

**ELISION GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Company registration number 03152195



ELISION GROUP LIMITED
FINANCIAL STATEMENTS
For the year ended 30 JUNE 2003

Company registration number: 03152195

Registered Office: 1 Old Bond Street
London W1S 4PB

Directors: K Dewey
M P H Fox
M Henchey
A A Maurice
R D Rose
M N Stuart-Smith
G S Walsh

Secretary: M N Stuart-Smith

Bankers: Bank of Scotland
Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

Solicitors: Edwin Coe
2 Stone Buildings
Lincoln's Inn
London WC2A 3TH

Gordon Dadds
80 Brook Street
Mayfair
London W1K 5DD

Reynolds Porter Chamberlain
278-282 High Holborn
London WC1V 7HA

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

ELISION GROUP LIMITED
FINANCIAL STATEMENTS
For the year ended 30 JUNE 2003

Directors' Report

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

Principal activities

The group provides services to the UK government and industry. The principal activities for the year ended June 2003 were:

- 1 Managing and processing class action claims;
- 2 Electronic document management;
- 3 Providing complex technical solutions, through the group's software development division; and
- 4 Providing financial loss assessing services for substantial insurance claims including oil pollution claims, compulsory purchase orders and litigation cases.

The Board recognises and appreciates the commitment of the entire staff to the success of the group.

Business review

There was a loss for the year after taxation and minority interest amounting to £5,454,935 (2002: loss £392,129).

Directors

The membership of the Board is set out below.

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:

		"A" Ordinary shares of £1 each	
		2003	2002
K Dewey		17,500	-
P Fordham	(resigned 24/10/02)	17,500	-
M P H Fox		-	100,000
J F H Haines	(resigned 08/10/02)	9,000	-
M Henchey	(appointed 29/01/03)	47,000	-
A A Maurice		-	66,667
R D Rose	(alternate only)	9,000	-
M N Stuart-Smith		-	-
G S Walsh		625,000	537,500

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Directors' Report (continued)

		"B" Ordinary shares of £1 each	
		2003	2002
K Dewey		165,417	182,917
P Fordham	(resigned 24/10/02)	165,417	182,917
M P H Fox		-	-
J F H Haines	(resigned 08/10/02)	130,583	139,583
M Henchey	(appointed 29/01/03)	53,000	-
A A Maurice		-	-
R D Rose	(alternate only)	90,583	99,583
M N Stuart-Smith		-	-
G S Walsh		-	-

		Deferred shares of £0.25 each	
		2003	2002
K Dewey		293,334	293,334
P Fordham	(resigned 24/10/02)	293,334	293,334
M P H Fox		-	-
J F H Haines	(resigned 08/10/02)	366,667	366,667
M Henchey	(appointed 29/01/03)	-	-
A A Maurice		-	-
R D Rose	(alternate only)	146,667	146,667
M N Stuart-Smith		-	-
G S Walsh		-	-

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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- 1) select suitable accounting policies and then apply them consistently
- 2) make judgements and estimates that are reasonable and prudent
- 3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 4) 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 company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

Group reorganisation

In October 2002 the group rebranded as Elision in order to strengthen its business and customer focus. As of 1 July 2002 the electronic document management business was transferred from Elision Group Limited to Elision Limited. As of 1 July 2003 the business of Elision Technology Limited was also transferred to Elision Limited. This reorganisation provides a unified service to clients under a single management structure.

Charitable contributions

During the year the group made no political (2002: nil) or charitable (2002: nil) donations.

Auditors

A resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



M N Stuart-Smith

8 April 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELISION GROUP LIMITED

We have audited the financial statements of ELISION GROUP LIMITED for the year ended 30 June 2003 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses and notes 1 to 29. 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.

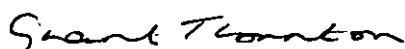
Basis of opinion

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 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 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
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

8 April 2004

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, except as modified by the revaluation of fixed asset investments as noted in "Investments" below.

The principal accounting policies of the group have remained unchanged from the previous year.

Corporate Claims International Limited, a subsidiary of the company, has a 25% holding in Centrehigh Limited. As the holding in this associate is not material to the group the associate has not been accounted for on an equity basis.

