

LANE 4 MANAGEMENT GROUP LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2007



COMPANY REGISTRATION NUMBER 02776199

LANE 4 MANAGEMENT GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9
The following pages do not form part of the financial statements	
Detailed profit and loss account	20
Notes to the detailed profit and loss account	21

LANE 4 MANAGEMENT GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

G Jones
D Mahony
A Moorhouse MBE
A Swain
M Rogan
H J Warhurst

Company secretary

H J Warhurst

Registered office

St Marks House
Station Road
Bourne End
Buckinghamshire

Auditor

Target Consulting Limited
Chartered Accountants & Registered Auditors
Lawrence House
Lower Bristol Road
Bath

LANE 4 MANAGEMENT GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the provision of management development services

BUSINESS REVIEW

The balance sheet as detailed on page 7 shows shareholders' funds amounting to £1,691,901

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £431,389. Particulars of dividends paid are detailed in note 9 to the financial statements

FINANCIAL RISK MANAGEMENT

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans

The company's principal foreign currency exposures arise from trading abroad through overseas offices. The company policy permits, but does not demand, that these exposures may be hedged in order to fix the cost in sterling

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary

DIRECTORS

The directors who served the company during the year were as follows

G Jones
D Mahony
A Moorhouse MBE
A Swain

On 20 April 2008 and 21 April 2008 respectively, M Rogan and H J Warhurst were appointed as directors of the company.

LANE 4 MANAGEMENT GROUP LIMITED

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2007

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 by law to 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 these 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 that disclose with reasonable accuracy at any time the financial position of the company 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.

In so far as the directors are aware

- ☐ there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

DONATIONS

During the year the company made the following contributions

	2007	2006
	£	£
Charitable	<u>420</u>	<u>304</u>

AUDITOR

Target Consulting Limited has expressed its willingness to remain in office as auditor

Signed on behalf of the directors



H J Warhurst
Company Secretary

Approved by the directors on 01/09/08

LANE 4 MANAGEMENT GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LANE 4 MANAGEMENT GROUP LIMITED
YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Lane 4 Management Group Limited for the year ended 31 December 2007, which have been prepared on the basis of the accounting policies set out on pages 9 to 10

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing 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 are 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 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.

LANE 4 MANAGEMENT GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LANE 4 MANAGEMENT GROUP LIMITED (*continued*)
YEAR ENDED 31 DECEMBER 2007

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 company's affairs as at 31 December 2007 and of its 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

Target Consulting Limited

Target Consulting Limited
Chartered Accountants & Registered Auditors
Lawrence House
Lower Bristol Road
Bath

Dated 8/9/08

LANE 4 MANAGEMENT GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
TURNOVER	2	6,603,574	6,014,927
Cost of sales		<u>(3,187,678)</u>	<u>(2,536,653)</u>
GROSS PROFIT		3,415,896	3,478,274
Administrative expenses		<u>(2,778,854)</u>	<u>(2,956,646)</u>
OPERATING PROFIT	3	637,042	521,628
Interest receivable	6	20,127	7,414
Interest payable and similar charges	7	<u>(55,728)</u>	<u>(58,628)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>601,441</u>	470,414
Tax on profit on ordinary activities	8	<u>(170,052)</u>	<u>(110,701)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>431,389</u>	<u>359,713</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 18 form part of these financial statements

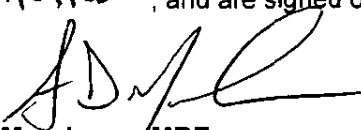
LANE 4 MANAGEMENT GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	10		1,705,553		1,716,487
CURRENT ASSETS					
Stocks	11	11,094		7,739	
Debtors	12	1,164,085		1,844,194	
Cash at bank and in hand		820,502		205,388	
		<u>1,995,681</u>		<u>2,057,321</u>	
CREDITORS: Amounts falling due within one year	13	<u>(1,260,112)</u>		<u>(1,505,690)</u>	
NET CURRENT ASSETS			<u>735,569</u>		<u>551,631</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,441,122</u>		<u>2,268,118</u>
CREDITORS: Amounts falling due after more than one year	14		<u>(749,221)</u>		<u>(807,606)</u>
			<u>1,691,901</u>		<u>1,460,512</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		119,342		119,342
Revaluation reserve	18		503,963		507,977
Other reserves	19		51,000		51,000
Profit and loss account	20		1,017,596		782,193
SHAREHOLDERS' FUNDS	21		<u>1,691,901</u>		<u>1,460,512</u>

These financial statements were approved by the directors and authorised for issue on 01/09/08, and are signed on their behalf by


A Moorhouse MBE
Director



The notes on pages 9 to 18 form part of these financial statements.

