

DELLSTONE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2003

FINANCIAL STATEMENTS

The Directors present their report and unaudited financial statements for the year ended 30 June 2003.

DIRECTOR'S RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:-

- * **Select suitable accounting policies and apply them consistently**
- * **Make judgements and estimates that are reasonable and prudent**
- * **State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements**
- * **Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the accounts 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.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was inspection engineering.

RESULTS AND DIVIDENDS

The profit for the year before taxation is as shown on page 3. Dividends paid in the year were £15,000 (2002:£3,500). No dividend is payable at the year end.



DELLSTONE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

REVIEW OF THE BUSINESS

This is the company's fourth period of business and the directors are satisfied with the results.

FUTURE DEVELOPMENTS

There are no plans to develop the business into other areas other than the principal activity.

DIRECTORS

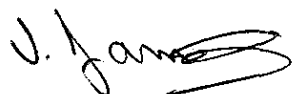
The Directors, whom served throughout the year, had the following interests in the £1 ordinary shares of the company at the beginning and the end of the financial year.

	<u>30 June 2003</u>	<u>30 June 2002</u>
Mr J James	1	1

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

By Order of the Board

152 Ladyton
BONHILL
Alexandria



Mrs V James
Secretary

15 April 2004

DELLSTONE LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003

	Note	<u>2003</u>	<u>2002</u>
		£	£
Turnover	1	42,149	34,117
Cost of Sales		13,374	14,943
		-----	-----
Gross Profit		28,775	19,174
Administrative Expenses		15,228	18,178
		-----	-----
Operating Profit/ Profit on Ordinary Activities Before taxation	2	13,547	996
Taxation on Profit on Ordinary Activities	3	949	35
		-----	-----
Profit for the Financial year		12,598	961
Dividends paid and proposed	10	15,000	3,500
		-----	-----
Retained Loss for the Financial year		(2,402)	(2,539)
Retained (Loss)/Profit at the beginning of year		(746)	1,793
		-----	-----
Retained Loss Carried Forward		(3,148)	(746)
		=====	=====

All amounts relating to continuing activities.

All recognised gains and losses have been included in the Profit and Loss account.

DELLSTONE LIMITED
BALANCE SHEET
AS AT 30 JUNE 2003

	Note	<u>2003</u> £	<u>2002</u> £
Fixed Assets	4	658	1,103
Current Assets			
Debtors	5	3,409	-
Cash at bank & in hand		36	420
		-----	-----
		3,445	420
		-----	-----
Creditors:			
Amounts falling due within one year	6	7,249	2,267
		-----	-----
Net Current Liabilities		(3,804)	(1,847)
Creditors:			
Amount falling due after more than one year	7	-	-
		-----	-----
Net Liabilities		(3,146)	(744)
		=====	=====
Capital and Reserves			
Called up Share Capital	8	2	2
Profit and Loss Account		(3,148)	(746)
		-----	-----
Shareholders Funds		(3,146)	(744)
		=====	=====

Continued on page 5.

DELLSTONE LIMITED
BALANCE SHEET
AS AT 30 JUNE 2003

In preparing these unaudited financial statements advantage has been taken of the exemption under section 249A(1) of the Companies Act 1985. No notice requiring an audit has been deposited by members under section 249B(2).

Company law requires the directors to prepare financial statements for each financial year which give a fair and true view of the state of affairs of the company and of the profit and loss of the company for that period and which comply with the provisions of the Companies Act 1985. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed on behalf of the Board



Mr J James
Director

15 April 2004

DELLSTONE LIMITED
STATEMENT OF ACCOUNTING POLICIES

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

(a) Turnover

Turnover consists of invoiced sales net of returns, trade discounts and value added tax.

(b) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

(c) Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

- Office Equipment - 33% straight line.
- Plant & Equipment - 25% straight line.

DELLSTONE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1 TURNOVER

Turnover was attributable entirely to the United Kingdom market.

2 OPERATING PROFIT

Operating profit is stated after charging: -

	<u>2003</u>	<u>2002</u>
Accountants Remuneration	587	702
Director's Remuneration	13,374	14,943
	=====	=====

3 TAXATION

The tax charge for the year has been calculated at the relevant rate.

4 FIXED ASSETS

	<u>Office Equipment</u>	<u>Plant & Machinery</u>	<u>Total</u>
	£	£	£
<u>Cost</u>			
Balance B/fwd	2,705	-	2,705
Added in Year	-	143	143
Disposals	-	-	-
	-----	-----	-----
At 30 June 2003	2,705	143	2,848
	-----	-----	-----
<u>Depreciation</u>			
Balance B/fwd	1,602	-	1,602
Charge for Year	552	36	588
	-----	-----	-----
At 30 June 2003	2,154	36	2,190
	-----	-----	-----
<u>Net Book Value</u>			
At 30 June 2003	551	107	658
At 30 June 2002	1,103	-	1,103
	=====	=====	=====

5 DEBTORS

	<u>2003</u>	<u>2002</u>
Trade Debtors	3,409	-
Other Debtors	-	-
	-----	-----
	3,409	-
	=====	=====

DELLSTONE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u>	<u>2002</u>
Trade Creditors	-	-
Other Creditors	5,911	2,247
Taxation & Social Security Costs	389	-
Corporation Tax	949	20
Dividends Proposed	-	-
	-----	-----
	7,249	2,267
	=====	=====

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2003</u>	<u>2002</u>
Other Creditors	-	-
	=====	=====

8 CALLED UP SHARE CAPITAL

	<u>2003</u>	<u>2002</u>
Authorised		
Ordinary Shares of £1 each	100	100
	=====	=====
Allotted, called up and fully paid	2	2
	=====	=====

9 CONTROLLING PARTY

Mr James, a director, and members of his close family control the company as a result of controlling directly or indirectly 100% of the issued ordinary share capital.

10 DIVIDENDS

	<u>2003</u>	<u>2002</u>
Dividend paid in year	15,000	-
Proposed dividend on ordinary shares	-	3,500
	=====	=====