

3722062

**STRATHDON MANAGEMENT LIMITED  
REPORT AND ACCOUNTS**

**For the year ended**

**31 MARCH 2007**

THURSDAY



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# **STRATHDON MANAGEMENT LIMITED**

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# **STRATHDON MANAGEMENT LIMITED**

## **DIRECTORS AND ADVISERS**

### **DIRECTORS**

D N Hudson  
M R D Roller  
Strathdon Investments plc

### **SECRETARY**

O W Hart

### **REGISTERED OFFICE**

Canister House  
Jewry Street  
Winchester  
SO23 8RY

### **BANKERS**

Lloyds TSB Commercial  
Lloyds TSB Bank Plc  
Black Horse House  
Wallbrook Court  
North Hinksey Lane  
Botley  
Oxfordshire, OX2 0QS

### **AUDITORS**

Ernst & Young LLP  
Registered Auditor  
1 More London Place  
London SE1 2AF

### **SOLICITORS**

SJ Berwin & Co  
222 Grays Inn Road  
London WC1X 8HB

### **COMPANY'S REGISTERED NUMBER**

3722062

# **STRATHDON MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 31 March 2007

### **Activities**

The principal activity of the company is to provide management services

### **Review of business**

The company's loss before taxation in the year increased marginally to £490,996 from £477,076 in the prior year. The companies to which the company provides management services continue to grow and the directors believe that the performance of the company should consequently improve in the medium term.

### **Results for the period and dividends**

The loss for the year after taxation was £490,996 (2006 £477,076). The directors do not recommend the payment of a dividend (2006 £nil).

### **Directors and their interests**

The directors who served during the year were

H J P Stewart (resigned 27<sup>th</sup> November 2006)  
D N Hudson (appointed 12<sup>th</sup> December 2006)  
M R D Roller

In addition, Strathdon Investments plc was appointed as a director on 27 July 2007.

None of the directors had any direct interest in the share capital of the company. The interests of M R D Roller in the share capital of the ultimate parent company are shown in the accounts of that company. D N Hudson held an interest in 35,070 shares and 107,095 warrants in the ultimate parent company at the date of his appointment and at 31 March 2007.

### **Directors' statement as to disclosure of information to auditors**

The directors who were members of the board at the time of approving the Directors' Report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

A resolution to re-appoint Ernst & Young LLP will be proposed at the next Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



M R D Roller, Director  
9 August 2007

## **STRATHDON MANAGEMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRATHDON MANAGEMENT LIMITED**

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. 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 auditors' 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 United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*Ernst & Young LLP*  
Ernst & Young LLP, Registered Auditor  
London 9 August 2007

**STRATHDON MANAGEMENT LIMITED****PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 2007**

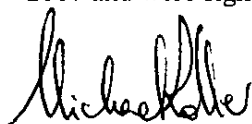
	Notes	2007 £	2006 £
<b>Turnover</b>	1	600,113	717,799
Administrative expenses		(1,091,740)	(1,195,434)
<b>Operating Loss</b>	3	(491,627)	(477,635)
Bank interest receivable		631	559
<b>Loss on ordinary activities before taxation</b>		(490,996)	(477,076)
Tax on loss on ordinary activities	4	-	-
<b>Retained loss for the financial year</b>	10	(490,996)	(477,076)

All of the company's operations are classed as continuing. There were no gains or losses in either year other than those included in the above profit and loss account.

**STRATHDON MANAGEMENT LIMITED****BALANCE SHEET as at 31 MARCH 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	5	5,053	13,069
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	6	408,772	422,533
Cash at bank and in hand		6,035	3,870
		<hr/>	<hr/>
		414,807	426,403
<b>Creditors: amounts falling due within one year</b>	7	(251,752)	(170,321)
		<hr/>	<hr/>
<b>Net current assets</b>		163,055	256,082
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		168,108	269,151
<b>Creditors: amounts falling due after more than one year</b>	8	(6,214,614)	(5,824,661)
		<hr/>	<hr/>
<b>Net liabilities</b>		(6,046,506)	(5,555,510)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	(6,046,508)	(5,555,512)
		<hr/>	<hr/>
<b>Shareholders' funds</b>	11	(6,046,506)	(5,555,510)
		<hr/>	<hr/>

The accounts were approved and authorised for issue by the Board of Directors on 9 August 2007 and were signed on its behalf by



M R D Roller  
Director



# **STRATHDON MANAGEMENT LIMITED**

## **NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007**

### **1 Accounting policies**

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies adopted is described below.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention and the going concern basis. The going concern basis is dependent upon the continuing support of Strathdon Investments plc for a period of at least one year from the date of approval of these accounts, in respect of which the directors have received written confirmation. The directors believe that Strathdon Investments plc has sufficient funds to provide this assurance.

#### **Cashflow statement**

The company has taken advantage of the exemption in FRS1 for the requirement to prepare a cash flow statement on the grounds that a consolidated cash flow statement has been prepared and included in the financial statements of Strathdon Investments plc (the ultimate parent company).

#### **Turnover**

Turnover represents amounts invoiced for the provision of goods and services, net of Value Added Tax.

