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m.a. international Limited

Report and Financial Statements

31 March 2006

Registered No: 4214548

Directors

R C H Jeens
R C Hawk
J D Moore
J C Rae
L G Sach
D McFarlane

Secretary

D McFarlane

Auditors

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

Bankers

Lloyds TSB Bank Plc
34 Moorgate
London
EC2R 6DN

Anglo Irish Bank Corporation Plc
10 Old Jewry
London
EC2V 6HS

Registered office

1 Cornhill
London
EC3V 3ND

Directors' report

The directors present their report and the audited financial statements for the Group for the year ended 31 March 2006. The Group comprises m.a. international Limited and its subsidiary undertakings.

Financial position and dividends

The Group's financial position is very strong with cash balances increasing over the year from £1.1 million to £1.8 million, after making full repayment during the year of the £0.7 million of loans from former partners. Shareholders' funds have increased over the year from £1.7 million to £2.5 million.

No dividend is recommended (2005 – £nil).

Principal activities

The principal activities of the Group during the year continued to be the provision of management consultancy services.

Business review

The following review is designed to provide information primarily about the Group's business and results for the year ended 31 March 2006.

Business performance and results

The group profit for the year after taxation amounted to £807,035 (2005 - £198,908).

Turnover for the year was £24.4 million, a 30% increase on the previous year and in line with the demanding targets that had been established.

Consultant headcount increased by 21% over the year and during the year a Chicago office was opened to serve the needs of the major global clients located around that city. A Geneva office has also been opened to extend the Group's coverage in Europe and to focus in particular on the wealth management businesses of clients, bringing the total number of offices to five. Recruitment has been focussed successfully on improving the balance and mix of resources available to clients and has been active in all offices.

Chargeability has remained largely constant compared to last year.

During the year the Group invested in strengthening its operational and management capabilities to reflect the growth of the business. In the past significant parts of the finance function have been outsourced and during the year these were brought back within the Group both in order to strengthen control and reporting and to improve operational efficiency.

Principal risks and uncertainties

The principal risk faced by the Group continues to be dependence on the health of the Global Financial Markets industry and within that on the handful of major institutions that make up the large majority of Group turnover. As with all high level professional services businesses, the quality of service provided to clients is paramount and can only be met through a continuous programme of attracting, developing and retaining the highest quality of staff at all levels.

Future developments

The Group's plans for the current financial year ending on 31 March 2007 envisage further significant growth reflecting the high level of demand that continues to be experienced from major financial institutions for the Group's services. As always the challenge will be for the Group to continue to attract, develop and retain the highest quality of individuals.

Directors' report

Directors and their interests

The directors during the year, and their interests in the shares of the company, were as follows:

		Ordinary shares of £0.01 each	
		At 31 March 2006	At 1 April 2005 or later date of appointment
R C H Jeens	(Chairman)	108,275	108,275
R C Hawk		225,230	225,230
J C Rae		–	–
J D Moore		350,385	290,385
L G Sach		270,097	210,097
D McFarlane	(appointed 18 July 2005)	60,000	–

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

	Options over ordinary shares of £0.01 each				
	At 31 March 2006	*Granted during the year*	*Exercised during the year*	*Lapsed during the year*	*At 1 April 2005 or later date of appointment*
J D Moore	13,499	6,383	–	–	7,116
J C Rae	30,000	30,000	–	–	–
L G Sach	13,165	5,552	–	–	7,613
D McFarlane	72,309	72,309	–	–	–

Financial risk management

The Group's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and liquidity risk. The Group has put into place policies and procedures that seek to limit these.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Foreign exchange risk

The Group sells services denominated in foreign currencies. The Board reviews and agrees policies for managing currency risks arising from the Group's operations.

Liquidity risk

The Group is funded through its retained profits and the directors actively consider other sources of funding to ensure the Group has sufficient available funds for its operations.

Directors' report

Directors' statement as to disclosure of information to auditors

The directors at the time of approving the directors' report are listed on page 1. 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 reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

D McFarlane
Secretary

20 July 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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; 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Independent auditors' report

to the members of m.a. international Limited

We have audited the group's and parent's financial statements for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 21. 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 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 are responsible 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) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with the financial statements.

We also 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.

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 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.

