

SANDOMGROUP

SANDOM GROUP LIMITED

Company No. 2781951

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004



Sandom Group Limited

Directors and Officers

Directors

T Lovett
H Leeson
J Sandom
J Wringe

Secretary

T Lovett

Registered Office

Old Brewery
Russell Street
Windsor
Berkshire
SL4 1HQ

Auditors

Kingston Smith
141 Wardour Street
London
W1F 0UT

Sandom Group Limited

Contents

	Page
Report of the Directors	1-2
Independent Auditors' Report	3-4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cashflow Statement	8
Notes to the Consolidated Cashflow Statement	9
Notes to the Financial Statements	10-16

Sandom Group Limited

Report of the Directors

For the year ended 31 December 2004

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2004.

Principal activities and business review

The principal activities of the group are those of business, brand and communications consultants.

Business Review

2004 was a significant year for Sandom Group, as we continued our momentum towards creating a unique 'mini-group' within the marketing services sector and started to enjoy returns from the previous two years "growth and growing up" programme.

The group continued to broaden the services available for clients through the growth of the newly established Distillery Research Ltd (a strategic research consultancy) and further expansion into advertising and communications planning with the establishment of a joint venture with **farm**, a fast growing new generation London ad agency.

We continued investment in new talent and succession management across all businesses - particularly in the new business development area.

Significant effort has been focussed on the evolution of the group's central **STARCHAMBER** offering - a collaborative growth consultancy that tailors specialist teams to clients' business problems. This culminated in the public launch of the **STARCHAMBER** brand at the turn of this year with on-going investment in profile building and talent here.

With capacity, the group board has devoted much time in identifying relevant advisors and appropriate acquisition targets to strengthen the **STARCHAMBER** model going forward - efforts that will be well placed for further growth in 2005.

Meanwhile, all existing companies - and the **STARCHAMBER** proposition - have attracted new client projects that helped the group deliver an increase in both turnover and gross profit of +20% and an increase in trading profit of +65% on 2003.

Sandom Group and **STARCHAMBER** is now uniquely placed to exploit the growth opportunities and economic upturn expected in 2005.

Results and dividends

The audited accounts for the year ended 31 December 2004 are set out on pages 5 to 16. The group's retained profit for the year was £197,077 (2003: £341,831). The company's retained loss for the year was £203,900 (2003: profit of £301,565).

The directors recommend the payment of a dividend for the year of £415,000 (2003: £nil).

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented.

The group made charitable donations totalling £200 (2003: £1,220) in the year.

Sandom Group Limited

Report of the Directors (continued)

For the year ended 31 December 2004

Directors and their interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the company, at the beginning and end of the year were as follows:

	31 December 2004		31 December 2003	
	Ordinary 'A' Shares of £1 each	Ordinary 'B' Shares of £1 each	Ordinary 'A' Shares of £1 each	Ordinary 'B' Shares of £1 each
J.R. Sandom	5,300	4,876	5,300	4,876
H.V. Leeson	2,600	2,392	2,600	2,392
T.A. Lovett	2,100	1,932	2,100	1,932
J. Wringe	-	800	-	800

Subsidiary Undertakings

At 31 December 2004, none of the directors of Sandom Group Limited had shares or debentures in any of the subsidiary undertakings which were owned by Sandom Group Limited.

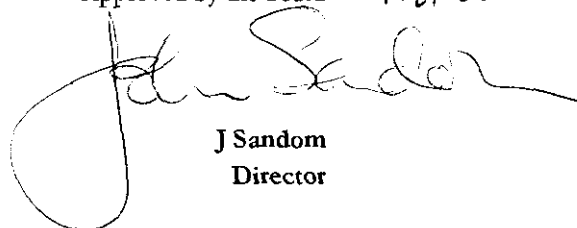
Financial information on the subsidiary undertakings is given in note 12 to the financial statements.

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors to the company for the ensuing year.

Old Brewery
Russell Street
Windsor
Berkshire
SL4 1HQ

Approved by the board 11/6/05


J Sandom
Director

Sandom Group Limited

Directors' Responsibilities and Report of the Auditors

For the year ended 31 December 2004

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 a going concern basis unless it is inappropriate to assume 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.

