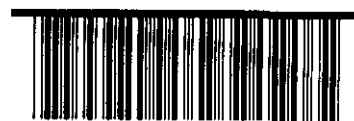


CAPCON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2004



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CAPCON LIMITED

COMPANY INFORMATION

DIRECTORS	C J Cavender R K Dulieu P F Jackson S J Wright J B Edwards
SECRETARY	C J Cavender
REGISTERED OFFICE	82 St John Street London EC1M 4JN
AUDITORS	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL
COMPANY NUMBER	03798248

CAPCON LIMITED

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CAPCON LIMITED

DIRECTORS' REPORT For the year ended 30 September 2004

The directors present their report and the financial statements for the year ended 30 September 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activities during the year were those of the provision of audit and stocktaking services and commercial and insurance investigations.

The directors consider performance in the year to have been satisfactory despite some difficult trading circumstances. The outlook for the next twelve months is positive.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £27,148 (2003 - £65,665). The Directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were:

C J Cavender
R K Dulieu
P F Jackson
S J Wright
J B Edwards

The directors did not hold any shares in Capcon Limited during the year.

The interests of the directors in the ordinary share capital of the parent company as at 1 October 2003 and 30 September 2004 were as follows:

	Ordinary shares of 1p each	
	<u>30/9/04</u>	<u>1/10/03</u>
C J Cavender	270,000	270,000
P F Jackson	1,410,350	1,410,350
S J Wright	150,000	150,000
J B Edwards	300,000	300,000

DIRECTORS' REPORT
For the year ended 30 September 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law in the United Kingdom 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 year. In preparing those financial statements, the directors are required to:

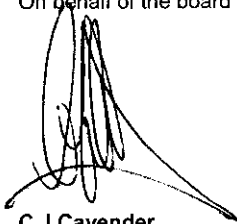
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures discussed and disclosed in the accounts; and
- prepare the financial 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 which 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, as amended. 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.

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, BDO Stoy Hayward LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

On behalf of the board

A handwritten signature in black ink, appearing to read 'C J Cavender', is written over a horizontal line.

C J Cavender
Director

26 July 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPCON LIMITED
For the year ended 30 September 2004

We have audited the financial statements of Capcon Limited for the year ended 30 September 2004 on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

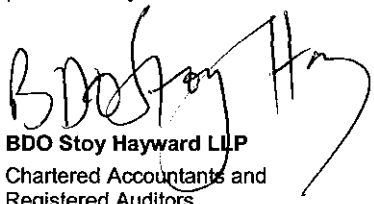
Basis of audit opinion

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 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward LLP
Chartered Accountants and
Registered Auditors
London

26 July 2005

CAPCON LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2004

	Note	2004 £	2003 £
TURNOVER	1, 2		
Existing operations		5,762,739	5,860,324
Cost of sales		<u>(3,747,444)</u>	<u>(3,746,280)</u>
GROSS PROFIT		2,015,295	2,114,044
Administrative expenses		<u>(1,861,537)</u>	<u>(1,907,848)</u>
OPERATING PROFIT	3	153,758	206,196
Interest receivable		51	9
Interest payable	6	<u>(95,262)</u>	<u>(128,256)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		58,547	77,949
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(31,399)</u>	<u>(12,284)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		27,148	65,665
DIVIDENDS	8	<u>-</u>	<u>(201,624)</u>
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR		27,148	(135,959)
RETAINED PROFIT BROUGHT FORWARD		<u>111,657</u>	<u>247,616</u>
RETAINED PROFIT CARRIED FORWARD		<u>£ 138,805</u>	<u>£ 111,657</u>

TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses other than those stated above.

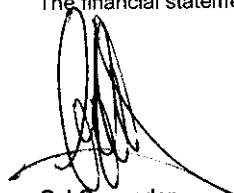
The notes on pages 6 to 11 form part of these financial statements.

