

CHELGATE LIMITED

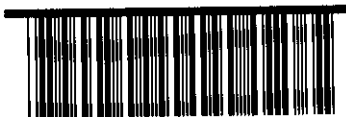
Company No. 2262305

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

Chelgate



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Chelgate Limited

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Chelgate Limited

Directors and Officers

Directors

T. Fane-Saunders
K. Fane-Saunders
M. Lane

Secretary

M.S. Lane

Registered Office

Number One
Tanner Street
London
SE1 3LE

Auditors

Kingston Smith
Quadrant House
80-82 Regent Street
London W1B 5RP

Bankers

Natwest Bank
PO Box 192
116 Fenchurch Street
London EC3M 5AN

Solicitors

Davenport Lyons
1 Old Burlington Street
London W1X 2NL

Chelgate Limited

Chairman's Statement

This was a year of important strategic progress for Chelgate. At the beginning of the year we acquired RBC International, an advertising and design agency based near Manchester, in Macclesfield. With an established international reputation for the highest quality creative work, and with a particularly advanced capability in Internet design, RBC offered a natural synergy, immediately enhancing the service that Chelgate is able to offer its clients.

Despite its high reputation, at the time of acquisition RBC was under-performing commercially, and this had led to financial pressures on the business. Chelgate's financial and management resources relieved many of those pressures, and by year-end RBC had returned to profitability, with a year end operating profit of £11,273.

In London Chelgate faced the termination of its Head Office lease in Mayfair. Although the landlord offered new terms, the dramatic increase in the proposed rent, together with the already severe pressures on space within the building made an office move the only realistic option. Our new Headquarters, in an attractive converted warehouse near London Bridge, offer almost a 50% increase in space at a rental less than one third the rent being demanded for lease renewal in Mayfair. Reaction of staff and clients to the new office has been extremely positive.

Hong Kong, which tends to be cyclical and project-driven enjoyed an extremely good year, compensating in some part for exceptional costs in the UK.

Consolidated Group Turnover for the year rose strongly by 33% to £2,021,471. In the UK Chelgate Limited's increase was a more steady 12% to £1,172,803.

Consolidated Group profits were £144,237 before exceptional costs related to the office relocation and professional fees and charges associated with the acquisition of RBC. After charging £52,331 of exceptional moving costs and £5,521 of acquisition costs, this figure is reduced to £86,385.

Looking Ahead

Prospects for 2001 appear mixed. Given the acute problems in the Asian economies, and the volatility of an office heavily dependent on project (rather than long-term retainer) income, it would be unrealistic to expect such a strong performance by the Hong Kong office to be repeated in 2001. In the UK, however, we expect operating performance to remain solid, without the exceptional costs arising in 2000.

I remain confident, however, that there remains an exceptional market opportunity for a firm such as Chelgate. With a calibre of resources that comfortably matches anything offered by our larger competitors, but with leaner overheads and competitive fee levels, we have a particularly attractive positioning in the market. It is significant that our client mix includes such a high proportion of blue chip market leaders, while still proving attractive to smaller businesses with more restricted budgets.

Finally, I would like to point to two areas of low turnover which are a matter of pride to us all at Chelgate. First, the low turnover in clients. Our culture at Chelgate may be less geared to new business than many in our industry, but we have a compensatory commitment to client retention. We know that only by delivering consistent, first class professional service, at sensible fee levels and with responsible restraint on overheads, can we expect to hold and grow our client relationships. The fact that our two largest clients in our first year of business remain on our client list today is a vivid reflection of the success of that approach.

Continued over page

Chelgate Limited

Chairman's Statement (continued)

Equally, Chelgate is a firm with a record of exceptionally low executive turnover - a particularly striking characteristic in an industry known for its high rate of employee "churn". I believe that one reason for this is the fact that Chelgate is very much a team-driven culture. Executives here know that what we are, and what we have achieved, is very much their creation and their achievement. They take great pride in this, and that pride is reflected every day in their approach to their work. I should like to thank my colleagues for their truly exceptional level of professional commitment, and for creating here an environment that is stimulating, supportive, professionally rewarding, intellectually challenging and, for much of the time, surprisingly good fun.



Terence Fane-Saunders
Chairman and Chief Executive

Chelgate Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2000.

