

REGISTERED NUMBER: 02776199

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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
LANE 4 MANAGEMENT GROUP LIMITED



LANE 4 MANAGEMENT GROUP LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2003

DIRECTORS:

A Moorhouse MBE
Dr G Jones
D Mahony
A Swain

SECRETARY:

A Moorhouse MBE

REGISTERED OFFICE:

St Marks House
Station Road
Bourne End
Buckinghamshire
SL8 5QF

REGISTERED NUMBER:

02776199

AUDITORS:

Horwath Clark Whitehill
Chartered Accountants & Registered Auditors
Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

LANE 4 MANAGEMENT GROUP LIMITED

REPORT OF THE DIRECTORS **for the Year Ended 31 December 2003**

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of management development services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

27.75p	- 31 January 2003
27.75p	- 28 February 2003
27.75p	- 31 March 2003
27.75p	- 30 April 2003
27.75p	- 31 May 2003
27.75p	- 30 June 2003
27.75p	- 31 July 2003
27.75p	- 31 August 2003
27.75p	- 30 September 2003
27.75p	- 31 October 2003
27.75p	- 30 November 2003
27.75p	- 31 December 2003
<hr/>	
£ 3.33	
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The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2003 will be £66,667.

RESEARCH AND DEVELOPMENT

The company recognises the importance of continuing research and development to both improve and expand the services it is able to offer to clients.

FUTURE DEVELOPMENTS

The ongoing investment in research and development, together with the development of existing and new markets, leads the directors to look to the future with confidence.

DIRECTORS

The directors during the year under review were:

A Moorhouse MBE
A Hutchinson
Dr G Jones
D Mahony
A Swain

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary £1 shares		
A Moorhouse MBE	8,000	8,000
A Hutchinson	6,000	6,000
Dr G Jones	6,000	6,000
D Mahony	-	-
A Swain	-	-

A Hutchinson resigned as a director on 26 January 2004.

LANE 4 MANAGEMENT GROUP LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2003

No right to subscribe for shares in, or debentures of, the entity was granted to, or exercised by, any of the directors during the year.

CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £ 3,252 (2002 : £7,950).

COMPANY LAW

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

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 the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

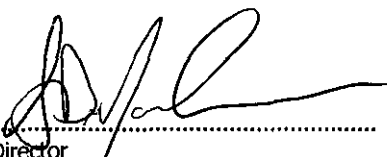
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill will be resigning as auditors to the Company at the conclusion of the Annual General Meeting.

Horwath Clark Whitehill LLP are willing to be proposed as auditors of the company in accordance with the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
- Director

Date: 14/6/04

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LANE 4 MANAGEMENT GROUP LIMITED**

We have audited the financial statements of Lane 4 Management Group Limited for the year ended 31 December 2003 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and 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

As described on page three 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

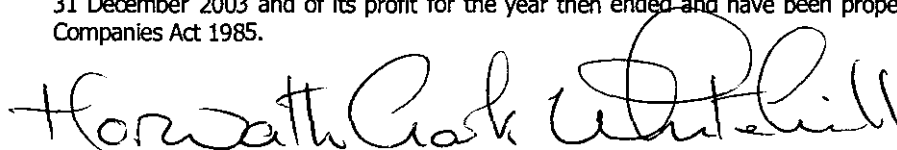
Basis of audit opinion

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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill
Chartered Accountants & Registered Auditors
Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

Date: 12 August 2004

LANE 4 MANAGEMENT GROUP LIMITED**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2003**

		2003	2002
	Notes	£	£
TURNOVER	2	3,935,276	3,120,570
Cost of sales		(833,976)	(770,601)
GROSS PROFIT		3,101,300	2,349,969
Administrative expenses		(2,596,637)	(1,889,090)
OPERATING PROFIT	4	504,663	460,879
Interest receivable and similar income		159	575
		504,822	461,454
Interest payable and similar charges	5	(45,669)	(20,150)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		459,153	441,304
Tax on profit on ordinary activities	6	(80,932)	(139,129)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		378,221	302,175
Dividends	7	(66,667)	(66,667)
RETAINED PROFIT FOR THE YEAR		311,554	235,508

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

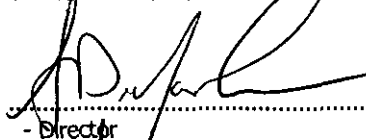
The company has no recognised gains or losses other than the profits for the current and previous years.


