

Durlacher Research Limited
Directors' report and financial
statements

Registered number 2998090

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the period 1 July 2003 to 31 December 2004.

Principal activities and business review

The financial statements have not been prepared on a going concern basis. The effect of this is explained in Note 1.

Proposed dividend

The Directors do not recommend the payment of a dividend (2003; £nil).

Directors and directors' interests

The Directors who held office during the year were as follows:

C G Stainforth	Resigned 4/10/2004
R Boardman	Resigned 5/4/2004
S R Hirst	Appointed 4/10/2004
D L Liddell	Appointed 6/4/2004

None of the Directors serving at 31 December 2004 had an interest in the shares of the company. All of the above Directors being Directors of the company's ultimate parent company, Durlacher Corporation Plc, have disclosed their interests in the financial statements of that company.

Political and charitable contributions

The company made no political or charitable contributions during the period.

Auditors

KPMG Audit Plc has signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

By order of the board



David L Liddell
Director

Moorgate Hall
155 Moorgate
London EC2M 6XB
18 March 2005

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis until it is inappropriate to presume that the company will continue in business. As explained in Note 1 to the financial statements, the Directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditor, KPMG Audit Plc, to the members of Durlacher Research Limited

We have audited the financial statements on pages 6 to 11, which as described in Note 1, have not been prepared on a going concern basis.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 affairs of the company's affairs as at 31 December 2004 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

18 March 2005

Profit and loss account
For the period ended 31 December 2004

	<i>Note</i>	18 months ended 31 December 2004	12 months ended 30 June 2003
		<u>£</u>	<u>£</u>
Turnover	2	-	596,868
Cost of sales		-	-
Gross profit		<u>-</u>	<u>596,868</u>
Administrative expenses		8,210	(8,250)
Operating profit		<u>8,210</u>	<u>588,618</u>
Amounts written off investments		-	(148,878)
Interest receivable and similar income		53	583
Profit on ordinary activities before and after taxation	3	<u>8,263</u>	<u>440,323</u>

All activities have been discontinued during the period.

The company has no recognised gains or losses other than the result for the period.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet
At 31 December 2004

	Note	31 December 2004 £	30 June 2003 £
Current assets			
Debtors – amounts falling due within one year	8	7,841	-
Cash at bank and in hand		-	7,828
		<u>7,841</u>	<u>7,828</u>
Creditors			
Amounts falling due within one year	9	(1,135,779)	(1,144,029)
Net current liabilities		<u>(1,127,938)</u>	<u>(1,136,201)</u>
Net liabilities		<u>(1,127,938)</u>	<u>(1,136,201)</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		(1,127,940)	(1,136,203)
Equity Shareholders' funds	11	<u>(1,127,938)</u>	<u>(1,136,201)</u>

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 18 March 2005 and were signed on its behalf by:



David L Liddell
Finance Director

Notes

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently except as noted below in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

In previous years, the financial statements have been prepared on a going concern basis. However following a review of the company's operations, the Directors took the decision to cease trading. As they do not intend to acquire a replacement trade the Directors have not prepared the accounts on a going concern basis.

The financial statements have been prepared in accordance with applicable accounting standards and under the historic cost convention.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover comprises research fees excluding value added tax, receivable in respect of the year.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

2 Turnover

	18 months ending 31 December 2004	12 months ending 30 June 2003
	£	£
Consultancy fees	-	596,868
	<u>-</u>	<u>596,868</u>

The majority of the turnover is attributable to the UK market.

3 Profit on ordinary activities before and after taxation

	18 months ending 31 December 2004	12 months ending 30 June 2003
	£	£
<i>Profit on ordinary activities before and after taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	-	8,250
	<u>-</u>	<u>8,250</u>

4 Remuneration of Directors

All Directors' fees are paid by Durlacher Corporation Plc.

5 Staff numbers and costs

The company has no employees as at 31 December 2004 and no employees as at 30 June 2003.

6 Taxation

	18 months ending 31 December 2004	12 months ending 30 June 2003
	£	£
<i>Current Tax reconciliation</i>		
Profit on ordinary activities before tax	13	440,323
	<u>13</u>	<u>440,323</u>
Current tax at 30% (2003: 30%)	4	132,097
Effects of:		
Sundry Permanent differences	-	47,138
Utilisation of losses	(4)	(179,060)
Group relief from parent company	-	(175)
	<u>-</u>	<u>-</u>
Current year tax charge	-	-

Notes (continued)

7 Dividends and other appropriations

The Directors do not recommend the payment of a dividend (2003; £Nil).

8 Debtors

	31 December 2004	30 June 2003
	£	£
<i>Amounts falling due within one year</i>		
Amounts owed from group undertaking	7,841	-
	<u>7,841</u>	<u>-</u>

9 Creditors

	31 December 2004	30 June 2003
	£	£
<i>Amounts falling due within one year</i>		
Trade creditors	15,951	15,951
Amounts owed to parent undertaking	1,118,949	1,118,949
Other creditors	879	879
Accruals and deferred income	-	8,250
	<u>1,135,779</u>	<u>1,144,029</u>

10 Called up share capital

	31 December 2004	30 June 2003
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	2	2
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2

11 Reconciliation of movements in shareholders' funds

	31 December 2004	30 June 2003
	£	£
Shareholders' funds at 1 July	(1,136,201)	(1,576,524)
Profit for the financial period	8,263	440,323
Shareholders' funds at 31 December / 30 June	<u>(1,127,938)</u>	<u>(1,136,201)</u>

12 Related party disclosures

As the company is a wholly owned subsidiary of Durlacher Corporation Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Durlacher Corporation Plc which is incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Durlacher Corporation Plc. The consolidated accounts of this group are available to the public and may be obtained by writing to the Company Secretary at the following address:

Durlacher Corporation Plc
Moorgate Hall
155 Moorgate
London
EC2M 6XB