

MAWLAW 222 LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1999



Registered Number: 2858045

MAWLAW 222 LIMITED

INDEX TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

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MAWLAW 222 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 MARCH 1999

DIRECTORS:

D Heal
C Keil

SECRETARY:

Miss N Westoby

REGISTERED OFFICE:

7th Floor
Broad Quay House
Broad Quay
Bristol
BS1 4DJ

REGISTERED NUMBER:

2858045

AUDITORS:

Solomon Hare
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

SOLICITORS:

Rowe & Maw
20 Black Friars Lane
London
EC4V 6HD

MAWLAW 222 LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 1999

The directors present their report and accounts for year ended 31 March 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

A decision was taken to transfer the assets and trade of the business to the parent company Harrison Cowley Limited (formerly Shellard Investments Limited) on 31 March 1998 and accordingly the company did not trade during the year.

The name of the company was changed to Mawlaw 222 Limited on 1 April 1998.

DIVIDENDS

The directors have not recommended the payment of a dividend.

DIRECTORS

The directors of the company during the year were:

D Heal
C Keil – Chairman

Neither director has a direct interest in the ordinary share capital of the company.

The directors' interests in the share capital of the parent company, Harrison Cowley Limited, are disclosed in that company's accounts.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss for that period. In preparing the accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities. The directors are satisfied that the business is a going concern.

MAWLAW 222 LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 1999

AUDITORS

The auditors, Solomon Hare, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985. Solomon Hare have expressed their willingness to continue in office.

Approved by the Board of Directors
and signed on behalf of the Board by



D Heal
Director

Date: 6 August 1999

MAWLAW 222 LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HARRISON COWLEY LIMITED

FOR THE YEAR ENDED 31 MARCH 1999

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare

SOLOMON HARE
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol BS8 2BN

Date: 6 August 1999

MAWLAW 222 LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1999**

	Note	1999 £	1998 £
TURNOVER	2	-	5,330,441
Cost of sales		-	(1,563,952)
REVENUE		-	3,766,489
Administrative expenses		-	(3,563,433)
OPERATING PROFIT	3	-	203,056
Profit on sale of fixed assets		-	11,259
Goodwill written off on transfer of business		-	(440,000)
		-	(225,685)
Interest receivable		-	528
Interest payable		-	(23,944)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(249,101)
Tax on (loss)/profit on ordinary activities	6	-	-
RETAINED LOSS FOR THE YEAR	12	-	(249,101)
MOVEMENT IN RESERVES		£	£
Loss for the year		-	(249,101)
Goodwill adjustment to profit and loss reserves		-	440,000
INCREASE IN RESERVES FOR THE PERIOD		-	190,899
Profit and loss account brought forward		(852,076)	(1,042,975)
Profit and loss account carried forward	12	(852,076)	(852,076)

The company ceased trading on 31 March 1998 when its trade was transferred to its parent company.

The notes on pages 9 to 15 form part of these accounts.

MAWLAW 222 LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 £	1998 £
Loss for the financial year		-	(249,101)
Total recognised gains and losses relating to the year		-	(249,101)
Prior year adjustment – amortisation charged in previous periods	7	-	69,667
Total gains and losses recognised since last report and accounts		-	(179,434)

The notes on pages 9 to 15 form part of these accounts.

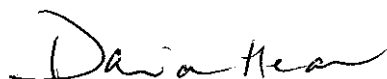
MAWLAW 222 LIMITED

BALANCE SHEET

AS AT 31 MARCH 1999

	Note	1999 £	1998 £
CURRENT ASSETS			
Debtors – amounts due after one year	8	<u>40,366</u>	<u>40,366</u>
NET ASSETS		<u>40,366</u>	<u>40,366</u>
CAPITAL AND RESERVES			
Called up share capital	11	194	194
Share premium account	12	892,248	892,248
Profit and loss account	12	<u>(852,076)</u>	<u>(852,076)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>40,366</u>	<u>40,366</u>
Equity shareholders' funds		(859,634)	(859,634)
Non equity shareholders' funds		<u>900,000</u>	<u>900,000</u>
		<u>40,366</u>	<u>40,366</u>

Approved by the board on 6 August 1999



D Heal
Director

The notes on pages 9 to 15 form part of these accounts

MAWLAW 222 LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 1999**

	Note	£	1999	£	£	1998	£
Net cash inflow from operating activities	15			-		279,287	
Returns on investments and servicing of finance							
Interest paid		-			(26,400)		
Interest received		-			528		
Net cash outflow from returns on investments and servicing of finance				-		(25,872)	
Capital expenditure							
Purchase of tangible fixed assets		-			(55,338)		
Sale of tangible fixed assets		-			13,719		
Net cash (outflow) from capital expenditure				-		(41,619)	
Increase in cash	16			-		211,796	

The above cash flow statement for the year ended 31 March 1998 reflects the movement in cash prior to the transfer of the company's cash funds to its parent company on 31 March 1998.

