

STRAND PARTNERS LIMITED

(Company number 2780169)



Consolidated financial statements

31 March 2007

Strand Partners Limited

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Strand Partners Limited

DIRECTORS' REPORT

for the year to 31 March 2007

The Directors present their report on the affairs of the Company and its subsidiary, together with the consolidated financial statements and auditors' report, for the year to 31 March 2007

Principal activity and business review

The principal activity of the Company is the provision of corporate finance and related advisory services, and is authorised and regulated by the Financial Services Authority under the Financial Services and Markets Act 2000. The principal activity of Strand Partners Securities Limited, the subsidiary company, is that of trading in securities. The Directors do not expect a change in the Group's activities in the foreseeable future.

The bulk of the fee income in any year is cash collected within that current year, or shortly thereafter. At times, the Company takes quoted and unquoted equities in settlement of its fees and these securities are held for trading purposes in Strand Partners Securities Limited. The profit and loss on such instruments is only taken into profit and loss when realised or if there has been a permanent diminution in value of the security.

The year under review has been strong with fee income up by 10% over the previous year and turnover at an all time high. Net assets remain well in excess of the requirements of the Financial Services Authority.

Financial Risk Management

The Company does not use financial instruments to manage its risks.

Liquidity risk

The Company's principal liquidity risk is to ensure that it has sufficient liquid assets to meet the regulatory capital requirements of its authorisation with the Financial Services Authority. This is closely monitored on a monthly basis and substantial unencumbered cash resources are retained in order to meet this requirement.

Price risk

The company has no significant exposure to price risk.

Credit risk

All of the Company's cash deposits are held with one of the major UK clearing banks. The Company's debtors relate primarily to amounts outstanding in respect of fees billed to clients, non-payments are promptly pursued.

Interest rate risk

The Company has substantial net cash resources and is therefore not at risk from increases in interest rates. Surplus funds are placed in short term fixed rate deposits, which are reviewed at least monthly.

Strand Partners Limited

DIRECTORS' REPORT (continued)

for the year to 31 March 2007

Results for the year

The results for the year are set out on page 7. The Directors paid an interim dividend of 25 278p per share to shareholders on 30 May 2007. They do not recommend the payment of a final dividend for the year.

The Group made charitable donations during the year amounting to £41,000.

Directors

The Directors of the Company are

Patrick Burgess	James Harris
Adrian Collins	Miles Lewis
Sir Michael Edwardes	Rory Murphy
Robert Edwards	Simon Raggett
Stuart Faulkner	Jo Welman
Richard Fenhalls	Simon Wharmby

All the Directors have served since 1st April 2006, except for Stuart Faulkner, who was appointed on 21 June 2006, and Simon Wharmby, appointed on 25 January 2007. Miles Lewis resigned as a Director on 15 May 2007.

Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

In preparing the 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

After making inquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Strand Partners Limited

DIRECTORS' REPORT (continued)

for the year to 31 March 2007

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Directors confirm that, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and that each Director has taken all steps that he ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Hazlewoods LLP have expressed a willingness to continue in office and a resolution re-appointing them will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS



CHRISTOPHER ROOTS
Company Secretary

26 Mount Row
London W1K 3SQ

25 June 2007

Strand Partners Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRAND PARTNERS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Strand Partners Limited on pages 7 to 25 for the year ended 31 March 2007. These financial statements have been prepared under the accounting policies set out on pages 12 and 13.

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

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 Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and

Strand Partners Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRAND PARTNERS LIMITED (continued)


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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the parent company and the group as at 31 March 2007, and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


HAZLEWOODS LLP
Chartered Accountants and Registered Auditors

Windsor House
Barnett Way
Barnwood
Gloucester GL4 3RT

25 June 2007

Strand Partners Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year to 31 March 2007

		<i>2007</i>	<i>2006</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	7,150,592	5,975,626
Cost of sales		(998,955)	(254,556)
		<hr/>	<hr/>
Gross profit		6,151,637	5,721,070
Operating expenses		(4,544,815)	(3,878,081)
		<hr/>	<hr/>
Operating profit		1,606,822	1,842,989
Investment income	3	101,775	99,978
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	1,708,597	1,942,967
Tax on profit on ordinary activities	6	(576,198)	(585,607)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,132,399	1,357,360
Retained profits brought forward		1,473,825	1,532,393
Dividend	7	-	(1,415,928)
		<hr/>	<hr/>
Retained profits carried forward		2,606,224	1,473,825
		<hr/>	<hr/>

All operations are continuing and there are no discontinued operations

The accompanying notes are an integral part of this profit and loss account

Strand Partners Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year to 31 March 2007

