

COMPANY REGISTRATION NUMBER 4214548

**M.A. INTERNATIONAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 MARCH 2005**



# **M.A. INTERNATIONAL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>Directors</b>	R C H Jeens R C Hawk J D Moore J C Rae L G Sach D McFarlane
<b>Company secretary</b>	PK Cosec Services Limited
<b>Registered office</b>	15 The Green Richmond Surrey TW9 1PX
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Bankers</b>	Lloyds TSB Bank Plc 34 Moorgate London EC2R 6DN  Anglo Irish Bank Corporation Plc 10 Old Jewry London EC2V 6HS
<b>Business address</b>	1 Cornhill London EC3V 3ND

# M.A. INTERNATIONAL LIMITED

## CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2005

I am pleased to present our annual shareholder report and financial statements for the year ended 31 March 2005.

### Business Performance

For the full year the group has performed well, delivering strong growth in turnover and profitability in accordance with the plans set at the start of the year.

Turnover for the year was £18.7 million, an 18% increase on the turnover of £15.8 million for the prior year ending 31 March 2004. The growth of turnover abated in the final quarter of the year reflecting the longer sales cycles associated with the larger assignments that the group is now increasingly being selected to compete for.

Consultant headcount increased by 47% during the year. We recruited actively to expand our European presence in both London and in a newly opened Amsterdam office. We also significantly increased our North American presence based in New York. The focus of our recruitment continues to be at Managing Consultant level to improve the depth of resources to fulfil our clients' requirements. Additionally we continue to bring in new hires with specific market knowledge and skill-sets to support our growth. We continue to consider our employees to be key to our firm's continued success and during the year we increased investment in new training and coaching programmes.

The profit for the year was £198,908, compared to £66,505 in the prior year, in line with plan. As we have previously reported to shareholders, for the period of this annual report the board recognised the need to continue to invest in the development of the firm in order to build longer term value for shareholders.

### Board

In January Bharat Solanki decided to step down from the Board to pursue other interests outside of the company. He was one of the founders of the firm in New York and I would like to thank him for his considerable contribution to the firm and wish him well for the future.

Lee Sach was appointed to the Board in February 2005. Lee, who joined the firm in 1998, currently heads up our North America Operations.

After the end of the financial year, in July 2005, Dee McFarlane was appointed to the board as Chief Financial Officer, having joined the group in January 2005.

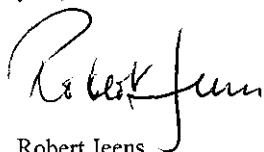
In accordance with the company's Articles of Association, at least two directors must present themselves for election by the shareholders at each Annual General Meeting. No changes to the board are proposed. Lee Sach and Dee McFarlane present themselves for election and Colvin Rae and Chuck Hawk stand for re-election.

### Prospects

The board have approved plans for the current year that anticipate another period of strong growth in both revenues and profits. The pipeline of interesting and challenging opportunities both from existing and new clients is currently excellent although competition is strong and clients rightly demand excellence.

During the coming year we plan in particular to expand the relative significance of our New York operation. We will also consider opportunities to extend our presence outside the principal financial centres of London and New York. As per last year, we expect to continue to add new clients as well as carefully balancing our sales efforts to match the addition of top quality new recruits.

I should like to thank all members of the firm for their enthusiasm and high levels of commitment throughout the year, without which none of the significant progress that has been made could have been achieved.



Robert Jeens

Chairman

# M.A. INTERNATIONAL LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2005

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2005.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the provision of management consultancy services.

Refer to the Chairman's Statement for a review of the business.

### RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £0.01 each	
		At 31 March 2005	At 1 April 2004 or later date of appointment
R C H Jeens		108,275	108,275
R C Hawk		225,230	225,230
J D Moore		290,385	290,385
J C Rae		—	—
L G Sach	(Appointed 21 February 2005)	210,097	210,097
B S Solanki	(Resigned 7 January 2005)	—	225,409

D McFarlane was appointed as a director on 18 July 2005.

