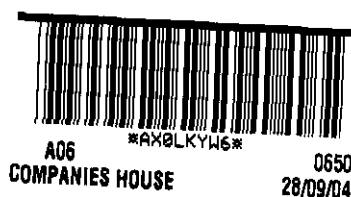


CAVERSHAM SERVICES LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2004



CAVERSHAM SERVICES LIMITED

COMPANY INFORMATION

REGISTERED NUMBER:

3926528

DIRECTORS

Frank Robinson
Samantha D Leak
James A Ramsden
David McMaster

Appointed

08 August 2000
08 August 2000
31 August 2001
31 March 2004

Resigned

31 March 2004

SECRETARY

Marylebone Management Services Limited
3 Bentinck Mews
London
W1U 2AH

08 August 2000

REGISTERED OFFICE

3 Bentinck Mews
London
W1U 2AH

CAVERSHAM SERVICES LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 MAY 2004

The Directors of the Company present their annual report to the Members together with the unaudited financial statements.

INCORPORATION

The Company was incorporated on 15 February 2000 in England and Wales.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity during the year was the provision of professional administration services.

RESULTS AND DIVIDENDS

The financial position of the Company as at 31 May 2004 and the loss for the year then ended are set out in the annexed accounts.

It is proposed that the retained loss is transferred to reserves.

The Directors are unable to recommend the payment of a dividend.

DIRECTORS

The Directors of the Company during the year, were as shown on page 1.

The average number of Directors during the year was three, (31 May 2003 three).

SECRETARY

The Secretary of the Company during the year was as shown on page 1.

SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year the Company had no subsidiaries or associated companies.

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Company Law requires the Directors to prepare financial statements for each financial period 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

CAVERSHAM SERVICES LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 MAY 2004

Continued:

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.

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

**THIS REPORT WAS APPROVED
BY ORDER OF THE BOARD**


**FOR AND ON BEHALF OF
MARYLEBONE MANAGEMENT SERVICES LIMITED
Secretary**

DATE 15 September 2004

CAVERSHAM SERVICES LIMITED

BALANCE SHEET AS AT 31 MAY 2004

	Notes		2004 £	2003 £
TANGIBLE FIXED ASSETS				
Office equipment	2		30,233	38,111
CURRENT ASSETS				
Debtors	3	67,588	128,408	
Cash at bank		<u>25,938</u>	<u>35,786</u>	
		93,526	164,194	
CURRENT LIABILITIES				
Loans payable	4	401,784	359,371	
Sundry creditors	5	<u>80,498</u>	<u>108,019</u>	
		482,282	467,390	
NET CURRENT LIABILITIES			<u>(388,756)</u>	<u>(303,196)</u>
			(358,523)	(265,085)
LONG TERM LIABILITIES				
Loan payable	4		<u>5,000</u>	<u>15,000</u>
NET LIABILITIES			<u>£ (363,523)</u>	<u>£ (280,085)</u>
CAPITAL AND RESERVES				
Share capital	6		2	2
Reserves	7		<u>(363,525)</u>	<u>(280,087)</u>
Equity shareholders funds			<u>£ (363,523)</u>	<u>£ (280,085)</u>

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The Directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The Financial Statements were approved by the board on

15 September 2004


DIRECTOR


DIRECTOR

The notes on page 6 and 7 form part of these financial statements.

CAVERSHAM SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover			
Fees receivable	1	145,656	238,534
Other income		<u>12,900</u>	<u>-</u>
		158,556	238,534
Less:			
Advertising		-	1,113
Bank charges and interest	1	2,023	2,255
Computer and IT costs		4,641	7,288
Courses and conferences		1,473	509
Depreciation		8,635	7,000
Directors fees		30,156	-
Equipment lease and hire		2,234	2,453
General property expenses		4,104	(9,172)
(Decrease)/increase in general provision for bad debts		(21,407)	47,350
Insurance		10,651	7,437
Intergroup management fee		7,294	35,393
Legal and professional fees		2,201	6,436
Light, heat and water		2,518	827
Office expenses		9,539	18,371
Personnel costs		114,603	125,269
Printing, postage and stationery		2,035	7,085
Rent and rates		56,646	45,437
Telephone & fax		2,894	4,114
Travel expenses		<u>1,754</u>	<u>13,353</u>
		241,994	322,518
NET LOSS BEFORE TAXATION		<u>(83,438)</u>	<u>(83,984)</u>
Taxation		-	-
NET LOSS AFTER TAXATION	7	<u>£ (83,438)</u>	<u>£ (83,984)</u>

The notes on page 6 and 7 form part of these financial statements.

