

Company Registration No. 1103432

Michael Rutherford Limited

Report and Financial Statements

31 December 2007

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Michael Rutherford Limited

Report and financial statements 2007

Officers and professional advisers

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Michael Rutherford Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Activity

The principal activity of the company continued to be the provision of the services of Michael Rutherford in the entertainment sector

Financial instruments and credit risk

The company's principal financial assets are bank balances. The company's credit risk is primarily attributable to its trade debtors. The company has a small number of trade debtors and as such has a high concentration of credit risk within these customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The company does not enter into any derivative contracts.

Review of developments and future prospects

The profit for the year after taxation was £216,680 (2006 - £10,725 loss). The directors expect that the company will continue to trade at a satisfactory level for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (2006 – £nil)

Charitable donations

During the year the company made charitable donations of £nil (2006 – £130)

Directors

The directors who served throughout the year together with their interests as defined by the Companies Act 1985 in the shares of the company at 1 January 2007 and 31 December 2007 were as follows

	£1 ordinary shares	
	31 December 2007	1 January 2007
M J C C Rutherford	99	99
Mrs A Rutherford	1	1

Michael Rutherford Limited

Directors' report

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

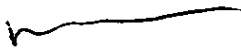
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



M J C Rutherford
Director

24 July 2008

Michael Rutherford Limited

Statement of 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,
- state whether applicable UK Accounting Standards have been followed, and
- 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.

Independent auditors' report to the members of Michael Rutherford Limited

We have audited the financial statements of Michael Rutherford Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under 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

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.

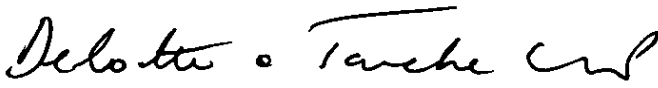
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Michael Rutherford Limited (continued)

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



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

7 August 2008

Michael Rutherford Limited

Profit and loss account Year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	2	2,003 275	716,081
Cost of sales		(232,540)	(282,320)
Gross profit		1 770,735	433 761
Administrative expenses		(1,576,706)	(462,575)
Operating profit/(loss)	3	194,029	(28,814)
Interest receivable and similar income	5	22,651	18,089
Profit/(loss) on ordinary activities before taxation		216,680	(10,725)
Tax on profit/(loss) ordinary activities	6	-	-
Retained profit/(loss) for the financial year		216 680	(10,725)
Profit and loss account brought forward		631,826	642 551
Profit and loss account carried forward		848,506	631 826

All activities derive from continuing operations

There are no recognised gains or losses other than the profit in the current year and the loss in the preceding financial year and accordingly no statement of total recognised gains and losses is presented

There are no movements on reserves or shareholders' funds for either financial year other than the movement on the profit and loss account as shown above. accordingly no statement of movement on shareholders' funds is presented

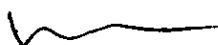
Michael Rutherford Limited

Balance sheet 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	7	254 037	265,020
Investments	8	63 449	63,449
		<u>317,486</u>	<u>328,469</u>
Current assets			
Debtors	9	669 379	269,943
Cash at bank and in hand		1,230 471	368,557
		<u>1,899 850</u>	<u>638,500</u>
Creditors amounts falling due within one year	10	(1,368,730)	(335,043)
Net current assets		<u>531 120</u>	<u>303,457</u>
Total assets less current liabilities		848 606	631 926
Provision for liabilities and charges			
Deferred taxation	11	-	-
Net Assets		<u>848,606</u>	<u>631,926</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		848 506	631 826
Shareholders' funds		<u>848,606</u>	<u>631,926</u>

These financial statements were approved by the Board of Directors on 24 July 2008

Signed on behalf of the Board of Directors



M J C C Rutherford
Director

Michael Rutherford Limited

Notes to the accounts

Year ended 31 December 2007

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. They have all been applied consistently throughout the year and the preceding year. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is not provided on freehold properties as, in the opinion of the directors, the estimated residual value is greater than its net book value.

Depreciation is provided on other tangible fixed assets in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost of the assets.

The following rates are used:

Furniture, fixtures and fittings	- 25% per annum
Motor vehicles	- 25% per annum
Equipment	- 25% per annum

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the rate expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. The translation differences arising are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption granted under FRS 1 (revised) whereby it is not required to publish its own statement of cash flow as it is a small company.

Pension contributions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

Michael Rutherford Limited

Notes to the accounts

Year ended 31 December 2007

2 Turnover

The company's turnover is wholly attributable to the company's principal activity and the directors do not believe that any part of the company's worldwide market is significantly different from any other

Turnover represents royalties, performance and other related income and is credited to the profit and loss account once it is reliably measurable. In practice this is on the contractually due date for royalty reporting

3 Operating profit/(loss)

	2007 £	2006 £
Operating profit/(loss) is stated after (charging)/crediting		
Depreciation	26,267	45,860
Auditors' remuneration - audit services	13,400	13,000
Profit on sale of fixed assets	(22,150)	(5,500)
Foreign exchange gain	(8,738)	(15,701)
	<u>26,267</u>	<u>45,860</u>

4. Information regarding directors and employees

	2007 £	2006 £
Directors' emoluments.		
Emoluments	1,075,618	150,000
Pension contributions	27,461	24,401
	<u>1,103,079</u>	<u>174,401</u>

Two directors (2006: two) are accruing benefits under defined contribution schemes

	2007 £	2006 £
Remuneration of the highest paid director		
Emoluments	920,619	120,000
Pension contributions	7,461	4,401
	<u>928,080</u>	<u>124,401</u>

Employee costs during the year (including the directors)

Wages and salaries	1,152,931	230,583
Social security costs	148,652	24,897
Other pension costs	27,461	24,401
	<u>1,329,044</u>	<u>279,881</u>

