



**STANLEY DAVIS GROUP  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2003

# STANLEY DAVIS GROUP LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

---

Company registration number: 2413680

Registered office: 120 East Road  
London  
N1 6AA

Directors: S Davis (Chairman)  
N Lindsay-Fynn  
L Spencer  
A Davis  
D Kaye  
N Dolby

Secretary: D Kaye

Bankers: HSBC Bank PLC  
27 - 32 Poultry  
London  
EC2P 2BX

Solicitors: Eversheds LLP  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4JL

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

# STANLEY DAVIS GROUP LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

---

| INDEX                                | PAGE    |
|--------------------------------------|---------|
| Report of the directors              | 1 – 2   |
| Consolidated profit and loss account | 3       |
| Consolidated balance sheet           | 4       |
| Company balance sheet                | 5       |
| Principal accounting policies        | 6 – 7   |
| Notes to the financial statements    | 8 – 15  |
| Report of the independent auditors   | 16 – 17 |

# STANLEY DAVIS GROUP LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 June 2003.

### Principal activity

The principal activity of the Group is that of Company Registration and Search Agents, Corporate services provider and Company Secretarial services provider.

### Business review

There was a loss for the year after taxation amounting to £262,777 (2002: £680,236). The directors do not recommend the payment of a dividend (2002: £nil).

### Directors

The directors who served during the year are set out below. All the directors served throughout the year apart from Andrew Davis, Neil Dolby and David Kaye who were appointed to the Board on 21 February 2003.

The interests of the directors and their families in the shares of the company as at 1 July 2002 and 30 June 2003 were as follows:

|                    | Ordinary shares of £1 each |       | Preference shares of £1 each |         |
|--------------------|----------------------------|-------|------------------------------|---------|
|                    | 2003                       | 2002  | 2003                         | 2002    |
| Stanley Davis      | 1,504                      | 1,504 | 525,000                      | 300,000 |
| Nigel Lindsay-Fynn | 1,504                      | 1,504 | 525,000                      | 300,000 |
| Lynda Spencer      | -                          | -     | -                            | -       |
| Andrew Davis       | -                          | -     | -                            | -       |
| Neil Dolby         | -                          | -     | -                            | -       |
| David Kaye         | -                          | -     | -                            | -       |

### Directors' responsibilities for the financial statements

United Kingdom 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 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 company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STANLEY DAVIS GROUP LIMITED**

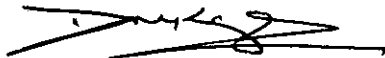
**REPORT OF THE DIRECTORS**

---

**Auditors**

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'David Kaye', written over a horizontal line.

David Kaye  
Secretary

21st October 2003

**STANLEY DAVIS GROUP LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30 JUNE 2003

|  | Note  | 2003<br>£               | 2002<br>£               |
|--|-------|-------------------------|-------------------------|
| Turnover   | 1     | 2,190,831               | 2,052,654               |
| Cost of sales                                      |       | <u>(733,759)</u>        | <u>(792,559)</u>        |
| Gross profit                                       |       | 1,457,072               | 1,260,095               |
| Administrative expenses                            |       | <u>(1,681,731)</u>      | <u>(1,942,199)</u>      |
| <b>Operating loss</b>                              |       | <b>(224,659)</b>        | <b>(682,104)</b>        |
| Interest payable and similar charges               | 3     | (41,531)                | (28,290)                |
| Other interest receivable and similar income       |       | <u>2,707</u>            | <u>4,508</u>            |
| <b>Loss on ordinary activities before taxation</b> | 2     | <b>(263,483)</b>        | <b>(705,886)</b>        |
| Tax recoverable on loss on ordinary activities     | 5     | <u>706</u>              | <u>25,650</u>           |
| <b>Loss on ordinary activities after taxation</b>  |       | <b>(262,777)</b>        | <b>(680,236)</b>        |
| <b>Loss transferred from reserves</b>              | 15,16 | <u><b>(262,777)</b></u> | <u><b>(680,236)</b></u> |

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# STANLEY DAVIS GROUP LIMITED

