

Company Registration No. 1103432

Michael Rutherford Limited

Report and Financial Statements

31 December 2003



Michael Rutherford Limited

Report and financial statements 2003

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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 2003.

Activity

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

Review of developments and future prospects

The profit for the year after taxation was £34,501 (2002 – £6,879). 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 (2002 – £nil).

Charitable donations

During the year the Company made charitable donations of £23,913 (2002 – £9,282).

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 2003 and 31 December 2003, were as follows:

	£1 ordinary shares	
	31 December 2003	1 January 2003
M J C C Rutherford	99	99
Mrs A Rutherford	1	1

Auditors

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies act 1989. A resolution to re-appoint Deloitte & Touche LLP 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 C Rutherford
Director

Handwritten signature 2004

Michael Rutherford Limited

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 2003 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

9/8/ 2004

Michael Rutherford Limited

Profit and loss account Year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	1,780,997	887,642
Cost of sales		(370,391)	(180,101)
Gross profit		1,410,606	707,541
Administrative expenses		(1,390,920)	(692,020)
Operating profit	3	19,686	15,521
Other interest receivable and similar income	5	8,524	7,116
Interest payable and similar charges	6	(588)	(271)
Profit on ordinary activities before taxation		27,622	22,366
Tax credit/(charge) on profit on ordinary activities	7	6,879	(15,487)
Retained profit for the financial year		34,501	6,879
Profit and loss account brought forward		724,460	717,581
Profit and loss account carried forward		758,961	724,460

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit in the current year and 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 of shareholders' funds is presented.

Michael Rutherford Limited

Balance sheet 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	381,248	360,890
Investments	9	579,854	579,854
		<u>961,102</u>	<u>940,744</u>
Current assets			
Debtors	10	98,061	60,467
Cash at bank and in hand		301,715	58,236
		<u>399,776</u>	<u>118,703</u>
Creditors: amounts falling due within one year	11	<u>(591,381)</u>	<u>(317,452)</u>
Net current liabilities		<u>(191,605)</u>	<u>(198,749)</u>
Total assets less current liabilities		769,497	741,995
Provision for liabilities and charges			
Deferred taxation	12	<u>(10,436)</u>	<u>(17,435)</u>
		<u>759,061</u>	<u>724,560</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		758,961	724,460
Equity shareholders' funds		<u>759,061</u>	<u>724,560</u>

These financial statements were approved by the Board of Directors on 7th July 2004.

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 2003

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. 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 or valuation, 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 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.

Non consolidation

The company is exempt from the requirement to prepare group financial statements under Section 248 of the Companies Act 1985, due to the small company status of Michael Rutherford Limited. As such the information is presented for the individual entity and not as consolidated financial statements.

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2003

1. Accounting policies (continued)

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.

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 on the contractually due date or, where this is either unspecified or cash is received earlier, on the date cash is received.

3. Operating profit

	2003 £	2002 £
Operating profit is stated after charging/(crediting):		
Depreciation	73,293	67,765
Auditors' remuneration - audit services	11,800	11,500
Profit on sale of fixed assets	-	(36,003)
Loss on foreign exchange	695	2,692
	<u>73,988</u>	<u>45,954</u>

4. Information regarding directors and employees

	2003 £	2002 £
Directors' emoluments:		
Emoluments	840,000	178,300
Pension contributions	23,974	24,201
	<u>863,974</u>	<u>202,501</u>

Two directors (2002: two) are accruing benefits under defined contribution schemes.

	2003 £	2002 £
Remuneration of the highest paid director:		
Emoluments	804,000	120,000
Pension contributions	3,974	4,201
	<u>807,974</u>	<u>124,201</u>

Employee costs during the year (including the directors):

Wages and salaries	901,626	273,340
Social security costs	119,124	28,523
Other pension costs	23,974	24,201
	<u>1,044,724</u>	<u>326,064</u>

	No.	No.
Average number of persons employed (including the directors):		
Administration	<u>7</u>	<u>6</u>

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2003

5. Other interest receivable and similar income

	2003 £	2002 £
Bank interest receivable	8,524	7,116

6. Interest payable and similar charges

	2003 £	2002 £
Other interest	588	271

7. Tax (credit)/charge on profit on ordinary activities

	2003 £	2002 £
<i>Current taxation:</i>		
UK corporation tax at 30% (2002: 30%)	-	-
Adjustment in respect of prior years	120	-
	120	-
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	(4,004)	15,487
Deferred tax assets arising in previous period	5,296	-
Adjustment in respect of prior years	(8,291)	-
	(6,879)	15,487

Factors affecting the tax (credit)/charge 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% (2002: 30%).

