

# **ZEUS CAPITAL HOLDINGS LIMITED**

Company Number 04356925

**ANNUAL REPORT**

**YEAR ENDED 31 MARCH 2007**

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**ZEUS CAPITAL HOLDINGS LIMITED**  
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# **ZEUS CAPITAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The directors submit their report and the consolidated financial statements for the year ended 31 March 2007

### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to **£453,720** (2006 £210,732)

### **Principal activity and review of the business**

The company's principal activity during the year continued to be that of an investment holding company. The principal activities of the group are the provision of corporate finance advisory services and short term bridging loans secured by legal charges over residential and commercial property. The directors are satisfied with the results for the year and look forward to future years with optimism.

### **Directors**

The directors who served during the year were

I W Currie  
R I Hughes  
M H Burrill  
G B O Cooper - (resigned 4 May 2007)  
R L Matthewman

### **Financial and operational performance overview**

Group sales increased from £3.4m to £7.3m and as a result the profit before tax increased from £0.4m to £1.1m.

### **Key performance indicators**

The directors monitor and respond to the following areas on a weekly basis and are satisfied with current trends:

- New enquiries
- Work in progress
- Fee income received
- Interest income receivable
- Loan to value ratios

# **ZEUS CAPITAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT (continued)**

### **Financial risk management objectives and policies**

The group uses various financial instruments. These include loans, cash, equity investments, and various items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. In order to manage the group's exposure to those risks, in particular the company's exposure to interest rate risk, the company enters into derivative transactions including, but not limited to, variable to fixed rate interest rate swaps.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

### **Market risk**

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

### **Currency risk**

The group is not directly exposed to any foreign exchange risk. All transactions take place in sterling.

### **Price risk**

The group's exposure to price risk is managed by considering all transactions and loans on a case by case basis.

### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the period has been to mirror loans to customers against external funding via short term borrowing, typically between 3 to 6 months.

Short-term flexibility is achieved by a treasury deposit account.

The maturity of borrowings is set out in note 15 to the financial statements. In addition to these borrowings the group has access to undrawn committed borrowing facilities of an additional £7,285,000.

The facility is due for renewal as follows:

31 May 2008	385,000
3 February 2009	<u>6,900,000</u>
	<u>£7,285,000</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## DIRECTORS' REPORT (continued)

### Interest rate risk

The group finances its operations through a mixture of retained profits, bank borrowings and loan stocks. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed loan stocks and floating facilities. It is the group's policy to cost each individual loan on a case by case basis, factoring in the cost of short term borrowing.

The interest rate exposure of the financial assets and liabilities of the group as at 31 March 2007 is shown in the table below.

	Fixed interest rate £'000	Floating interest rate £'000	Zero interest rate £'000	Total £'000
<b>Financial assets</b>				
Cash	-	1,025	-	1,025
Trade debtors	-	25,392	146	25,538
	<u>-</u>	<u>26,417</u>	<u>146</u>	<u>26,563</u>
<b>Financial liabilities</b>				
Bank loans	137	21,160	-	21,297
Trade creditors	-	-	97	97
Loan stock	3,550	-	-	3,550
	<u>3,687</u>	<u>21,160</u>	<u>97</u>	<u>24,944</u>

### Credit risk

The group's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors and customer loans.

In order to manage credit risk all loans are subject to internal credit underwriting, which includes an external valuation of the underlying secured property, along with a third party credit reference check to the entity.

The maximum permitted aggregate loan to any entity is £2,000,000. The total loan exposure of the group across a number of categories is reviewed by the directors on a periodic basis.

### Employees

We would like to take this opportunity to thank our staff for their commitment, energy and enthusiasm in their day to day work.

# **ZEUS CAPITAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT (continued)**

### **Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### **Auditors**

A resolution to reappoint PKF (UK) LLP as auditors will be put to the members at The Annual General Meeting

This report was approved by the board on 21 January 2008 and signed on its behalf



**I Currie**  
Director

## **ZEUS CAPITAL HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and 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,
- 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 the group 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ZEUS CAPITAL HOLDINGS LIMITED**

We have audited the group and parent company financial statements ('the financial statements') of Zeus Capital Holdings Limited for the year ended 31 March 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes. The 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 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' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') 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 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 and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

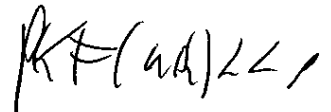


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ZEUS CAPITAL HOLDINGS LIMITED (continued)**

