

**REGISTRAR OF
COMPANIES**

**Young Samuel Chambers ("YSC")
Limited**

Report and Financial Statements

Year Ended

30 April 2003



BDO Stoy Hayward
Chartered Accountants

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Annual report and financial statements for the year ended 30 April 2003

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Directors

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Directors

D R W Young (Chairman)
G Bains
K Rowe
R Sharrock
D Anciano

Secretary and registered office

B Latham, 39 Craven Street, London, WC2N 5NG.

Company number

2402857

Bankers

Barclays Bank Plc, 54 Lombard Street, London, EC3V 9EX.

Solicitors

Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London, EC2 2HA.

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Report of the directors for the year ended 30 April 2003

The directors present their report together with the audited financial statements for the year ended 30 April 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend a dividend for the year (2002 - £505,275). The retained profit for the financial year of £513,601 (2002 - £228,528) will be transferred to reserves.

Principal activities, trading review and future developments

The company specialises in applying business psychology to the development of people, teams and organisations.

The directors are pleased with the revenue growth of 17% over a difficult period, where indifferent economic growth and uncertainty has affected many consultancies in the market. Significant progress was made in our programme of international expansion, with revenues outside the UK growing by 57%. This was facilitated by further investment in the US office and the opening of an office in Sydney, Australia. An office in Edinburgh now adds to the UK offering and expansion into mainland Europe is planned for 2003-4. Finally, Psymmetry, our technology-based business, has grown to be operationally profitable and continues to add value. Psymmetry's contribution is expected to increase through the recent launch of an improved reporting system.

The directors implemented a different bonus scheme this financial year, this accounts for there being no dividend, a lower comparative PBIT and higher retained profit

Charitable and political contributions

During the year the company made charitable contributions of £15,687.

Directors and their interests

The directors and their interests in the company during the year were:

		Ordinary shares of 10p each (£1 in 2002)	
		2003	2002
D R W Young (Chairman)		5,000	500
G Bains		100,000	10,000
K Rowe		100,000	10,000
R Sharrock		37,500	3,750
D Anciano	(appointed 3 March 2003)	37,500	3,750

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Report of the directors for the year ended 30 April 2003 (Continued)

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 to 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

R Sharrock



Director

Date - 2 OCT 2003

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Report of the independent auditors

To the shareholders of Young Samuel Chambers ("YSC") Limited

We have audited the financial statements of Young Samuel Chambers ("YSC") Limited for the year ended 30 April 2003 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

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 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 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 company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 company'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.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

Chartered Accountants

and Registered Auditors

London

2 October 2003

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED**Profit and loss account for the year ended 30 April 2003**

	Note	2003 £	2002 £
Turnover	2	6,999,719	6,000,369
Cost of sales		(4,717,433)	(3,806,410)
Gross profit		2,282,286	2,193,959
Administrative expenses		(1,614,382)	(1,205,752)
Operating profit		667,904	988,207
Interest receivable	5	14,783	16,871
Profit on ordinary activities before taxation	6	682,687	1,005,078
Taxation on profit from ordinary activities	7	(169,086)	(271,275)
Profit on ordinary activities after taxation		513,601	733,803
Dividends	8	-	(505,275)
Retained profit for the year	13	513,601	228,528

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Balance sheet at 30 April 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	9		285,062		166,156
Current assets					
Debtors	10	2,151,750		1,697,355	
Cash at bank and in hand		499,367		1,405,899	
		<u>2,651,117</u>		<u>3,103,254</u>	
Creditors: amounts falling due within one year	11	1,483,282		2,330,114	
		<u></u>		<u></u>	
Net current assets			1,167,835		773,140
			<u></u>		<u></u>
Total assets less current liabilities			1,452,897		939,296
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	12		33,685		33,685
Capital redemption reserve	13		16,315		16,315
Profit and loss account	13		1,402,897		889,296
			<u></u>		<u></u>
Equity shareholders' funds	15		1,452,897		939,296
			<u></u>		<u></u>

The financial statements were approved by the Board on - 2 OCT 2003



R Sharrock
Director

The notes on pages 8 to 15 form part of these financial statements.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Cash flow statement for the year ended 30 April 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash inflow from operating activities	16		43,943		1,692,918
Returns on investments and servicing of finance					
Interest received			14,783		16,871
Taxation					
UK corporation tax paid		(243,838)		(102,230)	
US taxes paid		(20,086)		(12,437)	
			(263,924)		(114,667)
Capital expenditure					
Payments to acquired tangible fixed assets			(196,059)		(77,608)
			(401,257)		1,517,514
Equity dividends paid			(505,275)		(404,220)
(Decrease)/increase in cash in the year	17		(906,532)		1,113,294

The notes on pages 8 to 15 form part of these financial statements.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied in the year.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so to write off the cost of tangible fixed assets less their estimated residual value on a straight line basis over the expected useful economic lives of the assets concerned. It is calculated at the following rates:

Office equipment	-	33⅓% per annum
Furniture	-	12½% per annum
Fixtures and fittings	-	10% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Operating leases

Rental costs in respect of operating leases are charged on a straight line basis over the term of the lease.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Pension costs

The company contributes to personal pension schemes on behalf of certain employees. The cost of these contributions is charged to the profit and loss account in the period to which they relate.

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (*Continued*)

1 Accounting policies (*Continued*)

Employee Benefit Trust

During the year the company established an Employee Benefit Trust in order to reward and encourage its own staff. Payments due to the Employee Benefit Trust are charged to the profit and loss account in the year in which the benefits accrue to the individual employees.

