

HEPHER DIXON LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2004

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MAGEE GAMMON
Chartered Accountants
19 North Street
Ashford
Kent
TN24 8LF

HEPHER DIXON LIMITED

INDEPENDENT AUDITORS REPORT TO HEPHER DIXON LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the *Abbreviated Financial Statements* set out on pages 2 to 5, together with the full Financial Statements of the Company for the year ended 30th June 2004 prepared under section 226 of the Companies Act 1985.

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 are responsible for preparing *Abbreviated Financial Statements* in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the Company's entitlement to deliver *Abbreviated Financial Statements* prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the *Abbreviated Financial Statements* to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

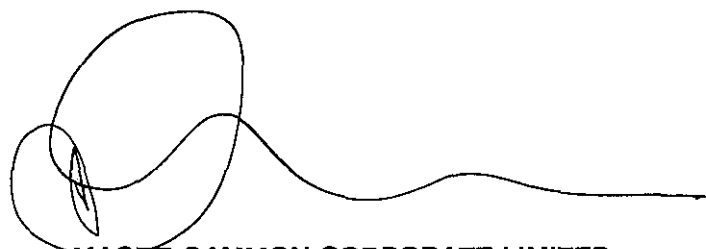
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited Financial Statements, that the Company is entitled to deliver *Abbreviated Financial Statements* and that the *Abbreviated Financial Statements* to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full *Financial Statements*.

Opinion

In our opinion the Company is entitled to deliver *Abbreviated Financial Statements* prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the *Abbreviated Financial Statements* on pages 2 to 5 have been properly prepared in accordance with those provisions.

19 North Street
Ashford
Kent
TN24 8LF



MAGEE GAMMON CORPORATE LIMITED
Chartered Accountants
Registered Auditors

20 December 2004

HEPHER DIXON LIMITED

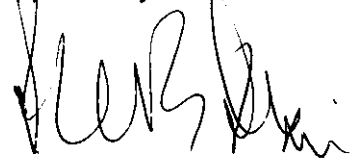
BALANCE SHEET

AS AT 30TH JUNE 2004

	<u>NOTE</u>	<u>2004</u>	<u>2003</u>
<u>FIXED ASSETS</u>			
Intangible Assets	2	8,400	10,200
Tangible Assets	2	164,174	118,099
Investments	2	1	1
		<hr/>	<hr/>
		172,575	128,300
<u>CURRENT ASSETS</u>			
Work In Progress		214,289	155,223
Debtors		754,628	722,669
Cash at Bank and in Hand		155,695	193,333
		<hr/>	<hr/>
		1,124,612	1,071,225
<u>CREDITORS:</u> Amounts falling due within one year	3	645,794	476,578
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		478,818	594,647
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		651,393	722,947
		<hr/>	<hr/>
<u>CREDITORS:</u> Amounts falling due after more than one year	3	76,002	54,813
		<hr/>	<hr/>
<u>NET ASSETS</u>		<u>£575,391</u>	<u>£668,134</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	4	23,000	23,000
Profit and Loss Account		552,391	645,134
		<hr/>	<hr/>
Shareholders Funds		<u>£575,391</u>	<u>£668,134</u>

These Abbreviated Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors on 20 December 2004



 P G B Dixon – Director

The accompanying notes form an integral part of these Financial Statements

HEPHER DIXON LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004

1. ACCOUNTING POLICIES

The Company's Financial Statements have been prepared in accordance with Accounting Standards. The principal accounting policies are as follows: –

Basis of Accounting

The Financial Statements are prepared under the historical cost convention.

Turnover

Turnover comprises the value of goods supplied to third parties, excluding VAT, for which an invoice has been issued.

Depreciation

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

Computer Equipment	at	25% on Written Down Value
Motor Vehicles	at	25% on Written Down Value
Office Equipment	at	20% on Written Down Value

Goodwill

Purchased Goodwill is considered to have an estimated economic life of at least 10 years. It has been amortised over that period commencing with effect from 1 March 1999.

Work in Progress

Work in Progress is stated at the lower of cost and net realisable value. Cost is determined as the direct cost of time of related chargeable staff plus the cost of any disbursements incurred and not recharged.