Principal Activities and Business Review

The principal activity of the company throughout the year was that of public relations consultants. The results for the year and the financial position at the year end were considered satisfactory by the directors.

The directors are very satisfied with the results of Chelgate Asia Limited, however given the acute problems in the Asian economies, and the volatility of an office heavily dependent on project (rather than long-term retainer) income, it would be unrealistic to expect such a strong performance by the Hong Kong office to be repeated in 2001. The directors are satisfied with the results of Robinson Bamford Limited since its acquisition in January 2000 and anticipate an improving performance this year.

Results and Dividend

The result of the group for the year are set out on page 8. The directors do not recommend the payment of a dividend (1999 - £nil).

The group's retained profit of £74,817 (1999 - £73,608) has been transferred to reserves. The company has a retained loss of £4,547 (1999 (profit) - £34,677) which has been transferred to the company reserves.

Directors and their Interests

The directors who served during the year were as follows:

Terence C. Fane-Saunders
Kilmeny J. Fane-Saunders
Nicholas J.S. Wood-Dow (resigned 30 April 2000)
Anthony G. Brown (resigned 30 April 2000)
N. James Darley (resigned 30 April 2000)
J. Bene't Steinberg (resigned 30 April 2000)
Mathew S. Lane (appointed 30 April 2000)

None of the directors have any direct interest in the share capital of this company or any other within the group.

Mr. and Mrs. Fane-Saunders have beneficial interests in the whole of the share capital of the ultimate parent undertaking, Kilmeny Holdings Limited, which are disclosed in that company's financial statements.

Share options

The following share options were granted to directors in the year but not exercised:

	Granted during year	Total at year end
Nicholas J. S. Wood-Dow	-	1,068
Anthony G. Brown	-	855
N. James Darley	-	855
J. Bene't Steinberg	-	641

The share options can be exercised within 14 days of the company informing the holders that it either has received an offer to acquire the business or in the event of a listing on the London Stock Exchange or Alternative Investment Market.

Continued over page

Chelgate Limited

Report of the Directors (continued)

Donations

The group made charitable donations during the year amounting to £500 (1999 : £500).

Auditors

Kingston Smith have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 1985, it is proposed that they be re-appointed for the ensuing year.

By order of the Board

A large, stylized handwritten signature in black ink, likely belonging to M.S. Lane, the Secretary.

M.S. Lane
Secretary

Number One
Tanner Street
London
SE1 3LE

Date: 28.10.01

Chelgate Limited

Directors' Responsibilities and Report of the Auditors

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; prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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 Chelgate Limited

We have audited the consolidated financial statements of Chelgate Limited for the year ended 31 December 2000 which comprise the Consolidated Profit & Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Statement of Total Recognised Gains and Losses and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal regulatory requirements and United Kingdom 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 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 company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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.

Continued over page

Chelgate Limited

Independent Auditors' Report to the Members of Chelgate Limited (continued)

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 consolidated 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 at 31 December 2000 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Quadrant House
80-82 Regent Street
London W1B 5RP



KINGSTON SMITH
Chartered Accountants
and Registered Auditors

31 October 2001

Chelgate Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2000

	Note	2000 £	2000 £	2000 Acquisitions £	2000 Total £	1999 £
Turnover	1(f), 2		1,800,168	221,303	2,021,471	1,519,654
Cost of Sales			<u>(288,614)</u>	<u>(75,991)</u>	<u>(364,605)</u>	<u>(239,117)</u>
Gross Profit			1,511,554	145,312	1,656,866	1,280,537
Relocation Expenses		52,331		-		
Acquisition Costs		5,521		-		
Ongoing Administrative Expenses		<u>1,378,996</u>		-		
Administration Expenses			<u>(1,436,848)</u>	<u>(134,039)</u>	<u>(1,570,887)</u>	<u>(1,192,011)</u>
Operating Profit	3		74,706	11,273	85,979	88,526
Other Interest Receivable and Similar Income					5,295	10,977
Other Interest Payable and Similar Charges	6				<u>(4,889)</u>	<u>(2,560)</u>
Profit on Ordinary Activities Before Taxation					86,385	96,943
Taxation	7				<u>(11,568)</u>	<u>(23,335)</u>
Retained Profit After Taxation transferred to reserves	8				<u>74,817</u>	<u>73,608</u>

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented.