The directors have prepared projected cashflow information for the year ending 30 June 2005. On the basis of this and other financial projections, the directors consider that the company and group will continue to operate within the facilities agreed. As a result, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Turnover

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

Goodwill

Goodwill, being the amount paid for a business in excess of the fair value of its separable net assets, is written off in equal instalments over its estimated economic life of 20 years unless an impairment has arisen facilitating a shorter period of amortisation.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	25% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line

Leasing and hire purchase commitments

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

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

Investments

Except as stated below, fixed asset investments are stated at cost less provision for impairment.

In the group balance sheet current asset investments represent shares held in London Stock Exchange plc and are stated at market value as at the balance sheet date.

PRINCIPAL ACCOUNTING POLICIES (continued)

Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value. Work in progress consists solely of third party costs.

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 Scheme

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

Long term contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

ELISION GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003


	Notes	2003 £	2002 £
Turnover	1	11,743,124	12,711,190
Cost of sales		(9,598,832)	(8,142,276)
Gross profit		2,144,292	4,568,914
Administrative expenses		(7,076,349)	(4,572,787)
Amortisation of goodwill	9	(71,032)	-
Other operating income		147,000	178,600
Operating (loss)/profit	2	(4,856,089)	174,727
Income from other fixed asset investments	3	34,419	4,920
Other interest receivable and similar income	4	852	11,656
Interest payable and similar charges	5	(637,945)	(616,557)
Loss on ordinary activities before taxation		(5,458,763)	(425,254)
Tax on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation		(5,458,763)	(425,254)
Minority interest		3,828	33,125
Loss for the financial year transferred to reserves	21	(5,454,935)	(392,129)


The accompanying accounting policies and notes 1 to 29 form an integral part of the financial statements.

ELISION GROUP LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	9	1,260,628	1,416,555
Tangible assets	10	1,383,792	1,506,029
Investments	11	-	3,731,792
		<u>2,644,420</u>	<u>6,654,376</u>
Current assets			
Stocks	12	1,655,376	2,652,255
Debtors	13	2,274,056	2,382,894
Investments	14	3,042,937	-
Cash at bank and in hand		1,742	180,905
		<u>6,974,111</u>	<u>5,216,054</u>
Creditors: amounts falling due within one year	15	(9,467,147)	(7,942,724)
		<u>(9,467,147)</u>	<u>(7,942,724)</u>
Net current liabilities		<u>(2,493,036)</u>	<u>(2,726,670)</u>
Total assets less current liabilities		151,384	3,927,706
Creditors: amounts falling due after more than one year	16	(769,314)	(1,214,579)
Provision for liabilities and charges	17	(2,816,094)	-
		<u>(3,434,024)</u>	<u>2,713,127</u>
Capital and reserves			
Called up share capital	18	1,966,667	1,966,667
Share premium account	19	1,023,334	1,023,334
Revaluation reserve	19	2,382,986	2,921,994
Profit and loss account	19	(9,418,909)	(3,963,974)
Shareholders' (deficit)/funds	21	(4,045,922)	1,948,021
Minority interest	20	611,898	765,106
		<u>(3,434,024)</u>	<u>2,713,127</u>
Equity		(3,800,691)	2,346,460
Non-equity interest	18	366,667	366,667
		<u>(3,434,024)</u>	<u>2,713,127</u>

The financial statements were approved by the Board of Directors on 8 April 2004.


G S Walsh
Director

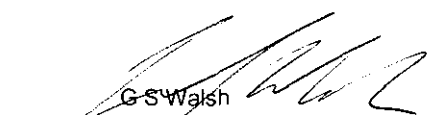

M N Stuart-Smith
Director

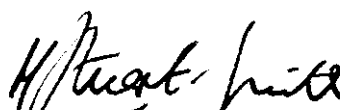
The accompanying accounting policies and notes 1 to 29 form an integral part of the financial statements.