CAPCON LIMITED

BALANCE SHEET As at 30 September 2004

	Note	£	2004	£	£	2003	£
FIXED ASSETS							
Intangible fixed assets	9			2,407,947			2,552,915
Tangible fixed assets	10			232,323			273,321
				<u>2,640,270</u>			<u>2,826,236</u>
CURRENT ASSETS							
Debtors	11	1,297,174			1,513,168		
Cash at bank and in hand		1,485			5,461		
				<u>1,298,659</u>			<u>1,518,629</u>
CREDITORS: amounts falling due within one year	12	(2,780,772)			(3,201,385)		
				<u>(1,482,113)</u>			<u>(1,682,756)</u>
NET CURRENT LIABILITIES							
TOTAL ASSETS LESS CURRENT LIABILITIES				1,158,157			1,143,480
PROVISIONS FOR LIABILITIES AND CHARGES							
Deferred taxation	13			(19,352)			(31,823)
				<u>(19,352)</u>			<u>(31,823)</u>
NET ASSETS				<u>£ 1,138,805</u>			<u>£ 1,111,657</u>
CAPITAL AND RESERVES							
Called up share capital	14			10,000			10,000
Share premium account				990,000			990,000
Profit and loss account				138,805			111,657
				<u>1,138,805</u>			<u>1,111,657</u>
SHAREHOLDERS' FUNDS - All Equity	15			<u>£ 1,138,805</u>			<u>£ 1,111,657</u>

The financial statements were approved by the board on 26 July 2005 and signed on its behalf.


C J Cavender
Director

The notes on pages 6 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical accounting convention.

The principle accounting policies are set out below and have been reviewed in accordance with FRS 18 'Accounting Policies'.

The financial statements have been prepared on a going concern basis, as the parent company has agreed to provide continued support to the company for at least twelve months from the date of the approval of these accounts.

1.2 Turnover

Turnover comprises amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and after deduction of trade discounts. Turnover is recognised in line with delivery of service. Turnover is entirely attributable to the Company's principal activities.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life of 20 years.

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance

1.5 Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of leasing payments represents a constant proportion of the capital base outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

1.6 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. 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 financial statements. 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.

1.7 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. All differences are dealt with in the profit and loss account.

1.8 Pension Costs

Pension costs relate to a defined contribution scheme and are accounted for as they become payable.

1.9 Invoice Discounting

The company discounts its trade debts. The accounting policy is to include trade debt within trade debtors due within one year and record cash advances within creditors due within one year. Discounting fees and interest are charged to the profit and loss account when incurred. Bad debts are borne by the company and are charged to the profit and loss account when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

2. TURNOVER

The whole of the turnover is attributable to the principal activities of the Company.

The geographic analysis and analysis of profit and net assets has been omitted since in the opinion of the Directors disclosure of this information would be seriously prejudicial to the Company.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Amortisation of goodwill	144,968	142,743
Depreciation of tangible fixed assets:		
- owned by the company	78,310	57,077
- leased assets	6,310	37,434
Auditors' remuneration	21,000	19,000
Operating lease rentals:		
- equipment	371,434	339,051
- land & buildings	64,823	51,166
Management charges receivable	(341,000)	(307,000)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	3,098,933	3,176,163
Social security costs	316,749	274,324
Other pension costs	113,749	117,987
	<u>£ 3,529,431</u>	<u>£ 3,568,474</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
Administration and management	41	28
Operations	98	101
	<u>139</u>	<u>129</u>

5. DIRECTORS' REMUNERATION

	2004 £	2003 £
Aggregate emoluments	<u>£ 253,435</u>	<u>£ 286,460</u>

During the year retirement benefits of £22,302 (2003 - £21,000) were accruing to 3 directors (2003 - 3) in respect of money purchase pension schemes.

Aggregate emoluments of highest paid director	<u>£ 121,714</u>	<u>£ 109,886</u>
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During the year retirement benefits of £15,150 (2003 - £15,000) were accruing in respect to the highest paid director.

CAPCON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

6. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts	42,209	42,648
On invoice discounting	48,788	56,393
On finance leases	4,265	12,287
On other loans	-	16,928
	<u>£ 95,262</u>	<u>£ 128,256</u>

7. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	34,917	28,485
Adjustments in respect of prior periods	8,953	-
	<u>43,870</u>	<u>28,485</u>
Total current tax		
Deferred tax		
Origination and reversal of timing differences	(12,471)	(16,201)
	<u>(12,471)</u>	<u>(16,201)</u>
Total deferred tax (see note 13)		
Tax on profit on ordinary activities	<u>£ 31,399</u>	<u>£ 12,284</u>

Factors affecting tax charge for year

The tax assessed for the year is higher (2003 – lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>58,547</u>	<u>77,949</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 – 30%)	17,564	23,385
Effects of:		
Expenses not deductible for tax purposes	54,721	66,831
Difference between capital allowances and depreciation	(6,653)	(25,394)
Other timing differences	-	(182)
Group relief	(2,918)	-
Utilisation of losses	(21,282)	(19,664)
Marginal relief	(6,515)	(16,491)
Adjustments to tax charge in respect of prior periods	8,953	-
	<u>£ 43,870</u>	<u>£ 28,485</u>

