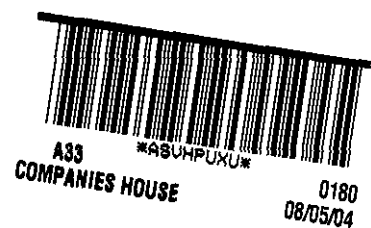


CSTIM Limited

Report and Accounts
31 December 2003



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

K Alcock
J Dallas
D Hay
A Burton
J Connor
D Lumer
H Ward
L de Nicola
J Charles

Company Secretary

K Harris

Auditors

Rees Pollock
7 Pilgrim Street
London
EC4V 6DR

Bankers

Barclays Bank Plc
99 Hatton Gardens
London
EC1N 8DN

Registered Office

Suite A
5th Floor
Queens House
Kymberley Road
Harrow
Middlesex
HA1 1US

Registered Number

3548695

DIRECTORS' REPORT

The directors present their report and the accounts of the group for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company during the year was that of providing advisory services to companies engaged in investment management.

Results and dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached accounts.

The directors have paid out the following dividends:

	2003	2002
	£	£
Dividend paid on ordinary shares	1,046,456	189,114

The directors and their interests

The directors who served the company during the year together with their beneficial interests in the share capital of the company were as follows:

		Ordinary Shares of £1 each	
		At 31 December 2003	At 1 January 2003 or later date of appointment
K Alcock		3,290	3,304
J Dallas		3,291	3,305
D Hay		-	-
J Connor		578	566
D Lumer	(appointed 19 March 2003)	610	580
H Ward	(appointed 29 October 2003)	-	-
J Charles	(appointed 10 November 2003)	-	-
A Summers	(resigned 16 June 2003)	-	-
T Harvey	(resigned 29 October 2003)	-	-

Business developments

During the year CSTIM Limited acquired 25% of the issued share capital of CSTIM CFAS (Corporate Finance Advisory Services) Limited. CSTIM Limited set up a company called SkillsHub Limited, which began trading in September 2003. CSTIM Limited owns 51% of the company.

Post year-end CSTIM Limited acquired 100% of Solve Management Consultancy Services (Pty) Limited, a company located in South Africa.

DIRECTORS' REPORT

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended.

In preparing those accounts, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, 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 accounts; and

prepare the accounts 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 group and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>3,389</u>	<u>7,073</u>

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD



K R Alcock
Director

31 March 2004



REES POLLOCK

Chartered Accountants

7 Pilgrim Street
London EC4V 6DR
Telephone 020 7329 6404
Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSTIM LIMITED

We have audited the accounts on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 9 to 10.

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 the auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

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

Rees Pollock
Chartered Accountants
Registered Auditors
1 April 2004

GROUP PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 2003

	Note	2003 £	2002 £
GROUP TURNOVER	2	6,987,535	6,961,080
Cost of sales		4,888,083	4,793,795
GROSS PROFIT		2,099,452	2,167,285
Administrative expenses		1,066,202	1,218,224
GROUP OPERATING PROFIT	3	1,033,250	949,061
Share of operating profit in associates		24,111	-
		1,057,361	949,061
Interest receivable (group)		45,757	68,115
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,103,118	1,017,176
Tax on profit on ordinary activities - group	7	(342,821)	(342,831)
- associates		(9,546)	-
		(352,367)	(342,831)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	750,751	674,345
Dividends	9	(1,046,456)	(189,114)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(295,705)</u>	<u>485,231</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own profit and loss account.

The notes on pages 9 to 18 form part of these accounts.

GROUP BALANCE SHEET
 at 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	10	101,284	160,409
Investments	11	94,193	17,679
		<u>195,477</u>	<u>178,088</u>
CURRENT ASSETS			
Debtors	12	2,035,839	1,297,574
Cash at bank and in hand		1,465,231	2,339,572
		<u>3,501,070</u>	<u>3,637,146</u>
CREDITORS: amounts falling due within one year	13	<u>(1,352,651)</u>	<u>(1,175,633)</u>
NET CURRENT ASSETS		<u>2,148,419</u>	<u>2,461,513</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,343,896</u>	<u>2,639,601</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	10,000	10,000
Profit and loss account	16	2,333,896	2,629,601
SHAREHOLDERS' FUNDS	17	<u>2,343,896</u>	<u>2,639,601</u>



 K Alcock
 31 March 2004

The notes on pages 9 to 18 form part of these accounts.

