

VENTURIA PLC

Company Number: 3833128

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2003



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VENTURIA PLC

COMPANY INFORMATION

Directors	W M Robinson (Chairman) A M Clarke R Cory P Sanderson
Secretary	P Sanderson
Company Number	3833128
Registered Office	Suite 2A, Portland Buildings 127-129 Portland Street Manchester M1 4PZ
Auditors	PKF Sovereign House Queen Street Manchester M2 5HR
Brokers	Daniel Stewart and Company Plc 48 Bishopsgate London EC21 4AJ
Bankers	HSBC plc 11 Stamford New Road Altrincham Cheshire WA14 IBW
Nominated Advisors	Corporate Synergy Plc 12 Nicholas Lane London EC4N 7BN
Registrars	Lloyds TSB Registrars Antholin House 71 Queen Street London EC4N 1SL
Solicitors	Halliwell Landau St James' Buildings Brown Street Manchester M2 2JF

VENTURIA PLC

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VENTURIA PLC
CHAIRMAN'S STATEMENT
YEAR ENDED 31 DECEMBER 2003

The Company is disappointed to report a loss before taxation for the year ended 31 December 2003 of £129,527, although the Company traded profitably during the second half of the year. Recognised revenue for the year is £4,258, made up entirely of revenue deferred in earlier years and recognised in this year.

Review of the year

The Company sold its advertising business in May 2002 and since then incurred costs in searching for a suitable acquisition opportunity in 2002 and in respect of the acquisition by Armstrong Brooks plc of a controlling interest in the Company in 2003. The Company's main source of income has been from the interest receivable on its cash deposits, which was insufficient to cover the expenses of the Company in the first half of the year. Since the change of control of the Company in May 2003, the directors have kept the ongoing costs of the business below the level of interest receivable.

The Directors continue to look for suitable acquisition candidates and to consider alternative strategies, taking account of the interests of shareholders. The likely industry sectors for investment are businesses which are peripheral to industrial and commercial property or technology businesses, particularly those involved in computing and telecommunications, in which the members of the board have experience.

Personnel

Following the completion of the offer by Armstrong Brooks, Bob Cory, Peter Sanderson and I became directors of the Company. Alan Clarke stepped down as Chairman at the Annual General Meeting and remains as a non-executive director. Richard Walker resigned as a director.

Balance Sheet and Cash Flow

As at 31 December 2003 the Company has cash resources of £2.90 million.

Dividend

The directors do not recommend a dividend. The Company has made losses to date.



Martin Robinson

Chairman

12 March 2004

VENTURIA PLC
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2003

The directors submit their report and the financial statements for the year ended 31 December 2003.

Results and dividends

The loss for the year, after taxation, amounted to £129,527 (2002 - £842,619).

The directors do not recommend a dividend.

Principal activity and review of the business

The company previously traded as a provider of internet advertising. However, during the current period it has not been actively trading, while the Board pursues alternative investment opportunities.

A review of the business is set out in the Chairman's Statement on page 1.

Directors

The directors who served during the year were:

W M Robinson (Chairman) (appointed 2 May 2003)

A M Clarke

R Cory (appointed 2 May 2003)

P Sanderson (appointed 2 May 2003)

R Walker resigned as a director on 2 May 2003.

None of the directors had any interest in the share capital of the company.

R Cory and P Sanderson are also directors of the company's ultimate parent undertaking, Armstrong Brooks Plc. Their interests in the share capital of Armstrong Brooks Plc are shown in that company's financial statements.

Payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all terms and conditions have been complied with.

At 31 December 2003 the company had seven days' purchases outstanding in trade creditors.

Substantial interests

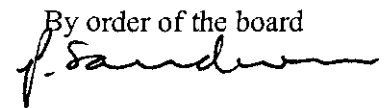
At 3 February 2004 the company had been notified that Armstrong Brooks Plc held an interest in 83,107,366 ordinary shares (representing 95.25% of issued share capital).