**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 the group's and the parent company's affairs as at 31 March 2007 and of the group's profit 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 financial statements



**PKF (UK) LLP**

Registered auditors

Manchester, UK

Date

*15 January 2008*

**ZEUS CAPITAL HOLDINGS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2007**

	Note	2007 £	2006 £
<b>TURNOVER</b>	2	<b>7,257,472</b>	<b>3,435,301</b>
Cost of sales		<u>(1,424,941)</u>	<u>(255,436)</u>
<b>GROSS PROFIT</b>		<b>5,832,531</b>	<b>3,179,865</b>
Administration expenses		<u>(4,927,717)</u>	<u>(2,764,969)</u>
Other operating income		<u>64,254</u>	<u>41,464</u>
<b>OPERATING PROFIT</b>	3	<b>969,068</b>	<b>456,360</b>
<b>EXCEPTIONAL ITEM</b>	4	<b>543,199</b>	-
Interest receivable and similar income	7	<b>134,018</b>	<b>46,685</b>
Interest payable and similar charges	8	<u>(714,351)</u>	<u>(100,431)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>931,934</b>	<b>402,614</b>
<b>TAXATION</b>	9	<u>(338,522)</u>	<u>(171,546)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>593,412</b>	<b>231,068</b>
<b>MINORITY INTERESTS</b>	20	<u>(139,692)</u>	<u>(20,336)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>453,720</b></u>	<u><b>210,732</b></u>

All amounts relate to continuing operations

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

**ZEUS CAPITAL HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2007**

		2007		2006	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible fixed assets - goodwill	10		1,941,119		2,044,187
Tangible – fixed assets	11		1,543,416		1,592,091
Investments	12		885,730		193,162
			<u>4,370,265</u>		<u>3,829,440</u>
<b>CURRENT ASSETS</b>					
Debtors	13	25,931,080		12,105,191	
Cash at bank and in hand		<u>1,025,347</u>		<u>4,116,537</u>	
		26,956,427		16,221,728	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>(23,364,729)</u>		<u>(10,708,218)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,591,698</u>		<u>5,513,510</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,961,963		9,342,950
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(4,513,877)		(6,588,776)
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>-</u>		<u>(31,092)</u>
<b>NET ASSETS</b>			<u>3,448,086</u>		<u>2,723,082</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		80,808		80,808
Share premium account	18		1,989,897		1,989,897
Other reserves	18		31,592		-
Profit and loss account	18		<u>819,372</u>		<u>365,652</u>
<b>SHAREHOLDERS' FUNDS</b>	19		2,921,669		2,436,357
Minority interests	20		<u>426,417</u>		<u>286,725</u>
			<u>3,448,086</u>		<u>2,723,082</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *21 January 2008*

I Currie

Director

# ZEUS CAPITAL HOLDINGS LIMITED

## BALANCE SHEET 31 MARCH 2007

		2007		2006	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Investments	12		323,235		70,713
<b>CURRENT ASSETS</b>					
Debtors	13	1,470,734		1,180,734	
Cash at bank and in hand		581,758		1,376,407	
		<u>2,052,492</u>		<u>2,557,141</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	(512,506)		(420,146)	
<b>NET CURRENT ASSETS</b>			<u>1,539,986</u>		<u>2,136,995</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,863,221</u>		<u>2,207,708</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		80,808		80,808
Share premium account	18		1,989,897		1,989,897
Profit and loss account	18		(207,484)		137,003
			<u>1,863,221</u>		<u>2,207,708</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *21 January 2008*