BALANCE SHEET
 at 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	10	96,657	158,202
Investments	11	113,144	17,681
		<u>209,801</u>	<u>175,883</u>
CURRENT ASSETS			
Debtors	12	1,970,125	1,355,507
Cash at bank and in hand		1,425,869	2,339,520
		<u>3,395,994</u>	<u>3,695,027</u>
CREDITORS: amounts falling due within one year	13	<u>(1,273,182)</u>	<u>(1,227,077)</u>
NET CURRENT ASSETS		<u>2,122,812</u>	<u>2,467,950</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,332,613</u>	<u>2,643,833</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	10,000	10,000
Profit and loss account	16	2,322,613	2,633,833
SHAREHOLDERS' FUNDS		<u>2,332,613</u>	<u>2,643,833</u>



 K Alcock
 31 March 2004

The notes on pages 9 to 18 form part of these accounts.

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2003

	Note	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	614,775	726,574
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		45,756	68,115
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		45,756	68,115
TAXATION		(381,446)	(573,865)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(78,733)	(56,475)
Disposal of own shares		-	10,066
Investment in associate companies		(28,237)	(17,679)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(106,970)	(64,088)
EQUITY DIVIDENDS PAID		(1,046,456)	(189,114)
INCREASE IN CASH	19	<u>(874,341)</u>	<u>(32,378)</u>

The notes on pages 9 to 18 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Under the requirements of UITF 13 the consolidated accounts also incorporate the accounts of CSTIM Employees' Share Trust.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of an asset, less its estimated residual value, evenly over its expected useful economic life as follows:

Leasehold improvements	-	over 3 years
Computers	-	over 2 years
Fixtures and fittings	-	over 3 years

Goodwill

Goodwill arising on the acquisition of subsidiaries is capitalised and then amortised through the profit and loss account over its estimated useful life of three years.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Pension costs

The company makes contributions to an independently administered scheme. Contributions are charged to the profit and loss account when they become payable. In addition the company makes contributions to certain employees' personal pension arrangements which are charged to the profit and loss account when they become due.

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)**Foreign currencies**

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. TURNOVER

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	5,706,455	6,381,650
Luxembourg	1,198,193	443,123
Jersey	82,887	136,307
	<u>6,987,535</u>	<u>6,961,080</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation	137,831	136,244
Amortisation of goodwill	33,307	-
Auditors' remuneration		
- audit fees	17,500	15,000
- other services	5,800	5,880
Operating lease rentals - land and buildings	<u>227,520</u>	<u>195,458</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2003	2002
	No.	No.
Administrative	14	13
Consultants	30	29
	<u>44</u>	<u>42</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	3,681,017	3,397,519
Social security costs	392,602	355,482
	<u>4,073,619</u>	<u>3,753,001</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

5. DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Emoluments	732,865	720,376
Value of company pension contributions to money purchase schemes	89,570	47,803
	<u>822,435</u>	<u>768,179</u>

Emoluments of highest paid director:

	2003	2002
	£	£
Total emoluments (excluding pension contributions)	228,808	237,000
Value of company pension contributions to money purchase schemes	28,700	15,820
	<u>257,508</u>	<u>252,820</u>

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	-	-

7. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2003	2002
	£	£
UK Taxation		
In respect of the year:		
Corporation tax	275,999	336,208
Under provision in respect of previous years	-	338
Share of associated companies' taxation	9,546	-
	<u>285,545</u>	<u>336,546</u>
Foreign tax		
Current tax on income for the year	66,822	6,285
	<u>352,367</u>	<u>342,831</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>1,103,118</u>	<u>1,017,176</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002-30%)	330,935	305,153
Expenses not deductible for tax purposes	16,663	16,643
Depreciation for period in excess of capital allowances	7,312	12,930
Adjustments to tax charge in respect of prior periods	-	338
Sundry differences	<u>(2,543)</u>	<u>7,767</u>
Total current tax	<u>352,367</u>	<u>342,831</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £735,236 (2002 - £682,463).

