



Accountants &
business advisers

CAMWOOD LIMITED
(Company Number 3469812)
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2005



PKF (UK) LLP

**CAMWOOD LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2005**

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**CAMWOOD LIMITED
STATUTORY INFORMATION**

DIRECTORS: M Welling
F Foxall
G Norfolk
D MacLennan

SECRETARY: S Cunningham

REGISTERED OFFICE: 12-18 Paul Street
London
EC2A 4JH

REGISTERED NUMBER: 3469812 (England and Wales)

REGISTERED AUDITORS: PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

BANKERS: HSBC Bank plc
31 Holborn
Holborn Circus
London EC1N 2HR

**CAMWOOD LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2005**

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company is to act as a supplier of software and services for enterprise management solutions.

The Company provides a comprehensive range of service and technology solutions to support application migrations and on-going application management. By providing not only the technology products but also an extensive array of qualified technical staff, the Company has continued to enable its clients to manage their software portfolio more effectively.

The Company is an expert in Microsoft Installer (MSI) technology and throughout the year has continued to provide high quality solutions to an extensive client base, whilst working closely with important strategic partners such as Microsoft.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out on page 6.

As expected at this stage of development the Company, whilst generating a significant level of trading income, has also incurred significant costs in order to fully develop its technology and accordingly the Company has made a trading loss, which the directors consider to be satisfactory.

The loss for the period after tax was £80,010 which has been transferred to reserves. The directors are unable to recommend the payment of a dividend.

FUTURE DEVELOPMENTS

Following the year end, the Company is pleased to announce that its revenues have continued to increase from £3.6m in the year to 31 March 2005 to £1.1million in the first three months to 30 June 2005. The Company is attracting a growing number of clients as they seek to manage their migration projects more efficiently.

The revenues earned since the year end have seen the Company's financial position strengthen, and the Directors' are confident that this will see the Company in a profitable trading position net of tax by the year ended 31 March 2007.

EVENTS SINCE THE BALANCE SHEET DATE

In May 2005 the "A" ordinary shareholders in the Company exercised a right that resulted in the issue to them of 4,227,100 preferred ordinary shares of 1p each.

CAMWOOD LIMITED
DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2005

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:

		<u>31 March 2005</u> Ordinary shares of 1p each	<u>31 March 2004</u> Ordinary shares of 1p each
Mr M Welling		3,800,000	3,800,000
Mr G Lambert	(resigned 12/08/05)	2,850,000	2,850,000
Mr F Foxall		2,850,000	2,850,000
Mr B Fisher	(resigned 31/12/04)	-	-
Mr R Carayol	(resigned 31/12/04)	-	-
Mr G Norfolk		-	-
Mr D MacLennan		-	-

ON BEHALF OF THE BOARD

Mr F Foxall
Director

30/09/05.

CAMWOOD LIMITED
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 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 which disclose with reasonable accuracy at any time the financial position of the company and which 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMWOOD LIMITED

We have audited the financial statements of Camwood Limited for the year ended 31 March 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK
18 October 2005

PKF(UK) LLP
PKF (UK) LLP
Registered Auditors

**CAMWOOD LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
Turnover	2	3,589,374	2,621,946
Cost of sales		1,881,128	1,558,601
Gross profit		1,708,246	1,063,345
Research and development costs		256,033	308,760
Other administration and management expenses		1,459,605	1,505,861
Total administration costs		1,715,638	1,814,621
Operating loss on ordinary activities before interest	5	(7,392)	(751,276)
Interest receivable and similar income		2,828	5,814
Interest payable and similar charges	6	101,936	84,545
Loss on ordinary activities before taxation		(106,500)	(830,007)
Tax on loss on ordinary activities	7	26,490	168,803
Retained loss for the financial year	17	(80,010)	(661,204)

The company has no recognised gains and losses in the period other than the loss for the year.

All amounts relate to continuing activities.