I Currie

  
Director

**ZEUS CAPITAL HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2007**

	2007 £	2006 £
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	969,068	456,360
Amortisation of goodwill	103,068	17,178
Depreciation of tangible fixed assets	137,759	89,931
Equity settled share based payments	31,592	-
(Increase)/decrease in debtors	(13,700,889)	4,925,026
Increase in creditors	288,151	78,039
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(12,171,251)</b>	<b>5,566,534</b>
<b>Cash flow statement (note 21)</b>		
Net cash (outflow)/inflow from operating activities	(12,171,251)	5,566,534
Returns on investments and servicing of finance	(580,333)	(53,746)
Taxation	(1,055,664)	(38,851)
Capital expenditure	(835,643)	(265,039)
Sale of fixed assets and leases	597,190	-
Acquisitions and disposals	-	(1,685,807)
	<b>(14,045,701)</b>	<b>3,523,091</b>
<b>Financing</b>	<b>(395,475)</b>	<b>(1,553,095)</b>
<b>(Decrease)/increase in cash</b>	<b>(14,441,176)</b>	<b>1,969,996</b>
<b>Reconciliation of net cash flow to movement in net debt (note 22)</b>		
Change in net debt resulting from cash flows	(14,441,176)	1,969,996
New finance lease	(60,650)	(95,279)
Bank loans repaid	456,125	-
Loans acquired with subsidiaries	-	(15,133,809)
<b>Movement in net debt in the year</b>	<b>(14,045,701)</b>	<b>(13,259,092)</b>
<b>Net debt at 1 April 2006</b>	<b>(11,112,551)</b>	<b>2,146,541</b>
<b>Net debt at 31 March 2007</b>	<b>(25,158,252)</b>	<b>(11,112,551)</b>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 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

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 31 March 2007

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985

#### (b) Turnover

Turnover comprises the value of corporate finance services supplied, net of value added tax, together with the amount receivable in respect of interest and redemption fees on short term bridging loans, together with related fees. The interest and redemption fees are spread over the period to which the loan relates

#### (c) Other operating income

Other operating income represents the share of profits receivable from participating interests

#### (d) Goodwill

Goodwill is stated at cost and is amortised over its useful life of 20 years

#### (e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Computer equipment	25% straight line
Office fixtures and fittings	25% straight line
Motor vehicles	25% straight line

#### (f) Investment properties

Investment properties are revalued annually and are included in the balance sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the revaluation reserve. Depreciation is not provided for in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years

This policy represents a departure from the Companies Act 1985, which requires depreciation to be provided on all fixed assets. The directors consider that the policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

#### (g) Investments

Investments held as fixed assets are carried at cost less provisions for any impairment in value

# **ZEUS CAPITAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2007**

**(h) Contributions to pension schemes**

The pension costs charged against profits represent the amount of the contributions payable to the defined contribution schemes in respect of the accounting period

**(i) Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**(j) Deferred taxation**

Full provision is made for deferred taxation resulting from all timing differences between the recognition of gains and losses in the accounts and their recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 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 and liabilities are not discounted.

**(k) Share options**

During the year, a subsidiary company established a share option scheme for a number of employees. The options will be exercisable when either that company is sold or floats its shares. However, if these events do not occur within 10 years or the employees leave the company, the option will lapse. The exercise price of the options granted under the scheme is £74.12 per share. Any amounts paid in the year have been charged to the profit and loss account and included in reserves.

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 2 TURNOVER

	2007 £	2006 £
Corporate finance	2,196,706	2,783,201
Bridging loans	5,060,766	652,100
	<u>7,257,472</u>	<u>3,435,301</u>

All turnover arose within the United Kingdom

### 3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	111,315	89,931
- subject to hire purchase	26,444	-
Auditors' remuneration - audit	3,000	3,000
- other services	6,500	6,700
Operating lease rentals		
- hire of plant	6,172	-
- other	81,352	110,895
Share based payments	31,592	-
Rental income on investment property	<u>(38,300)</u>	<u>(7,375)</u>

### 4 EXCEPTIONAL ITEM

	2007 £	2006 £
Profit on disposal of fixed assets and surrender of related lease	<u>543,199</u>	<u>-</u>

The approximate tax charge on the exceptional item is £180,000



# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 5 DIRECTORS' EMOLUMENTS AND BENEFITS

	2007 £	2006 £
Directors' emoluments	<u>173,112</u>	<u>188,744</u>

No directors (2006 – none) were members of company pension schemes

The highest paid director received emoluments and benefits as follows

	2007 £	2006 £
Emoluments	<u>142,731</u>	<u>150,000</u>

In addition a further £324,000 (2006 £434,168) was paid to a partnership controlled by two of the directors in respect of services provided by them

### 6 STAFF COSTS

Staff costs, including directors' emoluments, were as follows

	2007 £	2006 £
Wages and salaries	1,636,177	1,004,696
Social security costs	174,255	114,365
Other pension costs	<u>44,358</u>	<u>32,116</u>
	<u>1,854,790</u>	<u>1,151,177</u>

The average number of staff employed by the group during the financial period was