The interest of the directors in the share options were as follows:

	Options over ordinary shares of 1p each				At 1 April 2004
	At 31 March 2005	Granted during the year	Exercised during the year	Lapsed during the year	
R C H Jeens	—	—	—	—	—
R C Hawk	—	—	—	—	—
J D Moore	7,116	3,194	—	—	3,922
J C Rae	—	—	—	—	—
L G Sach	7,613	3,353	—	—	4,260
B S Solanki	—	2,067	—	4,485	2,418

The options are exercisable between 1 April 2007 and 31 March 2014.

# M.A. INTERNATIONAL LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2005

### 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 group and of the profit or loss of the group 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

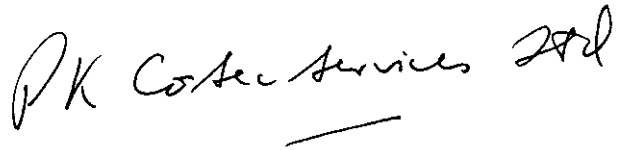
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
15 The Green  
Richmond  
Surrey  
TW9 1PX

Signed by order of the directors



PK COSEC SERVICES LIMITED  
Company Secretary

Approved by the directors on 9 September 2005

# **M.A. INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.A. INTERNATIONAL LIMITED**

**YEAR ENDED 31 MARCH 2005**

We have audited the group's financial statements for the year ended 31 March 2005 which comprise the group profit and loss account, group statement of total recognised gains and losses, group balance sheet, balance sheet, group cash flow statement and related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards.

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 group 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

**M.A. INTERNATIONAL LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
M.A. INTERNATIONAL LIMITED *(continued)***

**YEAR ENDED 31 MARCH 2005**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

ERNST & YOUNG LLP

Registered Auditors

London

*12 October 2005*

# M.A. INTERNATIONAL LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
<b>GROUP TURNOVER</b>	3	18,752,004	15,824,541
Cost of sales		13,620,524	12,104,913
<b>GROSS PROFIT</b>		5,131,480	3,719,628
Administrative expenses		4,810,362	3,544,960
<b>OPERATING PROFIT</b>	4	321,118	174,668
Share of joint venture operating profit/(loss)		54,498	(30,441)
		375,616	144,227
Interest receivable and similar income	7	48,449	28,677
Interest payable and similar charges	8	(88,102)	(45,985)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		335,963	126,919
Tax on profit on ordinary activities	9	137,055	60,414
<b>PROFIT FOR THE FINANCIAL YEAR</b>		198,908	66,505

All of the activities of the group are classed as continuing.



# M.A. INTERNATIONAL LIMITED

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
Profit/(loss) for the financial year		
- Group	144,410	96,946
- Share of joint venture	54,498	(30,441)
	<u>198,908</u>	<u>66,505</u>
Exchange difference on retranslation of net assets of subsidiary undertaking	20,832	(23,869)
Total recognised gains / (losses) relating to the year	<u>219,740</u>	<u>42,636</u>

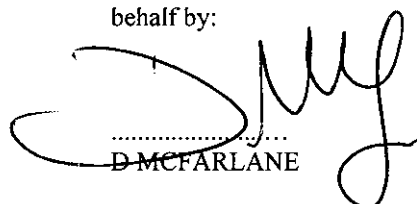
# M.A. INTERNATIONAL LIMITED

## GROUP BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	11	94,851	68,158
Investments	12	1	1
		<u>94,852</u>	<u>68,159</u>
Investments in joint ventures:			
Share of gross assets		2,104	32,087
Share of gross liabilities		—	(84,481)
		<u>2,104</u>	<u>(52,394)</u>
		<u>96,956</u>	<u>15,765</u>
<b>CURRENT ASSETS</b>			
Debtors	13	4,640,685	3,449,663
Cash at bank		1,121,312	1,209,232
		<u>5,761,997</u>	<u>4,658,895</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>3,515,779</u>	<u>2,510,667</u>
<b>NET CURRENT ASSETS</b>		<u>2,246,218</u>	<u>2,148,228</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,343,174</u>	<u>2,163,993</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	688,000	728,000
		<u>1,655,174</u>	<u>1,435,993</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	19	54,137	54,137
Share premium account	20	236,619	236,619
Other reserves	20	(283,803)	(283,244)
Profit and loss account	20	1,648,221	1,428,481
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	21	<u>1,655,174</u>	<u>1,435,993</u>