The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	27,502	22,366
Tax at 30% thereon	8,251	6,710
Effects of:		
Permanent differences	9,868	8,777
Capital allowances in excess of depreciation	4,618	(15,487)
Utilisation of tax losses	(615)	-
Consortium relief	(22,122)	-
Prior period adjustments	120	-
Current tax charge for the year	120	-

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2003

8. Tangible fixed assets

	Freehold land and buildings £	Furniture, fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 January 2003	240,000	19,019	210,017	90,102	559,138
Additions	-	45,827	23,562	24,262	93,651
At 31 December 2003	240,000	64,846	233,579	114,364	652,789
Accumulated depreciation					
At 1 January 2003	-	16,759	106,051	75,438	198,248
Charge for the year	-	13,717	46,604	12,972	73,293
At 31 December 2003	-	30,476	152,655	88,410	271,541
Net book value					
At 31 December 2003	240,000	34,370	80,924	25,954	381,248
At 31 December 2002	240,000	2,260	103,966	14,664	360,890

9. Investments

	2003 £	2002 £
Investment in joint venture company	63,449	63,449
Loan to joint venture company	516,405	516,405
	579,854	579,854

The investment in the joint venture company represents 50% (2002 – 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 loan is long-term but with no fixed date for repayment, and is interest free.

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

	2003 £	2002 £
Turnover	561	53,768
(Loss)/profit before and after taxation	(84,220)	472,123
Fixed assets	170,220	149,791
Current assets	445,232	586,012
Liabilities due within one year	1,035	37,207
Liabilities due after one year or more	516,340	518,612

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2003

10. Debtors

	2003 £	2002 £
Director's current account – Mrs A Rutherford	204	4,876
Amounts owed by related parties (note 14)	35,811	44,083
Prepayments and accrued income	62,046	11,508
	<u>98,061</u>	<u>60,467</u>

The director's current account will be repaid in the next financial year.

The maximum balance outstanding owed by Mrs A Rutherford during the year was £7,835 (2002: £9,428).

11. Creditors : amounts falling due within one year

	2003 £	2002 £
Trade creditors	9,468	23,792
Amounts owed to related parties (note 14)	117,680	51,602
Social security and other taxes	82,695	42,978
Director's current account – M J C C Rutherford	274,811	118,614
Other creditors	2	2
Accruals and deferred income	106,725	80,464
	<u>591,381</u>	<u>317,452</u>

12. Provisions for liabilities and charges

	£
Deferred taxation	
Balance at 1 January 2003	17,435
Provision - current year	(6,999)
Balance at 31 December 2003	<u>10,436</u>

The amounts provided in the accounts are as follows:

	2003 £	2002 £
Capital allowances in excess of depreciation	9,822	22,657
Other timing differences	-	(5,222)
Tax losses available	614	-
	<u>10,436</u>	<u>17,435</u>

Michael Rutherford Limited

Notes to the accounts Year ended 31 December 2003

13. Called up share capital

	2003 £	2002 £
Called up, authorised, allotted and fully paid:		
100 ordinary shares of £1 each	100	100

14. Related party transactions and controlling party

Transactions

During the year the company earned income of £13,010 (2002: £19,393) from Genesis Music Limited, in which M J C C Rutherford has a beneficial interest and is a director. This was wholly outstanding at the year end (2002: wholly outstanding at the year end).

During the year the company earned income of £28,023 (2002: £31,100) from Genesis Partnership, in which M J C C Rutherford has a beneficial interest and is a partner. As at the balance sheet date the company was owed £12,801 (2002: £14,690) from Genesis Partnership.

As at the balance sheet date, the company was owed £25,000 (2002: £25,000) by TGP 156 Limited, in which M J C C Rutherford is a director and has a beneficial interest. As in the prior year the loan is fully provided for.

As at the balance sheet date an amount of £10,000 (2002: £10,000) is due from Genesis Touring Limited, a company in which M J C C Rutherford is a director and has a beneficial interest.

An amount of £117,093 (2002: £45,868) is due to Gelring Limited a company in which M J C C Rutherford is a director and has a beneficial interest.

As at the balance sheet date an amount of £587 (2002: £5,734) 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.

Controlling party

Michael Rutherford Limited is controlled by M J C C Rutherford.