Independent auditors' report

to the members of m.a. international Limited (continued)

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 affairs of the company and the group as at 31 March 2006, and of the profit of the group 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 Group financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

20 July 2006.

Group profit and loss account

for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	24,383,909	18,752,004
Cost of sales		17,381,471	13,620,524
Gross profit		7,002,438	5,131,480
Administrative expenses		5,534,200	4,810,362
Group operating profit	3	1,468,238	321,118
Share of joint venture operating profit		–	54,498
Total operating profit: group and share of joint venture		1,468,238	375,616
Interest receivable and similar income	6	43,463	48,449
Interest payable and similar charges	7	(34,013)	(88,102)
Profit on ordinary activities before taxation		1,477,688	335,963
Taxation	8	670,653	137,055
Profit for the financial year		807,035	198,908

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

Group statement of total recognised gains and losses

for the year ended 31 March 2006

	2006	2005
	£	£
Profit for the financial year		
- group	807,035	144,410
- *share of joint venture*	–	54,498
	807,035	198,908
Exchange difference on retranslation of net assets of subsidiary undertaking	(301)	20,832
Total recognised gains and losses related to the year	806,734	219,740

Reconciliation of shareholders' funds

for the year ended 31 March 2006

	2006	2005
	£	£
Profit for the financial year	807,035	198,908
Exchange difference on retranslation of net assets of subsidiary undertaking	(301)	20,832
Acquisition of own shares by EBT	(310)	(559)
Gift of shares by EBT	73,000	–
Net addition to shareholders' equity funds	879,424	219,181
Shareholders' funds at 1 April	1,655,174	1,435,993
Shareholders' funds at 31 March	2,534,598	1,655,174

Group balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	10	191,083	94,851
Investments	11	1	1
		191,084	94,852
Investments in joint ventures:			
Share of gross assets		2,104	2,104
		193,188	96,956
Current assets			
Debtors	12	6,245,055	4,640,685
Cash at bank		1,832,030	1,121,312
		8,077,085	5,761,997
Creditors: amounts falling due within one year	13	5,735,675	3,515,779
Net current assets		2,341,410	2,246,218
Total assets less current liabilities		2,534,598	2,343,174
Creditors: amounts falling due after more than one year	14	–	688,000
		2,534,598	1,655,174
Capital and reserves			
Called up equity share capital	17	54,137	54,137
Share premium account	18	236,619	236,619
Other reserves	18	(211,113)	(283,803)
Profit and loss account	18	2,454,955	1,648,221
Equity shareholders' funds		2,534,598	1,655,174

R Jeens
Director

20 July 2006

D McFarlane
Director

20 July 2006

Balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	11	39,610	39,610
Current assets			
Debtors	12	100,500	101,175
Cash at bank		–	1,128
		100,500	102,303
Creditors: *amounts falling due within one year*	13	65	65
Net current assets		100,435	102,238
Total assets less current liabilities		140,045	141,848
Capital and reserves			
Called up equity share capital	17	54,137	54,137
Share premium account	18	236,619	236,619
Other reserves	18	(246,545)	(246,235)
Profit and loss account	18	95,834	97,327
Equity shareholders' funds		140,045	141,848

R Jeens
Director

20 July 2006

D McFarlane
Director

20 July 2006

Group statement of cash flows

for the year ended 31 March 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	19(a)	1,725,422	239,773
Returns on investments and servicing of finance			
Interest paid		(34,013)	(88,102)
Interest received		43,463	48,449
Net cash inflow/(outflow) from returns on investments and servicing of finance		9,450	(39,653)
Taxation		(140,005)	(158,391)
Capital expenditure			
Payments to acquire tangible fixed assets		(199,478)	(92,256)
Receipts from sale of fixed assets		3,639	3,166
Net cash outflow from capital expenditure		(195,839)	(89,090)
Cash inflow/(outflow) before financing		1,399,028	(47,361)
Financing			
Repayment of loans from employees		(688,000)	(40,000)
Purchase of own shares by EBT		(310)	(559)
Net cash outflow from financing		(688,310)	(40,559)
Increase/(decrease) in cash		710,718	(87,920)

Reconciliation of net cash flow to movement in net funds

	Notes	2006 £	2005 £
Increase/(decrease) in cash		710,718	(87,920)
Repayment of loans from employees		688,000	40,000
Movement in net funds/(debt) in the year		1,398,718	(47,920)
Net funds at 1 April		433,312	481,232
Net funds at 31 March	19(b)	1,832,030	433,312

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Accounting convention

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

Basis of consolidation

The group financial statements consolidate the financial statements of m.a. international Limited and its subsidiary undertakings drawn up to 31 March 2006. No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985.

m.a. management Services Limited and its subsidiary undertakings have been included in the group financial statements using the principles of merger accounting.

m.a. partners LLC has been included in the group financial statements using the acquisition method of accounting.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

The group has established an Employee Benefit Trust (EBT) for the benefit of employees of the group. The EBT has been consolidated within both the company's and the group's financial statements.

