

VFM ASSOCIATES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2003
COMPANY NUMBER 2737626 (ENGLAND & WALES)

DIX VOGAN LIMITED
CHARTERED ACCOUNTANTS



VFM ASSOCIATES LIMITED

REGISTERED OFFICE

3 Bramley's Barn
The Menagerie
Escrick
York
YO19 6EH

COMPANY REGISTRATION NUMBER

2737626

DIRECTORS

P Ceci
I E J Fairbairn
M J Grimshaw

SECRETARY

I E J Fairbairn

AUDITORS

Dix Vogan Limited
2 Chancery Lane
Wakefield
WF1 2SS

BANKERS

Lloyds Bank Plc
17 Westgate
Wakefield
West Yorkshire
WF1 1JZ

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2003

The directors present their report and financial statements for the year ended 31 October 2003.

Principal activity

The company's principal activity throughout the year continued to be the provision of training courses for clients in the business and retail sector.

Statement of 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;
- prepare financial statements on the going concern basis unless it is inappropriate to assume 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 the detection of fraud and other irregularities.

Directors

The directors who served throughout the year, together with details of their interests in the company's share capital at 31 October 2003 and 31 October 2002 were as follows:

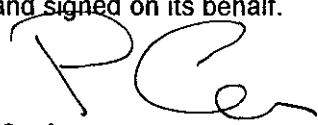
| | Number of shares | |
|-----------------|------------------|----------------|
| | At 31.10.03 | At 31.10.02 |
| P Ceci | 400 | 400 |
| I E J Fairbairn | 400 | 400 |
| M J Grimshaw | 200 | 200 |

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution to re-appoint Dix Vogan Limited as auditors will be put to the Annual General Meeting.

Small company rules

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, was approved by the board on 26 November 2003 and signed on its behalf.



Peter Ceci
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
VFM ASSOCIATES LIMITED**

We have audited the financial statements of VFM Associates Limited for the year ended 31 October 2003 on pages 3 to 8. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 5.

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 that 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, or the opinions we have formed.

Respective responsibilities of directors and the auditors

As described in the Statement of Directors' Responsibilities on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the 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.

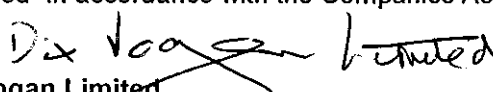
Basis of audit opinion

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Dix Vogan Limited
Chartered Accountants and Registered Auditors

2 Chancery Lane
Wakefield
WF1 2SS

26 November 2003

VFM ASSOCIATES LIMITED**3.****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 OCTOBER 2003**

| | Note | 2003 £ | 2002 £ |
|--|------|----------------|----------------|
| Turnover | 2 | 723,640 | 510,322 |
| Cost of sales | | (432,956) | (340,154) |
| Gross profit | | <u>290,684</u> | <u>170,168</u> |
| Administrative costs | | (90,985) | (82,702) |
| Profit on ordinary activities before interest | 3 | <u>199,699</u> | <u>87,466</u> |
| Interest receivable | | 356 | 37 |
| Interest payable | 4 | (6) | (2,437) |
| Profit on ordinary activities before taxation | | <u>200,049</u> | <u>85,066</u> |
| Taxation | 5 | (38,065) | (15,095) |
| Profit on ordinary activities after taxation | | <u>161,984</u> | <u>69,971</u> |
| Dividend proposed | | (130,000) | (75,000) |
| Dividend paid | | (20,000) | - |
| Retained profit (deficit) for the year | | <u>11,984</u> | <u>(5,029)</u> |
| Retained profit brought forward | | <u>21,381</u> | <u>26,410</u> |
| Retained profit carried forward | | <u>33,365</u> | <u>21,381</u> |

The notes on pages 5 to 8 form part of these financial statements.

VFM ASSOCIATES LIMITED

4.

BALANCE SHEET AS AT

31 OCTOBER 2003

| | Note | 2003 £ | 2002 £ |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 6 | 31,254 | 17,557 |
| Current assets | | | |
| Work in progress | | 24,844 | - |
| Debtors | 7 | 224,300 | 135,915 |
| Cash at bank | | 6,184 | 22,745 |
| | | <u>255,328</u> | <u>158,660</u> |
| Creditors: Amounts falling due within one year | 8 | <u>247,255</u> | <u>151,207</u> |
| Net current (liabilities) assets | | 8,073 | 7,453 |
| Total assets less current liabilities | | <u>39,327</u> | <u>25,010</u> |
| Provisions for liabilities and charges | | | |
| Deferred tax | 9 | (4,962) | (2,629) |
| | | <u>34,365</u> | <u>22,381</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 1,000 | 1,000 |
| Profit and loss account | | 33,365 | 21,381 |
| Shareholders' funds - all equity | | <u>34,365</u> | <u>22,381</u> |

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the board on 26 November 2003 and signed on its behalf.