These financial statements were approved by the directors on the 9 September 2005 and are signed on their behalf by:

  
D. MCFARLANE

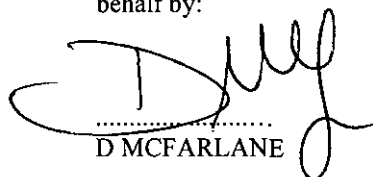
# M.A. INTERNATIONAL LIMITED

## BALANCE SHEET

31 MARCH 2005

	Note	2005 £	£	2004 £
<b>FIXED ASSETS</b>				
Investments	12		39,610	39,610
<b>CURRENT ASSETS</b>				
Debtors	13	101,175		896
Cash at bank		1,128		103,135
		<u>102,303</u>		<u>104,031</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	65		93
		<u>        </u>		<u>        </u>
<b>NET CURRENT ASSETS</b>			102,238	103,938
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>141,848</u>	<u>143,548</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	19		54,137	54,137
Share premium account	20		236,619	236,619
Other reserves	20		(246,235)	(245,676)
Profit and loss account	20		97,327	98,468
			<u>        </u>	<u>        </u>
<b>SHAREHOLDERS' FUNDS - EQUITY</b>			<u>141,848</u>	<u>143,548</u>

These financial statements were approved by the directors on the 9 September 2005 and are signed on their behalf by:

  
 .....  
 D MCFARLANE

# M.A. INTERNATIONAL LIMITED

## GROUP CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	£	2004 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>22</b>		239,773	747,535
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		48,449		28,677
Interest paid		<u>(88,102)</u>		<u>(45,985)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			(39,653)	(17,308)
<b>TAXATION</b>			(158,391)	(465,442)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets		(92,256)		(57,256)
Receipts from sale of fixed assets		<u>3,166</u>		<u>390</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>			(89,090)	(56,866)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>			<u>(47,361)</u>	<u>207,919</u>
<b>FINANCING</b>				
Net cash outflow from other long-term creditors		(40,000)		(80,000)
Purchase of own shares by EBT		<u>(559)</u>		<u>(898)</u>
<b>NET CASH OUTFLOW FROM FINANCING</b>			(40,559)	(80,898)
<b>(DECREASE)/INCREASE IN CASH</b>	<b>22</b>		<u>(87,920)</u>	<u>127,021</u>

# **M.A. INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2005**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Basis of consolidation**

The group financial statements consolidate the results of the company and its subsidiary undertakings for the period to 31 March 2005.

In respect of m.a. management services Limited and its subsidiary undertakings, the group financial statements have been prepared in accordance with the principles of merger accounting.

The profits and losses of the other subsidiary undertaking (m.a. partners LLC) are consolidated using the acquisition method of accounting. Any differences between the cost of acquisition of shares in the subsidiary undertaking and the fair value of the separable net assets acquired are amortised through the profit and loss account in equal instalments over its estimated useful life.

The joint venture (HCLm.a. Limited) has been accounted for using the equity method of accounting.

The transactions relating to the Employee Benefit Trust have been consolidated within the company's and the group's financial statements.

No profit and loss account has been presented for m.a. international Limited as permitted by section 230 of the Companies Act 1985.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced for services during the year, exclusive of Value Added Tax.

#### **Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given, over the fair value of identifiable net assets acquired.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	Fully amortised in year of acquisition
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#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	Straight line over 5 years
Computer equipment	-	Straight line over 30 months

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 1. ACCOUNTING POLICIES *(continued)*

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

deferred tax assets are recognised only to the extent that the directors consider that 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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Foreign currencies

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credit attributable to exchange differences on those borrowings are also dealt with in reserves.

