

# CHELGATE LIMITED

Company No. 2262305

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

# Chelgate



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28/10/2005

# Chelgate Limited

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# **Chelgate Limited**

## **Company Information**

### **Directors**

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

### **Secretary**

M.S. Lane

### **Registered Office**

Number One  
Tanner Street  
London  
SE1 3LE

### **Auditors**

Kingston Smith  
141 Wardour Street  
London  
W1F 0UT

### **Bankers**

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

### **Solicitors**

Davenport Lyons  
1 Old Burlington Street  
London W1X 2NL

# **Chelgate Limited**

## **Report of the Directors**

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2004.

### **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.

### **Results and Dividend**

The results of the company for the year are set out on page 5. The directors do not recommend the payment of a dividend (2003 - £nil).

The company has a retained profit of £1,156 (2003 - £6,707) which has been transferred to reserves.

### **Directors and their interests**

The directors who served during the year were as follows:

Terence C. Fane-Saunders  
Kilmeny J. Fane-Saunders  
Mathew S. Lane

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**

No new share options were granted to directors in the year.

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

### **Statement of directors responsibility**

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.

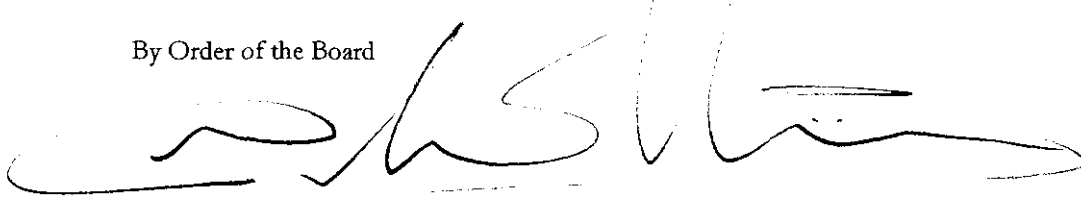
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Chelgate Limited**  
**Report of the Directors (continued)**

**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: 26th October 2005

# Chelgate Limited

## Independent Auditors' Report to the Members of Chelgate Limited

We have audited the financial statements of Chelgate Limited for the year ended 31 December 2004 which comprise the Profit & Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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 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

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.

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 at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith

KINGSTON SMITH  
Chartered Accountants  
and Registered Auditors

27/10/05

141 Wardour Street  
London  
W1F 0UT

**Chelgate Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2004**

	Note	2004	2003
		£	£
<b>Turnover</b>	1(c), 2	954,822	1,241,927
Cost of Sales		<u>(144,371)</u>	<u>(135,669)</u>
<b>Gross Profit</b>		810,451	1,106,258
Administration Expenses		<u>(804,659)</u>	<u>(1,038,111)</u>
<b>Operating Profit</b>	3	5,792	68,147
Interest Receivable and Similar Income		3,899	2,890
Interest Payable and Similar Charges	6	<u>(2,036)</u>	<u>(1,858)</u>
		7,655	69,179
Amounts written off inter-company loans	7	-	(79,500)
Amounts written off investments		<u>-</u>	<u>(1)</u>
<b>Profit/(Loss) on Ordinary Activities Before Taxation</b>		7,655	(10,322)
Taxation	8	<u>(6,499)</u>	<u>17,029</u>
<b>Retained Profit after Taxation transferred to Reserves</b>	9	<u><u>1,156</u></u>	<u><u>6,707</u></u>

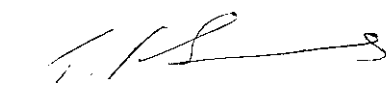
All amounts derive from continuing activities. There are no other recognised gains or losses in the year other than the result for the year.

# Chelgate Limited

## Balance Sheet at 31 December 2004

	Note	2004	2003
		£	£
<b>Fixed Assets</b>			
Tangible assets	10	21,293	34,754
<b>Current Assets</b>			
Debtors	11	257,331	329,374
Cash at bank and in hand		<u>111,722</u>	<u>121,887</u>
		369,053	451,261
<b>Creditors: Amounts Falling Due Within One Year</b>	12	<u>(167,646)</u>	<u>(264,471)</u>
<b>Net Current Assets</b>		<u>201,407</u>	<u>186,790</u>
<b>Total Assets Less Current Liabilities</b>		<u>222,700</u>	<u>221,544</u>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	13	<u>(27,460)</u>	<u>(27,460)</u>
<b>Net Assets</b>		<u><u>195,240</u></u>	<u><u>194,084</u></u>
<b>Capital and Reserves</b>			
Called up share capital - equity interest	9	25,000	25,000
Profit and loss account		<u>170,240</u>	<u>169,084</u>
<b>Shareholder's funds</b>	9	<u><u>195,240</u></u>	<u><u>194,084</u></u>

The financial statements were approved by the Board of Directors on 26th October 2005

  
 .....  
 T. Fane-Saunders  
 Director



**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004**

**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 previous year.

**(b) 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	- 25% straight line
Office Equipment	- 25% straight line
Fixtures and Fittings	- 25% straight line
Race Horse	- 10% straight line

**(c) Turnover**

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

**(d) Deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis, except when discounting has been applied in accordance with other accounting standards.