9. DIVIDENDS

The following dividends have been paid during the year:

	2003	2002
	£	£
Dividend paid on ordinary shares	<u>1,046,456</u>	<u>189,114</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

10. TANGIBLE FIXED ASSETS

Group	Leasehold property £	Computer and office equipment £	Fixtures & fittings £	Total £
Cost				
At 1 January 2003	116,227	289,572	101,640	507,439
Exchange	-	706	-	706
Reclassification	-	-	-	-
Additions	-	76,960	1,792	78,752
Disposals	-	(1,963)	(1,245)	(3,208)
Reclassification	-	(313)	313	-
At 31 December 2003	<u>116,227</u>	<u>364,962</u>	<u>102,500</u>	<u>583,689</u>
Depreciation				
At 1 January 2003	54,770	213,600	78,660	347,030
Exchange	-	173	-	173
Charge for the year	38,636	84,519	14,676	137,831
On disposals	-	(1,963)	(666)	(2,629)
Reclassification	-	(5)	5	-
At 31 December 2003	<u>93,406</u>	<u>296,324</u>	<u>92,675</u>	<u>482,405</u>
Net book value				
At 31 December 2003	<u>22,821</u>	<u>68,638</u>	<u>9,825</u>	<u>101,284</u>
At 31 December 2002	<u>61,457</u>	<u>75,972</u>	<u>22,980</u>	<u>160,409</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

10. TANGIBLE FIXED ASSETS *(continued)*

Company	Leasehold property £	Computer and office equipment £	Fixtures & fittings £	Total £
Cost				
At 1 January 2003	116,227	287,232	101,640	505,099
Exchange	-	706	-	706
Reclassification	-	(313)	313	-
Additions	-	72,374	1,792	74,166
Disposals	-	(1,963)	(1,245)	(3,208)
Inter company transfer	-	(1,570)	-	(1,570)
At 31 December 2003	<u>116,227</u>	<u>356,466</u>	<u>102,500</u>	<u>575,193</u>
Depreciation				
At 1 January 2003	54,770	213,467	78,660	346,897
Exchange	-	172	-	172
Charge for the year	38,636	81,874	14,676	135,186
On disposals	-	(1,963)	(666)	(2,629)
Inter company transfer	-	(1,090)	-	(1,090)
Reclassification	-	(5)	5	-
At 31 December 2003	<u>93,406</u>	<u>292,455</u>	<u>92,675</u>	<u>478,536</u>
Net book value				
At 31 December 2003	<u>22,821</u>	<u>64,011</u>	<u>9,825</u>	<u>96,657</u>
At 31 December 2002	<u>61,457</u>	<u>73,765</u>	<u>22,980</u>	<u>158,202</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

11. INVESTMENTS

Group		2003 £	2002 £
Interest in associated undertakings	(a)	88,888	17,679
Interest in own shares	(b)	5,305	-
		<u>94,193</u>	<u>17,679</u>

(a) Associates

	Share of net assets £	Goodwill £	Total £
At 1 January 2003	17,679	-	17,679
Acquired	-	99,920	99,920
Share of profits retained	4,596	-	4,596
Amortisation of goodwill	-	(33,307)	(33,307)
At 31 December 2003	<u>22,275</u>	<u>66,613</u>	<u>88,888</u>

For details of associated undertakings, see below.