Peter Ceci
Director

The notes on pages 5 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2003

1. ACCOUNTING POLICIES

- a. These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

- b. 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 estimated useful lives on the following bases:

| | |
|-----------------------|--------------------------------|
| Fixtures and fittings | 15% per annum reducing balance |
|-----------------------|--------------------------------|

- c. Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.
- d. Provision is made at current rates for taxation deferred in respect of material timing differences, except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not crystallise in the foreseeable future.
- e. The company operates a defined contribution pension scheme and the pension charge of £7,313 (2002: £7,462) represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

In the year ended 31 October 2003 11.7% of the company's turnover was to customers in other EU states and 0.8% of turnover was to customers outside the EU. In the year ended 31 October 2002 all sales were to UK customers.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

The profit on ordinary activities before interest is stated after charging (crediting):

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 2,813 | 2,167 |
| - held under hire purchase contracts | - | 4,171 |
| Profit on sale of fixed assets | - | (6,150) |
| Operating leases - property | 10,080 | 10,080 |
| Directors' emoluments (excluding pension contributions) | 143,589 | 134,733 |
| Directors' pension contributions | 5,356 | 5,555 |
| Auditors' remuneration | 1,954 | 1,855 |
| | ----- | ----- |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2003

4. INTEREST PAYABLE

| | 2003 £ | 2002 £ |
|----------------------------|-----------|--------------|
| On bank overdraft | 6 | 2 |
| On hire purchase contracts | - | 2,435 |
| | <u>6</u> | <u>2,437</u> |

5. TAXATION

| | 2003 £ | 2002 £ |
|--|---------------|---------------|
| Corporation tax at 19.0% (2002: 19.4%) | 35,732 | 12,466 |
| Deferred tax | 2,333 | 2,629 |
| | <u>38,065</u> | <u>15,095</u> |

6. FIXED ASSETS

Tangible fixed assets

| | Total £ |
|----------------------------------|---------------|
| Cost: | |
| At 1 November 2002 | 34,356 |
| Additions | 16,510 |
| | <u>50,866</u> |
| At 31 October 2003 | |
| Accumulated depreciation: | |
| At 1 November 2002 | 16,799 |
| Charge for the year | 2,813 |
| | <u>19,612</u> |
| At 31 October 2003 | |
| Net book value: | |
| At 31 October 2003 | <u>31,254</u> |
| At 31 October 2001 | <u>17,557</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2003

7. DEBTORS

| | 2003 £ | 2002 £ |
|-------------------------------|----------------|----------------|
| Trade debtors | 216,379 | 128,528 |
| Other debtors and prepayments | 7,921 | 7,387 |
| | <u>224,300</u> | <u>135,915</u> |

8. CREDITORS: amounts falling due within one year

| | 2003 £ | 2002 £ |
|---------------------------------------|----------------|----------------|
| Trade creditors | 23,574 | 30,986 |
| Corporation tax | 35,740 | 12,765 |
| Other taxes and social security costs | 25,454 | 15,106 |
| Other creditors and accruals | 162,487 | 92,350 |
| | <u>247,255</u> | <u>151,207</u> |

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

| | £ |
|----------------------------|--------------|
| Balance at 1 November 2002 | 2,629 |
| Charge for the year | 2,333 |
| | <u>4,962</u> |
| Balance at 31 October 2003 | |

The balance at 31 October 2003 and at 31 October 2002 is made up of accelerated capital allowances. There was no amount not provided for at either date..

10. CALLED UP SHARE CAPITAL

| | 2003 £ | 2002 £ |
|--|---------------|---------------|
| Authorised: | | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| Allotted, issued and fully paid up: | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2003

11. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 October 2003 the company had an annual commitment of £10,080 (2002: £10,080) under a non-cancellable operating lease for the premises from which it operates. The lease expires after more than one year and less than five years from the balance sheet date.

12. RELATED PARTIES

No one person controls the company.

The directors have each given personal guarantees to secure the company's bank overdraft facility.