ended 30 June 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 within the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

Qualified opinion arising from disagreement about accounting treatment

As stated in the accounting policies on page 7 and in note 5, fixed assets include properties which are shown at £2,803,648 being historical cost less depreciation which is being charged to the profit and loss account. The properties are investment properties, which under Statement of Standard Accounting Practice No 19, should be included in the balance sheet at open market value, no depreciation being charged to the profit and loss account. No market valuation has been obtained and the difference between depreciated historical cost and market value and the consequential adjustments to the profit and loss account cannot therefore be quantified.

Except for accounting for the investment properties as referred to above, in our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2004 and of its loss 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
Gatwick

1st October 2004

NEWSHIP GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

	Notes	2004 £	2003 £
TURNOVER	2	135,000	325,125
Administrative expenses		(542,108)	(495,496)
Other operating income		417,818	201,742
OPERATING PROFIT	3	10,710	31,371
Interest payable and similar charges		(4,210)	(18,585)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,500	12,786
TAXATION	4	(14,204)	(9,948)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(7,704)	2,838

The above results all arise from continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

The notes to the financial statements on pages 7 – 11 form part of these accounts

NEWSHIP GROUP LIMITED
BALANCE SHEET
30 JUNE 2004

	Notes	2004	2004	2003	2003
			£		£
FIXED ASSETS					
Tangible	5		**2,831,896**		2,882,726
Investments	6		**2,205,859**		2,176,061
			5,037,755		5,058,787
CURRENT ASSETS					
Debtors	7	**2,127,041**		961,886	
Cash at bank and in hand		**2,158**		2,096	
		2,129,199		963,982	
CREDITORS: amounts falling due within one year	8	**(6,227,523)**		(5,853,047)	
NET CURRENT LIABILITIES			**(4,098,324)**		(4,889,065)
TOTAL ASSETS LESS CURRENT LIABILITIES			**939,431**		169,722
CREDITORS: amounts falling due after more than one year	9		**(905,720)**		(128,307)
NET ASSETS			**33,711**		41,415
CAPITAL AND RESERVES					
Called up share capital	10		**100**		100
Profit and loss account	11		**33,611**		41,315
			33,711		41,415

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 15/09/2004

Signed on behalf of the board of directors

Director

The notes to the financial statements on pages 7 – 11 form part of these accounts.

NEWSHIP GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

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).

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives by equal annual instalments at the following rates:-

Freehold buildings	2 % per annum
Plant and machinery, fixtures and fittings	10-33 % per annum

Freehold land is not depreciated

(d) Operating leases

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

(e) Investments

Investments are stated at cost less amounts written off.

(f) Pensions

The company operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension costs charged in the financial statements represent the contributions payable by the company during the period.

(g) Consolidated accounts

In accordance with Section 248(1) of the Companies Act 1985 consolidated accounts have not been prepared. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(h) 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, 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 substantially enacted by the balance sheet date.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets:		
- owned by the company	56,980	30,673
Audit fees	19,512	9,409

No directors received any emoluments (2003 - £NIL).

4. TAXATION

	2004 £	2003 £
Current year taxation		
UK corporation tax	15,421	9,966
Adjustments in respect of prior periods		
UK corporation tax	(1,217)	(18)
	14,204	9,948

5. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & machinery fixtures and fittings £	Total £
Cost			
At 1 July 2003	2,898,853	100,197	2,999,050
Additions	-	6,150	6,150
Disposals	-	-	-
At 30 June 2004	2,898,853	106,347	3,005,200
Depreciation			
At 1 July 2003	51,441	64,883	116,324
Charge for year	43,764	13,216	56,980
On disposals	-	-	-
At 30 June 2004	95,205	78,099	173,304
Net book amount			
At June 2004	2,803,648	28,248	2,831,896
At June 2003	2,847,412	35,314	2,882,726

NEWSHIP GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Other Investments £	Total £
Cost			
At 1 July 2003	1	2,176,060	2,176,061
Additions	-	29,798	29,798
At 30 June 2004	1	2,205,858	2,205,859
Net book amount			
At 30 June 2004	1	2,205,858	2,205,859
At 30 June 2003	1	2,176,060	2,176,061

The company owns 3,908,565 ordinary shares of 25p each of Send Group Limited, (incorporated in England), which represents 30.8% of the issued share capital of that company.

The company is not required to equity account for its investment in Send Group Limited. Based on unaudited management information, the consolidated net assets of Send Group Limited as at 30 June 2004 were £26,355,000 (2003: £25,205,000). If the company were to equity account it would include £8,117,000 (2003: £7,763,000) being its share of the consolidated net assets of Send Group Limited in its balance sheet.

At 31 December 2003 Send Group Limited had aggregate capital and reserves of £25,623,000 (2002: 23,639,000) and made a profit of £1,903,000 (2002: loss - £4,073,000 for the year ended on that date. The audit report in respect of those financial statements was unqualified.