The share of turnover and net assets attributable to the group is:

	2003 £
Share of turnover of associates	<u>115,130</u>
Share of assets:	
Share of fixed assets	2,056
Share of current assets	<u>37,510</u>
	39,566
Share of liabilities:	
Liabilities due within one year	<u>(17,291)</u>
	<u>22,275</u>

(b) Interest in own shares

	2003 £
At 1 January 2003	-
Additions	<u>5,305</u>
At 31 December 2003	<u>5,305</u>

The shares are held by The CSTIM Employee Share Trust.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

11. INVESTMENTS *(continued)*

Company	Investment in own shares £	Associated undertakings £	Subsidiary undertakings £	Total £
Cost				
At 1 January 2003	-	17,679	2	17,681
Additions	5,305	90,158	-	95,463
At 31 December 2003	<u>5,305</u>	<u>107,837</u>	<u>2</u>	<u>113,144</u>
Net book value:				
At 31 December 2003	<u>5,305</u>	<u>107,837</u>	<u>2</u>	<u>113,144</u>
At 31 December 2002	<u>-</u>	<u>17,679</u>	<u>2</u>	<u>17,681</u>

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
CSTIM Jersey Limited	Jersey	Ordinary shares	100%	Consultancy
Associate undertakings				
All held by the company:				
CSTARR Limited	England	Ordinary shares	20%	Consultancy
CSTIM CFAS Limited	England	Ordinary shares	25%	Corporate Financial Services

12. DEBTORS

	2003 £	Group 2002 £	2003 £	Company 2002 £
Trade debtors	1,670,547	1,132,315	1,588,741	1,076,975
Amounts owed by group undertakings	-	-	16,762	113,273
Other debtors	237,840	67,202	237,840	67,202
Prepayments and accrued income	127,452	98,057	126,782	98,057
	<u>2,035,839</u>	<u>1,297,574</u>	<u>1,970,125</u>	<u>1,355,507</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

13. CREDITORS: Amounts falling due within one year

	2003	Group 2002	2003	Company 2002
	£	£	£	£
Trade creditors	157,537	107,947	114,874	107,947
Amounts due to group undertakings	-	-	-	52,926
Corporation Tax	221,794	250,871	214,675	250,871
PAYE and social security	203,272	150,418	203,272	150,418
VAT	308,812	299,183	297,839	299,183
Other creditors	36,231	26,078	36,231	26,078
Accruals and deferred income	425,005	341,136	406,291	339,654
	<u>1,352,651</u>	<u>1,175,633</u>	<u>1,273,182</u>	<u>1,277,077</u>

14. COMMITMENTS UNDER OPERATING LEASES

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

Group	Land and buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 2 – 5 years	15,500	-
After more than 5 years	110,000	125,500
	<u>125,500</u>	<u>125,500</u>

15. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
20,000 Ordinary shares of £1.00 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2003	2002
	£	£
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

16. RESERVES

Group	Profit and loss account
	£
Opening balance	2,629,601
Retained loss for the year	(295,705)
Balance carried forward	<u>2,333,896</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

16. RESERVES (continued)

Company	Profit and loss account £
Opening balance	2,633,833
Retained loss for the year	(311,220)
Balance carried forward	<u>2,322,613</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	750,751	674,345
Dividends	(1,046,456)	(189,114)
	<u>(295,705)</u>	<u>485,231</u>
Opening equity shareholders' funds	2,639,601	2,154,370
Closing equity shareholders' funds	<u>2,343,896</u>	<u>2,639,601</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	1,057,361	949,061
Depreciation	137,831	136,195
Amortisation	33,307	-
Share of associates operating profits	(24,111)	-
Increase in debtors	(738,262)	(271,666)
Increase/(decrease) in creditors	148,649	(87,016)
Net cash inflow from operating activities	<u>614,775</u>	<u>726,574</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
Decrease in cash in the period	(874,341)	(32,378)
Movement in net funds in the period	<u>(874,341)</u>	<u>(32,378)</u>
Net funds at 1 January 2003	2,339,572	2,371,950
Net funds at 31 December 2003	<u>1,465,231</u>	<u>2,339,572</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	2,339,572	(874,341)	1,465,231
Net funds	<u>2,339,572</u>	<u>(874,341)</u>	<u>1,465,231</u>