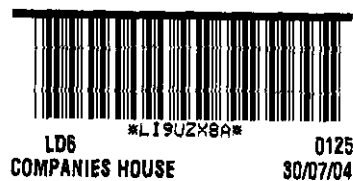


**Company Registration No. 3196818 (England and Wales)**

**IMRIE STEWART PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2003**



**IMRIE STEWART PLC**

**DIRECTORS AND ADVISERS**

---

**Directors**

R Stewart  
J Sheehy  
J Stolliday  
P Morgan

**Secretary**

J Stolliday

**Company number**

3196818

**Registered office**

Prince Consort House  
Albert Embankment  
London  
SE1 7TJ

**Registered auditors**

Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

**Bankers**

National Westminster Bank plc  
37 Green Lane  
Northwood  
Middlesex  
HA6 3AF

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**IMRIE STEWART PLC**

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Balance sheets	6
Consolidated cash flow statement	7
Notes to the consolidated cash flow statement	8
Notes to the consolidated financial statements	9 - 21

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## **IMRIE STEWART PLC**

### **DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2003**

---

The directors present their report and financial statements for the year ended 31 December 2003.

#### **Directors**

The following directors have held office since their appointment on 1 January 2003:

R Stewart  
J Sheehy  
J Stolliday  
P Morgan

Messrs I.K.I. Stewart and D Lloyd Davies resigned on 1 January 2003.

#### **Principal activities and review of the business**

The principal activity of the group continued to be that of building services and the provision of media communication equipment.

On 1 January 2003 the group reorganised its structure of activities. The service and maintenance activity was transferred along with identifiable assets and liabilities to Maxwell Stewart Maintenance Limited which has completed its first full year of trading. Even after absorbing the inevitable start up costs, the company has still achieved a healthy profit. Following requests from certain clients, a new Manchester office was opened to support the North of England operations. This will ensure the continued growth and enable better regional coverage.

Maxwell Stewart Plc has had its busiest year and completed some landmark projects. Despite having to write off a further £370,000 to complete the Sunley Turiff bad debt provision, it is pleasing that the company returned to profitability in 2003.

The start of 2004 has proven to be slower than forecast due to the downturn in the commercial sector but the group stands by its ethos, that it will not compromise quality and service in the face of the aggressive nature the industry insists on taking. The new group structure will ensure a firm platform for the future.

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 5.

#### **Directors' interests**

None of the directors had an interest in the share capital of the company.

#### **Creditor payment policy**

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 51 (2002: 54) days' purchases.

#### **Auditors**

Saffery Champness were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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## IMRIE STEWART PLC

### **DIRECTORS REPORT (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2003**

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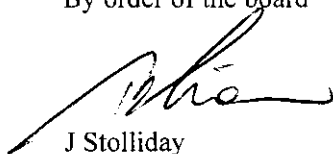
#### **Directors' responsibilities**

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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J Stolliday

**Director**

30 July 2004

## **IMRIE STEWART PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IMRIE STEWART PLC**

---

We have audited the financial statements of Imrie Stewart Plc on pages 5 to 21 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 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 and regulatory requirements and United Kingdom Auditing Standards.

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.

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 misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and 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.

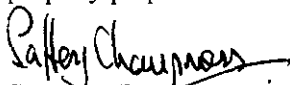
**IMRIE STEWART PLC**

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE SHAREHOLDERS OF IMRIE STEWART PLC**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Saffery Champness

Chartered Accountants  
Registered Auditor

30 July 2004

Lion House  
Red Lion Street  
London  
WC1R 4GB

**IMRIE STEWART PLC****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
<b>Turnover</b>	<b>2</b>	22,783,080	16,315,182
Cost of sales		(20,122,272)	(14,361,932)
<b>Gross profit</b>		2,660,808	1,953,250
Administrative expenses		(2,477,851)	(2,427,037)
<b>Operating profit/(loss)</b>	<b>3</b>	182,957	(473,787)
Other interest receivable and similar income		9,557	1,492
Interest payable and similar charges	<b>4</b>	(1,757)	(3,754)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2</b>	190,757	(476,049)
Tax on profit/(loss) on ordinary activities	<b>5</b>	(95,792)	91,586
<b>Profit/(loss) on ordinary activities after taxation</b>		94,965	(384,463)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 9 to 21 form part of the financial statements.