**(e) 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.

**(f) 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.

# Chelgate Limited

## Notes to the Financial Statements

### For the year ended 31 December 2004 (continued)

#### 1. Accounting Policies (continued)

##### (g) 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.

#### 2 Turnover

	2004	2003
	£	£
Geographical Analysis:		
United Kingdom	909,741	1,095,600
Europe	-	21,711
United States and Canada	45,081	42,431
Rest of the World	-	82,185
	<u>954,822</u>	<u>1,241,927</u>

#### 3 Operating profit

	£	£
The operating profit is stated after charging:		
Auditors' remuneration	5,900	5,935
Depreciation of owned tangible fixed assets	15,997	18,459
Loss on disposal of fixed assets	3,858	-
Operating lease rentals:		
Plant and machinery	5,705	5,704
Other	<u>86,800</u>	<u>86,800</u>

#### 4 Employee information

The average number of persons employed by the company (including directors) during the year was 17 (2003: 20)

	£	£
Their total remuneration was:		
Wages and salaries	440,732	649,717
Social security costs	48,307	69,785
Pension costs	<u>9,000</u>	<u>11,941</u>
	<u>498,039</u>	<u>731,443</u>

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004 (continued)**

**5 Directors' Emoluments**

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

	2004 £	2003 £
Emoluments (including benefits)	125,688	159,433
Pension contributions	9,000	9,000
	<u>134,688</u>	<u>168,433</u>

During the year, two directors (2003: 2) were members of defined contribution pension schemes.

**6 Interest Payable**

	£	£
Bank loans and overdrafts	-	16
Other loans	2,036	1,842
	<u>2,036</u>	<u>1,858</u>

**7 Amounts written off loans**

	£	£
Robinson Bamford Limited	-	52,500
Chelgate Asia Limited	-	27,000
	<u>-</u>	<u>79,500</u>

**8 Taxation**

**a) Charge for the year**

	£	£
UK Corporation tax on the results for the year at 19% (2003: 19%)	6,499	3,991
Overprovision in previous years	-	(21,020)
	<u>6,499</u>	<u>(17,029)</u>

**b) Factors affecting tax charge for the year**

	2004 £	2004 £	2003 £	2003 £
Profit/(Loss) on ordinary activities before tax		<u>7,655</u>		<u>(10,322)</u>
Theoretical tax charge at 19% (2003: 19%)		1,454		(1,961)
<i>Effects of:</i>				
Expenses not deductible for tax purposes	3,693		18,741	
Depreciation in excess of capital allowances	1,219		468	
Loss on disposal	733		-	
Group relief	-		(12,155)	
Starting rate relief	(600)		(1,102)	
Adjustment to tax charge in respect of prior periods	<u>-</u>		<u>(21,020)</u>	
		5,045		(15,068)
Current tax charge/(credit) for the period (note 8(a))		<u>6,499</u>		<u>(17,029)</u>

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004 (continued)**

**9 Shareholder's Funds**

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2003	25,000	162,377	187,377
Retained profit for the financial year	-	6,707	6,707
At 31 December 2003	25,000	169,084	194,084
Retained profit for the financial year	-	1,156	1,156
At 31 December 2004	25,000	170,240	195,240

The authorised share capital comprises:

	2004 £	2003 £
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

Options over 4,274 ordinary shares are available at an exercise price of £23.40 each. Share options can be exercised within 14 days of the company informing the holder that it has either received an offer to acquire the business or in the event of a listing on the London Stock Exchange or Alternative Investment Market.

**10 Tangible Assets**

Cost	Leasehold Property £	Office Equipment £	Fixtures and Fittings £	Race Horse £	Total £
At 1 January 2004	19,455	45,683	73,614	14,500	153,252
Additions	-	1,771	298	8,000	10,069
Disposals	-	-	-	(8,000)	(8,000)
At 31 December 2004	19,455	47,454	73,912	14,500	155,321

**Depreciation**

At 1 January 2004	16,213	27,606	70,450	4,229	118,498
Charge for the year	3,242	8,799	2,039	1,917	15,997
Disposals	-	-	-	(467)	(467)
At 31 December 2004	19,455	36,405	72,489	5,679	134,028

**Net Book Value**

At 31 December 2004	-	11,049	1,423	8,821	21,293
At 31 December 2003	3,242	18,077	3,164	10,271	34,754

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004 (continued)**

**11 Debtors**

	2004	2003
	£	£
Trade debtors	156,171	169,740
Other debtors	10,557	54,896
Prepayments and accrued income	90,603	104,738
	<u>257,331</u>	<u>329,374</u>

**12 Creditors: amounts falling due within one year**

	2004	2003
	£	£
Trade creditors	29,624	16,292
Corporation tax	6,500	-
Social security and other taxes	37,176	42,982
Other creditors	80,091	177,740
Accruals and deferred income	14,255	27,457
	<u>167,646</u>	<u>264,471</u>

**13 Creditors: amounts falling due after more than one year**

	£	£
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.

**14 Future financial commitments**

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

	2004		2003	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating Leases which expire:				
within one year	11,800	3,202	11,800	-
in the second to fifth year	-	881	-	5,704
after five years	75,000	-	75,000	-
	<u>86,800</u>	<u>4,083</u>	<u>86,800</u>	<u>5,704</u>

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004 (continued)**

**15 Contingent liabilities**

There are no outstanding contingent liabilities.

**16 Pension Costs**

The company contributed to certain employees' personal pension schemes. The total pension cost of £9,000 (2003: £11,941) represents amounts paid into the schemes during the year.

**17 Investments**

	2004	2003
<b>Shares in subsidiary undertakings:</b>		
At 1 January	-	1
Amount written off investment	-	(1)
At 31 December	<u>-</u>	<u>-</u>

The amount written off investment relates to a permanent diminution in value of the company's holding in Chelgate Asia Limited.

**18 Director's loan**

Terence Fane-Saunders, a director, owed the company money during the year:

	2004	2003
	£	£
Balance outstanding at 31 December	5,000	5,000
Maximum balance during the year	<u>5,000</u>	<u>5,000</u>

**19 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.