VENTURIA PLC
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2003

Auditors

PKF were appointed as auditors on 21 August 2003 and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

12 March 2004

By order of the board


P Sanderson
Secretary

VENTURIA PLC

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VENTURIA PLC**

We have audited the financial statements of Venturia plc for the year ended 31 December 2003 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VENTURIA PLC (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Manchester, UK
...24 March 2004

PKF .
PKF
Registered Auditors

VENTURIA PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
TURNOVER	2	4,258	227,709
Cost of sales	2	30,082	(149,531)
GROSS PROFIT		34,340	78,178
Administrative expenses - ordinary		(170,194)	(477,058)
Administrative expenses - exceptional	3	(94,117)	(594,674)
OPERATING LOSS	3	(229,971)	(993,554)
Discontinued operation - loss on sale of business		-	(13,672)
		(229,971)	(1,007,226)
Interest receivable		100,444	129,263
Interest payable	6	-	(1,656)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(129,527)	(879,619)
TAXATION	7	-	(37,000)
LOSS FOR THE FINANCIAL YEAR		(129,527)	(842,619)
LOSS PER SHARE - basic and diluted		(0.15p)	(0.97p)

The calculation of basic loss per share is based on the loss for the year of £129,527 (2002 : £842,619) divided by the weighted average number of ordinary shares in issue during the year of 87,250,000 (2002 : 87,250,000).

All amounts relate to discontinued operations, except for £264,311 (2002 : £951,499) of administrative expenses and £100,444 (2002 : £129,263) of interest receivable.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

VENTURIA PLC
BALANCE SHEET
31 DECEMBER 2003

	Notes	2003 £	2002 £
CURRENT ASSETS			
Debtors	8	3,400	28,083
Cash at bank and in hand		2,897,448	3,080,655
		<u>2,900,848</u>	<u>3,108,738</u>
CREDITORS: amounts falling due within one year	9	(58,333)	(97,614)
NET CURRENT ASSETS		<u>2,842,515</u>	<u>3,011,124</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	-	(39,082)
NET ASSETS		<u>2,842,515</u>	<u>2,972,042</u>
CAPITAL AND RESERVES (including non-equity interests)			
Called up share capital	11	217,250	217,250
Share premium account		4,369,314	4,369,314
Profit and loss account	12	(1,744,049)	(1,614,522)
SHAREHOLDERS' FUNDS	13	<u>2,842,515</u>	<u>2,972,042</u>

The financial statements were approved by the board on 12 March 2004

Signed on behalf of the board of directors


W M Robinson

Director

VENTURIA PLC
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

	2003 £	2002 £
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(229,971)	(993,554)
Depreciation of tangible fixed assets	-	2,386
Decrease/(increase) in debtors	24,683	(14,594)
Decrease in creditors	(76,707)	(186,198)
Net cash outflow from operating activities	<u>(281,995)</u>	<u>(1,191,960)</u>
 CASH FLOW STATEMENT (note 14)		
Net cash outflow from operating activities	(281,995)	(1,191,960)
Returns on investments and servicing of finance	98,788	129,263
Capital expenditure	-	(5,846)
Acquisitions and disposals	-	65,625
Decrease in cash	<u>(183,207)</u>	<u>(1,002,918)</u>
 Reconciliation of net cash flow to movement in net funds (note 15)		
Decrease in cash in the year	(183,207)	(1,002,918)
Net funds at 1 January 2003	3,080,655	4,083,573
Net funds at 31 December 2003	<u>2,897,448</u>	<u>3,080,655</u>

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) Turnover

The company's contract revenues are derived principally from one discontinued activity, internet advertising, and comprise the release of deferred income.

(c) Deferred taxation

As required by FRS 19 "Deferred tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets are recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 TURNOVER AND COST OF SALES

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

The credit to cost of sales represents the release of provisions no longer required.

3 OPERATING LOSS

The operating loss is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	-	2,386
Audit fees	1,500	10,000
Auditors' remuneration - non-audit services	750	71,164
Operating lease rentals:		
- other	9,682	8,077
Exceptional items:		
Costs relating to aborted transaction	-	594,674
Costs relating to takeover offer for the company	94,117	-
	<u>94,117</u>	<u>-</u>

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003	2002
	£	£
Directors' emoluments	67,866	178,780

No directors (2002 - none) were members of company pension schemes.