IMRIE STEWART PLC

**BALANCE SHEETS**  
**AS AT 31 DECEMBER 2003**

		Group		Company	
	Notes	2003	2002	2003	2002
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	104,450	133,359	95,758	-
Investments	8	-	-	577,750	571,750
		<u>104,450</u>	<u>133,359</u>	<u>673,508</u>	<u>571,750</u>
<b>Current assets</b>					
Stocks	9	36,101	60,340	-	-
Debtors	10	4,916,746	5,318,200	592,889	13,218
Cash at bank and in hand		1,139,895	799,302	7,587	102,956
		<u>6,092,742</u>	<u>6,177,842</u>	<u>600,476</u>	<u>116,174</u>
<b>Creditors: amounts falling due within one year</b>	11	(5,525,359)	(5,914,820)	(688,432)	(276,859)
<b>Net current assets</b>		<u>567,383</u>	<u>263,022</u>	<u>(87,956)</u>	<u>(160,685)</u>
<b>Total assets less current liabilities</b>		<u>671,833</u>	<u>396,381</u>	<u>585,552</u>	<u>411,065</u>
<b>Creditors: amounts falling due after more than one year</b>	12	524,508	344,021	524,508	344,021
<b>Capital and reserves</b>					
Called up share capital	14	260,000	260,000	260,000	260,000
Other reserves	15	-	12,043	-	-
Profit and loss account	15	(112,675)	(219,683)	(198,956)	(192,956)
		<u>671,833</u>	<u>396,381</u>	<u>585,552</u>	<u>411,065</u>
Equity interests		(52,675)	(147,640)	(138,956)	(132,956)
Non-equity interests		200,000	200,000	200,000	200,000
<b>Shareholders' funds</b>	16	<u>147,325</u>	<u>52,360</u>	<u>61,044</u>	<u>67,044</u>

The financial statements were approved by the board on 30 July 2004.

  
R Stewart

  
J Stolliday

The notes on pages 9 to 21 form part of the financial statements.

**IMRIE STEWART PLC****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	<b>359,592</b>	<b>408,386</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	9,557	1,492
Interest paid	<u>(1,757)</u>	<u>(3,754)</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>7,800</b>	<b>(2,262)</b>
<b>Taxation</b>	<b>7,000</b>	<b>(53,060)</b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(24,296)	(71,123)
Receipts from sales of investments	<u>5,000</u>	<u>-</u>
<b>Net cash outflow for capital expenditure</b>	<b>(19,296)</b>	<b>(71,123)</b>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	<u>(5,000)</u>	<u>(41,205)</u>
<b>Net cash outflow for acquisitions and disposals</b>	<b>(5,000)</b>	<b>(41,205)</b>
	<hr/>	<hr/>
<b>Net cash inflow before management of liquid resources and financing</b>	<b>350,096</b>	<b>240,736</b>
	<hr/>	<hr/>
<b>Increase in cash in the year</b>	<b><u>350,096</u></b>	<b><u>240,736</u></b>

**IMRIE STEWART PLC**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		2003	2002	
			£	£	
	Operating profit/(loss)		182,957	(473,787)	
	Depreciation of tangible assets		53,205	58,156	
	Decrease/(increase) in stocks		24,239	(29,116)	
	Decrease/(increase) in debtors		351,454	(1,980,880)	
	(Decrease)/Increase in creditors		(252,263)	2,834,013	
	Net cash inflow from operating activities		359,592	408,386	
2	Analysis of net debt	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	799,302	340,593	-	1,139,895
	Bank overdrafts	(16,076)	9,503	-	(6,573)
		783,226	350,096	-	1,133,322
	Debts falling due after one year	(344,021)	(180,487)	-	(524,508)
	Net debt	439,205	169,609	-	608,814
3	Reconciliation of net cash flow to movement in net debt		2003	2002	
			£	£	
	Increase in cash in the year		350,096	256,834	
	Cash inflow from increase in debt		(180,487)	123,732	
	Movement in net debt in the year		169,609	380,566	
	Opening net debt		439,205	58,639	
	Closing net debt		608,814	439,205	

