

CHATSET LIMITED

---

**Reports and Financial Statements**

**Chatset Limited**

**Registered Number: 1563351**

**31 December 1997**



## CHATSET LIMITED

---

### Contents

	<b>Pages</b>
Report of the Directors	1-2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-9

## Report of the Directors

The directors present their report and financial statements for the year ended 31 December 1997.

### 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 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; 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 maintaining 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.

### Review of the Business and Future Developments

The principal activity of the company is the publication of Lloyd's Syndicates' League Tables.

Looking forward, the directors are examining a number of options for developing the revenue base of the company.

### Results and Dividends

The results for the period and the state of the company's affairs as at 31 December 1997 are shown in the financial statements.

## Holding Company

During 1997 the minority shareholders of the immediate holding company completed a management buy-out. A new group holding company, Tyrolese (381) Limited was incorporated on 2 May 1997 and changed its name to Aequanimiter Limited on 19 November 1997.

### Directors

The following have served as directors during the period from 1 January 1997 to the date of this report. The interests of the directors at 31 December 1997 in the shares of the company and its holding company, according to the register of directors' interests, were as follows:

Chatset Ltd	£1 Ordinary Shares	
	At 31.12.97	At 31.12.96
WFE Carr (resigned 21/1/98)	45	-
CAA Harbord-Hamond	-	-
TH Holbech (appointed 21/1/98)	-	-
AR Palengat (appointed 11/2/98)	-	-
EL Royds (resigned 21/1/98)	-	-
AJ Sparrow (resigned 21/1/98)	-	-
ACL Sturge	180	400
AT Wood (appointed 21/1/98)	-	-

The following directors also hold shares in the ultimate holding company. CAA Harbord-Hamond, TH Holbech, Mrs EL Royds and AJ Sparrow each hold 250,000 ordinary 10p shares in Aequanimiter Limited. They also hold the following value of Unsecured Loan Notes 1998 and Unsecured Convertible Loan Notes 1999 in Aequanimiter Limited. The notes were issued on 22 August 1997 and were still held at 31 December 1997.

	Unsecured Loan Notes 1998	Unsecured Convertible Loan Notes 1999
	£	£
CAA Harbord-Hamond	250,310	49,500
TH Holbech	126,339	49,500
Mrs EL Royds	56,176	49,500
AJ Sparrow	247,974	49,500

CHATSET LIMITED

---

On behalf of the Board



GP McMillen  
Company Secretary

Registered Office:  
Peninsular House  
36 Monument Street  
London EC3R 8LJ

22 April 1998

**AUDITORS' REPORT TO THE  
SHAREHOLDERS OF**

**Chatset Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared following the accounting policies set out on page 6.

**Respective Responsibilities of Directors and Auditors**

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

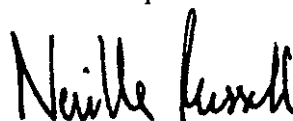
**Basis of Opinion**

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 the company's affairs as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**NEVILLE RUSSELL**  
**CHARTERED ACCOUNTANTS**  
and Registered Auditors  
24 Bevis Marks  
London EC3A 7NR

22 April 1998

CHATSET LIMITED

---

**Profit and Loss Account**  
for the year ended 31 December 1997

	Note	12 months to 31.12.97 £	8 months to 31.12.96 £
Turnover	2	115,085	132,975
Cost of Sales		(33,499)	(45,505)
<b>GROSS PROFIT</b>		<u>81,586</u>	<u>87,470</u>
Distribution Costs		(18,459)	(24,021)
Administrative Expenses		(85,216)	(62,841)
<b>OPERATING (LOSS)/PROFIT</b>		<u>(22,089)</u>	<u>608</u>
Interest Receivable		1,831	2,205
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u>(20,258)</u>	<u>2,813</u>
Taxation on Ordinary Activities	6	5,678	(2,050)
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	11	<u><u>(14,580)</u></u>	<u><u>763</u></u>

All recognised gains and losses are included in the Profit and Loss Account above. All of the company's activities are in respect of continuing operations.

# CHATSET LIMITED

---

## Balance Sheet

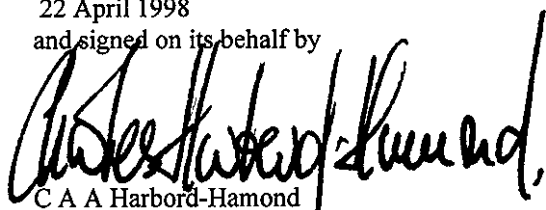
as at 31 December 1997

	Note	31.12.97 £	31.12.96 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,698	2,700
<b>CURRENT ASSETS</b>			
Debtors	8	8,517	13,615
Cash at bank		28,679	53,452
		<u>37,196</u>	<u>67,067</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	11,276	27,569
<b>NET CURRENT ASSETS</b>		<u>25,920</u>	<u>39,498</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>£27,618</u>	<u>£42,198</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	900	900
Profit and loss account	11	26,718	41,298
<b>SHAREHOLDERS' FUNDS</b>		<u>£27,618</u>	<u>£42,198</u>

Approved by the board on

22 April 1998

and signed on its behalf by



C A A Harbord-Hamond  
Director

**Notes to the Financial Statements**  
for the year ended 31 December 1997

**1. Accounting Policies**

- a) The financial statements are prepared under the historical cost convention in accordance with applicable Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Turnover represents net invoiced sales of goods and services excluding value added tax.
- c) Investment income is accounted for on an accruals basis.
- d) Other income and expenses are accounted for on an accruals basis.
- e) Depreciation of fixed assets is calculated to write off the cost of the assets over their estimated useful lives at the following rates:  
  