ELISION GROUP LIMITED
COMPANY ONLY BALANCE SHEET
AS AT 30 JUNE 2003

	Notes	Company 2003 £	Company 2002 £
Fixed assets			
Tangible assets	10	134,301	1,372,575
Investments	11	1,167,693	1,252,086
		<u>1,301,994</u>	<u>2,624,661</u>
Current assets			
Stocks	12	-	2,852,709
Debtors	13	141,719	1,473,914
Amounts owed by subsidiary undertakings	13	5,664,769	418,429
Cash at bank and in hand		448	-
		<u>5,806,936</u>	<u>4,745,052</u>
Creditors: amounts falling due within one year	15	(9,898,799)	(6,749,686)
Net current liabilities		<u>(4,091,863)</u>	<u>(2,004,634)</u>
Total assets less current liabilities		(2,789,869)	620,027
Creditors: amounts falling due after more than one year	16	(501,266)	(1,214,242)
Provisions for liabilities and charges	17	(1,456,147)	-
		<u>(4,747,282)</u>	<u>(594,215)</u>
Capital and reserves			
Called up share capital	18	1,966,667	1,966,667
Share premium account	19	1,023,334	1,023,334
Profit and loss account	19	(7,737,283)	(3,584,216)
Shareholders' deficit	21	<u>(4,747,282)</u>	<u>(594,215)</u>
Equity		(5,113,949)	(960,882)
Non-equity interests	18	<u>366,667</u>	<u>366,667</u>
		<u>(4,747,282)</u>	<u>(594,215)</u>

The financial statements were approved by the Board of Directors on 8 April 2004.


G S Walsh
Director


M N Stuart-Smith
Director

The accompanying accounting policies and notes 1 to 29 form an integral part of the financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2003 £	2002 £
Loss for the financial year	(5,454,935)	(392,129)
Unrealised (deficit)/surplus on revaluation	(688,388)	380,424
Release of deferred taxation provision	-	1,098,412
Minority interests	149,380	(320,907)
	<hr/>	<hr/>
Total recognised (losses)/gains for the year	(5,993,943)	765,800
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2003 £	2002 £
Loss on ordinary activities before taxation	(5,458,763)	(425,254)
Realisation of revaluation gains of previous years	-	348,632
	<hr/>	<hr/>
Historical cost loss on ordinary activities before tax	(5,458,763)	(76,622)
	<hr/>	<hr/>
Historical cost loss after taxation, minority interests, extraordinary items and dividends	(5,454,935)	(43,497)
	<hr/>	<hr/>

The accompanying accounting policies and notes 1 to 29 form an integral part of the financial statements.

ELISION GROUP LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 £	2002 £
Net cash inflow from operating activities	22	1,277,253	554,856
Returns on investments and servicing of finance			
Dividends received		34,419	31,964
Interest received		852	11,656
Interest paid		(637,945)	(616,557)
Net cash outflow from returns on investments and servicing of finance		(602,674)	(572,937)
Taxation		-	56,000
Capital expenditure			
Payments to acquire tangible assets		(681,733)	(358,730)
Receipts from sales of tangible assets		41,402	315,264
Proceeds from sale of shares		-	310,000
Net cash (outflow)/inflow from capital expenditure		(640,331)	266,534
Acquisitions and disposals			
Purchase of subsidiary undertakings (net of cash acquired)		84,895	(57,375)
Net cash inflow/(outflow) from acquisitions and disposals		84,895	(57,375)
Net cash inflow before management of liquid resources and financing		119,143	247,078
Financing			
Repayment of long term loans		-	(278,166)
Capital element of finance lease contracts		(193,404)	(796,594)
Decrease in debt	23	(193,404)	(1,074,760)
Net cash outflow from financing		(193,404)	(1,074,760)
Decrease in cash in the year	23	(74,261)	(827,682)

The accompanying accounting policies and notes 1 to 29 form an integral part of the financial statements.

ELISION GROUP LIMITED
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 activities and is summarised below.

Activity	Country	2003 £	2002 £
Class action claims	France	148,997	-
Electronic document management	UK	8,222,911	10,018,236
Complex technical solutions	UK	3,141,245	2,598,019
Financial loss assessing	UK	229,971	94,935
		<u>11,743,124</u>	<u>12,711,190</u>

2 Operating (loss)/profit

	2003 £	2002 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets (owned)	462,792	181,554
Depreciation of tangible assets (leased)	296,840	348,787
Amortisation of intangible assets	71,032	-
Operating lease rentals	407,587	347,756
Auditors' remuneration	35,000	30,000
Loss on sale of fixed assets	2,937	36,217
	<u></u>	<u></u>

During the year no direct costs relating to the depreciation of tangible fixed assets were charged to work in progress (2002: £214,144).