All operations within the Profit and Loss Account are continuing operations as defined by FRS 3.

Statement of Total Recognised Gains and Losses


Retained Profit for the year		74,817	73,608
Foreign Exchange movements	8	<u>1,415</u>	<u>880</u>
Total recognised gains and losses during the year		<u>76,232</u>	<u>74,488</u>

Chelgate Limited

Consolidated Balance Sheet at 31 December 2000

	Note	2000		1999	
		£	£	£	£
Fixed Assets					
Goodwill	14		69,955		79,579
Tangible Assets	10		<u>72,864</u>		<u>36,995</u>
			142,819		116,574
Current Assets					
Work in Progress		3,842		-	
Debtors	15	532,879		321,493	
Cash at bank and in hand		<u>35,545</u>		<u>129,121</u>	
		572,266		450,614	
Creditors: Amounts Falling Due Within One Year	16	<u>(316,368)</u>		<u>(244,703)</u>	
Net Current Assets			<u>255,898</u>		<u>205,911</u>
Total assets less current liabilities			398,717		322,485
Creditors: Amounts Falling Due After More Than One Year	17		<u>(27,460)</u>		<u>(27,460)</u>
Net Assets			<u><u>371,257</u></u>		<u><u>295,025</u></u>
Capital and Reserves					
Called up share capital - equity interest	8		25,000		25,000
Profit and loss account	8		<u>346,257</u>		<u>270,025</u>
Shareholders funds			<u><u>371,257</u></u>		<u><u>295,025</u></u>

The financial statements were approved by the Board of Directors on 28.10.01



 T. Fane-Saunders - Director

Chelgate Limited

Balance Sheet at 31 December 2000

	Note	2000		1999	
		£	£	£	£
Fixed Assets					
Tangible assets	11		40,778		24,573
Investments	12		<u>134,852</u>		<u>134,851</u>
			175,630		159,424
Current Assets					
Debtors	15	385,626		263,955	
Cash at bank and in hand		<u>17,253</u>		<u>95,093</u>	
		402,879		359,048	
Creditors: Amounts Falling Due Within One Year	16	<u>(283,251)</u>		<u>(218,667)</u>	
Net Current Assets			<u>119,628</u>		<u>140,381</u>
Total assets less current liabilities			295,258		299,805
Creditors: Amounts Falling Due After More Than One Year	17		<u>(27,460)</u>		<u>(27,460)</u>
Net Assets			<u><u>267,798</u></u>		<u><u>272,345</u></u>
Capital and Reserves					
Called up share capital - equity interest	9		25,000		25,000
Profit and loss account	9		<u>242,798</u>		<u>247,345</u>
Shareholders funds			<u><u>267,798</u></u>		<u><u>272,345</u></u>

The financial statements were approved by the Board of Directors on 28.10.01



.....
T. Fane-Saunders - Director

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000

1. Accounting Policies

(a) Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The accounting policies remain unchanged from the prior year.

(b) Basis of consolidation

The group financial statements incorporate the accounts of the company and its subsidiaries using the acquisition method of accounting for business combinations. All companies within the group make up their accounts to the same date. Subsidiaries based overseas are translated into Sterling for consolidation purposes using the rates of exchange ruling at the end of the financial year.

(c) Goodwill

Goodwill arising upon the consolidation of the subsidiaries is to be amortised over its useful economic life of 20 years.

(d) Acquisitions of subsidiaries

On the acquisition of a subsidiary undertaking, fair values are attributed to the group's share of the net tangible assets.

(e) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold Property	-	Over period of the lease
Office and Computer		
Equipment	-	25% straight line
Fixtures and Fittings	-	25% straight line
Motor Vehicles	-	25% straight line
Race Horses	-	10% straight line

(f) Turnover

Turnover represents sales and expenses plus commissions invoiced by the company during the year, and is exclusive of value added tax.

(g) Deferred Taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(h) Work in progress

Work in progress represents production costs which have not yet been recharged to clients, and is stated at the lower of cost and net realisable value.