Average number of persons employed (including the directors)

	No	No
Administration	5	6

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2007

5 Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	22 651	18,089

6 Tax on profit/(loss) on ordinary activities

	2007 £	2006 £
<i>Current taxation</i>		
UK corporation tax at 30% (2006 30%)	-	-
Adjustment in respect of prior years	-	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	-
Deferred tax assets arising in previous period	-	-
Adjustment in respect of prior years	-	-

Factors affecting the tax for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 30% (2006 30%)

The differences are explained below

	2007 £	2006 £
Profit/(loss) on ordinary activities before tax	216,680	(10,725)
Tax at 30% thereon	65 004	(3,218)
Effects of		
Permanent differences	822	1,182
Capital allowances in excess of depreciation	(7,542)	(567)
Utilisation of tax losses	(47 965)	-
Profit on disposal of fixed asset	-	(1,650)
Consortium relief	(10 319)	3,387
Tax losses carried forward	-	866
Current tax charge for the year	-	-

Factors that may affect the future tax charge

A deferred tax asset of £20,670 (2006 £33,024) has not been recognised in these financial statements as the company is expected to make similar results for the foreseeable future

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2007

7 Tangible fixed assets

	Freehold land and buildings £	Furniture, fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 January 2007	239 999	67 938	203,223	112,093	623,253
Additions	-	4 224	-	11 060	15,284
Disposals	-	(19,020)	(104,107)	(10,025)	(133,152)
At 31 December 2007	239,999	53,142	99 116	113,128	505,385
Accumulated depreciation					
At 1 January 2007	-	66 218	183 838	108,177	358,233
Charge for the year	-	1,829	19,385	5 053	26,267
Disposals	-	(19,020)	(104,107)	(10,025)	(133,152)
At 31 December 2007	-	49,027	99 116	103,205	251 348
Net book value					
At 31 December 2007	239 999	4,115	-	9 923	254,037
At 31 December 2006	239,999	1,720	19,385	3,916	265,020

8. Investments

	2007 £	2006 £
Investment in joint venture company	63,449	63,449

The investment in the joint venture company represents 50% (2006 50%) of the equity share capital and voting rights of Fisher Lane Farm Limited a company incorporated in Great Britain and registered in England and Wales providing recording studio facilities. In the opinion of the directors the market value of the investment is not less than cost. The prior year loan was long-term but with no fixed date for repayment, and was interest free. The loan was repaid during the year.

The Michael Rutherford Limited share of the Fisher Lane Farm Limited results was as follows

	2007 £	2006 £
Turnover	101,252	130,822
Profit before taxation	(30,923)	42 179
Profit after taxation	(30 923)	42 179
Fixed assets	139 298	142 204
Current assets	49 005	65 282
Liabilities due within one year	17,497	5,757

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2007

9 Debtors

	2007 £	2006 £
Trade debtors	2,256	750
Amounts owed by directors (note 13)	-	69,271
Amounts owed by related parties (note 13)	617,035	153,169
Prepayments and accrued income	50,088	46,753
	<u>669,379</u>	<u>269,943</u>

10 Creditors amounts falling due within one year

	2007 £	2006 £
Bank overdraft	-	423
Amounts owed to directors (note 13)	734,749	-
Trade creditors	128,509	159,183
Amounts owed to related parties (note 13)	483	26,490
Other creditors	1,502	1,502
Social security and other taxes	467,059	38,015
Corporation tax	-	-
Accruals and deferred income	36,428	109,430
	<u>1,368,730</u>	<u>335,043</u>

11 Provisions for liabilities and charges

	£
Deferred taxation	
Balance at 1 January 2007	-
Provision - current year	-
Balance at 31 December 2007	<u>-</u>

The amounts provided in the accounts are as follows

	2007 £	2006 £
Capital allowances in excess of depreciation	-	14,941
Tax losses available	-	(14,941)
	<u>-</u>	<u>-</u>

Michael Rutherford Limited

Notes to the accounts

Year ended 31 December 2007

12 Called up share capital

	2007	2006
	£	£
Called up, authorised, allotted and fully paid		
100 ordinary shares of £1 each	100	100

13 Related party transactions and controlling party

Transactions

During the year the company earned income of £18,287 (2006 £16,362) from Genesis Music Limited, in which M J C C Rutherford has a beneficial interest and is a director £18 287 was due from Genesis Music Limited at the balance sheet date (2006 wholly outstanding at the year end)

During the year the company earned income of £145,789 (2006 £27,004) from Genesis Partnership in which M J C C Rutherford has a beneficial interest and is a partner £nil (2006 £16,963) was outstanding at the year end

As at the balance sheet date, the company was owed £nil (2006 £65,000) by TGP 156 Limited, a company in which M J C C Rutherford has a beneficial interest

During the year the company earned income of £760,317 (2006 £131,564) from Gelring Limited a company in which M J C C Rutherford is a director and has a beneficial interest £597 748 (2006 £53 844) was due from Gelring Limited at the balance sheet date

As at the balance sheet date an amount of £483 (2006 £26,490) is due to Fisher Lane Farm Limited a company in which M J C C Rutherford is a Director and owns 50% of the equity share capital

As at the balance sheet date an amount of £734,749 (2006 £92 270 payable) is due to M J C C Rutherford, a director of the company No interest is charged on the loan

As at the balance sheet date an amount of £nil (2006 £17,830) is due from Mrs A Rutherford a director of the company No interest is charged on the loan

At the balance sheet date an amount of £1,000 (2006 1,000) is owed by Michael Rutherford Publishing, a company in which M J C C Rutherford is a director and has a beneficial interest

14. Controlling party

Michael Rutherford Limited is controlled by M J C C Rutherford