3 Net income from other fixed investments

	2003 £	2002 £
Dividend income from investments held by Austin Friars Securities Limited	34,419	31,964
Loss on sale of shares	-	(27,044)
	<u>34,419</u>	<u>4,920</u>

4 Other interest receivable and similar income

	2003 £	2002 £
Bank interest	852	11,656
	<u></u>	<u></u>

5 Interest payable

	2003 £	2002 £
On bank loans and overdrafts	447,422	373,668
On other loans wholly repayable within five years	103,004	126,586
Lease finance charges	87,519	114,106
On overdue tax	-	2,197
	<u>637,945</u>	<u>616,557</u>

During the year no lease finance charges were charged to work in progress (2002: £57,379).

6 Directors and employees

	2003 £	2002 £
Employment costs		
Wages and salaries	6,700,138	5,360,263
Social security costs	644,732	537,417
Other pension costs	207,599	159,963
	<u>7,552,469</u>	<u>6,057,643</u>

Number of employees

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

	2003 Number	2002 Number
Administration	24	30
Sales	8	5
Technical	54	63
Project Staff	118	118
	<u>204</u>	<u>216</u>

Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	685,770	764,745
Company pension contributions to money purchase schemes	59,628	70,698
Amounts paid to third parties for directors' services	49,500	-
	<u>794,898</u>	<u>835,443</u>

Amounts paid to third parties for directors' services represent £16,500 paid to Westmead Holdings Limited for the services of R D Rose and £33,000 paid to Forest Consulting Limited for the services of K Dewey.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002: 3).

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

	2003 £	2002 £
Emoluments for qualifying services	179,430	145,683
Company pension contributions to money purchase scheme	-	20,446
	<u>179,430</u>	<u>166,129</u>

7 Tax on profit on ordinary activities

	2003 £	2002 £
The tax charge/credit represents:		
United Kingdom Corporation tax at 30% (2002: 30%)	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-

7 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained as follows:

	2003 £	2002 £
(Loss) on ordinary activities before tax	(5,458,763)	(425,254)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(1,637,629)	(127,576)
Effect of:		
Expenses not deductible for tax purposes	43,713	24,528
Non taxable income	-	(9,589)
Depreciation for the period in excess of capital allowances	3,237	161,349
Capital gain on sale of shares	-	93,000
Other timing differences	(28,590)	65,361
Marginal relief	(31)	-
Utilisation of tax losses	(278,693)	(139,089)
Losses carried forward	1,898,126	-
Intra-group trading adjustments on consolidation	(133)	(67,984)
Current tax charge for year	-	-

The group has unrelieved tax losses and excess management expenses of £7,360,000 (2002: £2,018,000) which remain available to offset against future taxable trading profits. A deferred tax asset of £2,451,000 (2002: £832,000) has not been recognised on the grounds that there is uncertainty surrounding the timing of the recoverability of the asset.

8 Result of the financial year

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 parent company made the following (loss) during the year

	2003 £	2002 £
Loss for the financial year after taxation	(4,153,067)	(5,853)

9 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2002	3,580,996
Decrease in consideration in respect of Austin Friars Securities Limited	(84,895)
At 30 June 2003	3,496,101
Amortisation	
At 1 July 2002	2,164,441
Charge for year	71,032
At 30 June 2003	2,235,473
Net book value	
At 30 June 2003	1,260,628
At 30 June 2002	1,416,555

10 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2002	1,447,747	471,448	874,291	2,793,486
Transfer between categories	73,134	(73,134)	-	-
Additions	532,184	79,498	42,698	654,380
Disposals	(134,739)	(10,221)	(57,108)	(202,068)
At 30 June 2003	1,918,326	467,591	859,881	3,245,798
Depreciation				
At 1 July 2002	801,616	215,389	270,452	1,287,457
Transfer between categories	43,543	(43,543)	-	-
On disposals	(133,496)	(10,221)	(41,366)	(185,083)
Charge for the year	462,044	93,691	203,897	759,632
At 30 June 2003	1,173,707	255,316	432,983	1,862,006
Net book value				
At 30 June 2003	744,619	212,275	426,898	1,383,792
At 30 June 2002	646,131	256,059	603,839	1,506,029

