

Screenhold Limited

Company number: 2833063

Report and Financial Statements

for the year ended 30 September 2006



Screenhold Limited

Report of the Directors

The directors submit their report and audited financial statements for the year ended 30 September 2006

Principal activities

The Company's principal activity is to carry on business as a general trading company

Review of business and future developments

The company is a member of the City and Guilds Group. It carries out its activities for the benefit of its parent, the City and Guilds of London Institute, a charity, and other members of the Group. These activities comprise the design and customisation of computer systems infrastructure for the Group. The Company intends to continue such activities to accommodate Group requirements and potentially market services on commercial terms to third parties.

Results

The loss for the year amounted to £1,310,569 (2005 £5,435,335 loss). The directors do not recommend the payment of a dividend (2005 £Nil).

Directors and their interests

The directors who served during the period are as follows:

C Humphries CBE (Chairman)
K Brooker
KD Ward

The directors who held office at the end of the financial year have no beneficial interest in the shares of the Company (2005 £Nil).

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Company 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue its activities.

Screenhold Limited

Director's responsibilities (continued)

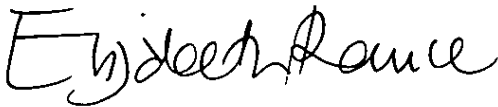
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company enabling them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

As far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company was passed at the Annual General Meeting held on 16 February 2006.

The financial statements on pages 4 to 11 were approved by the board on 8 February 2007 and were signed on its behalf by



E J Rounce
Secretary

1 Giltspur Street
London
EC1A 9DD
8 February 2007

Screenhold Limited

Independent auditors' report to the members of Screenhold Limited

We have audited the financial statements of Screenhold Limited for the year ended 30 September 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and accounting standards 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 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 & Ireland) 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 judgments 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 in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 September 2006 and of its results 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
8 February 2007

Screenhold Limited**Profit and Loss Account for the year ended 30 September 2006**

	Note	2006 £	2005 £
Turnover	2	260,000	288,200
Cost of sales		429,739	1,153,267
Gross loss		(169,739)	(865,067)
Administrative expenses		498,742	4,119,908
Operating loss	4	(668,481)	(4,984,975)
Interest receivable		1,136	3,293
Interest payable	5	643,224	453,653
Loss on ordinary activities before taxation		(1,310,569)	(5,435,335)
Taxation	6	-	-
Loss for the financial year		(1,310,569)	(5,435,335)

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

The Company has no recognised gains and losses other than those included above, and therefore, no separate statement of total recognised gains and losses have been presented

The notes on pages 6 to 11 form part of these financial statements.

Screenhold Limited**Balance Sheet at 30 September 2006**

	Note	2006 £	2005 £
Tangible fixed assets	7	8,109,937	3,997,595
Current assets			
Debtors	8	2,763,073	1,890,605
Cash		4,380	2,149
		<u>2,767,453</u>	<u>1,892,754</u>
Creditors: amounts falling due within one year	9	(2,046,160)	(963,283)
Net current assets/(liabilities)		<u>721,293</u>	<u>929,471</u>
Total assets less current liabilities		<u>8,831,230</u>	<u>4,927,066</u>
Creditors: amounts falling due after more than one year	10	(16,156,296)	(10,941,563)
Net liabilities		<u>(7,325,066)</u>	<u>(6,014,497)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	(7,325,067)	(6,014,498)
Equity shareholders funds	14	<u>(7,325,066)</u>	<u>(6,014,497)</u>

The notes on pages 6 to 11 form part of these financial statements

Approved by the Board on 8 February 2007



K D Ward
Director

Screenhold Limited

Notes to the Financial Statements for the year ended 30 September 2006

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

1.2 Cashflow statement

The Company has taken advantage of the exemption permitted by Financial Reporting Standard 1 'Cash Flow Statements (revised 1996)' and not included a cashflow statement as part of its financial statements. The cashflows of the company are included in the consolidated cashflow statement of the company's parent undertaking

1.3 Fixed assets and depreciation

Tangible fixed assets are stated at cost. The policy is to capitalise equipment greater than £1,000. Assets which are subject to a period of construction are depreciated when they are ready for operational use. The cost of computer software and hardware is depreciated on a straight-line method basis over the estimated useful life of the asset as follows

Computer software and hardware	from 20%
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1.4 Turnover

Turnover is based on the invoiced value of the sale of goods and services to Group undertakings, excluding value added tax. Turnover for goods and services is recognised when delivery has occurred and where the price is determinable and reflects the commercial substance of the transaction

1.5 Taxation

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

Deferred taxation 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

Deferred tax is measured on a non-discounted basis

Deferred tax assets are only recognised when the directors are satisfied that the likelihood of future taxable profits arising against which to off-set the deferred tax asset is reasonably assured

Screenhold Limited

Notes to the Financial Statements (continued) for the year ended 30 September 2006

1.6 Related party transactions

The Company is wholly owned by its parent undertaking. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard No 8 'Related Party Transactions' not to disclose related party transactions with other members of the City & Guilds Group.