	2007 Number	2006 Number
Corporate finance	14	11
Administration	6	4
Bridging loans	<u>7</u>	<u>1</u>
	<u>27</u>	<u>16</u>

### 7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Other interest receivable	<u>134,018</u>	<u>46,685</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 8 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Bank loan interest	267,014	41,286
Other loan interest	447,337	59,145
	<u>714,351</u>	<u>100,431</u>

### 9 TAXATION

	2007 £	2006 £
<b>Analysis of charge in year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year	395,724	166,883
Prior year adjustments	(1,110)	-
	<u>394,614</u>	<u>166,883</u>
<b>Deferred tax</b>		
Changes in deferred tax balances arising from		
Origination or reversal of timing differences	(56,092)	4,663
	<u>338,522</u>	<u>171,546</u>
<b>Tax on profit on ordinary activities</b>		

The tax assessed for the year is higher than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>931,934</u>	<u>402,614</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2006 30%)	279,581	120,784
Effects of		
Expenses not deductible for tax purposes	60,757	59,054
Capital allowances in excess of depreciation	29,193	(4,663)
Other short term timing differences	28,971	-
Marginal relief	-	-
Effect of tax at different rates	(2,778)	(8,292)
Prior year adjustments	(1,110)	-
	<u>394,614</u>	<u>166,883</u>
<b>Current tax charge for the year</b>		

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 10 INTANGIBLE FIXED ASSETS - GOODWILL

<b>Group</b>	<b>2007</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2006 and at 31 March 2007	<u>2,061,365</u>
<b>Amortisation</b>	
At 1 April 2006	17,178
Charge for the year	<u>103,068</u>
<b>At 31 March 2007</b>	<u>120,246</u>
<b>Net book value</b>	
At 31 March 2007	<u>1,941,119</u>
At 31 March 2006	<u>2,044,187</u>

### 11 TANGIBLE FIXED ASSETS

<b>Group</b>	<b>Investment properties</b>	<b>Office fit out and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>				
At 1 April 2006	1,180,000	489,425	95,279	1,764,704
Additions	-	82,425	60,650	143,075
Disposals	-	(72,852)	-	(72,852)
At 31 March 2007	<u>1,180,000</u>	<u>498,998</u>	<u>155,929</u>	<u>1,834,927</u>
<b>Depreciation</b>				
At 1 April 2006	-	172,613	-	172,613
Charge for year	-	111,315	26,444	137,759
Disposals	-	(18,861)	-	(18,861)
At 31 March 2007	<u>-</u>	<u>265,067</u>	<u>26,444</u>	<u>291,511</u>
<b>Net book value</b>				
At 31 March 2007	<u>1,180,000</u>	<u>233,931</u>	<u>129,485</u>	<u>1,543,416</u>
At 31 March 2006	<u>1,180,000</u>	<u>316,812</u>	<u>95,279</u>	<u>1,592,091</u>

Included within the figures above are motor vehicles held under hire purchase contracts with a net book value of £129,485 (2006 £95,279) Depreciation charged in the year against these assets totalled £26,444 (2006 £Nil)

The investment properties were acquired on acquisition of a subsidiary company and are stated at directors' valuation

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 12 FIXED ASSETS – INVESTMENTS

GROUP	unquoted investments £	quoted investments £	2007 total £
<b>Cost</b>			
At 1 April 2006	127,277	65,885	193,162
Additions	75,298	632,270	707,568
Disposals	-	(15,000)	(15,000)
At 31 March 2007	<u>202,575</u>	<u>683,155</u>	<u>885,730</u>
Market Value		<u>3,621,132</u>	
Taxation on potential capital gain if sold at market value		<u>792,703</u>	

The unquoted investments include a 25% share in Hedley & Co at a cost of £107,277. They also include shares in the company held by an employee benefit trust, at a cost of £20,000.

### COMPANY

The company holds the following significant investments, all of which are in the ordinary share capital of companies incorporated in England.