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. Goodwill is capitalised as an asset on the balance sheet and is amortised on a straight line basis over its expected useful economic life, as follows:

Goodwill	-	fully amortised in year of acquisition

Fixed asset investments

All fixed assets are initially recorded at cost.

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

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Office equipment	-	5 years
Office and computer equipment	-	$2^{1/2}$ - 5 years
Fixtures and fittings	-	5 years

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.

Notes to the financial statements

at 31 March 2006

1. Accounting policies (continued)

Deferred taxation

Deferred taxation 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 right to pay less or to receive more tax, with the following exceptions:

- *Provision is made for deferred taxation that would arise on remittance of the retained earnings of 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 credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Operating lease agreements

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Notes to the financial statements

at 31 March 2006

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2006	2005
	£	£
United Kingdom and Rest of Europe	16,710,081	13,958,834
United States of America	7,673,828	4,793,170
	24,383,909	18,752,004

3. Operating profit

This is stated after charging/(crediting):

	2006	2005
	£	£
Auditors' remuneration	48,900	43,000
Depreciation of owned fixed assets	103,243	58,503
Profit on disposal of fixed assets	(3,639)	(157)
Operating lease rentals - land and buildings	511,477	378,154
Foreign exchange gains	(6,923)	(18,707)

4. *Directors' remuneration*

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

	2006	2005
	£	£
R C Hawk	53,120	47,604
R C H Jeens	60,000	60,000
D McFarlane	146,093	–
J D Moore	320,927	259,719
J C Rae	46,282	38,186
L G Sach	236,348	24,883
B S Solanki (resigned 7 January 2005)	–	165,271
Total emoluments	862,770	595,663

The company does not operate a pension fund and as such no directors are any part of any scheme, and no payments were made to any directors' post-retirement schemes.

Notes to the financial statements

at 31 March 2006

4. Directors' remuneration (continued)

Options held by, and awarded during the year to, directors are as follows:

	Exercise price	*At 1 April 2005*	*Awarded during the year*	*31 March 2006*
J D Moore	134p	3,922	–	3,922
	146p	3,194	–	3,194
	150p	–	3,646	3,646
	170p	–	2,737	2,737
L G Sach	134p	4,260	–	4,260
	146p	3,353	–	3,353
	150p	–	3,169	3,169
	170p	–	2,383	2,383
D McFarlane	173p	–	70,000	70,000
	170p	–	708	708
	178p	–	1,601	1,601
J C Rae	170p	–	30,000	30,000

The options are exercisable between 1 April 2007 and 30 September 2015.

5. Staff costs

	2006 *£*	*2005* *£*
Wages and salaries	13,912,182	10,782,927
Social security costs	1,323,020	955,342
	15,235,202	11,738,269
Gift of shares by EBT	73,000	–
	15,308,202	11,738,269

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

	2006 *No.*	*2005* *No.*
Operational	91	76
Administration	16	15
Management	8	9
	115	100

Notes to the financial statements

at 31 March 2006

6. Interest receivable and similar income

	2006 £	2005 £
Bank interest receivable	43,463	40,338
Other interest receivable	–	8,111
	43,463	48,449

7. Interest payable and similar charges

	2006 £	2005 £
Interest on loans from employees	34,013	87,379
Other interest	–	723
	34,013	88,102

8. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2006 £	2005 £
Current tax:		
UK corporation tax on the profit for the year	234,889	250,000
Foreign tax	327,595	(53)
Total current tax (note 8(b))	562,484	249,947
Deferred tax:		
Origination and reversal of timing differences (note 8(c))	108,169	(112,892)
Total tax charge for year	670,653	137,055

Notes to the financial statements

at 31 March 2006

8. Taxation (continued)

(b) Factors affecting tax charge for the year:

The tax assessed for the current year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%). The differences are explained below:

	2006	*2005*
	£	*£*
Profit on ordinary activities before tax	1,477,688	335,963
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	443,306	100,789
Effects of:		
Expenses not deductible for tax purposes	84,477	47,398
Capital allowances (greater)/less than depreciation	(780)	2,212
Utilisation of tax losses brought forward	(107,291)	–
Tax losses carried forward	1,066	98,231
Higher tax rates on overseas profits	141,706	–
Other tax adjustments	–	1,317
Current tax for the year (note 8(a))	562,484	249,947

(c) The movement in the deferred taxation asset during the year was:

		Group		*Company*
	2006	*2005*	*2006*	*2005*
	£	*£*	*£*	*£*
Asset brought forward	117,620	4,728	–	–
Profit and loss account movement arising during the year	(108,169)	112,892	–	–
Asset carried forward (note 12)	9,451	117,620	–	–

The deferred taxation asset is analysed as follows:

		Group		*Company*
	2006	*2005*	*2006*	*2005*
	£	*£*	*£*	*£*
Excess of depreciation over taxation allowances on fixed assets	9,451	10,329	–	–
Tax losses available for future relief	–	107,291	–	–
Asset carried forward	9,451	117,620	–	–

Notes to the financial statements

at 31 March 2006

9. Loss attributable to members of parent company

The loss dealt with in the financial statements of the parent company was £1,493 (2005 - £1,141).

10. Tangible fixed assets

Group

	Computer software	*Fixtures and fittings*	*Office and computer equipment*	*Total*
	£	£	£	£
Cost:				
At 1 April 2005	–	6,624	248,167	254,791
Additions	111,815	–	87,663	199,478
Disposals	–	–	(17,790)	(17,790)
At 31 March 2006	111,815	6,624	318,040	436,479
Depreciation:				
At 1 April 2005	–	110	159,830	159,940
Provided during the year	33,792	1,214	68,240	103,246
Disposals	–	–	(17,790)	(17,790)
At 31 March 2006	33,792	1,324	210,280	245,396
Net book value:				
At 31 March 2006	78,023	5,300	107,760	191,083
At 1 April 2005	–	6,514	88,337	94,851

Notes to the financial statements
at 31 March 2006

11. Investments

Company	*Subsidiary undertakings* £
Cost:	
At 1 April 2005 and 31 March 2006	39,610
Net book value:	
At 1 April 2005 and 31 March 2006	39,610

	Country of incorporation/ registration	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Subsidiary undertakings				
Held by the company:				
m.a. partners LLC	USA	Ordinary shares	100%	Management consultancy
m.a. management Services Limited	England and 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 and Wales	Ordinary shares	100%	Dormant
m.a. ventures Limited	England and Wales	Ordinary shares	100%	Management consultancy
Millennia associate resources Limited	England and Wales	Ordinary shares	100%	Dormant
Joint venture				
HCLm.a. Limited	England and Wales	Ordinary shares	49%	Dormant

12. Debtors

		Group		*Company*
	2006	*2005*	*2006*	*2005*
	£	£	£	£
Trade debtors	5,942,102	4,304,834	–	–
Amounts owed by group undertakings	–	–	100,500	101,175
Corporation tax repayable	47,510	–	–	–
Other debtors	19,897	113,181	–	–
Deferred taxation (note 8(c))	9,451	117,620	–	–
Prepayments and accrued income	226,095	105,050	–	–
	6,245,055	4,640,685	100,500	101,175

Notes to the financial statements

at 31 March 2006

13. Creditors: amounts falling due within one year

	Group 2006	*Group* 2005	*Company* 2006	*Company* 2005
	£	£	£	£
Trade creditors	603,057	563,265	–	–
Current corporation tax	503,356	33,367	–	–
Other creditors	1,179,817	800,034	–	–
Accruals and deferred income	3,449,445	2,119,113	65	65
	5,735,675	3,515,779	65	65

14. Creditors: amounts falling due after more than one year

	Group 2006	*Group* 2005	*Company* 2006	*Company* 2005
	£	£	£	£
Loans from employees	–	688,000	–	–

The loans from employees were repaid in full on 31 March 2006. An amount of £34,043 (2005 - £37,379) is charged to the profit and loss account as interest for the above loans.

15. Obligations under lease contracts

At 31 March 2006, the Group had annual commitments under non-cancellable operating leases as follows:

Group	*Land and buildings* 2006	*Land and buildings* 2005
	£	£
Operating leases which expire:		
Within one year	415,820	206,005
Between two and five years	–	52,365
	415,820	258,370

16. Contingent liabilities

At 31 March 2006, the Group holds a debenture relating to all assets, in respect of a bank overdraft of £800,000 (2005 - £Nil) The overdraft is fully repayable in 2006, but the debenture remains in place in order to secure further overdraft facilities.