Independent Auditors' Report to the members of Sandom Group Limited

We have audited the financial statements of Sandom Group Limited for the year ended 31 December 2004 which comprise the Consolidated Profit & Loss Account, Balance Sheets, Consolidated Cash Flow Statement and related notes. 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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

As described in the Statement of Directors' Responsibilities, 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Sandom Group Limited
Report of the Auditors (continued)
For the year ended 31 December 2004

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs at 31 December 2004 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

141 Wardour Street
London
W1F 0UT

Kingston Smith
KINGSTON SMITH
Chartered Accountants
and Registered Auditors
1 June 2005

Sandom Group Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover		7,327,740	5,875,299
Cost of sales		<u>(1,409,210)</u>	<u>(978,937)</u>
Gross Profit		5,918,530	4,896,362
Administrative expenses		<u>(4,946,782)</u>	<u>(4,320,205)</u>
Operating Profit	3	<u>971,748</u>	<u>576,157</u>
Interest receivable and similar income	6	21,197	28,115
Other interest payable and similar charges	7	<u>(23)</u>	<u>(235)</u>
Profit on Ordinary Activities Before Taxation		992,922	604,037
Taxation on ordinary activities	8	<u>(283,500)</u>	<u>(227,554)</u>
Profit on Ordinary Activities After Taxation		709,422	376,483
Equity minority interests		<u>(4,544)</u>	<u>(34,652)</u>
Profit for the year		704,878	341,831
Dividends		(507,801)	-
Retained Profit for the year transferred to Reserves		<u><u>197,077</u></u>	<u><u>341,831</u></u>

There were no recognised gains or losses in either year other than the profit for the year.

Sandom Group Limited
Consolidated Balance Sheet as at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed Assets					
Goodwill	11		55,138		58,040
Tangible assets	11		373,371		358,801
Investments	12		<u>4</u>		<u>4</u>
			428,513		416,845
Current Assets					
Debtors	13	2,860,923		2,004,382	
Cash at bank		<u>648,522</u>		<u>1,049,859</u>	
		3,509,445		3,054,241	
Creditors: Amounts falling due within one year	14	<u>(1,704,598)</u>		<u>(1,388,792)</u>	
Net Current Assets			<u>1,804,848</u>		<u>1,665,449</u>
Total Assets less Current Liabilities			<u>2,233,361</u>		<u>2,082,294</u>
Capital and Reserves					
Called up share capital - equity interests	10		20,000		20,000
Shares to be issued	9		50,860		50,860
Profit and loss account	9		<u>2,095,330</u>		<u>1,898,253</u>
Shareholders' Funds			2,166,190		1,969,113
Minority interests	15		<u>67,171</u>		<u>113,181</u>
			<u>2,233,361</u>		<u>2,082,294</u>

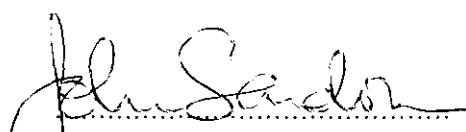
Approved by the Board on 1/6/05


 J Sandom
 Director

Sandom Group Limited
Company Balance Sheet as at 31 December 2004

	Note	2004 £	2003 £
Fixed Assets			
Tangible assets	11	127,201	139,101
Investments	12	<u>226,453</u>	<u>226,458</u>
		353,654	365,559
Current Assets			
Debtors	13	614,173	483,076
Cash at bank and in hand		<u>644,638</u>	<u>1,043,670</u>
		1,258,811	1,526,746
Creditors: Amounts falling due within one year	14	<u>(1,434,367)</u>	<u>(1,510,307)</u>
Net Current (Liabilities) / Assets		<u>(175,556)</u>	<u>16,439</u>
Total Assets less Current Liabilities		<u>178,098</u>	<u>381,998</u>
 Capital and Reserves			
Called up share capital - equity interests	10	20,000	20,000
Profit and loss account	9	<u>158,098</u>	<u>361,998</u>
		<u>178,098</u>	<u>381,998</u>

Approved by the Board on 1/6/05


J. Sandom
Director

Sandom Group Limited
Consolidated Cashflow Statement for the year ended 31 December 2004