(i) Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. Exchange differences arising from the translation of foreign subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Chelgate Limited

Notes to the Financial Statements

For the year ended 31 December 2000 (continued)

1 Accounting Policies (continued)

(j) Operating Lease Rentals

Rentals held under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(k) Pensions

The company makes contributions to certain employees' private pension schemes, the assets of the schemes being held separately from the assets of the company. The pension cost charge represents contributions payable to the schemes.

(l) Cash flow statement

The group has taken advantage of their qualification as a small group and not prepared a cash flow statement for these financial statements.

2 Turnover (Group)

	2000	1999
	£	£
Geographical Analysis:		
United Kingdom	1,297,468	1,014,884
Europe	20,926	-
Far East	656,544	482,667
United States and Canada	46,533	21,335
Rest of the World	-	768
	<u>2,021,471</u>	<u>1,519,654</u>

3 Operating profit (Group)

The operating profit is stated after charging:

Auditors' remuneration	9,388	6,611
Depreciation of owned tangible fixed assets	21,284	18,452
Depreciation of tangible fixed assets held under finance leases	5,149	4,974
Amortisation of Goodwill	4,729	4,974
Loss on disposal of fixed assets	5,024	-
Operating lease rentals:		
Plant and machinery	21,781	25,493
Other	61,196	60,800
Interest on loans repayable in more than five years, not by installments	<u>489</u>	<u>2,123</u>

4 Employee information (group)

The average number of persons employed by the company (including directors) during the year was 29 (1999: 20)

Their total remuneration was:

Wages and salaries	929,242	695,053
Social security costs	113,368	82,711
Pension costs	13,846	12,890
	<u>1,056,456</u>	<u>790,654</u>

Chelgate Limited

Notes to the Financial Statements

For the year ended 31 December 2000 (continued)

5 Directors' Emoluments

The emoluments of the directors of the company were as follows:

	2000 £	1999 £
Emoluments (including benefits)	202,745	329,488
Pension contributions	10,321	12,980
	<u>213,066</u>	<u>342,468</u>

During the year, 3 directors (1999: 3) were members of defined contribution pension schemes.

Highest Paid Director

Emoluments (including benefits)	76,289	79,567
Pension contributions	4,800	4,800
	<u>81,089</u>	<u>84,367</u>

6 Interest Payable - (Group)

	£	£
Bank loans and overdrafts	5	49
Other loans	4,884	2,511
	<u>4,889</u>	<u>2,560</u>

7 Taxation - (Group)

	£	£
UK Corporation tax on the results for the year at 20% (1999: 20%)	7,961	17,000
Overprovision in previous years	(531)	(415)
Prior year adjustment re ACT	(8,336)	-
Hong Kong Corporation Tax on results for the year	12,474	6,750
	<u>11,568</u>	<u>23,335</u>

8 Shareholders Funds - (Group)

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 1999	25,000	195,537	220,537
Profit for the financial year	-	73,608	73,608
Exchange Movement	-	880	880
At 31 December 1999	25,000	270,025	295,025
Profit for the financial year	-	74,817	74,817
Exchange Movement	-	1,415	1,415
At 31 December 2000	<u>25,000</u>	<u>346,257</u>	<u>371,257</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000 (continued)

9 Shareholders Funds (Company)

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 1999	25,000	212,668	237,668
Profit for the financial year	-	34,677	34,677
At 31 December 1999	25,000	247,345	272,345
Profit for the financial year	-	(4,547)	(4,547)
At 31 December 2000	25,000	242,798	267,798

The authorised share capital comprises:

	2000 £	1999 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid:		
25,000 ordinary shares of £1 each	25,000	25,000

10 Tangible Assets - (Group)

Cost	Leasehold Property £	Office Equipment £	Fixtures, Fittings and Other Assets £	Motor Vehicle £	Total £
At 1 January 2000	9,746	103,583	85,894	8,200	207,423
On acquisition of Subsidiary	-	-	116,058	-	116,058
Additions	19,455	16,128	12,172	-	47,755
Disposals	(7,901)	-	(30,117)	(8,200)	(46,218)
At 31 December 2000	21,300	119,711	184,007	-	325,018

Depreciation

At 1 January 2000	7,318	81,362	73,549	8,199	170,428
On acquisition of Subsidiary	-	-	84,228	-	84,228
Charge for the year	2,544	11,701	12,188	-	26,433
Disposals	(7,087)	-	(13,649)	(8,199)	(28,935)
At 31 December 2000	2,775	93,063	156,316	-	252,154

Net Book Value

At 31 December 2000	18,525	26,648	27,691	-	72,864
At 31 December 1999	2,428	22,221	12,345	1	36,995

The net book value of fixed assets of £72,864 includes an amount of £15,447 (1999: £27,642) in respect of assets held under finance leases and hire purchase contracts.