Notes to the financial statements

at 31 March 2006

17. Share capital

				Authorised
			2006	*2005*
			£	*£*
100,000,000 ordinary shares of £0.01 each			1,000,000	1,000,000

			Allotted, called up and fully paid	
		2006		*2005*
	No.	*£*	*No.*	*£*
Ordinary shares of £0.01 each	5,413,700	54,137	5,413,700	54,137

Options were outstanding over ordinary shares of £0.01 each as follows:

	No. of options	*Strike price*
As at 1 April 2005:	446,386	30p
	79,000	131p
	212,334	134p
	87,601	146p
Total at 1 April 2005	825,321	
Awarded during the year:	98,343	150p
	60,000	150p
	293,752	170p
	70,000	173p
	92,878	178p
Total awarded during the year	614,973	
Lapsed during the year	(39,477)	30p
Total movement during the year	575,496	
Total at 31 March 2006	1,400,817	

The option scheme operated is an Enterprise Management Incentives (EMI) Scheme and is open to all employees.

Awards are paid on a discretionary basis to all staff in the company, as part of the bonus remuneration made to employees. Awards are also made to employees promoted to Partner consultant level and special awards are made to senior support staff with over five years of service with the company. Under this scheme options vest over three years and are exercisable between three and ten years following grant, provided that the employee is still employed by the company. Options which are not fully vested immediately lapse on employee departure, or if exercisable at date of departure remain fully exercisable for a period of two years.

Options currently in issue are exercisable up to 30 September 2015.

Notes to the financial statements

at 31 March 2006

18. Movement on reserves

Group

	Share premium account	*Reserves for employee benefit trust*	*Merger reserve*	*Profit and loss account*
	£	*£*	*£*	*£*
At 1 April 2005	236,619	(246,235)	(37,568)	1,648,221
Retained profit for the year	–	–	–	807,035
Exchange difference on retranslation of net assets of subsidiary undertaking	–	–	–	(301)
Acquisition of own shares by EBT (note 20)	–	(310)	–	–
Transfer of options during the year (note 20)	–	73,000	–	–
At 31 March 2006	236,619	(173,545)	(37,568)	2,454,955

Company

	Share premium account	*Reserves for employee benefit trust*	*Profit and loss account*
	£	*£*	*£*
1 April 2005	236,619	(246,235)	97,327
Loss for the year	–	–	(1,493)
Acquisition of own shares by EBT (note 20)	–	(310)	–
At 31 March 2006	236,619	(246,545)	95,834

19. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2006	*2005*
	£	*£*
Operating profit	1,468,238	321,118
Depreciation	103,246	58,503
Profit on disposal of fixed assets	(3,639)	(157)
Increase in debtors	(1,665,029)	(1,136,320)
Increase in creditors	1,749,907	971,746
Net effect of foreign exchange differences	(301)	24,883
Gift of shares by EBT	73,000	–
	1,725,422	239,773

Notes to the financial statements

at 31 March 2006

19. Notes to the statement of cash flows (continued)

(b) Analysis of net funds

	At 1 April 2005	*Cash flow*	*At 31 March 2006*
	£	*£*	*£*
Cash at bank and in hand	1,121,312	710,718	1,832,030
Debt due after one year	(688,000)	688,000	–
	433,312	1,398,718	1,832,030

20. Employee Benefit Trust

The trust was set up by m.a. international Limited on 17 October 2002. This trust operates 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 30,995 ordinary shares of £0.01 each in m.a. international Limited at par from leavers (2005 - 55,891).

During the year the trust committed to the transfer of 730,000 ordinary shares of £0.01 each in m.a. international Limited to some group employees for £nil consideration.

At 31 March 2006 the Employee Benefit Trust held 262,629 ordinary shares of £0.01 each in m.a. international Limited (2005 – 961,634 shares).

21. Related party transactions

At 31 March 2005, £40,000 was due to each of J D Moore and L G Sach, both of whom are directors of m.a. international Limited. On 31 March 2006 the loans were repaid leaving a balance of £nil (see note 14). An amount of £5,048 (2005 - £5,104) is charged to the profit and loss account as interest for the above loans. The maximum outstanding on each loan during the year was £40,000 (2005 - £40,000).