Deferred Taxation

Provision for Deferred Taxation is provided in full on material timing differences which may give rise to material future tax liabilities. Provision is made at the rates expected to apply when such liabilities crystallise based on current law.

Hire Purchase and Leasing Transactions

Assets financed by hire purchase or leasing agreements are included in the Balance Sheet at cost, less accumulated depreciation. The interest element on these obligations is charged to the Profit and Loss Account on a straight line basis over the life of each agreement. Operating lease rentals are charged to the Profit and Loss Account as incurred.

HEPHER DIXON LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2004

2. FIXED ASSETS

	<u>Intangible Assets</u>	<u>Tangible Assets</u>	<u>Investments</u>	<u>Total</u>
<u>Cost</u>				
At 1st July 2003	18,000	239,412	1	257,413
Additions	—	105,813	—	105,813
Disposals	—	(60,305)	—	(60,305)
At 30th June 2004	18,000	284,920	1	302,921
<u>Depreciation</u>				
At 1st July 2003	7,800	121,313	—	129,113
Charge for the Year	1,800	35,630	—	37,430
Disposals	—	(36,197)	—	(36,197)
At 30th June 2004	9,600	120,746	—	130,346
<u>Net Book Value</u>				
At 30th June 2004	£8,400	£164,174	£1	£172,575
At 30th June 2003	£10,200	£118,099	£1	£128,300

Included in the above are assets with a net book value of £125,702 (2003 : £78,112) being acquired under finance lease and hire purchase contracts. Depreciation of £25,631 (2003 : £21,783) has been charged on those assets during the year.

Investments

At the Balance Sheet date, investments comprise a 50% investment in the issued share capital of Dialogue 2000 Limited, a company registered in England and Wales. The Company's investment in its associate undertaking represents the cost of acquisition.

3. CREDITORS

Creditors include the following:—	<u>2004</u>	<u>2003</u>
Obligations under finance leases and hire purchase contracts		
— repayable within one year	36,375	24,229
— repayable between two and five years	72,821	46,208
	£109,196	£70,437

The above obligations are secured on the assets concerned.

HEPHER DIXON LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2004

4. **CALLED UP SHARE CAPITAL**

	<u>2004</u>	<u>2003</u>
<u>Authorised:</u>		
100,000 'A' Ordinary Shares of 10p each	10,000	10,000
100,000 'B' Ordinary Shares of 10p each	10,000	10,000
40,250 'C' Ordinary Shares of 10p each	4,025	4,025
11,500 'D' Ordinary Shares of 10p each	1,150	1,150
	<u>£25,175</u>	<u>£25,175</u>
<u>Issued and Fully Paid:</u>		
89,125 'A' Ordinary Shares of 10p each	8,912	8,912
89,125 'B' Ordinary Shares of 10p each	8,913	8,913
40,250 'C' Ordinary Shares of 10p each	4,025	4,025
11,500 'D' Ordinary Shares of 10p each	1,150	1,150
	<u>£23,000</u>	<u>£23,000</u>

5. **FINANCIAL COMMITMENTS**

At the Balance Sheet date, the Company had an annual commitments under operating leases expiring as follows:—

	<u>2004</u>		<u>2003</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
Within one year	44,564	22,870	49,494	472
Between two and five years	44,850	38,904	19,180	47,276
	<u>£89,414</u>	<u>£61,774</u>	<u>£68,674</u>	<u>£47,749</u>

6. **RELATED PARTY TRANSACTIONS**

During the year, the Company traded with Dialogue 2000 Limited, an associate undertaking (see Note 10), in which R A Hepher holds the investment as nominee for the Company.

Dialogue 2000 Limited supplied goods and services to the value of £48,491 to Hepher Dixon Limited during the year to 30th June 2004 (2003 : £11,095).

The Company also received dividend income of £8,333 (2003: £16,990) from Dialogue 2000 Limited during the year.

The balance due to Dialogue 2000 Limited at 30th June 2004 amounted to 28,252 (2003 : £Nil). and is included in Trade Creditors.

All transactions were at arms length.