The loss for the year derives entirely from continuing activities.

There were no recognised gains or losses for the year other than those included in the profit and loss account and therefore no separate Statement of Total Recognised Gains and Losses has been prepared.

CAVERSHAM SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2004

1. ACCOUNTING POLICIES

Basis

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom, incorporating United Kingdom Accounting Standards. The particular accounting policies adopted by the Directors are described below.

Accounting Convention

The Financial Statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Statement for Smaller Entities effective June 2002.

Income

Income is recognised on an accruals basis.

Depreciation

Depreciation on tangible fixed assets is calculated on cost at rates estimated to write off the cost by equal annual amounts over their expected useful lives. Computer equipment is written off over three years and other fixed assets over 5 years.

Provision for Bad debts

A specific provision is made against invoices not expected to be collectible.

Taxation

The company is liable for UK corporation tax at the small companies rate of 19%, however, no provision has been made, due to the losses made.

2. OFFICE EQUIPMENT

	Computer equipment	Office furniture, fixtures and equipment	Total
Cost	£	£	£
At 1 June 2003	14,282	35,788	50,070
Additions	757	-	757
At 31 May 2004	15,039	35,788	50,827
Depreciation			
At 1 June 2003	8,579	3,380	11,959
Charge for the year	2,153	6,482	8,635
At 31 May 2004	10,732	9,862	20,594
Net book value as at 1 June 2003	<u>5,703</u>	<u>32,408</u>	<u>£ 38,111</u>
Net book value as at 31 May 2004	<u>4,307</u>	<u>25,926</u>	<u>£ 30,233</u>

CAVERSHAM SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2004

3. DEBTORS

	2004	2003
	£	£
Trade debtors	96,606	173,316
Provision for bad debts	(51,124)	(72,955)
	<u>45,482</u>	<u>100,361</u>
Recoverable disbursements	991	3,186
Work in progress	11,706	15,314
Sundry debtors	6,250	6,250
Prepayments	3,159	3,297
	<u>22,106</u>	<u>28,047</u>
	<u>£ 67,588</u>	<u>£ 128,408</u>

4. LOANS PAYABLE

	2004	2003
	£	£
Amounts falling due within one year		
Caversham Fiduciary Services Limited	181,287	179,308
Shareholders loan	211,330	170,896
Barclays Bank Plc loan	9,167	9,167
	<u>401,784</u>	<u>359,371</u>
Amounts falling due after one year		
Barclays Bank Plc loan	5,000	15,000
	<u>£ 406,784</u>	<u>£ 374,371</u>

The Shareholder's loan and the loan from Caversham Fiduciary Services Limited are unsecured, interest free and with no fixed date of repayment.

The bank loan is unsecured, interest is at 1.5% over Barclays Bank Plc's base rate, and is repayable in equal monthly instalments over 3 years to October 2005.

5. SUNDRY CREDITORS

	2004	2003
	£	£
Deferred income	21,366	35,475
Intercompany accounts	41,959	68,653
Other creditors	4,102	-
VAT	13,071	3,891
	<u>£ 80,498</u>	<u>£ 108,019</u>

CAVERSHAM SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2004

6. SHARE CAPITAL

	2004	2003
Authorised:		
100 Shares of £1.00 each	£ <u>100</u>	£ <u>100</u>
Issued and fully paid:		
2 Shares of £1.00 each	£ <u>2</u>	£ <u>2</u>

7. RESERVES

	2004	2003
	£	£
Profit and loss account reserve		
Balance brought forward	(280,087)	(196,103)
Net Loss After Taxation	(83,438)	(83,984)
Balance carried forward	£ <u>(363,525)</u>	<u>(280,087)</u>

8. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 31 May 2004 or 31 May 2003.

9. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 May 2004 or 31 May 2003.

10. IMMEDIATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent company at the Balance Sheet date was Caversham Holdings Limited, a company incorporated in Jersey, Channel Islands. The ultimate controlling party is Mr ADD Crichton.

11. GOING CONCERN

In the opinion of the Directors funds will continue to be made available for the foreseeable future to enable the Company to settle its liabilities as they fall due. Accordingly these financial statements are prepared on a going concern basis.