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000 (continued)

11 Tangible Assets - (Company)

Cost	Leasehold Property £	Office Equipment £	Fixtures, Fittings and Other Assets £	Motor Vehicle £	Total £
At 1 January 2000	4,207	75,305	75,927	8,200	163,639
Additions	19,455	10,646	5,181	-	35,282
Disposals	(4,207)	-	(12,000)	(8,200)	(24,407)
At 31 December 2000	<u>19,455</u>	<u>85,951</u>	<u>69,108</u>	<u>-</u>	<u>174,514</u>
Depreciation					
At 1 January 2000	4,204	60,257	66,406	8,199	139,066
Charge for the year	1,621	7,480	1,572	-	10,673
Disposals	(4,204)	-	(3,600)	(8,199)	(16,003)
At 31 December 2000	<u>1,621</u>	<u>67,737</u>	<u>64,378</u>	<u>-</u>	<u>133,736</u>
Net Book Value					
At 31 December 2000	<u>17,834</u>	<u>18,214</u>	<u>4,730</u>	<u>-</u>	<u>40,778</u>
At 31 December 1999	<u>3</u>	<u>15,048</u>	<u>9,521</u>	<u>1</u>	<u>24,573</u>

The company has no items held within fixed assets, which are held under finance lease or hire purchase contracts.

12 Investments (Company)

	2000 £	1999 £
Shares in subsidiary undertakings:		
At 1 January	134,851	134,851
Acquisition of Robinson Bamford Limited (note 13)	1	-
At 31 December	<u>134,852</u>	<u>134,851</u>

	Country of incorporation or registration	Class of shares held	Percentage of ordinary shares	Principal Activity	Profit for the financial year / aggregate reserves £
Representing:					
Chelgate Asia Limited	Hong Kong	Ordinary	100%	Public Relations Consultants	<u>66,613 /</u> <u>148,177</u>
Robinson Bamford Limited	England	Ordinary	100%	Graphic Design	<u>9,144 /</u> <u>14,040</u>

The results of the two investments have been consolidated within the financial statements for the year.

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000 (continued)

13 Acquisition of subsidiary

On 5th January 2000 Chelgate Limited acquired 100% of the share capital of Robinson Bamford Limited for £1. The book and fair values at acquisition were as follows:

	2000 £
Tangible fixed assets	31,830
Current assets excluding cash	33,821
Cash overdraft	(296)
Current liabilities	(57,886)
Long term liabilities	(2,573)
	<u>4,896</u>
Net assets at fair value	<u>4,896</u>
Consideration	1
Negative goodwill upon acquisition (note 14)	<u>4,895</u>
	<u>4,896</u>

14 Goodwill (Group)

Cost	Positive Goodwill £	Negative Goodwill £	Total £
At 1 January 2000	99,474	-	99,474
Additions	-	(4,895)	(4,895)
At 31 December 2000	<u>99,474</u>	<u>(4,895)</u>	<u>94,579</u>
Depreciation			
At 1 January 2000	19,895	-	19,895
Charge for the year	4,974	(245)	4,729
At 31 December 2000	<u>24,869</u>	<u>(245)</u>	<u>24,624</u>
Net Book Value			
At 31 December 2000	<u>74,605</u>	<u>(4,650)</u>	<u>69,955</u>
At 31 December 1999	<u>79,579</u>	-	<u>79,579</u>

15 Debtors

	2000		1999	
	Group £	Company £	Group £	Company £
Trade debtors	379,194	218,403	206,014	139,153
Amounts owed by group undertakings	-	30,200	-	25,127
Other debtors	30,687	24,133	8,130	8,130
Prepayments and accrued income	122,998	112,890	107,349	91,545
	<u>532,879</u>	<u>385,626</u>	<u>321,493</u>	<u>263,955</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000 (continued)