CAMWOOD LIMITED
BALANCE SHEET
31 MARCH 2005

	<u>Notes</u>	£	<u>2005</u>	£	£	<u>2004</u>	£
FIXED ASSETS							
Tangible assets	8		71,093			29,971	
			<hr/>			<hr/>	
			71,093			29,971	
CURRENT ASSETS							
Deferred taxation	9	110,000			94,701		
Stocks	10	-			2,044		
Debtors	11	887,867			762,599		
Cash at bank and in hand		184,197			167,406		
		<hr/>			<hr/>		
		1,182,064			1,026,750		
CREDITORS							
Amounts falling due within one year	12	659,275			413,844		
		<hr/>			<hr/>		
NET CURRENT ASSETS			522,789			612,906	
			<hr/>			<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES			593,882			642,877	
CREDITORS							
Amounts falling due after more than one year	13		892,423			861,408	
			<hr/>			<hr/>	
NET LIABILITIES			(298,541)			(218,531)	
			<hr/>			<hr/>	
CAPITAL AND RESERVES							
Called up share capital	15		166,445			166,445	
Share premium account	17		404,016			404,016	
Profit and loss account	17		(869,002)			(788,992)	
			<hr/>			<hr/>	
SHAREHOLDERS' FUNDS	17		(298,541)			(218,531)	
			<hr/>			<hr/>	

Approved by the board on

30/9

2005

F Foxall

Director

**CAMWOOD LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005**

	<u>Notes</u>	<u>2005</u> £'000	<u>2004</u> £'000
Reconciliation of operating loss to cash flow from operating activities			
Operating loss		(7,392)	(751,276)
Depreciation		13,471	9,343
Loss on disposal of fixed assets		5,826	16,825
Decrease in stock		2,044	19,643
(Increase) in debtors		(114,079)	(367,259)
Increase in creditors		245,235	20,537
		<hr/>	<hr/>
Net cash flow from operating activities		145,105	(1, 052,187)
		<hr/>	<hr/>
CASH FLOW STATEMENT			
Net cash flow from operating activities		145,105	(1,052,187)
Taxation	18(a)	-	27,553
Returns on investments and servicing of finance	18(b)	(67,894)	(49,192)
Capital expenditure	18(c)	(60,420)	(26,550)
		<hr/>	<hr/>
Net cash flow before financing		16,791	(1,100,376)
Financing	18(d)	-	1,331,869
		<hr/>	<hr/>
Increase in cash		16,791	231,493
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Increase in cash		16,791	231,493
Increase in debt from debenture issue		-	(861,408)
		<hr/>	<hr/>
Changes in net debt resulting from cash flows		16,791	(629,915)
Debt issue finance costs		(31,015)	-
		<hr/>	<hr/>
Movement in net debt for the year		(14,224)	(629,915)
Net debt at 1 April 2004		(694,002)	(64,087)
		<hr/>	<hr/>
Net debt at 31 March 2005	19	(708,226)	(694,002)
		<hr/>	<hr/>

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. Notwithstanding the net liabilities reported in the balance sheet, the financial statements have been drawn up on a going concern basis as the debenture loans are not repayable until 19 September 2008. The directors anticipate that there will be sufficient reserves for their repayment at that time. The company currently has a comfortable level of net current assets.

(b) Depreciation

Depreciation on 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	- 25% Reducing balance
Computers	- 25% Reducing balance
Fixtures and fittings	- 20% Reducing balance

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stock and work in progress to their present location and condition, including where appropriate, a proportion of overheads.

(d) Income recognition

Revenues earned from application packaging services are recognised on the delivery of each application package. Revenues earned from the provision of consultancy services are recognised on a basis in accordance with the delivery of services over the duration of the contracted project. Revenues earned from the provision of licensing contracts to access software are non refundable and are recognised when the licence is granted.

(e) Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates expected to apply when they reverse based on current tax rates and law and subject to the requirements of Financial Reporting Standard No 19. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(f) Research and development

Expenditure on research and development in respect of the development of application packaging software projects is fully charged to the profit and loss account in the year the expenditure is incurred.

(g) Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES (Continued)

(h) Pension costs

The company has a stakeholder pension scheme arrangement in place with Standard Life Insurance plc for the benefit of its employees. The scheme is non contributory, but where any contributions are made by the company, these are charged against profits as incurred.

(i) Capital instrument finance costs

Finance costs in respect of the issue of equity and debt are dealt with on the following basis:

- Equity share issues - charged in full to the profit and loss account and a subsequent transfer to share premium account.
- Debenture loans - finance costs are charged to the profit and loss account over the term of the respective debenture loans.