#### **Fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used:

Fixtures and fittings	-	33% reducing balance
Office equipment	-	33% straight line

#### **Deferred taxation**

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

# STRATHDON MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

### Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased asset at the inception of the lease. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2	Employee information	2007 £	2006 £
	Staff costs were		
	Wages and salaries	669,210	746,327
	Social security costs	68,659	86,435
		<hr/>	<hr/>
		737,869	832,762
		<hr/>	<hr/>

The average number of persons, including directors, employed by the company during the year was

	2007 Number	2006 Number
Average number of employees	8	10
	<hr/>	<hr/>

### Directors' remuneration

Directors' remuneration was paid in respect of directors as follows

Aggregate emoluments	234,120	276,423
	<hr/>	<hr/>

The emoluments of the highest paid director who served in the period are as follows

Salary, benefits & compensation for loss of office	143,460	119,152
	<hr/>	<hr/>

# STRATHDON MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

3	<b>Loss on ordinary activities before taxation</b>	<b>2007</b>	<b>2006</b>
	is stated after charging	£	£
	Auditors' remuneration - Audit of the financial statements	27,000	27,000
	Depreciation - Owned assets	8,016	8,736
	- Leased assets	-	651
		<hr/>	<hr/>
4	<b>Tax on loss on ordinary activities</b>		
	No provision has been made for UK corporation tax as the company made a loss during the year		
	<i>Tax reconciliation</i>	<b>2007</b>	<b>2006</b>
		£	£
	Loss on ordinary activities before tax	(490,996)	(477,076)
		<hr/>	<hr/>
	Loss on ordinary activities multiplied by the standard rate corporation tax in the UK of 30% (2006 30%)	(147,299)	(143,123)
	<i>Tax effects of</i>		
	Expenses not deductible for tax purposes	3,085	1,419
	Depreciation for the year in excess of capital allowances	2,002	2,816
	Tax losses not utilised	142,718	124,675
	Group Relief	-	14,213
	Accounting loss on disposal of fixed assets	(506)	-
		<hr/>	<hr/>
	Total current tax charge	-	-
		<hr/>	<hr/>

# STRATHDON MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

5	Tangible fixed assets	Fixtures & fittings £	Office equipment £	Total £
	<b>Cost</b>			
	At 1 April 2006	23,385	119,918	143,303
	Additions	-	-	-
	Disposals	(19,123)	(112,394)	(131,517)
	At 31 March 2007	4,262	7,524	11,786
	<b>Depreciation</b>			
	At 1 April 2006	18,758	111,476	130,234
	Charge for the year	2,166	5,850	8,016
	Eliminated on Disposal	(19,123)	(112,394)	(131,517)
	At 31 March 2007	1,801	4,932	6,733
	<b>Net book value</b>			
	At 31 March 2006	4,627	8,442	13,069
	At 31 March 2007	2,461	2,592	5,053

The net book value of the company's fixed assets at 31 March 2007 includes £nil (2006 £1,305) in respect of assets held under hire purchase agreements

6	Debtors	2007 £	2006 £
	Trade debtors	380,715	382,380
	Other debtors	16,352	10,837
	Prepayments and accrued income	11,705	29,316
		408,772	422,533

# STRATHDON MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

7	<b>Creditors: amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Trade creditors	39,228	29,648
	Other taxation and social security	13,567	63,000
	Accruals and deferred income	198,210	71,130
	Amounts owed to group undertakings	747	6,543
		<hr/>	<hr/>
		251,752	170,321
		<hr/>	<hr/>
8	<b>Creditors: amounts falling due after more than one year</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Amounts owed to group undertakings	6,214,614	5,824,661
		<hr/>	<hr/>
		6,214,614	5,824,661
		<hr/>	<hr/>
9	<b>Called up share capital</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,000 ordinary shares of £1 each	1,000	1,000
		<hr/>	<hr/>
	<b>Allotted, called up and fully paid</b>		
	2 ordinary shares of £1 each	2	2
		<hr/>	<hr/>
10	<b>Reserves</b>		<b>£</b>
	At 1 April 2006		(5,555,512)
	Retained loss for the year		(490,996)
			<hr/>
	At 31 March 2007		(6,046,508)
			<hr/>

# STRATHDON MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

11	<b>Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Opening shareholders' funds	(5,555,510)	(5,078,434)
	Loss for the financial year	(490,996)	(477,076)
		<hr/>	<hr/>
	Closing shareholders' funds	(6,046,506)	(5,555,510)
		<hr/>	<hr/>
12	<b>Lease commitments</b>	<b>2007</b>	<b>2006</b>
	<b>Obligations under hire purchase agreements</b>	<b>£</b>	<b>£</b>
	Minimum lease payments payable		
	Within one year	-	714
		<hr/>	<hr/>
		-	714
		<hr/>	<hr/>

### Obligations under operating leases

At the year end, the company was committed to make the following payments during the next year in respect of operating leases which expire

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	-	-	-	-
Within 2 to 5 years	43,621	-	29,493	-
	<hr/>	<hr/>	<hr/>	<hr/>
	43,621	-	29,493	-
	<hr/>	<hr/>	<hr/>	<hr/>

## STRATHDON MANAGEMENT LIMITED

### NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

13	<b>Deferred taxation</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	The deferred tax asset is made up as follows and is based on a tax rate of 30%		
	Accelerated capital allowances	-	1,798
	Tax losses carried forward	1,728,204	1,611,144
		<hr/>	<hr/>
	Unrecognised deferred tax asset	1,728,204	1,612,942
		<hr/>	<hr/>

The amounts shown above for deferred taxation have not been recognised in the accounts

#### 14 **Ultimate parent company**

The immediate parent company is Strathdon Holdings Limited. The ultimate parent company is Strathdon Investments plc and accounts for this company may be obtained from the Registrar of Companies, Cardiff. Both companies are registered in England.

#### 15 **Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard 8 from reporting related party transactions with its parent and fellow subsidiary undertakings.