Name	% of nominal value of shares £	Profit for the year		Aggregate capital and reserves	
		2007 £	2006 £	2007 £	2006 £
Zeus Capital Limited	93	536,329	293,888	922,403	386,074
Zeus Securities Limited	100	20,719	21,468	84,289	63,570
Catalyst Investments Limited	80	32,984	*(21,973)	116,738	52,162
Catalyst Securities Limited	80	590,373	**86,633	1,579,484	1,239,111
Catalyst Securities No 2 Fund Ltd	80	345,757	N/A	95,758	N/A

\* Period 18 January 2006 to 31 March 2006

\*\* 5 months to 31 March 2006

	unquoted investments £	quoted investments £	2007 total £
<b>Cost</b>			
At 1 April 2006	70,081	632	70,713
Additions	<u>51,252</u>	<u>201,270</u>	<u>252,522</u>
At 31 March 2007	<u>121,333</u>	<u>201,902</u>	<u>323,235</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 13 DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	25,537,514	11,556,319	-	-
Amounts due from group undertaking	-	-	1,465,704	1,044,484
Other debtors	269,710	368,419	5,030	136,250
Prepayments and accrued income	123,856	180,453	-	-
	<u>25,931,080</u>	<u>12,105,191</u>	<u>1,470,734</u>	<u>1,180,734</u>

Other debtors include a net deferred tax asset of £25,000

### 14 CREDITORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
<b>Due within one year</b>				
Bank loans	20,308,405	8,624,597	-	-
Obligations under finance lease and hire purchase contracts	25,052	15,715	-	-
Trade creditors	97,976	227,333	-	-
Corporation tax	272,882	935,932	-	9,275
Other tax and social security	110,192	268,286	-	-
Amounts owed to group undertakings	-	-	512,426	409,791
Other creditors	1,589,517	191,346	80	1,080
Accruals and deferred income	960,705	445,009	-	-
	<u>23,364,729</u>	<u>10,708,218</u>	<u>512,506</u>	<u>420,146</u>

Included in bank loans and overdrafts above is a bank loan of £14,706,826 which is secured on the assets of Catalyst Securities Limited by way of fixed and floating charges, together with a bank loan of £3,057,704 secured on the assets of Catalyst Securities No 2 Fund Limited by way of fixed and floating charges. Also included in bank loans and overdrafts is a bank loan of £2,543,875 secured on the assets of Catalyst Investments Limited. Commercial rates of interest are charged. The bank loan of £2,543,875 is repayable in quarterly instalments.

Amounts due under finance lease and hire purchase contracts are secured on the assets to which they relate.

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 14 CREDITORS (continued)

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
<b>Due after one year</b>				
Bank loans	851,760	3,109,212	-	-
Obligations under finance lease and hire purchase contracts	112,117	79,564	-	-
Other creditors	3,550,000	3,400,000	-	-
	<u>4,513,877</u>	<u>6,588,776</u>	<u>-</u>	<u>-</u>

Included within bank loans above is a bank loan of £851,760 secured against the group's investment properties. This loan is repayable in instalments of £5,505, £8,190, £9,531 and £920,054 on 6 April 2008, 6 April 2009, 6 April 2010 and 6 April 2011 respectively.

Included within bank loans above is a bank loan of £2,543,875 secured on the assets of Catalyst Investments Limited by way of fixed and floating charges. The bank loan is repayable in equal quarterly instalments of £278,263 to 3 August 2009. Interest is charged at 2.25% above the bank base rate.

Other creditors of £3,550,000 are unsecured loan notes, redeemable at par, on 3 February 2011 and subject to interest payable six monthly in arrears at commercial rates.

### 15 BORROWINGS

	2007	2006
	£	£
Borrowings are repayable as follows		
<b>Within one year</b>		
Bank loans	20,308,405	8,624,597
Other loans from a director	1,336,265	-
Amounts due under finance lease and hire purchase contracts	25,052	15,715
<b>After one year and within two years</b>		
Bank loans	851,760	2,057,050
Amounts due under finance lease and hire purchase contracts	112,117	79,564
<b>After two years and within five years</b>		
Bank loans	-	1,052,162
Other unsecured loan notes	3,550,000	3,400,000
	<u>26,183,599</u>	<u>15,229,088</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 16 PROVISIONS FOR LIABILITIES

	2007 £	2006 £
<b>Group</b>		
Deferred tax		
At 1 April 2006	31,092	14,429
Acquired with subsidiaries	-	12,000
Profit and loss	(56,092)	4,663
Transferred to debtors	25,000	-
	<u>-</u>	<u>31,092</u>
<b>At 31 March 2007</b>	<u>-</u>	<u>31,092</u>

Deferred tax is analysed as follows

	Provided		Not provided	
	2007 £	2006 £	2007 £	2006 £
Capital allowances	<u>-</u>	<u>31,092</u>	<u>-</u>	<u>-</u>