#### Investments

Fixed asset investments are stated at cost less provision for diminution in value. The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### 2. SHARE OF JOINT VENTURE'S TURNOVER

	2005 £	2004 £
Turnover: group and share of joint venture	18,752,004	16,660,243
Less: share of joint venture's turnover	—	(835,702)
Group turnover	<u>18,752,004</u>	<u>15,824,541</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 3. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom and Rest of Europe	13,958,834	12,662,526
United States of America	4,793,170	3,162,015
	<u>18,752,004</u>	<u>15,824,541</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	58,503	43,130
(Profit)/loss on disposal of fixed assets	(157)	254
Auditors' remuneration		
- as auditors	43,000	36,000
Operating lease costs:		
- Land and buildings	378,154	316,028
Net (profit)/loss on foreign currency translation	<u>(18,707)</u>	<u>28,772</u>

### 5. PARTICULARS OF EMPLOYEES

The average monthly number of staff employed by the group during the financial year amounted to:

	2005 No	2004 No
Administration	15	9
Management	9	7
Operations	76	52
	<u>100</u>	<u>68</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	10,782,927	9,206,126
Social security costs	955,342	705,884
	<u>11,738,269</u>	<u>9,912,010</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
R C H Jeens	60,000	60,000
R C Hawk	47,604	166,368
J D Moore	259,719	249,509
J C Rae	38,186	35,000
L G Sach	24,883	—
B S Solanki	165,271	195,141
Emoluments receivable	<u>595,663</u>	<u>706,018</u>

#### Emoluments of highest paid director:

	2005	2004
	£	£
Total emoluments	<u>259,719</u>	<u>249,509</u>

The following directors were awarded options during the year.

	Strike price	At 1 April 2004	Awarded during the year	31 March 2005
J D Moore	146p	3,922	3,194	7,116
L G Sach	146p	4,260	3,353	7,613

The options are exercisable between 1 April 2007 and 31 March 2014.

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£	£
Bank interest receivable	40,338	28,677
Other interest receivable	8,111	—
	<u>48,449</u>	<u>28,677</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Loan interest	87,379	46,134
Other interest	723	(149)
	<u>88,102</u>	<u>45,985</u>



# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
<b>UK Taxation</b>		
In respect of the year:		
UK Corporation tax	250,000	74,643
Under provision in prior year	–	1,417
	<u>250,000</u>	<u>76,060</u>
<b>Foreign tax</b>		
Current tax	(53)	(13,425)
Total current tax (note 9 (b))	<u>249,947</u>	<u>62,635</u>
Deferred tax:		
Origination and reversal of timing differences	(112,892)	(2,221)
Tax on profit on ordinary activities	<u>137,055</u>	<u>60,414</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>335,963</u>	<u>126,919</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	100,789	38,076
Effects of:		
Expenses not deductible for tax purposes	47,398	20,573
Depreciation for period in excess of capital allowances	2,212	293
Unrelieved tax losses	98,231	10,006
Adjustments to tax charge in respect of previous periods	–	1,417
Group loss relief	–	(4,551)
Other tax adjustments	1,317	(3,179)
Total current tax (note 9(a))	<u>249,947</u>	<u>62,635</u>

### 10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £1,141 (2004 - £20,849).

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 11. TANGIBLE FIXED ASSETS

Group	Fixtures & fittings £	Computer equipment £	Total £
<b>COST</b>			
At 1 April 2004	—	178,788	178,788
Additions	6,624	85,632	92,256
Disposals	—	(8,376)	(8,376)
Exchange differences	—	(7,877)	(7,877)
<b>At 31 March 2005</b>	<u>6,624</u>	<u>248,167</u>	<u>254,791</u>
<b>DEPRECIATION</b>			
At 1 April 2004	—	110,630	110,630
Charge for the year	110	58,393	58,503
On disposals	—	(5,367)	(5,367)
Exchange differences	—	(3,826)	(3,826)
<b>At 31 March 2005</b>	<u>110</u>	<u>159,830</u>	<u>159,940</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2005</b>	<u>6,514</u>	<u>88,337</u>	<u>94,851</u>
At 31 March 2004	<u>—</u>	<u>68,158</u>	<u>68,158</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 12. INVESTMENTS