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

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 30 June 2003	134,949	-	404,806	539,755
At 30 June 2002	160,664	-	603,839	764,503
Depreciation charge for the year				
30 June 2003	116,756	-	180,084	296,840
30 June 2002	183,702	9,106	155,979	348,787

10 Tangible fixed assets (continued)

Company	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2002	1,427,410	163,316	762,411	2,353,137
Additions	88,372	-	-	88,372
Transfers	(1,388,108)	(138,700)	(638,736)	(2,165,544)
Disposals	-	-	(16,692)	(16,692)
At 30 June 2003	127,674	24,616	106,983	259,273
Depreciation				
At 1 July 2002	711,541	63,250	205,771	980,562
On disposals	-	-	(14,122)	(14,122)
Transfers	(694,295)	(50,031)	(146,235)	(890,561)
Charge for the year	14,803	6,154	28,136	49,093
At 30 June 2003	32,049	19,373	73,550	124,972
Net book value				
At 30 June 2003	95,625	5,243	33,433	134,301
At 30 June 2002	715,869	100,066	556,640	1,372,575

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

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 30 June 2003	-	-	33,432	33,432
At 30 June 2002	160,664	-	556,640	717,304
Depreciation charge for the year				
30 June 2003	-	-	26,746	26,746
30 June 2002	183,702	-	139,882	323,584

11	Fixed asset investments	
	Group	Listed investments £
	Cost or valuation	
	At 1 July 2002	3,731,792
	Revaluation	(688,855)
	Transfer to current assets	(3,042,937)
	At 30 June 2003	-
	Provisions for diminution in value	
	At 1 July 2002 and 30 June 2003	-
	Net book value	
	At 30 June 2003	-
	At 30 June 2002	3,731,792

This investment represents shares held in London Stock Exchange plc that were acquired for nil consideration and sold after the balance sheet date. The asset is classified as a current asset as it was sold within one year of the balance sheet date.

As at 30 June 2003 the group had interests in the following associate:

Associate	Country of incorporation	Class	Proportion held		Nature of business
			by parent company	by the group	
Centrehigh Limited	England & Wales	Ordinary	-	25%	Motion picture and video production

The associate above has not been consolidated as it is not material to the group and therefore not accounted for using the equity accounting method.

Fixed asset investments
Company

	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Cost			
At 1 July 2002	1,435,482	458,105	1,893,587
Additions	2	-	2
Repayments	-	(84,395)	(84,395)
At 30 June 2003	1,435,484	373,710	1,809,194
Provision for diminution in value			
At 1 July 2002 and 30 June 2003	641,501	-	641,501
Net book value			
At 30 June 2003	793,983	373,710	1,167,693
At 30 June 2002	793,981	458,105	1,252,086

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11 Fixed asset investments (continued)

Subsidiary	Due from £	Due to £
Elision Limited	3,214,824	-
Elision Technology Limited	-	49,848
Corporate Claims International Limited	2,198,037	-
Elision Investments Limited	373,710	-
Austin Friars Securities Limited	251,908	-
	6,038,479	49,848

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

The company holds directly or indirectly substantial shareholdings in the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Corporate Claims International Limited	England and Wales	Ordinary	100
Elision Limited	England and Wales	Ordinary	100
Elision Technology Limited	England and Wales	Ordinary	100
ISC Group Limited	England and Wales	Ordinary	100
Elision Investments Limited	England and Wales	Ordinary	100
Austin Friars Securities Limited	England and Wales	Ordinary	78.3
Managers & Processors of Claims Limited	England and Wales	Ordinary	100
Elision Healthcare Limited	England and Wales	Ordinary	100
Inn Claims Limited	England and Wales	Ordinary	100

The company increased its holding in Austin Friars Securities Limited to ninety-nine per cent in December 2003. In January 2004 the company increased its holding to one hundred per cent.