5 STAFF COSTS

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

	2003	2002
	£	£
Wages and salaries	67,866	336,375
Social security costs	2,273	17,702
	<u>70,139</u>	<u>354,077</u>

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

	No	No
Design, production and technical	-	1
Sales and marketing	-	4
General, administrative and executive	4	2
	<u>4</u>	<u>7</u>

6 INTEREST PAYABLE

	2003	2002
	£	£
Other loans	-	1,656

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

7 TAXATION

(a) Analysis of charge in year	2003	2002
	£	£
UK corporation tax		
Adjustments in respect of prior periods	-	(37,000)
	<u> </u>	<u> </u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year does not reflect a credit equivalent to the loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003	2002
	£	£
Loss on ordinary activities before tax	(129,527)	(879,619)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%)	(38,858)	(263,886)
Effects of:		
Expenses not deductible for tax purposes	40,529	156,683
Tax losses utilised	(1,671)	107,203
Adjustments to tax charges in respect of prior periods	-	(37,000)
	<u> </u>	<u> </u>
Current tax charge for the year	-	(37,000)
	<u> </u>	<u> </u>

(c) Factors that may affect future tax charges

The company has a deferred tax asset of approximately £97,000, which has not been recognised in the financial statements.

8 DEBTORS

	2003	2002
	£	£
Due within one year		
Other debtors	-	20,276
Prepayments and accrued income	3,400	7,807
	<u> </u>	<u> </u>
	3,400	28,083
	<u> </u>	<u> </u>

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

9 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Trade creditors	4,523	16,009
Other tax and social security	4,391	-
Other creditors	35,739	35,178
Accruals and deferred income	13,680	46,427
	<u>58,333</u>	<u>97,614</u>

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £
At 1 January 2003	39,082
Released to the profit and loss account	<u>(39,082)</u>
At 31 December 2003	<u>-</u>

11 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	No	£	No	£
At 1 January 2003 and 31 December 2003				
Ordinary shares of 0.1p each	120,000,000	120,000	87,250,000	87,250
Preference shares of £1 each	130,000	130,000	130,000	130,000
	<u>120,130,000</u>	<u>250,000</u>	<u>87,380,000</u>	<u>217,250</u>

The holders of the preference shares shall be entitled to a non-cumulative preferential dividend at the rate equal to six monthly LIBOR, minus 1%, and to a further dividend on the basis of 1p for every £1 distributed as the dividend per ordinary shares, once the total dividend on each ordinary share that has been paid in any year reaches £10. The preference shares carry no rights at meetings, except in respect of resolutions modifying rights or privileges of those shares.

On return of capital or winding up (other than on redemption or purchase of shares) or otherwise, the holders of the preference shares shall be entitled, in priority to any payment to the holders of any other class of shares, to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the preference shares held by them respectively.

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

12 RESERVES

Profit and loss account	£
At 1 January 2003	(1,614,522)
Loss for the year	(129,527)
At 31 December 2003	<u>(1,744,049)</u>

13 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 January 2003	2,972,042	3,814,661
Loss for the year	(129,527)	(842,619)
Shareholders' funds at 31 December 2003	<u>2,842,515</u>	<u>2,972,042</u>

Shareholders' funds include amounts attributable to non-equity interests as follows:

Non equity interests	130,000	130,000
Equity interests	2,712,515	2,842,042
Total	<u>2,842,515</u>	<u>2,972,042</u>

14 GROSS CASH FLOWS

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	<u>98,788</u>	<u>129,263</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>-</u>	<u>(5,846)</u>
Receipts from sale of business	<u>-</u>	<u>65,625</u>

15 ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2003 £	Cash flows £	Other changes £	31 December 2003 £
Cash at bank and in hand	<u>3,080,655</u>	<u>(183,207)</u>	<u>-</u>	<u>2,897,448</u>

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

16 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company has taken advantage of the exemption to exclude short term debtors and creditors from the disclosures given below other than currency exposures.

The Company's principal financial instruments comprise cash, short term deposits and non-equity shares. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments, such as trade debtors and trade creditors, that arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. It is not the policy of the Company to use financial instruments as hedges.

Non equity shares

The Company has in issue £130,000 preference shares denominated in sterling, with no terms for redemption or conversion. The rights of preference shareholders to dividends are disclosed in note 11. In the opinion of the directors, the fair value of the shares is £130,000, being the consideration for which the shareholders will sell the preference shares back to the Company.

Interest risk profile of financial assets

	Floating rate financial assets £
31 December 2003	
- sterling	2,897,448
	<u> </u>
31 December 2002	
- sterling	3,080,655
	<u> </u>

The benchmark rate for determining interest receipts for the floating rate financial assets is LIBOR.

Currency exposures

It is the Company's policy not to utilise any foreign currency. There is no foreign currency exposure at the end of the year.

Borrowing facilities

The Company has no borrowing facilities arranged.

Fair values

There are no material differences between fair values and book values for any financial assets and liabilities.

VENTURIA PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Armstrong Brooks plc.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Armstrong Brooks plc. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.