## CONSOLIDATED BALANCE SHEET AT 30 JUNE 2003

|  | Note | 2003<br>£          | 2002<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>  |      |                    |                    |
| Intangible assets  | 7    | 1,173,064          | 1,477,257          |
| Tangible assets  | 8    | <u>58,378</u>      | <u>116,634</u>     |
|  |      | 1,231,442          | 1,593,891          |
| <b>Current assets</b>  |      |                    |                    |
| Stocks   | 10   | 1,200              | 1,200              |
| Debtors  | 11   | 675,908            | 691,399            |
| Cash at bank and in hand                                       |      | <u>85,406</u>      | <u>211,937</u>     |
|  |      | 762,514            | 904,536            |
| <b>Creditors: amounts falling due within one year</b>          | 12   | <u>(1,254,920)</u> | <u>(1,521,844)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(492,406)</u>   | <u>(617,308)</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>739,036</u>     | <u>976,583</u>     |
| <b>Creditors: amounts falling due after more than one year</b> | 13   | <u>(885,840)</u>   | <u>(1,310,610)</u> |
|  |      | <u>(146,804)</u>   | <u>(334,027)</u>   |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 14   | 1,053,008          | 603,008            |
| Share premium account  | 15   | 36,998             | 36,998             |
| Profit and loss account  | 15   | <u>(1,236,810)</u> | <u>(974,033)</u>   |
| <b>Shareholders' funds - equity interests</b>                  |      | <u>(146,804)</u>   | <u>(334,027)</u>   |

The financial statements were approved by the Board of Directors on 21st October 2003

Stanley Davis - Director



The accompanying accounting policies and notes form an integral part of these financial statements.

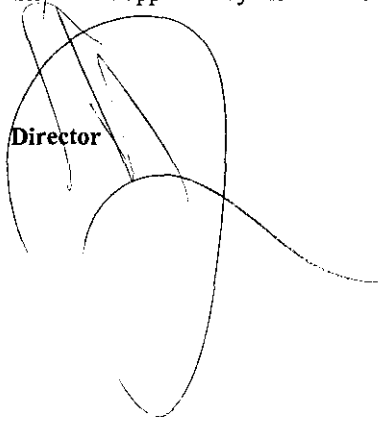
# STANLEY DAVIS GROUP LIMITED

## BALANCE SHEET AT 30 JUNE 2003

|  | Note | 2003<br>£          | 2002<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>  |      |                    |                    |
| Intangible assets  | 7    | 1                  | 1                  |
| Tangible assets  | 8    | 58,378             | 116,634            |
| Investments  | 9    | 1,735,796          | 1,881,644          |
|  |      | <u>1,794,175</u>   | <u>1,998,279</u>   |
| <b>Current assets</b>  |      |                    |                    |
| Stocks   | 10   | 1,200              | 1,200              |
| Debtors  | 11   | 646,622            | 670,301            |
| Cash at bank and in hand                                       |      | 85,406             | 194,471            |
|  |      | <u>733,228</u>     | <u>865,972</u>     |
| <b>Creditors: amounts falling due within one year</b>          | 12   | <u>(1,407,601)</u> | <u>(1,664,240)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(674,373)</u>   | <u>(798,268)</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>1,119,802</u>   | <u>1,200,011</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 13   | <u>(885,840)</u>   | <u>(1,310,610)</u> |
|  |      | <u>233,962</u>     | <u>(110,599)</u>   |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 14   | 1,053,008          | 603,008            |
| Share premium account  | 15   | 36,998             | 36,998             |
| Profit and loss account  | 15   | (856,044)          | (750,605)          |
| <b>Shareholders' funds - equity interests</b>                  |      | <u>233,962</u>     | <u>(110,599)</u>   |

The financial statements were approved by the Board of Directors on 21 October 2003

Stanley Davis - Director



The accompanying accounting policies and notes form an integral part of these financial statements.



## **STANLEY DAVIS GROUP LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

---

#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

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

#### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 June 2003. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

#### **TURNOVER**

Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts.

#### **GOODWILL**

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life.

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

#### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost, net of depreciation and any provision for improvement. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

|                                  |                         |
|----------------------------------|-------------------------|
| Land and buildings leasehold     | 25% straight line       |
| Fixtures, fittings and equipment | 25% - 33% straight line |
| Motor vehicles                   | 25% reducing balance    |

#### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

## **STANLEY DAVIS GROUP LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

---

#### **INVESTMENTS**

Investments are included at cost less amounts written off.

#### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

#### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group 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.