		<i>2007</i>	<i>2006</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Profit for the financial year		1,132,399	1,357,360
Unrealised gain on purchase of subsidiary company at undervalue		-	1,413,086
Unrealised gains/(losses) on revaluation of investments		833,605	(86,249)
Difference between historical cost and carrying value of investments sold in year	<i>1c</i>	2,000	-
Total recognised gains and losses		1,968,004	2,684,197

The accompanying notes are an integral part of this statement of total recognised gains and losses

Strand Partners Limited

CONSOLIDATED BALANCE SHEET at 31 March 2007

		2007	2006
	Notes	£	£
Fixed assets			
Tangible assets	8	166,583	257,447
Current assets			
Debtors	10	1,886,249	2,161,425
Investments	11	3,978,112	2,562,326
Cash and deposits		2,931,809	1,427,949
		<u>8,796,170</u>	<u>6,151,700</u>
Creditors'			
Amounts falling due within one year	12	(2,231,082)	(2,087,485)
Net current assets		6,565,088	4,064,215
Total assets less current liabilities		6,731,671	4,321,662
Provisions for liabilities and charges	13	(275,745)	(21,000)
		<u>6,455,926</u>	<u>4,300,662</u>
Capital and reserves			
Called-up share capital	14	1,684,800	1,500,000
Share premium account	15	2,460	-
Capital reserve		1,002,066	1,002,066
Revaluation reserve	15	568,826	(60,373)
Profit and loss account		2,606,224	1,473,825
		<u>5,864,376</u>	<u>3,915,518</u>
Revaluation tax reserve	15	591,550	385,144
Shareholders' funds (all equity)	16	<u>6,455,926</u>	<u>4,300,662</u>

The financial statements on pages 7 to 25 were approved by the Board of Directors on 25 June 2007 and signed on its behalf by

SIR MICHAEL EDWARDES
Director

RICHARD FENHALLS
Director

The accompanying notes are an integral part of this balance sheet

Strand Partners Limited

COMPANY BALANCE SHEET at 31 March 2007

		2007	2006
	Notes	£	£
Fixed assets			
Tangible assets	8	166,583	257,447
Investment in subsidiary company	9	105	105
		<u>166,688</u>	<u>257,552</u>
Current assets			
Debtors	10	3,130,869	3,309,539
Investments		10,000	-
Cash and deposits		2,931,809	1,427,949
		<u>6,072,678</u>	<u>4,737,488</u>
Creditors:			
Amounts falling due within one year	12	(2,231,082)	(2,087,485)
Net current assets		<u>3,841,596</u>	<u>2,650,003</u>
Total assets less current liabilities		<u>4,008,284</u>	<u>2,907,555</u>
Provisions for liabilities and charges	13	(8,000)	(21,000)
		<u>4,000,284</u>	<u>2,886,555</u>
Capital and reserves			
Called-up share capital	14	1,684,800	1,500,000
Share premium account	15	2,460	-
Profit and loss account	15	2,313,024	1,386,555
Shareholders' funds (all equity)	16	<u>4,000,284</u>	<u>2,886,555</u>

The financial statements on pages 7 to 25 were approved by the Board of Directors on 25 June 2007 and signed on its behalf by

SIR MICHAEL EDWARDES
Director

RICHARD FENHALLS
Director

The accompanying notes are an integral part of this balance sheet

Strand Partners Limited

CONSOLIDATED CASH FLOW STATEMENT for the year to 31 March 2007

	2007	2006
<i>Notes</i>	£	£
Net cash inflow from operating activities 17a	2,385,430	2,401,984
Returns on investments and servicing of finance		
Interest received	101,775	99,978
Taxation paid – UK Corporation tax	(590,424)	(710,000)
Capital expenditure		
Purchase of subsidiary undertaking	-	(243,500)
Receipts from sale of tangible fixed assets	-	23,000
Net cash outflow from capital expenditure	-	(220,500)
Management of liquid resources		
Movements in current asset investments	(580,181)	(707,959)
Financing		
Issue of share capital	187,260	-
Net cash inflow from financing activities	187,260	-
Increase in cash 17c	1,503,860	863,503

The Company has no borrowings and therefore no analysis of movement in net debt is presented

The accompanying notes are an integral part of this cash flow statement

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2007

1 Principal accounting policies

A summary of the principal accounting policies is set out below

a Basis of accounting

The Group financial statements are prepared under the historical cost convention, as modified by the inclusion of current asset investments at current cost by applying the alternative accounting rules under the Companies Act 1985, and in accordance with applicable United Kingdom accounting standards. They consolidate the financial statements of the Company and, from the date of acquisition, its subsidiary company.