16 Creditors: amounts falling due within one year

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
Bank loans and overdraft	15,580	-	-	-
Trade creditors	61,964	34,658	21,959	12,495
Amounts owed to group undertakings	-	46,263	-	-
Corporation tax	10,969	7,500	24,002	17,000
Social security and other taxes	44,288	40,764	43,215	43,215
Other creditors	140,625	120,388	126,003	125,339
Obligations under finance leases	2,698	-	-	-
Accruals and deferred income	40,244	33,678	29,524	20,618
	<u>316,368</u>	<u>283,251</u>	<u>244,703</u>	<u>218,667</u>

17 Creditors: amounts falling due after more than one year

	Group and Company	
	2000	1999
	£	£
Loans wholly repayable in more than five years	<u>27,460</u>	<u>27,460</u>

The loan was advanced by NM Life Assurance Limited and is secured on a pension policy held by T. Fane-Saunders, a director of the company, and attracts interest at 3% above the bank base rate. The loan is not repayable by installments and falls due for redemption in 2013.

18 Future financial commitments (group)

At 31 December 1999 the group had annual commitments under operating leases as set out below:

	2000		1999	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Operating Leases which expire:				
within one year	10,082	277	9,093	16,013
in the second to fifth year	-	16,947	12,501	17,946
after five years	75,000	4,823	-	-
	<u>85,082</u>	<u>22,047</u>	<u>21,594</u>	<u>33,959</u>

Chelgate Limited

Notes to the Financial Statements

For the year ended 31 December 2000 (continued)

19 Future financial commitments (Company)

At 31 December 2000 the company had annual commitments under operating leases as set out below:

	2000		1999	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating Leases which expire:				
within one year	-	277	9,093	4,759
in the second to fifth year	-	16,947	-	11,254
after five years	75,000	4,823	-	-
	<u>75,000</u>	<u>22,047</u>	<u>9,093</u>	<u>16,013</u>

20 Contingent liabilities

Additional capital payments may fall due relating to the acquisition of the entire issued share capital of Robinson Bamford Limited. These amounts are dependant on the attainment of performance targets, over the next three years.

No amounts of contingent liability have been accounted for in the year, as any future liability is not believed to be material to the group's financial statements.

21 Pension Costs

The group contributed to certain employees' personal pension schemes. The total pension cost of £13,847 (1999: £12,980) represents amounts paid into the schemes during the year.

22 Related Party Transactions

Chelgate Asia Limited repaid their inter-company loan during the year. During the period under review, management fees were charged from Kilmeny Holdings Limited to Chelgate Limited amounting to £2,221 (1999: £5,000).

Balances due to and from the related parties at the year end are as follows:

	2000 £	1999 £
Included in debtors:		
Loan to Chelgate Asia Limited	-	25,127
Robinson Bamford Limited	30,000	-
Chelgate Asia Limited current account	200	-
	<u>30,200</u>	<u>25,127</u>

A loan of £30,000 was advanced to Robinson Bamford Limited during the year under review, which is interest free and repayable on demand. The loan is secured by a fixed and floating charge over the assets of the company.

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2000 (continued)

22 Related Party Transactions (continued)

	2000	1999
Included in creditors:	£	£
Chelgate Asia Limited		
Loan to Chelgate Limited	45,390	-
HK Dollar current account	874	-
	<u>46,264</u>	<u>-</u>

The loan of £45,390, was advanced by Chelgate Asia Limited during the year under review, is interest free and not subject to any repayment conditions.

During the period under review Mrs. Kilmeny Fane-Saunders (see note 23) purchased a car owned by Chelgate Limited for the amount of its net asset value, £1.

No amounts were written off in respect of these balances during the year.

23 Ultimate Parent Undertaking and Controlling Party

The company's ultimate parent undertaking is Kilmeny Holdings Limited, a company incorporated in the Channel Islands. Kilmeny Holdings Limited does not prepare consolidated financial statements.

The company is controlled by Mr. and Mrs. Fane-Saunders by virtue of their shareholding in the ultimate parent undertaking.