	2004		2003	
	£	£	£	£
Net Cash Inflow from Operating Activities (Note A)		486,521		414,877
Returns on Investment and Servicing Of Finance				
Interest paid	(23)		(235)	
Interest received	<u>21,197</u>		<u>28,115</u>	
Net Cash Inflow from Returns On Investments and Servicing of Finance		21,174		27,880
Taxation				
Corporation tax paid		(279,500)		(208,392)
Capital Expenditure				
Payments to acquire tangible fixed assets	(214,418)		(98,661)	
Sale of shares in subsidiary undertaking	-		(226,287)	
Receipt from sale of tangible fixed assets	<u>89,373</u>		<u>79,009</u>	
Net Cash Outflow from Capital Expenditure and Financial Investment		(125,045)		(245,939)
Net Cash (Outflow)/Inflow Before Financing		<u>103,150</u>		<u>(11,574)</u>
Financing				
Increase in share capital		-		10,000
Sale of part of subsidiary undertaking		296		-
Dividends				
Dividends paid		(558,652)		-
(Decrease)/Increase in cash (Note B)		<u><u>(455,206)</u></u>		<u><u>(1,574)</u></u>

Sandom Group Limited
Notes to the Consolidated Cashflow Statement
For the year ended 31 December 2004

A. Reconciliation of operating profit to net cash inflow from operating activities	2004	2003	
	£	£	
Operating profit	971,748	576,157	
Depreciation	119,806	148,338	
Amortisation of goodwill	2,902	-	
Payment in kind	-	(3,500)	
Revaluation of investment	-	3,496	
(Profit)/Loss on sale of tangible fixed assets	(9,330)	4,342	
Increase in debtors	(856,541)	(635,469)	
Increase/(Decrease) in creditors	257,936	321,513	
Net cash inflow from operating activities	486,521	414,877	
B. Reconciliation of net cash flow to movement in net funds	£	£	
(Decrease)/Increase in cash in the year	(455,206)	(1,574)	
Movement in net funds in year	(455,206)	(1,574)	
Net funds at 1 January 2004	1,037,535	1,039,109	
Net funds at 31 December 2004	582,329	1,037,535	
C. Analysis of changes in net funds	At 1 January 2004	Cash Flows	At 31 December 2004
Cash at bank and in hand	1,049,859	(401,337)	648,522
Bank loans and overdraft	(12,324)	(53,869)	(66,193)
	1,037,535	(455,206)	582,329
	At 1 January 2003	Cash Flows	At 31 December 2003
Cash at bank and in hand	1,039,109	10,750	1,049,859
Bank loans and overdraft	-	(12,324)	(12,324)
	1,039,109	(1,574)	1,037,535

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004

1. Accounting Policies

a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards. The following principal accounting policies have been applied, which remain unchanged from the previous year.

b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries for financial periods ended 31 December 2004 using the acquisition method of accounting.

c) Investments

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

d) Tangible fixed assets

Tangible fixed assets are shown at original cost, less accumulated depreciation.

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

Motor Vehicles, Motor Craft and Plant & Equipment	- 25% Reducing balance
Leasehold Improvements	- 20% Straight Line

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated the tax will be payable.

f) Leasing

Rentals paid under operating leases are charged to the profit and loss account as they accrue.

g) Pension contributions

The company makes contributions to certain employees' personal pension plans. The assets of the schemes are held separately from those of the company. Contributions are charged to the profit and loss account as they occur.

h) Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. Exchange differences arising from the translation of foreign subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

i) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax.

j) Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off in a straight line basis over its useful economic life which is 20 years. Provision is made for any impairment.

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004 (continued)

2. Turnover	2004	2003
	£	£
Geographical analysis:		
United Kingdom	5,293,163	5,292,939
Rest of Europe	1,559,131	368,415
Rest of World	475,446	213,945
	<u>7,327,740</u>	<u>5,875,299</u>
 3. Operating Profit		
The operating profit is stated after charging/(crediting):	£	£
Depreciation - owned tangible fixed assets	119,806	148,338
Amortisation - goodwill	2,902	-
Operating lease rentals - land and buildings	180,000	176,000
(Profit)/Loss on disposal of fixed assets	(9,330)	4,342
Auditor's remuneration - audit fees	21,423	23,265
	<u></u>	<u></u>
 4. Employee Information		
The average number of persons employed by the group (including directors), during the year was:	No.	No.
	<u>63</u>	<u>62</u>
Their total remuneration was:	£	£
Wages and salaries	3,298,355	3,001,547
Social security costs	405,967	367,036
Pension costs - defined contribution	33,333	19,604
Other staff costs	95,677	104,868
	<u>3,833,332</u>	<u>3,493,055</u>
 5. Directors' Emoluments	£	£
Remuneration for management services	1,415,311	1,408,051
Pension costs - defined contribution	19,000	19,000
	<u>1,434,311</u>	<u>1,427,051</u>
 Highest paid director	£	£
Remuneration for management services	<u>188,699</u>	<u>171,728</u>

2 directors (2003: 3) were members of a defined contribution pension scheme.