2 TURNOVER

Turnover is wholly attributable to the revenues earned through the provision of service and technology solutions to support application packaging and technical software solutions development.

All of the company's activities are carried out in the UK.

3 STAFF COSTS

	<u>2005</u> £	<u>2004</u> £
Wages and salaries	1,161,370	886,147
Social security costs	131,190	105,121
	<hr/> 1,292,560 <hr/>	<hr/> 991,268 <hr/>

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

	<u>2005</u>	<u>2004</u>
Administration	4	4
Sales	6	4
Developments	4	4
Operations	18	18
	<hr/> 32 <hr/>	<hr/> 30 <hr/>

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

4 DIRECTORS EMOLUMENTS	<u>2005</u> £	<u>2004</u> £
Emoluments	<u>215,833</u>	<u>233,333</u>

During the year there were no directors accruing benefits under pension schemes.

The amounts in respect of the highest paid director are as follows:

	<u>2005</u> £	<u>2004</u> £
Emoluments	<u>95,000</u>	<u>75,000</u>

5 OPERATING LOSS	<u>2005</u> £	<u>2004</u> £
Operating loss is stated after charging:		
Auditors' remuneration		
- audit	14,000	5,000
- tax	2,000	-
Depreciation of owned tangible fixed assets	13,471	9,343
Loss on sale of tangible fixed assets	5,991	16,825
Operating lease rentals		
- land & buildings	102,214	130,701
- other	5,420	5,420
	<u>102,214</u>	<u>130,701</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES	<u>2005</u> £	<u>2004</u> £
Debenture loan interest	70,000	37,397
Other loans and charges	921	954
Finance cost charged in the year		
Equity issue	-	29,539
Debenture loans	31,015	16,655
	<u>101,936</u>	<u>84,545</u>

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

7 TAX ON ORDINARY ACTIVITIES	<u>2005</u>	<u>2004</u>
	£	£
A) Analysis of tax charge for the year		
Current period:		
Research and development tax credit	36,708	74,102
Adjustments in respect of prior period	(25,517)	-
	<hr/>	<hr/>
	11,191	74,102
Deferred tax:		
Origination and reversal of timing differences	15,299	94,701
	<hr/>	<hr/>
	26,490	168,803
	<hr/>	<hr/>
 B) Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	106,500	830,007
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30%	(31,950)	(249,002)
Expenses not deductible for tax purposes	6,347	56,874
Depreciation (less than)/in excess of capital allowances	(4,820)	606
Additional deduction for research and development expenditure	(38,405)	(46,314)
Surrender of tax losses for research and development tax credit	32,120	64,840
Effect of marginal tax rate	-	(1,744)
Unrelieved tax losses arising in the period	-	100,638
Adjustments to tax charge in respect of prior period	25,517	-
	<hr/>	<hr/>
Current tax charge for the period	(11,191)	(74,102)
	<hr/>	<hr/>

C) Factors that may affect future tax charges

The company has tax losses of approximately £647,000 available to carry forward against future trading profits. On the basis of forecast profitability for the year ending 31 March 2006, the company has recognized a deferred tax asset of £110,000 in respect of approximately £386,000 of the losses. The company has not recognized the balance because the timing of profits beyond 31 March 2006 is less certain.

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

8 TANGIBLE FIXED ASSETS

	<u>Computers</u> £	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost				
At 1 April 2004	38,077	11,480	6,345	55,902
Additions	24,396	40,354	-	64,750
Disposals	(14,612)	(10,261)	(6,345)	(31,218)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	47,861	41,573	-	89,434
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2004	16,780	5,483	3,668	25,931
Charge for year	6,356	6,446	669	13,471
Disposals	(11,480)	(5,244)	(4,337)	(21,061)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	11,656	6,685	-	18,341
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2005	36,205	34,888	-	71,093
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	21,297	5,997	2,677	29,971
	<hr/>	<hr/>	<hr/>	<hr/>

9 DEFERRED TAXATION

	<u>2005</u> £	<u>2004</u> £
Accelerated capital allowances	(8,664)	(3,844)
Tax losses carried forward	193,277	193,277
	<hr/>	<hr/>
Potential provision for deferred tax	184,613	189,433
	<hr/>	<hr/>
Provided	110,000	94,701
Not provided	74,613	94,732
	<hr/>	<hr/>
	184,613	189,433
	<hr/>	<hr/>
Provision at start of period	94,701	-
Deferred tax charge/ (credit) in profit and loss for period	15,299	94,701
	<hr/>	<hr/>
Provision at end of period	110,000	94,701
	<hr/>	<hr/>

This recovery of this asset is dependent upon future profits.

