

**Scholz & Friends London Limited**

## **Directors' Report and Financial Statements**

Registered Number 3398022

Year ended 31 December 2010

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## Directors' Report

The directors present their annual report and the financial statements for the year ended 31 December 2010

### Principal activities

The company's activity relates to the management of its former trading premises

### Business review

Since the cessation of the company's trade during 2007 it has acted principally in respect of the sub-letting of its former trading premises

### Results and dividends

The results for the year are given in the profit and loss account on page 4. The profit on ordinary activities after taxation amounted to £413,297 (2009 profit of £466,563), which has been taken to reserves. The directors are unable to propose the payment of a dividend (2009 £nil)

### Directors and directors' interests

The directors who held office in the year and up to date of this report were as follows

C J K Tiedemann  
H E Page

None of the directors held any disclosable interests in shares, options or debentures in the company or other group companies either at the beginning or the end of the year

### Political and charitable contributions

The company made no political contributions during the year (2009 £nil). Donations to UK charities amounted to £nil (2009 £nil)

By order of the Board

  
M Kornhass  
Company Secretary

80 Clerkenwell Road  
London  
EC1M 5RJ

17/03/ 2011

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The company financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Turnover</b>	1,2,3	-	-
Cost of sales	1,2	-	-
<b>Gross Profit</b>	1	-	-
Other operating income	6	243,550	228,353
Administrative expenses		(132,407)	(327,455)
<b>Operating Profit / (Loss)</b>	2,5	111,143	(99,102)
Interest receivable and similar income	7	527,630	862,885
Interest payable and similar charges	8	(225,476)	(297,220)
<b>Profit on ordinary activities before taxation</b>		413,297	466,563
Tax on profit on ordinary activities	9	-	-
<b>Profit on ordinary activities after taxation</b>	15	413,297	466,563

The operating profit for the year flows from the company's activity of sub-letting property


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

## Balance sheet at 31 December 2010

	Note	2010 £	2009 £
<b>Current assets</b>			
Debtors	11	184,030	91,637
Cash at bank and in hand		28,118	65,946
		<u>212,148</u>	<u>157,583</u>
<b>Creditors: amounts falling due within one year</b>	12	(10,881,218)	(11,045,110)
<b>Net current liabilities</b>		<u>(10,669,070)</u>	<u>(10,887,527)</u>
<b>Total assets less current liabilities</b>		<u>(10,669,070)</u>	<u>(10,887,527)</u>
<b>Provisions for liabilities and charges</b>	13	(75,151)	(269,991)
<b>Net liabilities</b>		<u>(10,744,221)</u>	<u>(11,157,518)</u>
<b>Capital and reserves</b>			
Called up share capital	14	8	8
Share premium	15	1,184,871	1,184,871
Profit and loss account	15	(11,929,100)	(12,342,397)
<b>Equity shareholders' deficit</b>	15	<u>(10,744,221)</u>	<u>(11,157,518)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act. The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with section 386 of the Companies Act 2006, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2010 and of its profit for the year then ended in accordance with the requirements of section 396, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).



**C J K Tiedemann**  
Director

## Notes

### 1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 2006. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

The financial statements of Commarco GmbH, the company's ultimate parent undertaking, for the year ended 31 December 2010 included a consolidated cash flow statement and are publicly available. The company is not, therefore, required by Financial Reporting Standard 1 (Revised) to prepare a cash flow statement

The company is exempt, under the provisions of section 400 of the Companies Act 2006, from the requirement to prepare group accounts. Consequently, these financial statements present information about the company as an individual entity and not about its group

The company has net liabilities, and is dependent on a loan from Scholz & Friends Group GmbH to meet its operating cash requirements. The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate, because Scholz & Friends Group GmbH has indicated that it is its intention to continue to provide sufficient finance to the company to enable it to continue trading and meet its liabilities as they fall due for at least one year from the date of approval of these financial statements. As with any company placing reliance upon other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so

#### Turnover

Turnover comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned. Turnover is stated exclusive of VAT, other sales taxes and trade discounts

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

## Notes (continued)

### 1 Accounting Policies (continued)

#### Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and of the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental costs are charged to the profit and loss account on a straight line basis over the life of the lease.

#### Deferred tax

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 future or a right to pay less tax in future have occurred at the balance sheet date. 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.

### 2 Analysis of turnover and operating profit

The turnover and operating profit is attributable to the provision of advertising services and originates in the United Kingdom. Turnover is nil for both the years.