## **IMRIE STEWART PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003**

---

#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **1.2 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

##### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.4 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

##### **1.5 Tangible fixed assets and depreciation**

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

Land and buildings Leasehold	over 10 years
Fixtures, fittings & equipment	over 3 to 5 years
Motor vehicles	over 4 years

##### **1.6 Leasing**

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

##### **1.7 Investments**

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

##### **1.8 Stock**

Work in progress is valued at the lower of cost and net realisable value.

##### **1.9 Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

##### **1.10 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

---

**1 Accounting policies**

**(continued)**

**1.11 Deferred taxation**

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1.12 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**2 Segmental analysis by class of business**

The group's turnover arose entirely in the United Kingdom.

The analysis by class of business of the company's turnover, profit/(loss) before taxation and net assets is set out as below:

**Turnover**

	<b>External sales</b>	<b>2003 Inter- segment sales</b>	<b>Total</b>	<b>External sales</b>	<b>2002 Inter- segment sales</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Class of business</b>						
Building services & maintenance	22,359,365	-	22,359,365	15,733,733	-	15,733,733
Communication equipment	423,715	-	423,715	581,449	-	581,449
Management services	-	738,416	738,416	-	85,000	85,000
	<u>22,783,080</u>	<u>738,416</u>	<u>23,521,496</u>	<u>16,315,182</u>	<u>85,000</u>	<u>16,400,182</u>

**Profit/(Loss) before taxation**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Class of business</b>		
Building services & maintenance	340,274	(332,249)
Communication equipment	(149,517)	(77,921)
	<u>190,757</u>	<u>(410,170)</u>

**Net assets**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Class of business</b>		
Building services & maintenance	897,794	635,312
Communication equipment	(272,763)	(123,246)
Management services	61,044	(509,706)
	<u>686,075</u>	<u>2,360</u>

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>3</b>	<b>Operating profit/(loss)</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	53,205	58,156
	Operating lease rentals	100,443	74,775
	Auditors' remuneration (company £4,700 ; 2002 : £3,500 )	21,000	16,000
	Exceptional bad debt	370,000	307,000
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	1,757	3,754
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Taxation</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	52,792	(46,060)
	Adjustment for prior years	-	4,474
	Receipt in respect of group relief	(7,000)	-
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	45,792	(41,586)
	Deferred tax charge/credit current year	50,000	(50,000)
		<u>          </u>	<u>          </u>
		95,792	(91,586)
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	190,757	(476,049)
		<u>          </u>	<u>          </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002: 30.00 %)	57,227	(142,815)
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	31,984	27,203
	Depreciation add back	10,622	17,447
	Capital allowances	(8,445)	(15,482)
	Tax losses utilised	(51,230)	60,600
	Adjustments to previous periods	-	4,474
	Other tax adjustments	5,634	6,987
		<u>          </u>	<u>          </u>
		(11,435)	101,229
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	45,792	(41,586)
		<u>          </u>	<u>          </u>

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**6 (Loss)/profit for the financial year**

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. Its (loss)/profit for the financial year is:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Holding company's (loss)/profit for the financial year	<u>(6,000)</u>	<u>29,439</u>

