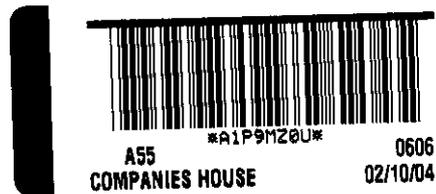


REGISTERED NUMBER: 02041320 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004
FOR
PAUL R WATSON (DESIGN) LIMITED



PAUL R WATSON (DESIGN) LIMITED

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FOR THE YEAR ENDED 31 JULY 2004

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PAUL R WATSON (DESIGN) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2004

DIRECTORS: P R Watson
D A Watson

SECRETARY: D A Watson

REGISTERED OFFICE: Turnpike House
1208/1210 London Road
Leigh on Sea
Essex
SS9 2UA

REGISTERED NUMBER: 02041320 (England and Wales)

ACCOUNTANTS: Segrave & Partners
Chartered Accountants
Turnpike House
1208/1210 London Road
Leigh on Sea
Essex
SS9 2UA

PAUL R WATSON (DESIGN) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2004

The directors present their report with the financial statements of the company for the year ended 31 July 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Automotive Design Sculptors.

DIRECTORS

The directors during the year under review were:

P R Watson
D A Watson

The beneficial interests of the directors holding office on 31 July 2004 in the issued share capital of the company were as follows:

| | 31.7.04 | 1.8.03 |
|---------------------------|---------|--------|
| Ordinary £1 shares | | |
| P R Watson | 1 | 1 |
| D A Watson | 1 | 1 |

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

ON BEHALF OF THE BOARD:



D A Watson - Secretary

15 September 2004

PAUL R WATSON (DESIGN) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

| | | <u>2004</u> | <u>2003</u> |
|--|-------|----------------------|----------------------|
| | Notes | £ | £ |
| TURNOVER | | 97,188 | 96,689 |
| Administrative expenses | | <u>96,831</u> | <u>86,783</u> |
| OPERATING PROFIT | 2 | 357 | 9,906 |
| Interest payable and similar charges | | <u>2</u> | <u>7</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 355 | 9,899 |
| Tax on profit on ordinary activities | 3 | <u>-</u> | <u>-</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 355 | 9,899 |
| Dividends | 4 | <u>-</u> | <u>4,950</u> |
| | | 355 | 4,949 |
| Retained profit/(deficit) brought forward | | <u>2,734</u> | <u>(2,215)</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u><u>£3,089</u></u> | <u><u>£2,734</u></u> |

The notes form part of these financial statements

PAUL R WATSON (DESIGN) LIMITED

BALANCE SHEET
31 JULY 2004

| | | 2004 | | 2003 | |
|--|-------|--------------|---------------|--------------|---------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 5 | | 7,881 | | 9,239 |
| CURRENT ASSETS: | | | | | |
| Debtors | 6 | 9,262 | | 7,222 | |
| Cash at bank | | 30 | | 1,172 | |
| | | <u>9,292</u> | | <u>8,394</u> | |
| CREDITORS: Amounts falling due within one year | 7 | <u>7,162</u> | | <u>4,644</u> | |
| NET CURRENT ASSETS: | | | <u>2,130</u> | | <u>3,750</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 10,011 | | 12,989 |
| CREDITORS: Amounts falling due after more than one year | 8 | | 6,920 | | 10,253 |
| | | | <u>£3,091</u> | | <u>£2,736</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 9 | | 2 | | 2 |
| Profit and loss account | | | 3,089 | | 2,734 |
| SHAREHOLDERS' FUNDS: | | | <u>£3,091</u> | | <u>£2,736</u> |

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 July 2004.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

PAUL R WATSON (DESIGN) LIMITED

BALANCE SHEET
31 JULY 2004

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

ON BEHALF OF THE BOARD:

P R Watson - Director



D A Watson - Director

Approved by the Board on 15 September 2004

PAUL R WATSON (DESIGN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

1. **ACCOUNTING POLICIES**

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, 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.

Office Equipment - 15% on reducing balance

Motor Vehicle - 25% on reducing balance

Deferred Taxation

No provision has been made for taxation deferred in respect of timing differences as in the opinion of the Directors, there is reasonable probability that a liability will not arise in the foreseeable future.

2. **OPERATING PROFIT**

The operating profit is stated after charging:

| | 2004 | 2003 |
|--|-----------------|-----------------|
| | £ | £ |
| Depreciation - owned assets | 2,093 | 2,566 |
| | <u> </u> | <u> </u> |
| Directors' emoluments and other benefits etc | 60,500 | 56,000 |
| | <u> </u> | <u> </u> |

3. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2004 nor for the year ended 31 July 2003.

4. **DIVIDENDS**

| | 2004 | 2003 |
|-------|-----------------|-----------------|
| | £ | £ |
| Final | - | 4,950 |
| | <u> </u> | <u> </u> |

PAUL R WATSON (DESIGN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004**

5. TANGIBLE FIXED ASSETS

| | Office Equipment | Motor Vehicle | Totals |
|------------------------|---------------------|------------------|---------------|
| | £ | £ | £ |
| COST: | | | |
| At 1 August 2003 | 8,925 | 25,157 | 34,082 |
| Additions | 735 | - | 735 |
| At 31 July 2004 | <u>9,660</u> | <u>25,157</u> | <u>34,817</u> |
| DEPRECIATION: | | | |
| At 1 August 2003 | 5,656 | 19,187 | 24,843 |
| Charge for year | 600 | 1,493 | 2,093 |
| At 31 July 2004 | <u>6,256</u> | <u>20,680</u> | <u>26,936</u> |
| NET BOOK VALUE: | | | |
| At 31 July 2004 | <u>3,404</u> | <u>4,477</u> | <u>7,881</u> |
| At 31 July 2003 | <u>3,269</u> | <u>5,970</u> | <u>9,239</u> |

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2004 £ | 2003 £ |
|---------------|--------------|--------------|
| Trade Debtors | <u>9,262</u> | <u>7,222</u> |

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2004 £ | 2003 £ |
|-------------------------------|--------------|--------------|
| Bank loans and overdrafts | 1,359 | - |
| Other Creditors | 1,400 | 1,350 |
| V.A.T. | 1,326 | 1,023 |
| Social Security & Other Taxes | 3,077 | 2,271 |
| | <u>7,162</u> | <u>4,644</u> |

**8. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

| | 2004 £ | 2003 £ |
|------------------------|--------------|---------------|
| Directors Loan Account | <u>6,920</u> | <u>10,253</u> |

PAUL R WATSON (DESIGN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

9. **CALLED UP SHARE CAPITAL**

| Authorised: | | Nominal value: | 2004 | 2003 |
|-------------|----------|-------------------|-------------|-------------|
| Number: | Class: | | £ | £ |
| 100 | Ordinary | £1 | 100 | 100 |
| | | | <u> </u> | <u> </u> |

| Allotted, issued and fully paid: | | Nominal value: | 2004 | 2003 |
|----------------------------------|----------|-------------------|-------------|-------------|
| Number: | Class: | | £ | £ |
| 2 | Ordinary | £1 | 2 | 2 |
| | | | <u> </u> | <u> </u> |

PAUL R WATSON (DESIGN) LIMITED

REPORT OF THE ACCOUNTANTS TO THE DIRECTORS OF
PAUL R WATSON (DESIGN) LIMITED

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 July 2004 set out on pages three to eight and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



Segrave & Partners
Chartered Accountants
Turnpike House
1208/1210 London Road
Leigh on Sea
Essex
SS9 2UA

16 September 2004