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004 (continued)

	2004	2003
	£	£
6. Investment Income		
Bank interest	<u>21,197</u>	<u>28,115</u>
7. Interest Payable	£	£
Bank overdrafts and loans	<u>23</u>	<u>235</u>
	<u>23</u>	<u>235</u>
8. Tax on profit on ordinary activities		
a) Charge for the year		
Current taxation	£	£
UK Corporation tax based on profit for the year	283,500	225,491
Under provision in previous year	-	2,063
Tax on profit on ordinary activities	<u>283,500</u>	<u>227,554</u>
b) Factors affecting the tax charge for the year	2004	2004
	£	£
Profit on ordinary activities before tax		<u>992,922</u>
Theoretical consolidated tax charge at 30%		297,877
Effects of:		
Other tax adjustments	6,354	2,162
Marginal relief	(16,500)	(5,500)
Expenses not deductible for tax purposes	20,473	24,688
Depreciation in excess of Capital Allowances	(15,123)	13,350
Losses brought forward	(9,580)	-
Losses carried forward against future profits	<u>-</u>	<u>9,580</u>
		<u>(14,376)</u>
Current Tax charge (as per note 8a)	<u>283,500</u>	<u>225,491</u>

Sandom Group Limited
Notes to the Financial Statements
For the year to 31 December 2004 (continued)

9. Shareholders' Funds

Group	Called up share capital £	Other reserves £	Profit and loss account £	Total £
Balance at 1 January 2003	10,000	50,860	1,556,422	1,617,282
Retained profit for the year	-	-	341,831	341,831
Shares issued during year	10,000	-	-	10,000
At 31 December 2003	20,000	50,860	1,898,253	1,969,113
Shares issued during year	-	-	-	-
Retained profit for the year	-	-	197,077	197,077
At 31 December 2004	20,000	50,860	2,095,330	2,166,190

Company	Called up share capital £	Profit and loss account £	Total £
Balance at 1 January 2003	10,000	60,437	70,437
Retained profit for the year	-	301,561	301,561
Shares issued during year	10,000	-	10,000
At 31 December 2003	20,000	361,998	381,998
Shares issued during year	-	-	-
Retained profit for the year	-	(203,900)	(203,900)
At 31 December 2004	20,000	158,098	178,098

10. Share Capital

Allotted, called up and fully paid:

	2004 £	2003 £
Ordinary 'A' Shares of £1 each	10,000	10,000
Ordinary 'B' Shares of £1 each	10,000	10,000
	20,000	20,000

Authorised:

Ordinary 'A' Shares of £1 each	10,000	10,000
Ordinary 'B' Shares of £1 each	10,000	10,000
	20,000	20,000

The 'B' Ordinary Shares do not carry voting rights save in relation to a resolution which varies the rights of those shares. In the event of a return of capital or external sale the holders of the 'A' Ordinary Shares are entitled to the first £6 million of distribution or proceeds, and the holders of the 'B' Ordinary Shares are entitled to any excess over this amount.

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004 (continued)

11(a). Group

Intangible Fixed Assets

Goodwill

	£
At 1 January 2004	58,040
Amortisation	(2,902)
At 31 December 2004	55,138

Tangible Fixed Assets

	Leasehold Improvements	Plant and Equipment	Motor Craft	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1 January 2004	51,659	478,211	71,500	204,679	806,049
Additions	-	190,185	-	24,233	214,418
Disposals	-	(83,772)	(22,000)	(131,392)	(237,164)
At 31 December 2004	51,659	584,624	49,500	97,520	783,303
Depreciation					
At 1 January 2004	44,772	259,132	36,063	107,281	447,248
Charge for the year	6,887	83,028	8,661	21,230	119,806
Eliminated on Disposal	-	(43,027)	(20,523)	(93,572)	(157,122)
At 31 December 2004	51,659	299,133	24,201	34,939	409,932
Net book value					
At 31 December 2004	-	285,491	25,299	62,581	373,371
At 31 December 2003	6,887	219,079	35,437	97,398	358,801

The net book value of fixed assets of £373,371 (2003: £358,801) includes £nil (2003: £nil) in respect of assets held under finance leases and hire purchase agreements.