LANE 4 MANAGEMENT GROUP LIMITED

BALANCE SHEET
31 December 2003

		2003	2002
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	1,423,720	1,515,836
CURRENT ASSETS			
Stocks	9	-	241
Debtors	10	648,667	433,729
Cash at bank and in hand		348,280	118,150
		996,947	552,120
CREDITORS			
Amounts falling due within one year	11	(617,434)	(628,068)
NET CURRENT ASSETS/(LIABILITIES)		379,513	(75,948)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,803,233	1,439,888
CREDITORS			
Amounts falling due after more than one year	12	(949,713)	(897,922)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(11,592)	(11,592)
		841,928	530,374
CAPITAL AND RESERVES			
Called up share capital	16	20,000	20,000
Profit and loss account	17	821,928	510,374
SHAREHOLDERS' FUNDS	19	841,928	530,374

ON BEHALF OF THE BOARD


.....
- Director


.....
- Director

Approved by the Board on 14/6/4

The notes form part of these financial statements

LANE 4 MANAGEMENT GROUP LIMITED**CASH FLOW STATEMENT
for the Year Ended 31 December 2003**

		2003	2002
	Notes	£	£
Net cash inflow from operating activities	1	438,921	646,619
Returns on investments and servicing of finance	2	(45,510)	(19,575)
Taxation		(126,621)	(44,537)
Capital expenditure	2	(21,785)	(1,572,877)
Equity dividends paid		(66,667)	(93,667)
		178,338	(1,084,037)
Financing	2	51,792	960,190
Increase/(Decrease) in cash in the period		<u>230,130</u>	<u>(123,847)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		230,130	(123,847)
Cash inflow from increase in debt		<u>(51,791)</u>	<u>(960,190)</u>
Change in net debt resulting from cash flows		178,339	(1,084,037)
Movement in net debt in the period		178,339	(1,084,037)
Net (debt)/funds at 1 January		<u>(842,040)</u>	<u>241,997</u>
Net debt at 31 December		<u><u>(663,701)</u></u>	<u><u>(842,040)</u></u>

The notes form part of these financial statements

LANE 4 MANAGEMENT GROUP LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2003**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	504,663	460,879
Depreciation charges	113,900	89,538
Loss on disposal of fixed assets	-	8,581
Decrease/(Increase) in stocks	241	(241)
Increase in debtors	(193,970)	(75,802)
Increase in creditors	14,087	163,664
Net cash inflow from operating activities	<u>438,921</u>	<u>646,619</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	159	575
Interest paid	(45,669)	(20,150)
Net cash outflow for returns on investments and servicing of finance	<u>(45,510)</u>	<u>(19,575)</u>
Capital expenditure		
Purchase of tangible fixed assets	(21,785)	(1,572,877)
Net cash outflow for capital expenditure	<u>(21,785)</u>	<u>(1,572,877)</u>
Financing		
New loans in year	110,000	980,000
Loan repayments in year	(58,208)	(19,810)
Net cash inflow from financing	<u>51,792</u>	<u>960,190</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.03 £	Cash flow £	At 31.12.03 £
Net cash:			
Cash at bank and in hand	118,150	230,130	348,280
	<u>118,150</u>	<u>230,130</u>	<u>348,280</u>
Debt:			
Debts falling due within one year	(62,268)	-	(62,268)
Debts falling due after one year	(897,922)	(51,791)	(949,713)
	<u>(960,190)</u>	<u>(51,791)</u>	<u>(1,011,981)</u>
Total	<u>(842,040)</u>	<u>178,339</u>	<u>(663,701)</u>

The notes form part of these financial statements

LANE 4 MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 20 years
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 50% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
UK and Europe	3,808,303	3,081,820
Rest of the World	126,973	38,750
	<u>3,935,276</u>	<u>3,120,570</u>

3. **STAFF COSTS**

	2003 £	2002 £
Wages and salaries	1,553,746	1,204,117
Social security costs	194,723	123,919
Other pension costs	24,045	21,613
	<u>1,772,514</u>	<u>1,349,649</u>

LANE 4 MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003

3. STAFF COSTS - continued

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

	2003	2002
Directors	5	5
Consultants	10	7
Sales and marketing	2	1
Administration	19	17
	<u>36</u>	<u>30</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Hire of plant and machinery	17,599	9,468
Other operating leases	18,469	17,850
Depreciation - owned assets	113,900	89,538
Loss on disposal of fixed assets	-	8,581
Auditors remuneration	<u>5,528</u>	<u>3,500</u>
Directors' emoluments	486,908	437,224
Directors' pension contributions to money purchase schemes	<u>24,045</u>	<u>21,613</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2003 £	2002 £
Emoluments etc	120,694	84,629
Pension contributions to money purchase schemes	<u>2,128</u>	<u>2,660</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Loan interest	<u>45,669</u>	<u>20,150</u>