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

10	STOCKS AND WORK IN PROGRESS	<u>2005</u> £	<u>2004</u> £
	Work in progress	-	2,044
		<hr/>	<hr/>
11	DEBTORS – All receivable within one year	<u>2005</u> £	<u>2004</u> £
	Trade debtors	698,985	591,713
	Other debtors	144,131	123,763
	Prepayments and accrued income	44,751	47,123
		<hr/>	<hr/>
		887,867	762,599
		<hr/>	<hr/>
12	CREDITORS	<u>2005</u> £	<u>2004</u> £
	Amounts falling due within one year		
	Trade creditors	151,463	112,231
	Other taxes and social security	159,852	72,283
	Accruals and deferred income	347,960	227,706
	Other creditors	-	1,624
		<hr/>	<hr/>
		659,275	413,844
		<hr/>	<hr/>
13	CREDITORS	<u>2005</u> £	<u>2004</u> £
	Amounts falling due after more than one year		
	Debenture loans	1,000,000	1,000,000
	Less: finance costs attributable to future accounting periods	107,577	138,592
		<hr/>	<hr/>
		892,423	861,408
		<hr/>	<hr/>

The debenture loans are secured by fixed and floating charges over the company's assets.

In accordance with the accounting policy, finance costs will be charged to the profit and loss account over the term of the debenture loans.

14	BORROWINGS	<u>2005</u> £	<u>2004</u> £
	Analysis of maturity of debt		
	Debenture loans		
	Between two and five years	1,000,000	1,000,000
		<hr/>	<hr/>

The debenture loans will mature on 19 September 2008.

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

15 SHARE CAPITAL

	<u>2005</u>		<u>2004</u>	
	<u>Number</u>	<u>Nominal Value</u> £	<u>Number</u>	<u>Nominal Value</u> £
Authorised ordinary shares designated:				
Ordinary shares of 1p each	78,355,500	783,555	78,355,500	783,555
"A" ordinary shares of 1p each	6,644,500	66,445	6,644,500	66,445
Preferred ordinary shares of 1p each	15,000,000	150,000	15,000,000	150,000
	<u>100,000,000</u>	<u>1,000,000</u>	<u>100,000,000</u>	<u>1,000,000</u>

All classes of shares are equity shares and rank pari passu except as follows:

Preferred ordinary shares have a prior distribution of 1 pence in every 1,000 pence available for distribution in respect of each and every income distribution.

Preferred ordinary and "A" ordinary shares have an initial tranche right to capital distribution in the event of a sale of the company and a value maintenance mechanism in respect of any further issue of shares at a lower price.

Ordinary shares have a second tranche right to capital distribution in the event of a sale of the company.

Called up, allotted and fully paid:

	<u>2005</u>		<u>2004</u>	
	<u>Number</u>	<u>Nominal Value</u> £	<u>Number</u>	<u>Nominal Value</u> £
Ordinary shares of 1p each	10,000,000	100,000	10,000,000	100,000
"A" ordinary shares of 1p each	6,644,500	66,445	6,644,500	66,445
Preferred ordinary shares of 1p each	-	-	-	-
	<u>16,644,500</u>	<u>166,445</u>	<u>16,644,500</u>	<u>166,445</u>

In May 2005 the "A" ordinary shareholders in the Company exercised a right that resulted in the issue to them of 4,227,100 preferred ordinary shares of 1p each.