### 17 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid	
	£	Number	£
At 1 April 2006 and at 31 March 2007	<u>100,000</u>	<u>80,808</u>	<u>80,808</u>

### 18 RESERVES

	Group £	Company £
<b>Share premium account</b>		
At 1 April 2006 and 31 March 2007	<u>1,989,897</u>	<u>1,989,897</u>
<b>Profit and loss account</b>		
At 1 April 2006	365,652	137,003
Profit for the year	453,720	(344,487)
At 31 March 2007	<u>819,372</u>	<u>(207,484)</u>
<b>Other reserve</b>		
At 1 April 2006	-	-
Credit for equity share based payments	31,592	-
At 31 March 2007	<u>31,592</u>	<u>-</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 19 SHAREHOLDERS' FUNDS

	2007 £	2006 £
Shareholders' funds at 1 April 2006	2,436,357	2,225,625
Profit for the year	453,720	210,732
Credit for equity share based payments	31,592	-
Shareholders' funds at 31 March 2007	<u>2,921,669</u>	<u>2,436,357</u>

### 20 MINORITY INTERESTS

	2007 £	2006 £
At 1 April 2006	286,725	6,798
Minority share of profit for the year	139,692	20,336
Arising on acquisition of subsidiaries	-	259,591
At 31 March 2007	<u>426,417</u>	<u>286,725</u>

### 21 GROSS CASH FLOWS

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	134,018	46,685
Interest paid	(714,351)	(100,431)
	<u>(580,333)</u>	<u>(53,746)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(143,075)	(171,877)
Payments to acquire fixed asset investments	(692,568)	(93,162)
	<u>(835,643)</u>	<u>(265,039)</u>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	-	3,099,648
Net cash acquired with subsidiary	-	(1,413,841)
Share capital acquired by minority interest	-	-
	<u>-</u>	<u>1,685,807</u>
<b>Financing</b>		
New hire purchase debt	60,650	95,279
Repayment of bank loan	(456,125)	(1,648,374)
	<u>(395,475)</u>	<u>(1,553,095)</u>



# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 22 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2006	Cash flows	At 31 March 2007
	£	£	£
Cash at bank and in hand	4,116,537	(3,091,190)	1,025,347
Obligations under finance lease and hire purchase contracts	(95,279)	(41,890)	(137,169)
Debt due after 1 year	(6,509,212)	(15,155,458)	(21,644,670)
Debt due within 1 year	(8,624,597)	-	(4,401,760)
	<u>(11,112,551)</u>	<u>(14,045,701)</u>	<u>(25,158,252)</u>

### 23 OTHER COMMITMENTS

#### Group

At 31 March 2007 the group had annual commitments under operating leases as follows

	Land and buildings		Other	
Expiry date	2007 £	2006 £	2007 £	2006 £
Within one year	-	-	626	-
Between one and five years	37,500	104,250	618	1,870
Over five years	38,000	38,000	-	-
	<u>75,500</u>	<u>142,250</u>	<u>1,244</u>	<u>1,870</u>

# ZEUS CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

### 24 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

The following related party transactions occurred during the year

	2007 £	2006 £
• Sales to entities in which the directors have interests	319,843	535,230
• Amounts outstanding (and included in trade debtors) in respect of sales to entities in which the directors have interests	13,409	60,901
• Purchases from entities in which the directors have interests	404,880	463,237
• Amounts outstanding (and included in trade creditors) in respect of purchases from entities in which the directors have interest	-	120,114
• Quoted investments in entities in which the directors have interests	50,253	50,253
• Loans made to subsidiary companies by directors and entities controlled by them	4,752,495	2,119,913
• Interest charged on loans made to subsidiary companies by directors and entities controlled by them	550,438	39,913

### 25 FINANCIAL INSTRUMENTS

Exposure to credit and interest rate risk arises in the normal course of the group's business. Derivative financial instruments are used to hedge exposure to fluctuations in interest rates.

#### Interest rate risk

The group incurs interest rate risks on its bank loan. The interest rate is variable, being 2.25% above the bank's base rate.

The group uses an interest rate swap contract to hedge its interest risk, being a capped rate of 5%. The contract matches the length of the bank loan and matures on 6 August 2009.

At 31 March 2007, the group had an interest rate swap contract whose fair value was a liability of £18,123 (2006: an asset of £8,068).