b Tangible fixed assets

Fixed assets are shown at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	4 ¾ years
Office equipment	1 year
Motor vehicles	3 years
Short leasehold premises	4 ¾ years

Fixed assets purchased at an original cost of under £15,000 are immediately written off in the year.

c Investments

Quoted securities and securities that can be readily converted into quoted securities, are valued at current cost (which is equivalent to market value) at the year end date in the consolidated financial statements. Any surplus between book value and current cost is taken to the Revaluation Reserves. The profit or loss on disposal of such investments taken to the Profit and Loss Account is, however, based on the original cost of such investment, with a corresponding adjustment to the Revaluation Reserve.

Investments are carried at the lower of cost and net realisable value in the parent company balance sheet.

d Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the Directors consider there are

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is not provided on surpluses recognised from revaluations unless the Company has entered into a binding agreement to sell the revalued assets.

e Turnover

Turnover represents fee income, excluding Value Added Tax, for corporate finance advice provided in the normal course of business and is generated from services provided in the United Kingdom.

Where fee income is settled by the issue of securities, fee income turnover is recognised at the amount contracted with the client.

f. Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

g Pension costs

The amount charged to the profit and loss account in respect of pension costs in respect of defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

h. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

i. Parent company profit and loss account

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The Group's profit for the year includes a profit of £926,469 (2006 £1,270,090) dealt with in the profit and loss account of the parent company.

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

2 Turnover

Turnover originates from the following geographical areas

	<i>2007</i> £	<i>2006</i> £
Fee income		
United Kingdom and Channel Islands	4,977,922	5,616,818
Bermuda	150,500	-
Cayman Islands	762,892	250,965
Isle of Man	290,208	-
United States of America	100,505	-
Rest of the World	280,420	107,843
	<u>6,562,447</u>	<u>5,975,626</u>
Security trading		
United Kingdom	588,145	-
	<u>7,150,592</u>	<u>5,975,626</u>

3. Investment income

The following investment income was credited to the profit and loss account during the year

	<i>2007</i> £	<i>2006</i> £
Bank deposit interest	91,947	27,818
Interest on intra-group loans	-	65,691
Other interest	7,553	6,469
Dividend income	2,275	-
	<u>101,775</u>	<u>99,978</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Depreciation charges	90,864	90,864
Assets costing under £15,000 written off	23,185	20,592
Operating lease rentals		
Land and buildings	266,072	255,572
Other	2,513	1,323
Auditors' remuneration (group and parent company)		
Audit fees	15,000	20,000
	<u> </u>	<u> </u>

5 Staff costs

Particulars of employees (including executive directors) are as follows

	2007 £	2006 £
Wages and salaries	2,885,376	2,307,476
Pension contributions	132,227	121,596
Social security costs	333,638	275,370
	<u> </u>	<u> </u>
	<u>3,351,241</u>	<u>2,704,442</u>

The average number of staff employed during the year, including executive directors, was 19 (2006 17)

Directors' remuneration in respect of directors of the Company was £1,971,787 (2006 £1,611,134)

The remuneration of the highest paid director was £585,477 (2006 £415,983)

Pension contributions include £99,265 (2006 £90,421) paid on behalf of Directors. At 31 March 2007, 6 (2006 5) Directors were members of money purchase schemes. No contributions were paid in respect of the highest paid director.

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

6. Tax on profit on ordinary activities

The tax charge comprises:

	2007 £	2006 £
Corporation Tax		
Payable on profits for the year	318,902	589,966
Underprovision in prior year	2,551	-
Overprovision in prior year	-	(2,034)
	<u>321,453</u>	<u>587,932</u>
Current tax charge		
Deferred taxation:		
Origination and reversal of timing differences	254,745	(2,325)
	<u>576,198</u>	<u>585,607</u>

The tax rate for the current year varied from the standard rate of Corporation Tax due to the following factors

	2007 %	2006 %
UK Corporation Tax standard rate	30.0	30.0
Expenses not allowable for tax purposes	0.7	0.0
Capital allowances in excess of depreciation	1.0	0.1
Difference between book gain and tax gain on security sales	(13.0)	-
	<u>18.7</u>	<u>30.1</u>
Effective current tax rate on ordinary activities		

At 31 March 2007 the group had a potential corporation tax liability of £591,500 (2006: £385,144) should the current asset investments be sold at the value stated in the balance sheet

7. Dividend

The Directors do not recommend the payment of a final dividend for the current financial year