1.7 Parent undertaking

The Company's immediate and ultimate parent undertaking is The City and Guilds of London Institute, an organisation formed under Royal Charter which is a charity registered in England and which operates worldwide. The principal address of The City and Guilds of London Institute is 1 Giltspur Street, London, EC1A 9DD. Group financial statements have been prepared as at 30 September 2006 and may be obtained from the Secretary at the above address.

2. Turnover

Turnover comprises the usage of computer software amounting to £260,000 (2005 £278,333) and sales of printed matter supplied to the company's parent undertaking amounting to £Nil (2005 £9,867).

3. Directors emoluments and employee information

The directors received no emoluments in respect of their services to the Company (2005 £Nil). The Company had no employees (2005 Nil).

4. Operating loss

	2006	2005
	£	£
The operating loss is stated after charging.		
Audit fees - current year	3,260	3,100
Depreciation	512,648	4,110,830

Screenhold Limited

Notes to the Financial Statements (continued) for the year ended 30 September 2006

5. Interest payable

	2006 £	2005 £
Interest on intercompany loan	<u>643,224</u>	<u>453,653</u>
	<u>643,224</u>	<u>453,653</u>

6. Taxation

	2006 £	2005 £
United Kingdom corporation tax at 30% (2005 30%)		
Current tax	-	-
Under provision in prior years	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax (Note 11)	-	-
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(1,310,569)</u>	<u>(5,435,335)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	<u>(393,171)</u>	<u>(1,630,601)</u>
Effects of deferred tax movements not recognised		
Capital allowances (in excess of)/lower than depreciation	(270,913)	743,185
Other short term timing differences	192,967	-
Tax loss available for future offset	<u>471,117</u>	<u>887,416</u>
	<u>-</u>	<u>-</u>

At 30 September 2006 the accumulated tax loss was estimated at £7,014,596 (2005 £5,099,082)
which are available for offset against future taxable profit

Screenhold Limited

Notes to the Financial Statements (continued) for the year ended 30 September 2006

7. Tangible fixed assets

Computer software and hardware	£
Cost or valuation	
At 1 October 2005	8,329,129
Additions	4,624,990
Disposals	(3,932,169)
At 30 September 2006	<u>9,021,950</u>
Depreciation	
At 1 October 2005	4,331,534
Charge for year	512,648
Release for year	(3,932,169)
At 30 September 2006	<u>912,013</u>
Net book value at 1 October 2005	<u>3,997,595</u>
Net book value at 30 September 2006	<u>8,109,937</u>

Computer software and hardware includes computer projects capitalised at cost totalling £5,533,145 (2005 £6,649,319) which are assets in the course of construction and as such no depreciation charge has been made.

Included in the depreciation charge is an amount of £Nil (2005 £3,484,693) in respect of accelerated depreciation against specific computer projects falling under computer software and hardware

8. Debtors

	2006	2005
	£	£
Amount due from other group members	226,188	141,313
Other debtors	2,496,378	1,749,292
Prepayments	40,507	-
	<u>2,763,073</u>	<u>1,890,605</u>

Screenhold Limited

Notes to the Financial Statements (continued) for the year ended 30 September 2006

9. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	99,856	-
Amounts due to parent company	1,906,531	864,824
Other creditors	-	78,068
Accruals	39,773	20,391
	<u>2,046,160</u>	<u>963,283</u>

10. Creditors: amounts falling due after more than one year

	2006 £	2005 £
Amounts due to parent company	16,156,296	10,941,563
	<u>16,156,296</u>	<u>10,941,563</u>

The loan has no fixed period of repayment. Interest is payable at Bank of England base rate plus 0.5% per annum.

11. Deferred tax

The deferred tax recognised is as follows

	2006 £	2005 £
Capital allowances	(289,715)	-
Losses	289,715	-
	<u>-</u>	<u>-</u>

The deferred tax not recognised should be as follows

	2006 £	2005 £
Capital allowances	-	270,913
Losses	1,814,664	1,528,737
Other short term timing differences	378,156	-
	<u>2,192,820</u>	<u>1,799,650</u>

Screenhold Limited

Notes to the Financial Statements (continued) for the year ended 30 September 2006

11. Deferred tax (continued)

The deferred tax asset of £2,192,820 (2005 £1,799,650) has not been recognised unless the likelihood of future taxable profits arising against which to off-set the deferred tax is reasonably assured

12. Called up share capital

	2006 £	2005 £
Authorised 100 ordinary shares of £1 each	100	100
Authorised, allotted and fully paid 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

13. Profit and loss account

	2006 £	2005 £
Balance at 1 October	(6,014,498)	(579,163)
Retained loss for the financial year	<u>(1,310,569)</u>	<u>(5,435,335)</u>
Balance at 30 September	<u>(7,325,067)</u>	<u>(6,014,498)</u>

14. Reconciliation of movements in equity shareholders' funds

	2006 £	2005 £
Loss for the year	(1,310,569)	(5,435,335)
Equity shareholders' funds at 1 October	<u>(6,014,497)</u>	<u>(579,162)</u>
Equity shareholders' funds at 30 September	<u>(7,325,066)</u>	<u>(6,014,497)</u>

15. Capital commitments

The Company had no capital commitments at 30 September 2006 (2005 £Nil)

16. Contingent liabilities

The Company had no contingent liabilities at 30 September 2006 (2005 £Nil)