The company is deemed to have control of the assets, liabilities, income and costs of its Employee Benefit Trust (EBT). It has therefore been included in the financial statements of the company in accordance with UITF 13.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the group starts to benefit from the expenditure.

2 Turnover

An analysis of turnover by destination is given below:

	2003 £	2002 £
United Kingdom	5,985,532	5,354,805
Rest of Europe	410,043	302,720
USA	340,623	93,227
Middle East	73,928	56,259
Rest of World	124,536	86,475
Asia Pacific	65,057	106,883
	<hr/>	<hr/>
	6,999,719	6,000,369
	<hr/>	<hr/>

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (Continued)

3 Employees

	2003 £	2002 £
Staff costs consist of:		
Wages and salaries and other benefits	4,205,646	3,338,909
Social security costs	360,232	393,771
Other pension costs	178,444	184,627
	<u>4,744,322</u>	<u>3,917,307</u>

Included in wages and salaries were bonuses payable to staff of £1,573,758 (2002 - £1,057,712).

	2003 Number	2002 Number
The average number of employees, including executive directors, during the year was:		
Consultants	30	26
Administration	21	16
	<u>51</u>	<u>42</u>

4 Directors

	2003 £	2002 £
Directors' emoluments consist of:		
Aggregate emoluments (including benefits in kind)	1,208,655	602,135
Consideration paid to a third party for services of director	25,000	18,000
Company pension contributions to money purchase schemes in respect of 4 (2002 - 3) directors	29,750	55,161
	<u>1,263,405</u>	<u>675,296</u>
Highest paid director:		
Aggregate emoluments	396,862	232,703
Company pension contributions to money purchase schemes	-	19,080

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (Continued)

5 Interest receivable

	2003 £	2002 £
Bank interest receivable	14,783	16,871

6 Profit on ordinary activities before taxation

	2003 £	2002 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	72,577	70,308
Operating lease - property	201,329	115,286
Auditors' remuneration - for audit services	16,000	15,000
- non audit services	62,500	3,000
Research and development costs	242,640	257,358

7 Taxation

	2003 £	2002 £
The taxation charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax	149,000	258,838
Overseas tax	20,086	12,437
	169,086	271,275

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	682,687	1,005,078
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	204,806	301,523
Effects of:		
Expenses not deductible for tax purposes	13,570	4,407
Deferred tax not provided for	(7,695)	4,697
Research and development credit	(36,396)	(38,604)
Marginal relief	(25,285)	(13,185)
Current tax charge for year	149,000	258,838

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (Continued)

8 Dividends

	2003 £	2002 £
Ordinary shares - final proposed dividend Nilp (2002 - 15.00p) per share	-	505,275

9 Tangible assets

	Office equipment £	Furniture, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 May 2002	243,043	159,145	402,188
Additions	61,013	135,046	196,059
Disposal	(28,252)	(7,423)	(35,675)
At 30 April 2003	275,804	286,768	562,572
<i>Depreciation</i>			
At 1 May 2002	162,072	73,959	236,031
Charge for the year	52,061	20,516	72,577
Eliminated on disposal	(29,570)	(1,528)	(31,098)
At 30 April 2003	184,563	92,947	277,510
<i>Net book value</i>			
At 30 April 2003	91,241	193,821	285,062
At 30 April 2002	81,243	85,186	166,156

10 Debtors

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	1,587,514	1,154,958
Other debtors	80,392	56,208
Corporation tax	-	11,162
Prepayments and accrued income	483,844	475,027
	2,151,750	1,697,355

Notes forming part of the financial statements for the year ended 30 April 2003 (Continued)

	2003 £	2002 £
Trade creditors	137,494	32,050
Corporation tax	164,561	270,561
Other taxation and social security costs	736,802	253,331
Accruals and deferred income	444,425	1,268,897
Dividends payable	-	505,275
	<hr/>	<hr/>
	1,483,282	2,330,114

	Authorised			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of 10p each (2002 – par value £1)	2,500,000	250,000	2,500,000	250,000
	Allotted, called up and fully paid			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of 10p each (2002 – par value £1)	336,850	33,685	33,685	33,685

At 30 April 2003 the following share option was outstanding in respect of the ordinary shares:

13

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (Continued)

13 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 May 2002	16,315	889,296
Retained profit for year	-	513,601
	<hr/>	<hr/>
At 30 April 2003	16,315	1,402,897
	<hr/>	<hr/>

14 Commitments under operating leases

As at 30 April 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	2003 £	2002 £
Property:		
Expiring after five years	196,000	158,458
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	939,296	710,768
Profit for the financial year	513,601	228,528
	<hr/>	<hr/>
Closing shareholders' funds	1,452,897	939,296
	<hr/>	<hr/>

16 Reconciliation of operating profit to net cash inflow from operating activities

	2003 £	2002 £
Operating profit	667,904	988,207
Depreciation	72,577	70,308
Loss on disposal of fixed assets	4,577	2,803
(Increase)/decrease in debtors	(465,557)	53,703
(Decrease)/increase in creditors	(235,558)	577,897
	<hr/>	<hr/>
Net cash inflow from operating activities	43,943	1,692,918
	<hr/>	<hr/>

YOUNG SAMUEL CHAMBERS ("YSC") LIMITED

Notes forming part of the financial statements for the year ended 30 April 2003 (*Continued*)

17 Reconciliation of net cash inflow to movement in net funds

	2003	2002
	£	£
(Decrease)/increase in cash in the year	(906,532)	1,113,294
Net funds at 1 May 2002	1,405,899	292,605
	<hr/>	<hr/>
Net funds at 30 April 2003	499,367	1,405,899
	<hr/>	<hr/>

Net funds comprise cash at bank and in hand.