**7 Tangible fixed assets**  
**Group**

	<b>Land and buildings Leasehold</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2003	67,672	452,140	3,366	523,178
Additions	-	24,296	-	24,296
At 31 December 2003	<u>67,672</u>	<u>476,436</u>	<u>3,366</u>	<u>547,474</u>
<b>Depreciation</b>				
At 1 January 2003	16,740	371,906	1,173	389,819
Charge for the year	6,794	45,570	841	53,205
At 31 December 2003	<u>23,534</u>	<u>417,476</u>	<u>2,014</u>	<u>443,024</u>
<b>Net book value</b>				
At 31 December 2003	<u>44,138</u>	<u>58,960</u>	<u>1,352</u>	<u>104,450</u>
At 31 December 2002	<u>50,932</u>	<u>80,234</u>	<u>2,193</u>	<u>133,359</u>



**IMRIE STEWART PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003****7 Tangible fixed assets (continued)****Company**

	<b>Land and buildings Leasehold £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2003	-	-	-
Transfer from group companies/additions	67,672	461,420	529,092
	<u>67,672</u>	<u>461,420</u>	<u>529,092</u>
At 31 December 2003	67,672	461,420	529,092
	<u>67,672</u>	<u>461,420</u>	<u>529,092</u>
<b>Depreciation</b>			
Transfer from group companies	16,740	368,050	384,790
Charge for the year	6,794	41,750	48,544
	<u>6,794</u>	<u>41,750</u>	<u>48,544</u>
At 31 December 2003	23,534	409,800	433,334
	<u>23,534</u>	<u>409,800</u>	<u>433,334</u>
<b>Net book value</b>			
At 31 December 2003	44,138	51,620	95,758
	<u>44,138</u>	<u>51,620</u>	<u>95,758</u>

**IMRIE STEWART PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003****8 Fixed asset investments  
Company**

	Shares in group undertakings
	£
<b>Cost</b>	
At 1 January 2003	571,750
Additions	6,000
	<u>577,750</u>
At 31 December 2003	<u>577,750</u>
At 31 December 2002	<u>571,750</u>

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

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Maxwell Stewart Plc	England & Wales	Ord. & Pref.	100
One Media Communication Limited	England & Wales	Ordinary	100
Maxwell Stewart Maintenance Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Maxwell Stewart Plc	£785,418	£100,106
One Media Communication Limited	(£272,763)	(£149,517)
Maxwell Stewart Maintenance Limited	<u>£112,376</u>	<u>£111,376</u>

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**9 Stocks and work in progress**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Work in progress	36,101	21,279	-	-
Finished goods and goods for resale	-	39,061	-	-
	<u>36,101</u>	<u>60,340</u>	<u>-</u>	<u>-</u>

**10 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,906,575	2,052,652	-	-
Amounts recoverable on long term contracts	2,772,792	3,006,548	-	-
Amounts owed by group undertakings	5,000	-	554,605	13,218
Corporation tax	53,060	53,060	-	-
Other debtors	96,141	40,661	38,284	-
Prepayments and accrued income	83,178	115,279	-	-
Deferred tax asset	-	50,000	-	-
	<u>4,916,746</u>	<u>5,318,200</u>	<u>592,889</u>	<u>13,218</u>

**Deferred tax**

	<b>Group</b>	<b>Company</b>
	<b>2003</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2003	50,000	-
Profit and loss account	(50,000)	-
	<u>-</u>	<u>-</u>
Balance at 31 December 2003	<u>-</u>	<u>-</u>

Deferred taxation provided in the financial statements is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tax losses available	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

**IMRIE STEWART PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**11 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	6,573	16,076	-	-
Trade creditors	1,506,702	1,350,113	27,069	-
Amounts owed to group undertakings	307,875	540,641	613,627	271,730
Corporation tax	52,792	-	6,000	-
Other taxes and social security costs	457,864	393,496	22,529	-
Other creditors	766,065	-	19,207	-
Accruals and deferred income	2,427,488	3,614,494	-	5,129
	<u>5,525,359</u>	<u>5,914,820</u>	<u>688,432</u>	<u>276,859</u>

**12 Creditors : amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other loans	<u>524,508</u>	<u>344,021</u>	<u>524,508</u>	<u>344,021</u>
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments:				
Other creditors	<u>524,508</u>	<u>344,021</u>	<u>524,508</u>	<u>344,021</u>
	<u>524,508</u>	<u>344,021</u>	<u>524,508</u>	<u>344,021</u>

Since the year end Transatlantic Holding Management Inc. has agreed that the loans not wholly repayable within five years should be converted to preference share capital. The company anticipates that the conversion will take place before 30 September 2004.