Group	Unlisted investments
	£
<b>COST</b>	
At 1 April 2004 and 31 March 2005	<u>24,750</u>
<b>PROVISION FOR DIMINUTION IN VALUE</b>	
At 1 April 2004 and 31 March 2005	<u>24,749</u>
<b>NET BOOK VALUE</b>	
At 31 March 2005	<u>1</u>
At 31 March 2004	<u>1</u>
<b>Company</b>	<b>Subsidiary undertakings</b>
	£
<b>COST</b>	
At 1 April 2004 and 31 March 2005	<u>39,610</u>
<b>NET BOOK VALUE</b>	
At 31 March 2005	<u>39,610</u>
At 31 March 2004	<u>39,610</u>

	Country of incorporation/ registration	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>				
Held by the company:				
m.a. partners LLC	USA	Ordinary shares	100%	Management consultancy
m.a. management services Limited	England & Wales	Ordinary shares	100%	Investment holding company
Held by other members of the group				
m.a. partnership (IOM) Limited	Isle of Man	Ordinary shares	100%	Investment holding company
m.a. partners Limited	England & Wales	Ordinary shares	100%	Dormant
m.a. ventures Limited	England & Wales	Ordinary shares	100%	Management consultancy
millennia associate resources Limited	England & Wales	Ordinary shares	100%	Dormant
<b>Joint venture</b>				
HCLm.a. Limited	England & Wales	Ordinary shares	49%	Dormant

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 13. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	4,304,834	3,134,318	—	—
Amounts owed by group undertakings	—	—	101,175	—
Amounts owed by undertakings in which the company has a participating interest	—	83,300	—	—
Corporation tax repayable	—	58,190	—	—
Other debtors	113,181	55,422	—	896
Deferred taxation (Note 14)	117,620	4,728	—	—
Prepayments and accrued income	105,050	113,705	—	—
	<u>4,640,685</u>	<u>3,449,663</u>	<u>101,175</u>	<u>896</u>

### 14. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Asset brought forward	4,728	2,507	—	—
Profit and loss account movement arising during the year	112,892	2,221	—	—
Asset carried forward	<u>117,620</u>	<u>4,728</u>	<u>—</u>	<u>—</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Excess of depreciation over taxation allowances on fixed assets	10,329	4,728	—	—
Tax losses available for future relief	107,291	—	—	—
	<u>117,620</u>	<u>4,728</u>	<u>—</u>	<u>—</u>

In 2004, there was an unprovided deferred tax assets amounting to £32,783 which did not meet the recognition criteria of the group.

### 15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	563,265	430,246	—	—
Corporation tax	33,367	—	—	—
Other creditors	800,034	323,559	—	—
Accruals and deferred income	2,119,113	1,756,862	65	93
	<u>3,515,779</u>	<u>2,510,667</u>	<u>65</u>	<u>93</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Other loans	<u>688,000</u>	<u>728,000</u>	<u>—</u>	<u>—</u>

Other loans relates to loans from employees (including directors).

The loan shall be repayable on the earliest to occur of the following:

- (i) 30 September 2010
- (ii) a sale, listing or a liquidation
- (iii) at the group's discretion

If the lender ceases to be employed or engaged by the group, 50% of the capital shall be paid on the date 6 months following the lender ceasing to be employed or engaged with the balance payable on the date 12 months following the leader ceasing to be so employed or engaged.

Interest has been accrued on the loan at a rate equal to 2% per annum above the base rate of Lloyds TSB PLC. As at 31 March 2005, the rate was 6%. Interest is paid twice annually.

The company does not have any creditors due after more than one year.

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2005 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	206,005	-
Within 2 to 5 years	<u>52,365</u>	<u>290,520</u>
	<u>258,370</u>	<u>290,520</u>

### 18. RELATED PARTY TRANSACTIONS

#### (i) HCLm.a. Limited

During the prior year, the group provided services to HCLm.a. Limited, a joint venture in which the group has a participating interest, amounting to £405,225. As at 31 March 2004, an amount of £83,300 was due from HCLm.a. Limited. During the year, the group wrote off £61,250 which was due from HCLm.a.. At 31 March 2005, no amount was due to the group from HCLm.a. Limited.