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

16 OPTIONS ON SHARE CAPITAL

The company has given the following options:

	<u>2005</u>		<u>2004</u>	
	<u>Number</u>	<u>Nominal Value</u> £	<u>Number</u>	<u>Nominal Value</u> £
Employees under an Enterprise Management Incentive scheme:				
Ordinary shares of 1p each	475,880	4,759	553,680	5,537
Unapproved Incentive Scheme:				
Ordinary shares of 1p each	-	-	162,000	1,620
Other options:				
Ordinary shares of 1p each	1,119,000	11,190	1,119,000	11,190
Total ordinary share options	1,594,880	15,949	1,834,680	18,347
Preferred ordinary shares of 1p each	4,227,100	42,271	4,227,100	42,471
Total options	5,821,980	58,220	6,061,780	60,618

During the year to 31 March 2005 no options had been exercised (2004: Nil).

The EMI scheme and Unapproved Incentive Scheme rules are such that when an option holder ends service to the company the options are surrendered. Both members of the Unapproved Incentive Scheme ended their service during the year to 31 March 2005 and consequently the surrendered options have lapsed.

A number of EMI members also left service during the year to 31 March 2005, resulting in the lapse of 77,800 options.

During the year to 31 March 2005 no further options were granted under any of the schemes.

	<u>2005</u>	
	<u>Number</u>	<u>Nominal Value</u> £
Options granted expire as follows:		
Preferred ordinary shares		
Within one year	4,227,100	42,271
Ordinary shares		
Within five years	1,119,000	11,190
Within six to ten years	475,880	4,759
	5,821,980	58,220

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

17 RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

	<u>Share capital</u> £	<u>Share premium account</u> £	<u>Profit and loss account</u> £	<u>Total Shareholders' funds</u> £
At 1 April 2004	166,445	404,016	(788,992)	(218,531)
Loss for the year	-	-	(80,010)	(80,010)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	166,445	404,016	(869,002)	(298,541)
	<hr/>	<hr/>	<hr/>	<hr/>

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE STATEMENT OF CASH FLOWS

	<u>2005</u> £	<u>2004</u> £
(a) Taxation		
Corporation tax refund received	-	27,553
	<hr/>	<hr/>
(b) Returns on investments and servicing of finance		
Interest received	2,830	5,814
Interest paid	(724)	(954)
Debenture loan interest	(70,000)	(54,052)
	<hr/>	<hr/>
	(67,894)	(49,192)
	<hr/>	<hr/>
(c) Capital expenditure and financial investment		
Payment to acquire tangible fixed assets	(64,750)	(29,702)
Receipts from sales of tangible fixed assets	4,330	3,152
	<hr/>	<hr/>
	(60,420)	(26,550)
	<hr/>	<hr/>
(d) Financing		
Equity issue proceeds	-	500,000
Equity issue finance costs	-	(29,539)
Debenture loan proceeds	-	1,000,000
Debenture loan finance costs	-	(138,592)
	<hr/>	<hr/>
	-	1,331,869
	<hr/>	<hr/>

CAMWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2005 £	Cash flow £	Other changes £	At 31 March 2005 £
Cash at bank and in hand	167,406	16,791	-	184,197
	167,406	16,791	-	184,197
Debt due after one year: Debenture loan	(861,408)	-	(31,015)	(892,423)
	(694,002)	16,791	(31,015)	(708,226)

20 RELATED PARTY TRANSACTIONS

Directors' interest in contracts

The company conducted trade and normal commercial terms with the following related parties in which the directors had a material interest:

<u>Related Party</u>	<u>Director</u>	<u>Detail</u>	Value of transactions	2005 Outstanding 31 March 2005	Value of transactions	2004 Outstanding 31 March 2004
Carayol Ltd	R Carayol	Director's fees	7,344	-	33,715	7,344
Musashi Partners	B Fisher	Director's fees	8,813	-	43,098	-
V C F Partners	D MacLennan	Director's fees	15,422	-	8,750	-
		Arrangement fees	-	-	37,500	-
Acorn Corporate Finance Limited	G Norfolk	Raising finance	-	-	63,447	-
		Director's fees	12,432	-	17,951	-

21 FUTURE FINANCIAL COMMITMENTS

Operating leases

The company had annual commitments under non-cancelled operating leases as set out below:

	2005 £	2004 £
Operating leases which expire:		
Within one year (plant and machinery)	-	5,420
In the second to fifth year (land and buildings)	82,583	82,583
	82,583	88,003

22 POST BALANCE SHEET EVENTS

The company has had no post balance sheet events other than those disclosed in note 15.

23 CONTROLLING PARTY

There is no single controlling party.