LANE 4 MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	101,900	130,000
Adjustments in respect of prior periods	(20,968)	(2,463)
Total current tax	<u>80,932</u>	<u>127,537</u>
Deferred tax:		
Deferred taxation	-	6,391
Deferred tax prior year chg	-	5,201
Total deferred tax	<u>-</u>	<u>11,592</u>
Tax on profit on ordinary activities	<u>80,932</u>	<u>139,129</u>

UK corporation tax has been charged at 23% (2002 - 29%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>459,153</u>	<u>441,304</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	137,746	132,391
Effects of:		
Expenses not deductible for tax purposes:fixed assets	21,362	14,241
Expenses not deductible for tax purposes:other assets	7,507	11,694
Additional deduction for R & D expenditure	(34,088)	(19,084)
Marginal relief	(29,233)	(28,305)
Adjustment to tax charge in respect of previous periods	(20,968)	(2,463)
Capital allowances less depreciation	(1,427)	(4,210)
Contingency	-	24,172
Other short term timing differences	33	(899)
Current tax charge	<u>80,932</u>	<u>127,537</u>

7. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Interim	<u>66,667</u>	<u>66,667</u>

LANE 4 MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST:					
At 1 January 2003	1,424,094	57,401	116,910	26,406	1,624,811
Additions	-	-	-	21,785	21,785
At 31 December 2003	1,424,094	57,401	116,910	48,191	1,646,596
DEPRECIATION:					
At 1 January 2003	47,470	25,368	22,935	13,203	108,976
Charge for year	71,205	6,406	18,795	17,494	113,900
At 31 December 2003	118,675	31,774	41,730	30,697	222,876
NET BOOK VALUE:					
At 31 December 2003	1,305,419	25,627	75,180	17,494	1,423,720
At 31 December 2002	1,376,624	32,033	93,975	13,203	1,515,835

9. STOCKS

	2003 £	2002 £
Finished goods	-	241

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade debtors	586,209	401,525
Other debtors	9,688	9,688
Taxation	20,968	-
Prepayments	31,802	22,516
	648,667	433,729

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts (see note 13)	62,268	62,268
Trade creditors	130,618	125,193
Taxation	105,279	130,000
Social security and other taxes	226,174	122,420
Other creditors	-	1,397
Accruals and deferred income	93,095	186,790
	617,434	628,068

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Bank loans (see note 13)	949,713	897,922

LANE 4 MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

13. LOANS

An analysis of the maturity of loans is given below:

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank loans - less than 1 yr	<u>62,268</u>	<u>62,268</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>62,268</u>	<u>62,268</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>186,804</u>	<u>186,804</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>700,641</u>	<u>648,850</u>

The directors have jointly and severally guaranteed the bank loans and overdraft balance up to a maximum of £100,000.

The loan is secured by way of a mortgage debenture giving a fixed and floating charge over the assets of the company. The debenture holder has a first legal charge over the freehold property.

The loan is repayable in monthly instalments of £8,898.89 with a final repayment of £8,990.48 to be repaid on or by July 2017. Interest is charged quarterly at 1.25% above the National Westminster Bank Base rate.

14. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiring:				
Within one year	-	26,050	1,346	3,501
Between one and five years	-	-	16,777	24,482
	<u>-</u>	<u>26,050</u>	<u>18,123</u>	<u>27,983</u>

15. PROVISION FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred taxation	<u>11,592</u>	<u>11,592</u>
	Deferred tax	
	£	
Balance at 1 January 2003	<u>11,592</u>	
Balance at 31 December 2003	<u>11,592</u>	

LANE 4 MANAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2003**

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2003	2002
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003	2002
			£	£
20,000	Ordinary	£1	<u>20,000</u>	<u>20,000</u>

17. RESERVES

	Profit and loss account
	£
At 1 January 2003	510,374
Retained profit for the year	<u>311,554</u>
At 31 December 2003	<u>821,928</u>

18. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 31 December 2003:

	£
D Mahony	
Balance outstanding at start of year	2,188
Balance outstanding at end of year	2,188
Maximum balance outstanding during year	<u>2,188</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	378,221	302,175
Dividends	<u>(66,667)</u>	<u>(66,667)</u>
Net addition to shareholders' funds	311,554	235,508
Opening shareholders' funds	<u>530,374</u>	<u>294,866</u>
Closing shareholders' funds	<u>841,928</u>	<u>530,374</u>
Equity interests	<u>841,928</u>	<u>530,374</u>