LANE 4 MANAGEMENT GROUP LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	£	2006 £	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22		1,082,178		(254,795)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		<u>20,127</u>		<u>7,414</u>	
Interest paid		<u>(55,728)</u>		<u>(58,628)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(35,601)		(51,214)
TAXATION			(122,263)		(186,000)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		<u>(55,927)</u>		<u>(18,381)</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(55,927)		(18,381)
EQUITY DIVIDENDS PAID			(200,000)		(200,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			<u>668,387</u>		<u>(710,390)</u>
FINANCING					
Repayment of bank loans		<u>(53,273)</u>		<u>(48,226)</u>	
NET CASH OUTFLOW FROM FINANCING			(53,273)		(48,226)
INCREASE/(DECREASE) IN CASH	22		<u>615,114</u>		<u>(758,616)</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

Turnover

The turnover shown in the profit and loss account represents the value of services provided during the year, exclusive of Value Added Taxation

Fixed assets

All fixed assets are recorded at cost or valuation

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	Straight line over 50 years
Plant & Machinery	-	20% on reducing balance basis
Fixtures & Fittings	-	20% on reducing balance basis
Computer Equipment	-	50% on reducing balance basis
Computer Software	-	20% on reducing balance basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Share based payments

The group has adopted FRS 20 'Share based payments' and considered the fair value of any options at the date of grant along with the market value of the shares. There is no material impact to the accounts of this policy.

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit

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

	2007	2006
UK & Europe	87%	87%
America	6%	7%
Australasia	7%	6%

3. OPERATING PROFIT

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	66,861	57,095
Auditor's remuneration		
- as auditor	5,500	5,248
- tax consultancy & compliance	17,800	2,830
- business consultancy	400	4,873
Net loss on foreign currency translation	991	7,368

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Directors	4	4
Consultants	26	24
Support staff	28	24
	<u>58</u>	<u>52</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	3,999,718	3,578,972
Social security costs	333,555	302,486
Other pension costs	103,832	76,406
	<u>4,437,105</u>	<u>3,957,864</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	607,837	529,264
Value of company pension contributions to money purchase schemes	23,737	16,995
	<u>631,574</u>	<u>546,259</u>

Emoluments of highest paid director:

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	149,014	138,437
Value of company pension contributions to money purchase schemes	5,169	—
	<u>154,183</u>	<u>138,437</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

6. INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest receivable	<u>20,127</u>	<u>7,414</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Other similar charges payable	<u>55,728</u>	<u>58,628</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax.		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	170,082	126,673
Over/under provision in prior year	(30)	(4,380)
Total current tax	<u>170,052</u>	<u>122,293</u>
Deferred tax.		
Origination and reversal of timing differences	-	(11,592)
Tax on profit on ordinary activities	<u>170,052</u>	<u>110,701</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>601,441</u>	<u>470,414</u>
Profit on ordinary activities by rate of tax	180,432	141,124
Adjustment in respect of prior periods	(30)	4,620
Expenses not deductible for tax purposes	11,015	8,777
Marginal relief	(22,021)	(27,150)
Depreciation in excess of capital allowances	656	1,841
Other short term timing differences	-	2,081
Under provision of current tax	-	(9,000)
Total current tax (note 8(a))	<u>170,052</u>	<u>122,293</u>

9. DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid		
Equity dividends on ordinary shares	<u>200,000</u>	<u>200,000</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment & Software £	Total £
COST OR VALUATION					
At 1 Jan 2007	1,675,000	62,344	110,322	90,606	1,938,272
Additions	—	—	5,085	50,842	55,927
At 31 Dec 2007	1,675,000	62,344	115,407	141,448	1,994,199
DEPRECIATION					
At 1 Jan 2007	26,800	44,973	75,437	74,575	221,785
Charge for the year	26,800	3,283	10,980	25,798	66,861
At 31 Dec 2007	53,600	48,256	86,417	100,373	288,646
NET BOOK VALUE					
At 31 Dec 2007	1,621,400	14,088	28,990	41,075	1,705,553
At 31 Dec 2006	1,648,200	17,371	34,885	16,031	1,716,487

Freehold property was valued on an open market basis on 14 June 2006 by Duncan Bailey Kennedy, Chartered Surveyor

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2007 £	2006 £
Net book value at end of year	1,621,400	1,648,200
Historical cost	1,424,094	1,424,094
Depreciation:		
At 1 Jan 2007	332,290	261,085
Charge for year	71,205	71,205
At 31 Dec 2007	403,495	332,290
Net historical cost value:		
At 31 Dec 2007	1,020,599	1,091,804
At 1 Jan 2007	1,091,804	1,163,009