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

	Principal activity
Corporate Claims International Limited	Loss assessing
Elision Limited	Document imaging
Elision Technology Limited	Information technology solutions
ISC Group Limited	Dormant
Elision Investments Limited	Intermediate holding company
Austin Friars Securities Limited	Corporate finance (non-trading)
Managers & Processors of Claims Limited	Dormant
Elision Healthcare Limited	Dormant
Inn Claims Limited	Loss assessing

12 Stocks and work in progress

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Cost	1,655,376	2,652,255	-	2,852,709
	1,655,376	2,652,255	-	2,852,709

Included in work in progress (group and company) is approximately nil (2002: £36,500) of lease finance charges and approximately nil (2002: £146,000) of accumulated depreciation.

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13 Debtors

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Trade debtors	1,474,415	1,807,221	11,934	1,046,778
Amounts owed by group undertakings	-	-	5,664,769	418,429
Amounts owed by associate	143,692	-	-	-
Other debtors	483,191	269,172	60,939	234,005
Prepayments and accrued income	172,758	306,501	68,846	193,131
	<u>2,274,056</u>	<u>2,382,894</u>	<u>5,806,488</u>	<u>1,892,343</u>

14 Current asset investments

	Listed investments £
As at 30 June 2003	<u>3,042,937</u>

This investment represents shares held in London Stock Exchange plc. The investment is classified as a current asset as it was sold within one year of the balance sheet date. Eleven per cent of the share holding was sold in December 2003 and the remaining eighty-nine per cent of the shareholding was sold in January 2004.

15 Creditors: amounts falling due within one year

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Bank loans and overdrafts	5,436,389	5,541,291	8,362,584	4,357,653
Net obligations under finance lease and hire purchase contracts	191,017	306,656	16,204	263,783
Trade creditors	1,059,680	706,522	230,769	394,668
Amounts owed to group undertakings	-	-	49,848	563,161
Corporation tax	-	-	-	-
Taxes and social security costs	637,381	549,586	80,993	326,185
Directors' current accounts	-	19,533	-	-
Other creditors	48,268	396,934	-	-
Loan stock	367,500	-	367,500	-
Accruals and deferred income	1,726,912	422,202	790,901	844,236
	<u>9,467,147</u>	<u>7,942,724</u>	<u>9,898,799</u>	<u>6,749,686</u>

The group's bank overdraft is secured by way of personal guarantees from certain directors amounting to £250,000 and also by way of a fixed and floating charge over some of the group's assets.

The bank also holds a cross corporate guarantee between Elision Group Limited, Corporate Claims International Limited, Elision Limited and Elision Technology Limited.

The loan stock represents loans from certain shareholders, detailed in note 29. All bear interest at the higher of 12% or the UK base rate plus 4% per annum.

16 Creditors: amounts falling due after more than one year

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Loan stock	492,525	860,025	492,525	860,025
Net obligations under finance lease and hire purchase agreements	276,789	354,554	8,741	354,217
	<u>769,314</u>	<u>1,214,579</u>	<u>501,266</u>	<u>1,214,242</u>

Loan stock

Wholly repayable within five years	<u>860,025</u>	<u>860,025</u>	<u>860,025</u>	<u>860,025</u>
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Loan stock wholly repayable within five years includes £367,500 of loan stock which is shown as a current asset at note 15.

The loan stock represents loans from certain shareholders, detailed in note 29. All bear interest at the higher of 12% or the UK base rate plus 4% per annum. The individuals granting the loans shown above have agreed that they will not seek repayment within a period of at least twelve months from the balance sheet date.