#### (ii) Directors

As at 31 March 2005 and 2004, £40,000 was due to each of J D Moore and L G Sach, both of whom are directors of m.a. international Limited. An amount of £5,104 is charged to the profit and loss account as interest for the above loans.

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 19. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
100,000,000 Ordinary shares of £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £0.01 each	<u>5,413,744</u>	<u>54,137</u>	<u>5,413,744</u>	<u>54,137</u>

### 20. RESERVES

Group	Share premium account £	Reserves for employee benefit trust £	Merger reserve £	Profit and loss account £
Balance brought forward	236,619	(245,676)	(37,568)	1,428,481
Retained profit for the year	—	—	—	198,908
Foreign currency translation differences	—	—	—	20,832
Acquisition of own shares by EBT	—	(559)	—	—
Balance carried forward	<u>236,619</u>	<u>(246,235)</u>	<u>(37,568)</u>	<u>1,648,221</u>

Company	Share premium account £	Reserves for employee benefit trust £	Profit and loss account £
Balance brought forward	236,619	(245,676)	98,468
Loss for the year	—	—	(1,141)
Acquisition of own shares by EBT	—	(559)	—
Balance carried forward	<u>236,619</u>	<u>(246,235)</u>	<u>97,327</u>

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	198,908	66,505
Foreign currency retranslation	20,832	(23,869)
Acquisition of own shares by EBT	(559)	(898)
Net addition to shareholders' equity funds	<u>219,181</u>	<u>41,738</u>
Opening shareholders' equity funds	<u>1,435,993</u>	<u>1,394,255</u>
Closing shareholders' equity funds	<u>1,655,174</u>	<u>1,435,993</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 22. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004
	£	£
Operating profit	321,118	174,668
Depreciation	58,503	43,130
(Profit)/Loss on disposal of fixed assets	(157)	254
Increase in debtors	(1,136,320)	(671,452)
Increase in creditors	971,746	1,222,470
Net effect of foreign exchange differences	24,883	(21,535)
Net cash inflow from operating activities	<u>239,773</u>	<u>747,535</u>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005	2004
	£	£
(Decrease)/increase in cash in the period	(87,920)	127,021
Net cash outflow from other long-term creditors	<u>40,000</u>	<u>80,000</u>
	(47,920)	207,021
Change in net funds	(47,920)	207,021
Net funds at 1 April 2004	<u>481,232</u>	<u>274,211</u>
Net funds at 31 March 2005	<u>433,312</u>	<u>481,232</u>

#### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2004	Cash flows	At 31 Mar 2005
	£	£	£
Net cash:			
Cash in hand and at bank	<u>1,209,232</u>	<u>(87,920)</u>	<u>1,121,312</u>
Debt:			
Debt due after 1 year	<u>(728,000)</u>	<u>40,000</u>	<u>(688,000)</u>
Net funds	<u>481,232</u>	<u>(47,920)</u>	<u>433,312</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 23. Employee Benefit Trust

The trust was set up by m.a. international Limited on 17 October 2002. The company wishes this trust to operate as an employee share scheme within the meaning of section 743 of the Companies Act 1985 to facilitate the recruitment, retention and motivation of employees of the company and its subsidiaries. The trustees of the trust are Fairbairn Trust Limited. The beneficiaries of the trust are any employee of an m.a. group company, the relatives of such an employee or a charity. The trustees have absolute discretion in the exercise of the powers conferred upon them, namely the acquisition by purchase of shares and the transfer of those shares to the beneficiaries of the trust in a way in which the trustees think fit.

During the year, the trust purchased 55,891 ordinary shares of 1p each in m.a. international Limited at par from leavers.

At 31 March 2005 the Employee Benefit Trust held 961,634 ordinary shares of 1p in m.a. international Limited.

Options have been granted to directors and employees as follows:

	No. of options	Strike Price
As at 1 April 2004	453,515	30p
	144,000	131p
	222,840	134p
Awarded during the year	99,199	146p
Lapsed during the year	(7,129)	30p
	(65,000)	131p
	(10,506)	134p
	(11,598)	146p
As at 31 March 2005	<u>825,321</u>	

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Options are exercisable up to 31 March 2014.