An interim dividend of 25.278p per share, equal to £499,999, was paid on 30 May 2007 in respect of the year to 31 March 2007

A final dividend of 94.3952p per share, equal to £1,415,928, was paid during the year to 31 March 2006

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

8 Tangible fixed assets

The movements during the year were

Group and Company

	<i>Short leasehold premises £</i>	<i>Fixtures & fittings £</i>	<i>Office equipment £</i>	<i>Total £</i>
Cost				
1 April 2006	44,266	387,337	12,300	443,903
	<u>44,266</u>	<u>387,337</u>	<u>12,300</u>	<u>443,903</u>
31 March 2007	44,266	387,337	12,300	443,903
	<u>44,266</u>	<u>387,337</u>	<u>12,300</u>	<u>443,903</u>
Depreciation				
1 April 2006	17,862	156,294	12,300	186,456
Charge for year	9,319	81,545	-	90,864
	<u>27,181</u>	<u>237,839</u>	<u>12,300</u>	<u>277,320</u>
31 March 2007	27,181	237,839	12,300	277,320
	<u>27,181</u>	<u>237,839</u>	<u>12,300</u>	<u>277,320</u>
Net book value				
1 April 2006	26,404	231,043	-	257,447
	<u>26,404</u>	<u>231,043</u>	<u>-</u>	<u>257,447</u>
31 March 2007	17,085	149,498	-	166,583
	<u>17,085</u>	<u>149,498</u>	<u>-</u>	<u>166,583</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

9. Investment in subsidiary company

The movements during the year were

	2007 £	2006 £
At 1 April 2006	105	105
	<u> </u>	<u> </u>
At 31 March 2007	105	105
	<u> </u>	<u> </u>

The subsidiary company is Strand Partners Securities Limited, a company registered in England, and is wholly owned by the Company. The activity of the subsidiary is that of trading in securities.

10 Debtors

	2007 £	2006 £
Group		
Trade debtors	1,469,557	1,405,106
Other debtors	350,501	708,205
Prepayments and accrued income	66,191	48,114
	<u> </u>	<u> </u>
	1,886,249	2,161,425
	<u> </u>	<u> </u>
Company		
Trade debtors	1,469,557	1,405,106
Amounts owed by group companies	1,247,001	1,148,114
Other debtors	348,120	708,205
Prepayments and accrued income	66,191	48,114
	<u> </u>	<u> </u>
	3,130,869	3,309,539
	<u> </u>	<u> </u>

Included in other debtors above is an amount of £106,487 (2006 £127,785) relating to a deposit on lease commitments that falls due for repayment after one year.

Also included in other debtors is an amount of £216,820 (2006 £216,820) owed by a shareholder in the Company which is repayable only out of future dividends to that shareholder.

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

11. Investments

Current asset investments comprise shares which are quoted on AIM of the London Stock Exchange plc, and warrants which are readily convertible into such shares

The current asset investments have a historical cost to the Group of £3,226,756 (2006: £2,648,575).

12. Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year

	2007 £	2006 £
<i>Group and Company</i>		
Corporation tax	318,902	587,873
Other taxation and social security	295,190	336,975
Other creditors	236,204	56,570
Accruals and deferred income	1,380,786	1,106,067
	<hr/>	<hr/>
	2,231,082	2,087,485
	<hr/>	<hr/>

Included in other creditors above is an amount of £2,470 (2006: £23,416) in respect of employee pension contributions not paid

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

13. Provisions for liabilities and charges

The following amounts are included in provisions for liabilities and charges

	2007 £	2006 £
Provision for deferred taxation		
Group		
Opening provision	21,000	23,325
Transfer from/(to) profit & loss account	254,745	(2,325)
	<u>275,745</u>	<u>21,000</u>
Closing provision	<u>275,745</u>	<u>21,000</u>

The provision for deferred taxation at 31 March 2007 comprised

	2007 £	2006 £
Accelerated capital allowances	8,000	21,000
Relating to unrealised losses on securities	267,745	-
	<u>275,745</u>	<u>21,000</u>

Unrealised losses on securities are taken to revaluation reserve and are deducted from revalued gains in accordance with the Group's accounting policy, but are a tax deductible expense in the subsidiary company

	2007 £	2006 £
Provision for deferred taxation		
Company		
Opening provision	21,000	23,325
Transfer to profit & loss account	(13,000)	(2,325)
	<u>8,000</u>	<u>21,000</u>
Closing provision	<u>8,000</u>	<u>21,000</u>

The provision for deferred taxation relates to accelerated capital allowances

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

14. Called-up share capital

	2007 £	2006 £
<i>Authorised</i>		
2,000,000 £1 ordinary shares	<u>2,000,000</u>	<u>1,500,000</u>

On 17 June 2006, 478,000 £1 ordinary shares were issued to certain employees under the Employee Partly Paid Share Scheme at an issue price of £2.23 of which 20p is payable on application. In accordance with the Scheme, calls of the unpaid element of these shares are made which are equal to either (i) 12% of any annual discretionary bonus payable to the employee shareholder concerned, (ii) all of any dividend payable to the employee shareholder concerned, or (iii) all of the outstanding calls when the employee shareholder ceases to be employed by the Company and is compelled to sell their shares as fully paid shares.