The notes on pages 9 to 15 form part of these accounts

MAWLAW 222 LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

1 ACCOUNTING POLICIES

Basis of preparation

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As noted in the directors' report, on 31 March 1998 the company ceased to trade and its business, assets and liabilities were transferred to its parent company. The accounts have therefore been prepared on this basis.

Turnover

Turnover comprises amounts billed to clients including outlays, and excluding Value Added Tax.

Revenue

Revenue represents the fees and commissions, excluding sales taxes, from services provided to clients, and is generally recognised when work is billed.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less the estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	10 years straight line (or over life of lease if shorter)
Information technology equipment	4 years straight line
Furniture and equipment	6 years straight line
Motor vehicles	4 years straight line

Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises mainly outlays incurred on behalf of clients.

Deferred taxation

Provision is made, using the liability method, for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits as incurred.

MAWLAW 222 LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

1 ACCOUNTING POLICIES *(continued)*

Pension costs

The company operated a defined contribution group personal pension scheme, an individual defined contribution scheme and a defined benefit pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge in respect of the defined contribution schemes represent contributions payable by the company to the funds in the year in which they became payable. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company.

Goodwill

Goodwill is written off immediately against reserves as incurred.

2 TURNOVER

The turnover is attributable to the principal activity of the company and arose wholly in the United Kingdom.

3 OPERATING PROFIT

	1999 £	1998 £
The operating profit is arrived at after charging:		
Depreciation - owned assets	-	45,829
Auditors' remuneration	-	8,000
Operating leases		
- plant and machinery	-	286,457
- other assets	-	306,010
	<u> </u>	<u> </u>

4 DIRECTORS' REMUNERATION

The remuneration of directors, who served during the year, is set out below:

	1999 £	1998 £
Fees	-	38,885
Emoluments for qualifying services	-	199,124
Pension contributions to money purchase schemes	-	6,000
	<u> </u>	<u> </u>
	-	244,009

MAWLAW 222 LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

4 DIRECTORS' REMUNERATION (continued)

Highest paid director:

	1999 £	1998 £
Total remuneration excluding pension contributions	-	159,007
Pension contributions to money purchase schemes	-	6,000
	<u>-</u>	<u>165,007</u>
Number of directors who are members of money purchase pension schemes	-	1
	<u>-</u>	<u>1</u>

5 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	1999 No	1998 No
Client service	-	58
Administration	-	30
	<u>-</u>	<u>88</u>

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	-	1,865,267
Social security costs	-	173,277
Other pension costs	-	47,926
	<u>-</u>	<u>2,086,470</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax payable on the results for the year as the company did not trade. There was no tax payable on the results for the previous period due to the availability of taxation losses brought forward. Tax losses transferred along with the trade and assets to the parent company on 31 March 1998 were £330,000.

MAWLAW 222 LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

7 PRIOR PERIOD ADJUSTMENT

During the previous period the company changed its accounting policy in respect of the treatment of purchased goodwill. Goodwill is now written off immediately against reserves as the directors believe that this results in the balance sheet giving a more accurate view of the company's position.

As a result of this change in policy, a prior period adjustment was made to reflect the immediate write-off of the goodwill on the acquisition of the business on 1 February 1994 as follows:

	£
Write-off in period ended 31 January 1995	500,000
Write-back of amortisation:	
- period ended 31 January 1995	25,000
- period ended 31 December 1995	20,167
- period ended 31 March 1997	27,500
Write-back amortisation on goodwill disposed of in period ended 31 December 1995	(3,000)
	<hr/>
	69,667
	<hr/>
	430,333
Write-back cost of goodwill disposed of in period ended 31 December 1995	(60,000)
	<hr/>
Total adjustment to prior years	<u>370,333</u>

If there had been no change in policy, an amortisation charge of £22,000 would have been made to the profit and loss account during the previous period.

8 DEBTORS

	1999 £	1998 £
Amounts owed by parent undertaking		
— due after one year	<u>40,366</u>	<u>40,366</u>

9 CONTINGENT LIABILITIES

The mortgage debenture in respect of the overdraft facility with the Bank of Wales committing a fixed and floating charge over the company's assets together with a fixed charge over book debts was transferred to Harrison Cowley Limited with effect from 31 March 1998.