11. STOCKS

	2007 £	2006 £
Stock	11,094	7,739

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

12. DEBTORS

	2007 £	2006 £
Trade debtors	969,615	1,718,042
Other debtors	11,583	12,855
Prepayments and accrued income	182,887	113,297
	<u>1,164,085</u>	<u>1,844,194</u>

13. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans	55,512	50,400
Trade creditors	135,844	184,273
Other creditors including taxation and social security		
Corporation tax	170,082	122,293
Other taxation and social security	443,200	459,259
Other creditors	768	—
	<u>805,406</u>	<u>816,225</u>
Accruals and deferred income	454,706	689,465
	<u>1,260,112</u>	<u>1,505,690</u>

A legal charge dated 1 December 2006 over the freehold property is held over all bank loans and overdrafts

14. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	<u>749,221</u>	<u>807,606</u>

Two legal charges dated 9 August 2002 and 1 December 2006 over the freehold property, and a debenture dated 9 August 2002 incorporating a fixed and floating charge over all current and future assets of the company, is held over all bank loans and overdrafts

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2007 £	2006 £
Bank loans and overdrafts	<u>477,173</u>	<u>577,943</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land & Buildings	
	2007	2006
	£	£
Operating leases which expire		
Within 1 year	5,414	-
Within 2 to 5 years	3,588	3,588
	<u>9,002</u>	<u>3,588</u>

16. RELATED PARTY TRANSACTIONS

During the year a loan to director D Mahony had an outstanding opening balance of £2,188 (2006 - £2,188) and closing balance of £2,188 (2006 - £2,188), with the maximum balance being £2,188 (2006 - £2,188) No interest is accruing on this loan

During the year a dividend was paid to the directors as follows

	2007	2006
	£	£
A Moorhouse	66,666	66,666
G Jones	50,000	50,000
D Mahony	41,667	41,667
A Swain	41,667	41,667
	<u>200,000</u>	<u>200,000</u>

17. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
129,778 Ordinary 'A' shares of £1 each	129,778	129,778
70,222,200 Ordinary 'B' shares of £0.01 each	702,222	702,222
	<u>832,000</u>	<u>832,000</u>

Allotted, called up and fully paid.

	2007		2006
	No	£	No
			£
Ordinary 'A' shares of £1 each	119,102	119,102	119,102
Ordinary 'B' shares of £0.01 each	24,000	240	240
	<u>143,102</u>	<u>119,342</u>	<u>143,102</u>
			<u>119,342</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

17. SHARE CAPITAL (continued)

On 15 October 2007, 1,500 Ordinary 'B' share options were granted, to be exercised on the earlier of disposal and 1 January 2010 for £55 per share

Respective rights of 'A' and 'B' Shares

Dividend

No dividend shall be declared and paid on 'A' shares unless unanimously agreed by Members. The company may, by Ordinary Resolution, declare dividends on 'B' shares as a class independently and exclusively of dividends declared in respect of any other class of shares, but no such dividend shall exceed the amount recommended by the Directors.

Voting

Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles -

a) the 'A' Shares shall not confer any right to receive notice of, attend or vote at any general meeting of the Company, except where the resolution(s) proposed to be passed at such a meeting relate(s) to the variation of any rights attaching to the 'A' Shares, and

b) on a show of hands every holder of 'B' Shares who is present in person shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every 'B' Share held by him

Return of capital on liquidation

On return of capital on liquidation or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be applied as follows -

- a) first, in payment of any dividends to members, declared before the winding up but unpaid,
- b) secondly, they shall be distributed amongst the holders of the 'A' Shares to the extent required for the return of capital on the 'A' Shares,
- c) thirdly, the balance (if any) of the first £1,900,000 shall belong to and be distributed amongst the holders of the 'A' Shares between them pro rata to their respective holdings of 'A' Shares,
- d) fourthly, the balance (if any) of such surplus assets shall belong to and be distributed amongst the holders of the 'B' Shares between them pro rata to their respective holdings of 'B' Shares

18. REVALUATION RESERVE

	2007	2006
	£	£
Balance brought forward	507,977	511,991
Transfer to the Profit and Loss Account on realisation	(4,014)	(4,014)
Balance carried forward	<u>503,963</u>	<u>507,977</u>

19. OTHER RESERVES

	2007	2006
	£	£
Capital redemption reserve	<u>51,000</u>	<u>51,000</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

20. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	782,193	618,466
Profit for the financial year	431,389	359,713
Equity dividends	(200,000)	(200,000)
Transfer from revaluation reserve	4,014	4,014
Balance carried forward	<u>1,017,596</u>	<u>782,193</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	431,389	359,713
Equity dividends	(200,000)	(200,000)
Transfer from revaluation reserve	4,014	4,014
Transfer to profit and loss account	(4,014)	(4,014)
Net addition to shareholders' funds	231,389	159,713
Opening shareholders' funds	1,460,512	1,300,799
Closing shareholders' funds	<u>1,691,901</u>	<u>1,460,512</u>

22. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	637,042	521,628
Depreciation	66,861	57,095
Increase in stocks	(3,355)	(7,739)
Decrease/(increase) in debtors	680,109	(1,068,868)
(Decrease)/increase in creditors	(298,479)	243,089
Net cash inflow/(outflow) from operating activities	<u>1,082,178</u>	<u>(254,795)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Increase/(decrease) in cash in the period	615,114	(758,616)
Net cash outflow from bank loans	<u>53,273</u>	<u>48,226</u>
	668,387	(710,390)
Change in net funds	668,387	(710,390)
Net debt at 1 January 2007	(652,618)	57,772
Net funds at 31 December 2007	<u>15,769</u>	<u>(652,618)</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

22. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2007 £	Cash flows £	At 31 Dec 2007 £
Net cash			
Cash in hand and at bank	<u>205,388</u>	<u>615,114</u>	<u>820,502</u>
Debt			
Debt due within 1 year	(50,400)	(5,112)	(55,512)
Debt due after 1 year	<u>(807,606)</u>	<u>58,385</u>	<u>(749,221)</u>
	<u>(858,006)</u>	<u>53,273</u>	<u>(804,733)</u>
Net funds	<u>(652,618)</u>	<u>668,387</u>	<u>15,769</u>

23. ULTIMATE CONTROLLING PARTY

The company is controlled by A Moorhouse MBE, a director and shareholder of the company

LANE 4 MANAGEMENT GROUP LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2007

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5**

LANE 4 MANAGEMENT GROUP LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	2007		2006
	£	£	£
TURNOVER	6,603,574		6,014,927
COST OF SALES			
Opening stock	(7,739)		—
Event costs	(183,331)		(333,648)
Diagnostic tools	(1,107)		(2,992)
Consultant staff salaries	(1,934,384)		(1,462,630)
Consultant NIC	(221,400)		(141,875)
Consultant pension contributions	(50,057)		—
Consultancy	(800,754)		(603,247)
	<u>(3,198,772)</u>		<u>(2,544,392)</u>
Closing stock	<u>11,094</u>		<u>7,739</u>
	(3,187,678)		(2,536,653)
GROSS PROFIT	3,415,896		3,478,274
OVERHEADS			
Administrative expenses	(2,778,854)		(2,956,646)
OPERATING PROFIT	637,042		521,628
Bank interest receivable	<u>20,127</u>		<u>7,414</u>
	657,169		529,042
Interest payable	(55,728)		(58,628)
PROFIT ON ORDINARY ACTIVITIES	<u>601,441</u>		<u>470,414</u>

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	2007		2006
	£	£	£
ADMINISTRATIVE EXPENSES			
Personnel costs			
Directors salaries	595,306		513,328
Directors NIC	77,270		64,033
Directors pension contributions	23,737		16,995
Administrative staff salaries	669,274		999,767
Staff NIC	34,885		96,578
Staff pension contributions	30,038		59,411
		1,430,510	1,750,112
Establishment expenses			
Rent, rates and water	53,848		95,505
Insurance	66,099		41,197
Repairs and maintenance	(1,723)		15,900
		118,224	152,602
General expenses			
Motor expenses	208,797		181,281
Telephone	99,270		72,998
Office expenses	10,693		10,073
Computer costs	63,487		31,442
Hire of equipment	30,849		27,899
Printing, stationery and postage	33,332		29,018
Staff training	39,575		65,746
Staff welfare	46,174		28,937
Other staff related expenses	88,599		31,778
Sundry expenses	10,850		4,733
Cleaning	17,106		17,436
Gifts & Donations	(1,053)		3,096
Research and development	14,485		20,440
Equipment	8,744		4,617
Consultant and product development	124,902		105,653
Advertising	269,437		253,172
Entertaining	25		346
Legal and professional fees	45,138		39,543
Accountancy fees	40,208		50,154
Auditors remuneration	5,500		5,248
Depreciation	66,861		57,095
		1,222,979	1,040,705
Financial costs			
Bank charges	6,150		5,859
Foreign currency gains/losses	991		7,368
		7,141	13,227
		2,778,854	2,956,646
INTEREST RECEIVABLE			
Bank interest receivable		20,127	7,414

LANE 4 MANAGEMENT GROUP LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
INTEREST PAYABLE		
Debenture interest payable	55,728	54,895
Interest on other loans	—	3,733
	<u>55,728</u>	<u>58,628</u>