Furniture, fittings & equipment	20% of original cost per annum
---------------------------------	--------------------------------
- f) Foreign currency transactions are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Year end balances denominated in a foreign currency are translated into sterling at the rate ruling on the balance sheet date.
- g) Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.
- h) Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

2. Turnover	12 months to 31.12.97 £	8 months to 31.12.96 £
Publications	95,689	110,236
Other Sales	19,396	22,739
	<u>£115,085</u>	<u>£132,975</u>

**3. (Loss)/Profit On Ordinary Activities Before Taxation**

(Loss)/Profit on ordinary activities before taxation is stated after charging:

	12 months to 31.12.97 £	8 months to 31.12.96 £
Staff Costs (note 4)	63,005	41,752
Auditors' remuneration	4,175	3,528
Depreciation (note 7)	1,002	884
	<u>68,182</u>	<u>46,164</u>



**Notes to the Financial Statements**  
for the year ended 31 December 1997

<b>4. Staff Costs</b>	<b>12 months to 31.12.97 £</b>	<b>8 months to 31.12.96 £</b>
Salaries	49,890	33,048
Social Security costs	5,115	3,371
Pension contributions	8,000	5,333
	<u>£63,005</u>	<u>£41,752</u>

The average number of staff employed by the company was 2. (1996 - 2)

<b>5. Directors' Emoluments</b>	<b>12 months to 31.12.97 £</b>	<b>8 months to 31.12.96 £</b>
Management services	37,000	27,183
Pension contributions	8,000	5,333
	<u>£45,000</u>	<u>£32,516</u>

The above emoluments are also those of the highest paid director.

<b>6. Taxation On (Loss)/Profit On Ordinary Activities</b>	<b>12 months to 31.12.97 £</b>	<b>8 months to 31.12.96 £</b>
United Kingdom Corporation Tax:		
Recoverable on loss for the year @ 31.5 %	(5,678)	-
Payable on profit for the period @ 24%	-	2,050
	<u>£(5,678)</u>	<u>£2,050</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1997

**7. Tangible Fixed Assets**

	<b>Furniture Fittings &amp; Equipment £</b>
Cost at 1 January 1997 & at 31 December 1997	28,252
Depreciation at 1 January 1997	25,552
Charge for the year	1,002
At 31 December 1997	26,554
Net book value At 31 December 1997	£1,698
At 31 December 1996	£2,700

<b>8. Debtors</b>	<b>31.12.97</b>	<b>31.12.96</b>
	<b>£</b>	<b>£</b>
Due within one year:		
Trade debtors	2,039	5,537
Prepayments and accrued income	333	7,861
Corporation Tax	5,678	217
VAT	467	-
	<u>£8,517</u>	<u>£13,615</u>

<b>9. Creditors</b>	<b>31.12.97</b>	<b>31.12.96</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Corporation Taxation	-	2,050
Accruals & deferred income	9,404	23,243
Other Taxation & Social Security	1,872	2,276
	<u>£11,276</u>	<u>£27,569</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1997

<b>10. Share Capital</b>	<b>31.12.97</b>	<b>31.12.96</b>
	<b>£</b>	<b>£</b>
Authorised:		
1,000 ordinary shares of £1 each	£1,000	£1,000
	<u>          </u>	<u>          </u>
Issued and fully paid:		
900 ordinary shares of £1 each	£900	£900
	<u>          </u>	<u>          </u>

**11. Reconciliation of Movements in Shareholders' Funds**

	<b>Share Capital £</b>	<b>Profit &amp; Loss Account £</b>	<b>Total Share- holders' Funds £</b>
Balance at 30 April 1996	900	40,535	41,435
Profit for the period	-	763	763
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December 1996	900	41,298	42,198
(Loss) for the year	-	(14,580)	(14,580)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December 1997	£900	£26,718	£27,618
	<u>          </u>	<u>          </u>	<u>          </u>

**12. Parent Undertaking**

The ultimate parent company is Aequanimiter Limited which is registered in England and Wales.

CHATSET LIMITED

---

**Detailed Profit and Loss Account**  
for the year ended 31 December 1997

	12 months 31.12.97 £	8 months 31.12.96 £
<b>INCOME</b>		
Turnover:		
Publications Sales	95,689	110,236
Other Sales	19,396	22,739
Investment income:		
Interest receivable	1,831	2,205
<b>Total Income</b>	<b>116,916</b>	<b>135,180</b>
<b>EXPENDITURE</b>		
Cost of Sales:		
Printing Costs	28,814	38,423
Consultancy Fees	4,685	7,082
	<b>33,499</b>	<b>45,505</b>
Distribution Costs:		
Postage & Stationary	10,628	12,207
Marketing & Advertising	7,681	11,358
Entertaining	150	456
	<b>18,459</b>	<b>24,021</b>
Administrative Expenses:		
Staff Costs	66,860	47,463
Office Overheads	11,671	8,542
Legal & Professional	4,790	3,528
Computer Costs	265	641
Financial Costs	417	401
Depreciation	1,002	884
Other Expenses	211	1,382
	<b>85,216</b>	<b>62,841</b>
<b>Total Expenditure</b>	<b>137,174</b>	<b>132,367</b>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>£(20,258)</b>	<b>£2,813</b>