10 DEFERRED TAXATION

There is no deferred tax liability at either 31 March 1999 or at 31 March 1998 following the transfer of assets to the parent company.

MAWLAW 222 LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

11 CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised:		
100,000 Ordinary shares of £0.12	12,000	12,000
175 Deferred shares of £1	175	175
900,000 Preference shares of £0.00001	9	9
	<u>12,184</u>	<u>12,184</u>
	£	£
Allotted and fully paid:		
80 Ordinary shares of £0.12	10	10
175 Deferred shares of £1	175	175
900,000 Preference shares of £0.00001	9	9
	<u>194</u>	<u>194</u>

The preference shares are redeemable at £1 per share as follows:

1999 Any remaining unredeemed shares

If the company does not have sufficient distributable reserves to redeem the shares at 31 December 1999, they will be converted to deferred shares at the rate of 1 £1 deferred share for 100,000 preference shares.

The preference shareholders are not entitled to any dividend in respect of their preference shares.

The deferred shareholders are entitled to a fixed dividend in the sum of 1 penny per deferred share in respect of each year ending on 31 December.

The deferred and preference shares do not give any rights to vote in any meeting of the company.

In the event of a winding up, the surplus assets of the company after paying its liabilities shall be applied as follows:-

- i paying to the preference shareholders the sum of 0.001 of a penny for each preference share held;
- ii paying to the ordinary shareholders the sum of £50,000 on each ordinary share held;
- iii paying to the deferred shareholders the sum of £1 on each deferred share; and
- iv any surplus shall be paid to the holders of the ordinary shares pro rata according to their respective shareholdings.

MAWLAW 222 LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 MARCH 1999****12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share capital £	Share premium £	Profit & loss account £	1999 Total £	1998 Total £
At 1 April 1998	194	892,248	(852,076)	40,366	219,800
Prior period adjustment (note 7)	-	-	-	-	(370,333)
As restated	194	892,248	(852,076)	40,366	(150,533)
Loss for the period	-	-	-	-	(249,101)
Goodwill adjustment	-	-	-	-	440,000
At 31 March 1999	194	892,248	(852,076)	40,366	40,366

13 COMMITMENTS UNDER OPERATING LEASES

At 31 March 1999 the company had commitments under non-cancellable operating leases, falling due for payment within one year, as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Operating leases which expire:				
Within one year	-	-	-	45,102
In two to five years	-	342,435	-	170,343
	-	342,435	-	215,445

The company is in the process of transferring the leases into the name of the parent company.

14 PENSIONS

The company operated a defined contribution group personal pension scheme and an individual defined contribution scheme. The pension cost charged represents contributions payable by the company to these funds. Contributions payable to the fund at the year end were £nil (1998 - £6,895) and were included in creditors and transferred to the parent company on 31 March 1998.

There is also a defined benefit scheme which is managed by an independent trustee.

On 3 April 1997, the actuaries of the defined benefit scheme issued a certificate in accordance with Guidance Note GN19 confirming that the liabilities of the scheme did not exceed the value of the assets of the scheme as at 1 February 1997 and the scheme is in the process of being wound up.

MAWLAW 222 LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 MARCH 1999****15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	-	203,056
Depreciation of tangible fixed assets	-	45,829
Decrease in stocks	-	5,873
Increase in debtors	-	(31,044)
Increase in creditors	-	55,573
Net cash inflow from operating activities	-	279,287

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999 £	1998 £
Change in net funds resulting from cashflows	-	211,796
Net debt at 1 April 1998	-	(220,824)
Net debt at 31 March 1999	-	(9,028)
Transfer to parent undertaking	-	9,028
Net funds at 31 March 1999	-	-

17 MAJOR NON-CASH TRANSACTIONS

On 31 March 1998 the company transferred its assets and liabilities to its parent company at book value. Other than the transfer of net debt as disclosed in note 16, this transaction did not involve cash flows.

18 RELATED PARTY TRANSACTIONS

The company is controlled by Harrison Cowley Limited the ultimate parent company. Harrison Cowley Limited is controlled by D Heal, a director of both companies, and is registered in England.

During the previous year management charges of £5,000 were paid to the parent company Harrison Cowley Limited.

As described in the directors' report, on 31 March 1998 the company transferred its assets, liabilities and trade to its parent company at book values. Following that transaction, the company was owed £40,366 by its parent company.