#### **CONTRIBUTIONS TO PENSION SCHEMES**

##### ***Defined Contribution Pension Scheme***

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 1 TURNOVER

The total turnover of the group for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

### 2 OPERATING LOSS

The loss on ordinary activities before taxation is stated after:

|                               | Group<br>2003<br>£ | 2002<br>£ |
|-------------------------------|--------------------|-----------|
| Auditors' remuneration:       |                    |           |
| Audit services                | 12,000             | 13,000    |
| Non audit services            | 3,500              | -         |
| Depreciation:                 |                    |           |
| Tangible fixed assets owned   | 54,360             | 91,333    |
| Amortisation of goodwill      | 158,344            | 127,032   |
| Other operating lease rentals | 35,000             | 35,000    |

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

|  | Group<br>2003<br>£ | 2002   |
|--|--------------------|--------|
| On bank loans and overdrafts                   | 1,763              | 2,407  |
| On other loans wholly repayable within 5 years | 39,768             | 25,883 |
|  | 41,531             | 28,290 |

### 4 DIRECTORS AND EMPLOYEES

Staff costs (including directors) during the year were as follows:

|                       | 2003<br>£ | 2002<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 826,491   | 861,683   |
| Social security costs | 88,833    | 85,143    |
| Other pension costs   | 39,908    | 48,147    |
|                       | 955,232   | 994,973   |

The average number of employees of the group during the year was:

|                       | 2003<br>Number | 2002<br>Number |
|-----------------------|----------------|----------------|
| Office and management | 28             | 28             |

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

|   | 2003<br>£      | 2002<br>£      |
|---|----------------|----------------|
| Emoluments for qualifying services                      | 159,392        | 173,112        |
| Pension contributions to money purchase pension schemes | 15,763         | 22,126         |
| Compensation for loss of office                         | -              | 54,807         |
|   | <u>175,155</u> | <u>250,045</u> |

During the year 4 directors (2002: 3) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

|   | 2003<br>£     | 2002<br>£     |
|---|---------------|---------------|
| Emoluments  | 74,586        | 76,887        |
| Pension contributions to money purchase pension schemes | 8,710         | 8,710         |
|   | <u>83,296</u> | <u>85,597</u> |

The highest paid director's accrued pension at the year was £nil (2002: £nil).

### 5 TAX RECOVERABLE ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the result for the period and represents:

|   | 2003<br>£       | 2002<br>£        |
|---|-----------------|------------------|
| United Kingdom corporation tax at 30% (2002: 30%) | -               | (25,650)         |
| Adjustments in respect of prior year:             | <u>(706)</u>    | <u>-</u>         |
|   | <u>(706)</u>    | <u>(25,650)</u>  |
| Loss before tax                                   | (263,483)       | (705,886)        |
| Tax at 30% (2002: 30%)                            | <u>(79,045)</u> | <u>(211,766)</u> |

Effect of:

|   |               |                 |
|---|---------------|-----------------|
| Expenses not deductible for tax purposes                | 19,312        | 12,823          |
| Differences between capital allowances and depreciation | (8,371)       | 23,636          |
| Other timing differences - losses carried forward       | 9,097         | 100,583         |
| Difference in tax rates                                 | (460)         | 10,964          |
| Adjustments in respect of prior years                   | 706           | -               |
| Consolidation adjustments                               | 46,083        | 38,110          |
| Other timing differences                                | <u>11,972</u> | <u>-</u>        |
|   | <u>(706)</u>  | <u>(25,650)</u> |

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 6 LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £105,439 (2002: £456,808).

### 7 INTANGIBLE FIXED ASSETS

|                                    | Group<br>Goodwill<br>£ | Company<br>Goodwill<br>£ |
|------------------------------------|------------------------|--------------------------|
| Cost                               |                        |                          |
| At 1 July 2002                     | 1,604,289              | 1                        |
| Revision of deferred consideration | (145,848)              | -                        |
| At 30 June 2003                    | <u>1,458,441</u>       | <u>1</u>                 |
| Amortisation                       |                        |                          |
| At 1 July 2002                     | 127,032                | -                        |
| Provided in the year               | 158,345                | -                        |
| At 30 June 2003                    | <u>285,377</u>         | <u>-</u>                 |
| Net book amount at 30 June 2003    | <u>1,173,064</u>       | <u>1</u>                 |
| Net book amount at 30 June 2002    | <u>1,477,257</u>       | <u>1</u>                 |