**Net obligations under finance lease and hire
purchase contracts**

Repayable within one year	191,017	306,656	16,204	263,783
Repayable between one and five years	<u>276,789</u>	<u>354,554</u>	<u>8,741</u>	<u>354,217</u>
	467,806	661,210	24,945	618,000
Included in liabilities falling due within one year	<u>(191,017)</u>	<u>(306,656)</u>	<u>(16,204)</u>	<u>(263,783)</u>
	<u>276,789</u>	<u>354,554</u>	<u>8,741</u>	<u>354,217</u>

**17 Provision for liabilities and charges
Group**

	Restructuring £	Forseeable losses on projects £	Total £
At 1 July 2002	-	-	-
Provision for restructuring	456,147	-	456,147
Provision for forseeable losses on projects	-	2,359,947	2,359,947
	<u>456,147</u>	<u>2,359,947</u>	<u>2,816,094</u>
At 30 June 2003	<u>456,147</u>	<u>2,359,947</u>	<u>2,816,094</u>

17 Provision for liabilities and charges (continued)

Company	Restructuring £	Forseeable losses on projects £	Total £
At 1 July 2002	-	-	-
Provision for restructuring	456,147	-	456,147
Provision for forseeable losses on projects	-	1,000,000	1,000,000
At 30 June 2003	456,147	1,000,000	1,456,147

18 Share capital

Group and company

Authorised	2003 £	2002 £
2,441,667 "A" Ordinary shares of £1 each	2,441,667	2,441,667
1,191,666 "B" Ordinary shares of £1 each	1,191,666	1,191,666
1,466,668 "Deferred" shares of 25p each	366,667	366,667
	4,000,000	4,000,000
Allotted, called up and fully paid		
961,667 "A" Ordinary shares of £1 each	961,667	961,667
638,333 "B" Ordinary shares of £1 each	638,333	638,333
1,466,668 "Deferred" shares of 25p each	366,667	366,667
	1,966,667	1,966,667

The company has granted an option to each stockholder to convert all or part of their loans (as detailed in note 29) into ordinary shares of the same class as held by the relevant stockholder, at a price of £2.50 per share exercisable at any time within 14 days of giving the company notice in writing. No options had been exercised as at the balance sheet date.

The rights of the deferred shareholders are such that they are not entitled to dividends; with regard to capital on a return of assets or on liquidation, shareholders shall be entitled to the subscription price in respect of such shares after the holders of "A" and "B" ordinary shares have received £100,000,000 in respect of each of the "A" and "B" ordinary shares. Holders of deferred shares are not entitled to receive notice of, attend or vote at any general meeting.

19 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2002	1,023,334	2,921,994	(3,963,974)
Retained loss for the year	-	-	(5,458,763)
Revaluation during the year	-	(688,388)	-
Minority interest	-	149,380	3,828
Balance at 30 June 2003	1,023,334	2,382,986	(9,418,909)

19 Statement of movements on reserves (continued)

Company

	Share premium account £	Profit and loss account £
Balance at 1 July 2002	1,023,334	(3,584,216)
Retained loss for the year	-	(4,153,067)
Balance at 30 June 2003	1,023,334	(7,737,283)

20 Minority interest

	2003 £	2002 £
Minority interest's share of net assets and liabilities in subsidiary undertakings	611,898	765,106

21 Reconciliation of movements in shareholders' funds
Group

	2003 £	2002 £
Loss for the financial year	(5,454,935)	(392,129)
Other recognised (losses)/gains	(539,008)	1,157,929
Net (decrease)/increase in shareholders' funds	(5,993,943)	765,800
Opening shareholders' funds	1,948,021	1,182,221
Closing shareholders' (deficit)/funds	(4,045,922)	1,948,021

Reconciliation of movements in shareholders' funds
Company

	2003 £	2002 £
Loss for the financial year	(4,153,067)	(5,853)
Net decrease in shareholders' funds	(4,153,067)	(5,853)
Opening shareholders' deficit	(594,215)	(588,362)
Closing shareholders' deficit	(4,747,282)	(594,215)

22 Reconciliation of operating (loss)/profit to net cash inflow from
operating activities

	2003 £	2002 £
Operating (loss)/profit	(4,856,089)	174,727
Depreciation of tangible assets	759,632	530,342
Amortisation on goodwill	71,032	-
Loss on disposal of tangible assets	2,937	36,217
Decrease in stocks	996,879	1,408,867
Decrease/(increase) in debtors	108,838	(673,965)
Increase/(decrease) in creditors	4,194,024	(921,332)
Net cash inflow from operating activities	1,277,253	554,856