### 3 Operating profit

	2010 £	2009 £
<i>The operating profit is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	-	-
Rentals payable under operating leases	270,575	270,575

### 4 Remuneration of directors

Christian Tiedemann and Helene Page's emoluments were borne by Commarco GmbH and Scholz & Friends Hamburg GmbH respectively.

### 5 Staff numbers and costs

No persons were employed by the company for both the years.



## Notes (continued)

### 6 Other income

	2010 £	2009 £
Rent receivable	<u>243,550</u>	<u>228,353</u>

### 7 Interest receivable and similar income

	2010 £	2009 £
Bank deposit interest	74	225
Net exchange gains	<u>527,556</u>	<u>862,660</u>
	<u>527,630</u>	<u>862,885</u>

### 8 Interest payable and similar charges

	2010 £	2009 £
Payable to group undertakings	<u>225,476</u>	<u>297,220</u>

### 9 Taxation

	2010 £	2009 £
UK corporation tax at 28.0% (2009 28%)	<u>-</u>	<u>-</u>

#### Reconciliation of the Company's current tax to the United Kingdom statutory rate

	2010 £	2009 £
Tax on pre tax loss at 28.0% (2009 28%)	115,723	130,638
<i>Effects of</i>		
Expenses not deductible for tax purposes	(54,555)	(237,638)
Tax effect of timing differences	-	103
Tax losses of current period carried forward	<u>(61,168)</u>	<u>106,897</u>
	<u>-</u>	<u>-</u>

A net deferred tax asset of £1,124,000 (2009 £1,182,000) as detailed below has not been recognised. In the opinion of the Directors, there is not sufficient evidence presently available that income will be generated to support the recovery of this asset. The amounts set out below have been computed using the rate of corporation tax applicable from 1 April 2011 (28% - 2009 28%).

	2010 £	2009 £
Tax losses carried forward	988,000	1,046,000
Other timing differences	<u>136,000</u>	<u>136,000</u>
	<u>1,124,000</u>	<u>1,182,000</u>

## Notes (continued)

### 10 Fixed asset investments

The company owned 100% of the ordinary share capital of Herman Beasley Advertising Limited, a company that was incorporated in the United Kingdom and ceased trading in the year ended 31 December 2000. Herman Beasley Advertising Limited was placed in member's voluntary liquidation and was dissolved on 18 December 2009.

### 11 Debtors

	2010 £	2009 £
<b>Due within one year:</b>		
Trade debtors	109,790	21,052
Prepayments and accrued income	74,051	70,585
	<u>184,030</u>	<u>91,637</u>

### 12 Creditors

	2010 £	2009 £
<b>Due within one year:</b>		
Trade creditors	-	-
Amounts owed to group and fellow subsidiary undertakings	10,750,548	10,959,413
Taxation and social security	70	2,813
Accruals and deferred income	130,600	82,884
	<u>10,881,218</u>	<u>11,045,110</u>

### 13 Provisions for liabilities and charges

	2010 £	2009 £
At 1 January 2010	269,991	258,750
Utilised	(194,840)	(42,222)
Provided in the year	-	53,463
At 31 December 2010	<u>75,151</u>	<u>269,991</u>

Provision has been made for the estimated unavoidable future cost of those parts of the company's leased property which became vacant in the year and for anticipated future rental shortfalls on currently vacant and sublet parts of the property.

## Notes (continued)

### 14. Called up share capital

	2010 £	2009 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called-up and fully paid</b>		
8 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

### 15. Reconciliation of movements in shareholders' funds

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2010	8	1,184,871	(12,342,397)	(11,157,518)
Profit for the year	-	-	413,297	413,297
<b>At 31 December 2010</b>	<u>8</u>	<u>1,184,871</u>	<u>(11,929,100)</u>	<u>(10,744,221)</u>

### 16. Commitments

(a) Annual commitments under non-cancellable operating leases are as follows

	2010 Land and Buildings £	2009 Land and Buildings £
Operating leases which expire		
Over five years	<u>270,575</u>	<u>270,575</u>

### 17. Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned group undertakings

### 18. Ultimate parent company and parent undertaking of smallest group of which the company is a member

For the year ended 31 December 2010, the company's financial statements are consolidated into those of Commarco GmbH, the ultimate parent company. Copies of financial statements can be obtained from the Secretary, Hanseatic Trade Centre, AM Sandtorkai 76, D-20457, Hamburg, Germany