The company holds the following investments in subsidiary undertakings:

Name	Country of incorporation/ registration and operation	Type of share	% of nominal value of shares	Aggregate capital and reserves 2004 £	2003 £
Wilfield Ltd	Great Britain	Ordinary of £1each	100	(667,217)	(667,217)
Sound Garden Tools Ltd	Great Britain	Ordinary of £1 each	100	1	1
J & N Enterprises Ltd	Great Britain	Ordinary of £1 each	100	64,981	64,981
British Indicators Ltd	Great Britain	Ordinary of £1 each	100	(412,240)	(412,240)
Newship Distribution Ltd	Great Britain	Ordinary of £1 each	100	100	100
Ben Turner & Sons Ltd	Great Britain	Ordinary of £1 each	100	19,486	19,486
Newship Properties Ltd	Great Britain	Ordinary of £1 each	37	11,131	11,131

All the above companies have been dormant throughout the year.

7. DEBTORS

	2004	2003
	£	£
Trade debtors	**33,291**	119,985
Other debtors	**2,093,750**	736,223
Other taxation and social security	**-**	105,678
	2,127,041	961,886

8. CREDITORS:

Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	**603,239**	40,627
Trade creditors	**9,432**	197,815
Corporation tax	**15,421**	9,966
Other taxation and social security	**20,658**	10,785
Other creditors	**1,826,638**	1,859,329
Shareholders loans	**3,752,135**	3,734,525
	6,227,523	5,853,047

The bank loan and overdraft are secured by a fixed charge over the freehold properties and a fixed and floating charge over all the other assets of the company. The bank loan is repayable in quarterly instalments with interest charged at 1.5% over the base rate.

9. CREDITORS:

Amounts falling due after more than one year

	2004	2003
	£	£
Bank loans	**905,720**	77,350
Other creditors	**-**	50,957
	905,720	128,307

Included within creditors above are amounts falling due after more than five years as follows:

	2004	2003
	£	£
Bank loans	**262,458**	-

10. SHARE CAPITAL

	Authorised	Allotted, called up and Fully paid	
	£	No	£
At 1 July 2003 and 30 June 2004			
Ordinary shares of £1 each	100	100	**100**

11. RESERVES

Profit and loss account	**£**
At 1 July 2003	**41,315**
Loss for the year	**(7,704)**
At 30 June 2004	**33,611**

12. OTHER COMMITMENTS

At 30 June 2004 the company had annual commitments under operating leases as follows:

	2004	2003
	£	£
Expiry date:		
Within one year	-	-
Between two and five years	**3,285**	7,748

13. TRANSACTIONS WITH RELATED PARTIES

During the year the company, in the ordinary course of business, received management fees totalling £135,000 (2003: £317,500) from companies under common control. In addition the company recharged costs of £461,171 (2003: £381,127) to companies under common control. The company received £205,000 (2003: £57,117) of rental income from companies under common control.

At 30 June 2004 the amounts due to and from companies under common control amounted to £1,753,247 (2003: £1,870,423) and £2,087,953 (2003: £703,812) respectively. At 30 June 2004 the amount due to J W Newman was £3,752,135 (2003: £3,785,482).

During the year a loan was granted to a company under common control for £2,150,000. Interest is charged on this loan at 2% above base rate with interest received of £33,296 during the year.

14. PENSION CONTRIBUTIONS

The pension charge for the period of £7,546 (2003: £6,601) related to company contributions to employees' defined contribution pension schemes.

15. CONTROLLING PARTIES

The company is controlled by Mr J W Newman.

NEWSHIP GROUP LIMITED
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

	2004		2003	
	£	£	£	£
Turnover				
Fees receivable for management & legal services		135,000		325,125
		135,000		325,125
Administration costs				
Salaries and employment costs	150,538		158,619	
Staff recruitment and agency costs	-		1,542	
Rent, rates, heat and light	32,942		31,301	
Repairs and renewals	16,658		37,572	
Office expenses	1,037		997	
Telephone	7,850		15,155	
Postage, stationery and advertising	3,123		4,061	
Insurance	44,607		4,499	
Motor expenses	22,151		16,533	
Travel and subsistence	29,827		26,711	
Legal and professional fees	96,985		62,411	
Audit and accountancy	19,512		9,409	
Bank charges payable	1,150		971	
Depreciation	56,980		30,673	
Profit on sale of fixed assets	-		-	
Management charge	47,500		85,000	
Sundry expenses	11,248		10,042	
		(542,108)		(495,496)
Other operating income				
Rental income	417,818		201,742	
		417,818		201,742
Operating profit		10,710		31,371
Bank interest payable		(37,506)		(18,899)
Other interest		33,296		314
Profit before taxation		6,500		12,786