11(b). Company

Tangible Fixed Assets

	Leasehold Improvements	Plant and Equipment	Motor Craft	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1 January 2004	51,659	64,974	71,500	135,317	323,450
Additions	-	78,691	-	5,559	84,250
Disposals	-	-	(22,000)	(131,392)	(153,392)
At 31 December 2004	51,659	143,665	49,500	9,484	254,308
Depreciation					
At 1 January 2004	44,772	24,914	36,063	78,600	184,349
Charge for year	6,887	24,144	8,661	8,560	48,252
Eliminated on Disposal	-	-	(20,523)	(84,971)	(105,494)
At 31 December 2004	51,659	49,058	24,201	2,189	127,107
Net book value					
At 31 December 2004	-	94,607	25,299	7,295	127,201
At 31 December 2003	6,887	40,060	35,437	56,717	139,101

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004 (continued)

12. Fixed Asset Investments

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Shares in group undertakings				
Cost at 31 December	-	-	226,453	226,458
Unlisted investments				
Cost at 1 January	4	-	-	-
Additions	-	3,500	-	-
Revaluation	-	(3,496)	-	-
Cost at 31 December	4	4	-	-

Name of subsidiary undertaking	Principal Activity	Holding	Country of incorporation
Impactt Limited	Brand Consultancy	90%	England and Wales
Distillery Limited	Brand Consultancy	100%	England and Wales
Distillery Research Limited	Brand Consultancy	85%	England and Wales
Vibrandt Limited	Brand Consultancy	100%	England and Wales
The Brand Communications Agency Limited	Advertising	100%	England and Wales
Star Chamber Limited	Dormant	100%	England and Wales
The Sandom Partnership Limited	Dormant	100%	England and Wales

The results of all the above subsidiaries have been consolidated into these financial statements.

The above percentages refer to the percentage of shares which carry voting rights. In Vibrandt Limited there are minority shareholders that hold 'b' shares which are dividend bearing, but these shares do not hold voting rights.

During the year Sandom Group Limited reduced its holding in Distillery Research Limited from 100% to 85%

13. Debtors

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade debtors	2,667,387	1,885,514	29,885	1,528
Amounts owed by group undertakings	-	-	522,234	401,907
Other debtors	142,500	18,997	11,018	14,719
Prepayments and accrued income	51,036	99,871	51,036	64,922
	<u>2,860,923</u>	<u>2,004,382</u>	<u>614,173</u>	<u>483,076</u>

14. Creditors: Amounts falling due within one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank loans and overdraft	66,193	12,324	-	-
Trade creditors	337,546	296,242	87,887	98,169
Amounts owed to group undertakings	-	-	778,421	946,803
Corporation tax	181,919	177,918	-	9,500
Accruals & deferred income	199,364	632,386	199,364	257,582
Other creditors	374,773	-	-	-
Other taxation and social security	337,000	269,922	253,695	198,253
Dividends	207,803	-	115,000	-
	<u>1,704,598</u>	<u>1,388,792</u>	<u>1,434,367</u>	<u>1,510,307</u>

Sandom Group Limited
Notes to the Financial Statements
For the year ended 31 December 2004 (continued)

15. Minority Interests

	£
At 31 December 2003	113,181
Dividends paid within the year	(50,851)
Minority share of the result for the year	690
Sale of part of minority interest	151
Dividend payable	4,000
At 31 December 2004	<u>67,171</u>

16. Future Financial Commitments

Operating leases

At 31 December 2004 the group had annual commitments under operating leases as set out below:

	Land and buildings	
	2004	2003
	£	£
Expiring in more than five years	<u>180,000</u>	<u>176,000</u>

17. Related Party Transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions with other members of the Group headed by Sandom Group Limited where at least 90% of the equity is owned by the Group and which have been eliminated on consolidation.

During the year the Company recharged expenses of £3,600 (2003 - £124) and made purchases of £1,353 (2003 - £nil) from Huntley and Palmers Limited on an arms-length basis, and subsidiary company Impactt Limited recharged expenses of £nil (2003: £1,794) to the same company. J R Sandom and H V Leeson are directors and shareholders of Huntley and Palmers Limited.

During the year the Sandom Group Limited recharged expenses of £119,877 to Distillery Research Limited (a subsidiary company). At the year end there was a balance of £218,636 owing from Distillery Research Limited.

18. Controlling Party

The controlling party is J R Sandom, by virtue of his shareholding in the parent company.

19. Profit of Sandom Group Limited

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit for the financial year includes a loss after tax of £203,900 (2003: profit of £301,561) relating to Sandom Group Limited.