### 8 TANGIBLE FIXED ASSETS

#### Group and Company

|                                 | Land and<br>buildings<br>leasehold<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£     |
|---------------------------------|---|---|------------------------|----------------|
| Cost                            |   |   |                        |                |
| At 1 July 2002                  | 107,676                                 | 490,170                                     | 17,593                 | 615,439        |
| Additions                       | -                                       | 8,148                                       | -                      | 8,148          |
| Disposals                       | -                                       | -   | (17,593)               | (17,593)       |
| At 30 June 2003                 | <u>107,676</u>                          | <u>498,318</u>                              | <u>-</u>               | <u>605,993</u> |
| Depreciation                    |   |   |                        |                |
| At 1 July 2002                  | 59,827                                  | 434,168                                     | 4,810                  | 498,805        |
| Provided in the year            | 26,916                                  | 26,704                                      | 740                    | 54,360         |
| Disposals                       | -                                       | -   | (5,550)                | (5,550)        |
| At 30 June 2003                 | <u>86,743</u>                           | <u>460,872</u>                              | <u>-</u>               | <u>547,615</u> |
| Net book amount at 30 June 2003 | <u>20,933</u>                           | <u>37,445</u>                               | <u>-</u>               | <u>58,378</u>  |
| Net book amount at 30 June 2002 | <u>47,849</u>                           | <u>56,002</u>                               | <u>12,783</u>          | <u>116,634</u> |

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 9 FIXED ASSET INVESTMENTS

#### Company

Shares in  
subsidiary  
undertakings  
£

Cost

At 1 July 2002

1,881,644

Revision of deferred consideration

(145,848)

At 30 June 2003

1,735,796

At 30 June 2003, the Group held 20% or more of the allotted share capital of the following subsidiary undertakings:

| Name of company                | Class of<br>share capital<br>held | Proportion held      |                 | Nature of business   |
|--------------------------------|-----------------------------------|----------------------|-----------------|--|
|                                |                                   | by parent<br>company | by the<br>group |  |
| JH Management Services Limited | ordinary                          | 100%                 | 100%            | Non trading  |
| JH VAT Services Limited        | ordinary                          | -                    | 100%            | Providing VAT, statutory and corporation advisory services |

### 10 STOCKS

#### Group and Company

2003  
£

2002  
£

Finished goods and goods for resale

1,200      1,200

### 11 DEBTORS

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2003<br>£      | 2002<br>£      | 2003<br>£      | 2002<br>£      |
| Trade debtors                  | 574,558        | 505,811        | 545,507        | 282,149        |
| Corporation tax                | 6,229          | 25,146         | 6,229          | 20,901         |
| Other debtors                  | 50,357         | 59,678         | 50,122         | 44,064         |
| Prepayments and accrued income | 44,764         | 100,764        | 44,764         | 323,187        |
|                                | <u>675,908</u> | <u>691,399</u> | <u>646,622</u> | <u>670,301</u> |

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2003             | 2002             | 2003             | 2002             |
|   | £                | £                | £                | £                |
| Bank loans and overdrafts                 | 145,184          | -                | 145,184          | -                |
| Trade creditors                           | 198,091          | 289,630          | 198,091          | 152,995          |
| Amounts owed to group undertakings        | -                | -                | 152,680          | 529,878          |
| Other taxation and social security        | 57,710           | 65,393           | 57,710           | 56,052           |
| Other creditors                           | 509,715          | 857,500          | 509,715          | 857,500          |
| Accruals and deferred income              | 344,220          | 307,749          | 344,221          | 66,243           |
| Amounts due under hire purchase contracts | -                | 1,572            | -                | 1,572            |
|   | <u>1,254,920</u> | <u>1,521,844</u> | <u>1,407,601</u> | <u>1,664,240</u> |

The bank overdraft facilities are secured by a fixed and floating charge over the assets of the Group.

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                 | Group and Company |                  |
|-----------------|-------------------|------------------|
|                 | 2003              | 2002             |
|                 | £                 | £                |
| Other loans     | 435,840           | 535,840          |
| Other creditors | 450,000           | 774,770          |
|                 | <u>885,840</u>    | <u>1,310,610</u> |

#### Borrowings are repayable as follows:

##### Group and company

##### Within one year:

Bank and other borrowings

145,184 535,840

Finance leases

- 1,572

##### After one and within two years:

Other loans

435,840 -

581,024 537,412

As at the year end, £163,514 (2002: £263,514) is due to Stanley Davis and £272,326 (2002: £272,326) is due to Nigel Lindsay-Flynn. These loans are unsecured, and not repayable before 31 December 2004. Interest is charged at 1% above base rate. Interest on the loan notes has been waived for the year ending 30 June 2003. The interest payable for the year was £nil (2002: £nil).

# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 14 SHARE CAPITAL

|   | 2003<br>£        | 2002<br>£      |
|---|------------------|----------------|
| Authorised  |                  |                |
| 10,000 ordinary shares of £1 each   | 10,000           | 10,000         |
| 1,050,000 (2002: 600,000) 6% Non-cumulative convertible redeemable preference shares of £1 each | <u>1,050,000</u> | <u>600,000</u> |
|   | <u>1,060,000</u> | <u>610,000</u> |
| Allotted, called up and fully paid  |                  |                |
| 3,008 Ordinary shares of £1 each  | 3,008            | 3,008          |
| 1,050,000 (2002: 600,000) 6% Non-cumulative convertible redeemable preference shares of £1 each | <u>1,050,000</u> | <u>600,000</u> |
|   | <u>1,053,008</u> | <u>603,008</u> |

#### Preference shares

The non-cumulative convertible redeemable preference shares are non-equity shares which carry an entitlement to a dividend at the rate of 6p per share per annum. They may be redeemed at £1 per share at any time up to 31 December 2008 at the option of the Company with conversion becoming mandatory at 31 December 2008. Holders of preference shares have no voting rights.

#### Allotments during the year

The Company issued 250,000 preference shares of £1 per share on 31 December 2002 and issued a further 200,000 preference shares of £1 per share on 30 June 2003.

### 15 SHARE PREMIUM ACCOUNT AND RESERVES

|                   | Group                            |                                    | Company                          |                                    |
|-------------------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
|                   | Share<br>premium<br>account<br>£ | Profit<br>and loss<br>account<br>£ | Share<br>premium<br>account<br>£ | Profit<br>and loss<br>account<br>£ |
| At 1 July 2002    | 36,998                           | (974,033)                          | 36,998                           | (750,605)                          |
| Loss for the year | -                                | (262,777)                          | -                                | (105,439)                          |
| At 30 June 2003   | <u>36,998</u>                    | <u>(1,236,810)</u>                 | <u>36,998</u>                    | <u>(856,044)</u>                   |



# STANLEY DAVIS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2003

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                     | Group            |                  | Company        |                  |
|-------------------------------------|------------------|------------------|----------------|------------------|
|                                     | 2003             | 2002             | 2003           | 2002             |
|                                     | £                | £                | £              | £                |
| Loss for the financial year         | (262,777)        | (680,236)        | (105,439)      | (456,808)        |
| Net decrease in shareholders' funds | (262,777)        | (680,236)        | (105,439)      | (456,808)        |
| Issue of shares                     | 450,000          | 600,000          | 450,000        | 600,000          |
| Shareholders' funds at 1 July 2002  | (334,027)        | (253,791)        | (110,599)      | (253,791)        |
| Shareholders' funds at 30 June 2003 | <u>(146,804)</u> | <u>(334,027)</u> | <u>233,962</u> | <u>(110,599)</u> |

### 17 CAPITAL COMMITMENTS

The Group had no capital commitments at 30 June 2003 or 30 June 2002.

### 18 CONTINGENT ASSETS/LIABILITIES

There were no contingent assets or liabilities at 30 June 2003 or 30 June 2002.

### 19 RETIREMENT BENEFITS

#### Defined contribution pension scheme

The Group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

### 20 LEASING COMMITMENTS

Operating lease payments amounting to £35,000 (2002: £35,000) are due within one year. The leases to which these amounts relate expire as follows:

|                            | 2003               | 2002               |
|----------------------------|--------------------|--------------------|
|                            | Land and buildings | Land and buildings |
|                            | £                  | £                  |
| Less than one year         | 35,000             | -                  |
| Between one and five years | -                  | 35,000             |
|                            | <u>35,000</u>      | <u>35,000</u>      |

**STANLEY DAVIS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 JUNE 2003

---

**21      TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES**

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

**22      CONTROLLING RELATED PARTIES**

Stanley Davis and Nigel Lindsay-Fynn are the group's controlling related parties.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
STANLEY DAVIS GROUP LIMITED**

We have audited the financial statements of Stanley Davis Group Limited for the year ended 30 June 2003 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets and notes 1 to 22. 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 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 the directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and 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 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
STANLEY DAVIS GROUP LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30 June 2003 and the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON**

*27 October* 2003