On 16 February 2007, 2,000 partly paid shares were paid-up in full when the employee shareholder concerned ceased to be employed by the Company, and sold their shares.

	2007 £	2006 £
<i>Allotted</i>		
At 1 April 2006		
1,500,000 £1 ordinary shares	1,500,000	1,500,000
Allotted in the year		
478,000 partly paid £1 ordinary shares		
20p paid	95,600	-
Calls of various amounts on the partly paid shares	89,200	-
At 31 March 2007		
1,502,000 £1 ordinary shares fully paid		
476,000 £1 ordinary shares partly paid	<u>1,684,800</u>	<u>1,500,000</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

15 Reserves

	Revaluation reserve £	Revaluation tax reserve £	Share premium £
Group			
At 1st April 2006	(60,373)	385,144	-
Transfer to profit & loss account of realised revaluation deficit	2,000	-	-
Revaluation gain arising from the revaluation of investments	833,605	-	-
Transfer to revaluation tax reserve	(206,406)	206,406	-
Premium on shares issued in year	-	-	2,460
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2007	<u>568,826</u>	<u>591,550</u>	<u>2,460</u>

In accordance with Financial Reporting Statement number 19 Deferred taxation, the Group does not provide for deferred tax on the unrealised gains attributable to the investments recognised at current cost in the balance sheet. The Directors have however established a separate reserve within Shareholders' funds to set aside funds equivalent to the taxation liability that would be arise if these investments were sold at their carrying value at the balance sheet date.

	Profit & loss account £	Share premium £
Company		
At 1 April 2006	1,386,555	-
Retained profit for the financial year	926,469	-
Premium on shares issued in year	-	2,460
	<u> </u>	<u> </u>
At 31st March 2007	<u>2,313,024</u>	<u>2,460</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

16. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Group		
Opening shareholders' funds	4,300,662	3,032,393
Increase in share capital	187,260	-
Profit for the financial year	1,400,144	1,357,360
Payment of dividend	-	(1,415,928)
Unrealised gain on purchase of subsidiary at undervalue	-	1,413,086
Revaluation gain/(loss) arising from the revaluation of investments	833,605	(86,249)
Realised revaluation deficit in year charged to the profit & loss account	2,000	-
	<u>6,723,671</u>	<u>4,300,662</u>
Company		
Opening shareholders' funds	2,886,555	3,032,393
Increase in share capital	187,260	-
Profit for the financial year	926,469	1,270,090
Payment of dividend	-	(1,415,928)
	<u>4,000,284</u>	<u>2,886,555</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

17 Cash flow information

a) Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	1,606,822	1,842,989
Depreciation charges	90,864	90,864
Profit on sales of tangible assets	-	(3,000)
Decrease in debtors	275,176	1,052,091
Increase/(decrease) in creditors falling due within one year	412,568	(580,960)
	<u>2,385,430</u>	<u>2,401,984</u>
Net cash inflow from operating activities	<u>2,385,430</u>	<u>2,401,984</u>

b) Analysis of changes in cash during the year

	2007 £	2006 £
Balance at beginning of year	1,427,949	564,446
Net cash inflow	1,503,860	863,503
	<u>2,931,809</u>	<u>1,427,949</u>
Balance at end of year	<u>2,931,809</u>	<u>1,427,949</u>

c) Analysis of the balances of cash as shown in the consolidated balance sheet

	31 March 2007 £	1 April 2006 £	Change in year £
Cash	<u>2,931,809</u>	<u>1,427,949</u>	<u>1,503,860</u>

Strand Partners Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 March 2007

18 Lease commitments

Annual lease commitments for payable in the next financial year are

	<i>2007</i> £	<i>2006</i> £
Leases expiring over 5 years		
Land and buildings	266,071	266,071
Leases expiring over 1 year and under 5 years		
Other	<u>1,068</u>	<u>1,323</u>

19. Transactions with related parties

The Group had no material transactions with related parties during the year