Current tax charge for year (see note above)

8. DIVIDENDS

	2004 £	2003 £
Total dividends proposed and paid	<u>£ -</u>	<u>£ 201,624</u>

CAPCON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 October 2003 and 30 September 2004	<u>2,899,270</u>
Amortisation	
At 1 October 2003	346,355
Charge for the year	<u>144,968</u>
At 30 September 2004	<u>491,323</u>
Net book value	
At 30 September 2004	£ <u>2,407,947</u>
At 30 September 2003	£ <u>2,552,915</u>

10. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Fixtures & Equipment £	Total £
Cost			
At 1 October 2003	92,911	295,566	388,476
Additions	-	66,475	66,475
Disposals	<u>(51,550)</u>		<u>(51,550)</u>
At 30 September 2004	<u>41,361</u>	<u>362,040</u>	<u>403,401</u>
Depreciation			
At 1 October 2003	39,609	75,547	115,156
Charge for the year	9,636	74,984	84,620
Disposals	<u>(28,698)</u>	-	<u>(28,698)</u>
At 30 September 2004	<u>20,547</u>	<u>150,531</u>	<u>171,078</u>
Net book value			
At 30 September 2004	£ <u>20,814</u>	£ <u>211,509</u>	£ <u>232,323</u>
At 30 September 2003	£ <u>53,302</u>	£ <u>220,019</u>	£ <u>273,321</u>

The net book value of assets held under finance leases, included above within motor vehicles was £10,838 (2003: £40,000).

CAPCON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2004

11. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	740,377	1,161,041
Other debtors	140,481	104,772
Prepayments and accrued income	392,841	218,105
Work in progress	23,475	29,250
	<u>£ 1,297,174</u>	<u>£ 1,513,168</u>

12. CREDITORS:
Amounts falling due within one year

	2004 £	2003 £
Bank loan	189	16,819
Overdraft	491,205	276,284
Invoice discounting facility	363,424	431,481
Trade creditors	186,021	234,170
Amounts owed to group undertakings	1,106,586	1,443,802
Corporation tax	72,404	65,762
Social security and other taxes	305,490	352,707
Other creditors	19,737	113,345
Accruals and deferred income	229,413	197,595
Amounts due under hire purchase and finance leases	6,303	69,420
	<u>£ 2,780,772</u>	<u>£ 3,201,385</u>

Invoice discounting facilities are secured by way of a second fixed and floating charge over the assets of Capcon Limited.

Bank loans and the overdraft facility are secured by way of a composite guarantee.

13. DEFERRED TAXATION

	2004 £	2003 £
At 1 October 2003	31,823	48,024
Released during the year	(12,471)	(16,201)
At 30 September 2004	<u>£ 19,352</u>	<u>£ 31,823</u>

The provision for deferred taxation is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	19,352	31,823
	<u>£ 19,352</u>	<u>£ 31,823</u>

CAPCON LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 September 2004

14. SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
1,000,000 Ordinary shares of 1p each	<u>£ 10,000</u>	<u>£ 10,000</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the year	27,148	65,665
Dividends	-	(201,624)
	<u>27,148</u>	<u>(135,959)</u>
Opening shareholders' funds	<u>1,111,657</u>	<u>1,247,616</u>
Closing shareholders' funds	<u>£ 1,138,805</u>	<u>£ 1,111,657</u>

16. OPERATING LEASE COMMITMENTS

At 30 September 2004, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Expiry date:				
Within 1 year	22,210	21,828	72,258	54,841
Between 2 and 5 years	<u>111,023</u>	<u>47,666</u>	<u>211,755</u>	<u>249,458</u>

17. RELATED PARTY TRANSACTIONS

During the year, fees were paid to Vantis plc totalling £101,058 (2003 - £67,624). In addition, fees for services totalling £105,039 (2003 - £38,751) were charged by Capcon Limited to Vantis plc. At the year-end, a balance of £60,892 (2003 - £35,301) was owed by Vantis plc in respect of services provided by Capcon Limited. P F Jackson is a director and shareholder of Vantis plc.

As a wholly owned subsidiary of Capcon Holdings plc, the company is exempt from the requirements of Financial Reporting Standard 8, to disclose transactions with other members of the group headed by Capcon Holdings plc, on the grounds that consolidated accounts are prepared and publicly available.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking is Capcon Holdings plc, a company registered in England and Wales, which is both the largest and smallest group for which consolidated financial statements are prepared and of which the company is a member.

Copies of the Group financial statements can be obtained from the company's registered office.