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23	Analysis of net debt	1 July 2002	Cash flow	30 June 2003
		£	£	£
	Net cash:			
	Cash at bank and in hand	180,905	(179,163)	1,742
	Bank overdrafts	(5,541,291)	104,902	(5,436,389)
		<u>(5,360,386)</u>	<u>(74,261)</u>	<u>(5,434,647)</u>
	Debt:			
	Finance leases	(661,210)	193,404	(467,806)
	Loan stock	(860,025)	-	(860,025)
		<u>(1,521,235)</u>	<u>193,404</u>	<u>(1,327,831)</u>
	Net debt	<u>(6,881,621)</u>	<u>119,143</u>	<u>(6,762,478)</u>

24 Reconciliation of net cash flow to movement in net debt

	2003	2002
	£	£
Decrease in cash in the year	(74,261)	(827,682)
Cash outflow from increase in debt	193,404	1,170,715
	<u>119,143</u>	<u>343,033</u>
Change in net debt resulting from cash flows		
Movement in net debt in the year	119,143	343,033
Opening net debt	(6,881,621)	(7,224,654)
	<u>(6,762,478)</u>	<u>(6,881,621)</u>

25 Capital commitments

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

26 Contingent liabilities

An element of the group's business involves it supporting certain legal actions, where the directors believe the claimants have a reasonable chance of a successful outcome.

The group may be liable for defendants' costs in the event that the claimants are unsuccessful in these actions, and in relation to claimants' costs the group expects to be able to recover reasonable costs, if successful.

Whilst the satisfactory outcome of some of these actions cannot be guaranteed, the directors believe that the aggregate of any such liabilities is unlikely to have a material effect on the group's financial position, to the extent that these liabilities have not already been provided for.

As at the balance sheet date the maximum potential cost outstanding in respect of claimants was £nil (2002: £800,000). The defendants' costs will only be fully quantified and disclosed at the end of the relevant action.

27 Pension costs

The group contributes to a defined contribution pension scheme. The pension cost charge represents contributions payable by the group to independently administered funds and amounted to £207,599 (2002: £159,963). Contributions totalling £nil (2000: £nil) were payable to the fund at the year end and are included in creditors.

28 Financial commitments

Group

At the 30 June 2003 the group had annual commitments under non-cancellable operating leases as follows:-

	Land and Buildings 2003 £	Other 2003 £	Land and Buildings 2002 £	Other 2002 £
Expiry date: Between two and five years	407,662	4,549	387,989	4,549
	<u>407,662</u>	<u>4,549</u>	<u>387,989</u>	<u>4,549</u>

Company

At the 30 June 2003 the group had annual commitments under non-cancellable operating leases as follows:-

	Land and Buildings 2003 £	Other 2003 £	Land and Buildings 2002 £	Other 2002 £
Expiry date: Between two and five years	37,297	4,549	121,189	4,549
	<u>37,297</u>	<u>4,549</u>	<u>121,189</u>	<u>4,549</u>

29 Related party transactions

Included in the cost of sales and administrative expenses are costs for commercial and administrative services invoiced by directors and shareholders of the company.

Charges and Balances at 30 June 2003

Director	Fees	Current account	Loans to Group and Company
	£	£	£
K Dewey	33,000	-	142,500
P Fordham	-	-	367,500
M P H Fox	-	1,816	65,025
J F H Haines	-	-	142,500
M Henchey	8,250	-	-
A A Maurice	-	647	-
R D Rose	16,500	-	142,500
G S Walsh	-	2,103	-

Charges and Balances at 30 June 2002

Director	Fees	Current account	Loans to Group and Company
	£	£	£
K Dewey	24,750	-	142,500
P Fordham	-	-	367,500
M P H Fox	-	2,464	65,025
J F H Haines	4,800	-	142,500
A A Maurice	-	(19,533)	-
R D Rose	16,500	-	142,500
G S Walsh	-	1,523	-

During the year the company charged management fees of £69,000 (2002: £5,750) to Entara Limited, a company in which G S Walsh has a substantial interest. £7,039 (2002: £nil) was outstanding at year end.

During the year the company charged management fees of £28,000 (2002: £3,000) to Algorithm Limited, a company in which G S Walsh has a substantial interest. £4,894 (2002: £nil) was outstanding at year end.