**13 Pension costs**

**Defined contribution**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>114,447</u>	<u>107,663</u>

**IMRIE STEWART PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>14 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
50,000 Ordinary shares (non-voting) of £ 1 each	50,000	50,000
10,000 Preferred ordinary shares (voting) of £ 1 each	10,000	10,000
200,000 Redeemable preference shares of £ 1 each	200,000	200,000
	<u>260,000</u>	<u>260,000</u>
 <b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares (non-voting) of £ 1 each	50,000	50,000
10,000 Preferred ordinary shares (voting) of £ 1 each	10,000	10,000
200,000 Redeemable preference shares of £ 1 each	200,000	200,000
	<u>260,000</u>	<u>260,000</u>

The redeemable preference shares, which have no rights to dividends and no voting rights, are redeemable at par at the company's option. On a winding up or other capital reduction and after payment of liabilities, holders of preferred ordinary shares will be paid at par in priority to redeemable preference shares who will be paid in priority to holders of ordinary shares. They are classified as non equity.

Additional preference shares will be issued in the year ending 31 December 2004 as explained in note 12.

**IMRIE STEWART PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003****15 Statement of movements on profit and loss account****Group**

	<b>Other reserves £</b>	<b>Profit and loss account £</b>
Balance at 1 January 2003	12,043	(219,683)
Retained profit for the year	-	94,965
Movement during the year	(12,043)	12,043
	<u>          </u>	<u>          </u>
Balance at 31 December 2003	-	(112,675)
	<u>          </u>	<u>          </u>

The movement between reserves represents the write back of negative goodwill acquired on previous acquisitions.

**Company**

	<b>Profit and loss account £</b>
Balance at 1 January 2003	(192,956)
Retained loss for the year	(6,000)
	<u>          </u>
Balance at 31 December 2003	(198,956)
	<u>          </u>

# IMRIE STEWART PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

<b>16 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	94,965	(384,463)
Movement on other reserves	-	(40,325)
Net addition to/(depletion in) shareholders' funds	94,965	(424,788)
Opening shareholders' funds	52,360	477,148
Closing shareholders' funds	147,325	52,360
<b>Company</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(6,000)	29,439
Proceeds from issue of shares	-	10,000
Net (depletion in)/addition to shareholders' funds	(6,000)	39,439
Opening shareholders' funds	67,044	27,605
Closing shareholders' funds	61,044	67,044

## 17 Contingent liabilities

### Group

A group company has provided performance bonds at the year end in aggregate amount of £1,750,057 (2002: £1,723,030) in respect of contracts in the course of completion.

## 18 Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	<b>Other</b>
	<b>2003</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	12,761	3,948
Between two and five years	104,787	68,515
	117,548	72,463

**IMRIE STEWART PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>19 Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	296,463	-
Company pension contributions to money purchase schemes	29,684	-
	<u>326,147</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2002 - 0 ).

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

Emoluments for qualifying services	<u>77,657</u>	<u>-</u>
------------------------------------	---------------	----------

**20 Employees****Number of employees**

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

	<b>2003</b>	<b>2002</b>
	<b>Number</b>	<b>Number</b>
Administration & building services (group)	<u>103</u>	<u>101</u>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	2,789,721	2,687,289
Social security costs	294,569	262,645
Other pension costs	114,447	107,663
	<u>3,198,737</u>	<u>3,057,597</u>

**21 Control**

The ultimate parent company is Transatlantic Holding Management Inc., a company incorporated in the British Virgin Islands.