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GLOW DESIGNS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 13 APRIL 2000 TO 31 DECEMBER 2000



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Glow Designs Limited

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Glow Designs Limited
Directors and Advisers

Directors

Simon Harrison (appointed 1 September 2000)

Caroline Messenger (appointed 1 September 2000)

Secretary and Registered office

Shona Murray

18 Mansell Street, London

Auditors

Grant Thornton

Chartered Accountants

Company registration number

3971549

Glow Designs Limited

Report of Directors

The directors present their report and the audited financial statements for the period ended 31 December 2000.

Principal activity and business review

The Company was incorporated on 13 April 2000. The principal activity of the Company is web site design. The directors are satisfied with the results for the year and look forward to continuing growth in the future.

Results and dividend

The loss for the period on ordinary activities before taxation, amounted to £23,832. The directors do not recommend the payment of a dividend for the year.

Directors and their interests

Simon Harrison is a director of the parent company and his interests are disclosed in the accounts of that company.

No other director had interests in the Ordinary Share Capital of the company.

There were no share options granted to directors.

Directors Responsibilities

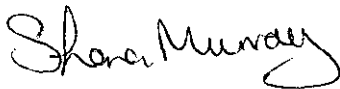
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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, 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 taking reasonable steps to safeguard the assets of the Company and to prevent fraud and other irregularities.

BY ORDER OF THE BOARD

S Murray
Secretary
3 October 2001



Glow Designs Limited

Report of the Auditors to the Members of Glow Designs Limited.

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

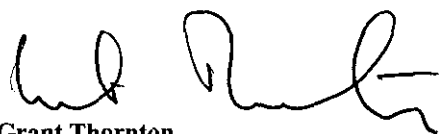
Basis of opinion

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 2000 and of the loss of the Company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton
Chartered Accountants
Registered Auditors
Norwich
3 October 2001

Glow Designs Limited
Profit and Loss Account
For the period 13 April 2000 to 31 December 2000

	Notes	2000 £
Turnover	2	22,644
Cost of sales and administrative expenses		<u>(46,476)</u>
Loss on ordinary activities before taxation	4	(23,832)
Taxation on ordinary activities	6	<u>-</u>
Deficit for the financial year		<u><u>(23,832)</u></u>

There were no recognised gains or losses other than the profit on ordinary activities above.

All amounts relate to continuing activities.

The notes on pages 7 to 9 form part of these accounts.

Glow Designs Limited
Balance Sheet
As at 31 December 2000

	Notes	2000 £
FIXED ASSETS		
Tangible fixed assets	7	<u>3,200</u>
CURRENT ASSETS		
Debtors	8	3,337
Cash at bank		<u>-</u>
		3,337
CREDITORS		
Amounts falling due within one year	9	<u>(30,269)</u>
NET CURRENT LIABILITIES		<u>(26,932)</u>
NET LIABILITIES		<u>(23,732)</u>
CAPITAL AND RESERVES		
Called up share capital	10	100
Profit and loss account	11	(23,832)
		<u>-</u>
EQUITY SHAREHOLDERS' DEFICIT	12	<u>(23,732)</u>

The financial statements on pages 5 to 9 were approved by the Board of Directors on 3 October 2001 and were signed on its behalf by:

S Harrison

C Messenger

)
) Directors
)

The notes on pages 7 to 9 form part of these accounts.

Glow Designs Limited
Notes to the Financial Statements
For the period 13 April 2000 to 31 December 2000

The principal accounting policies of the company are set out below.

Basis of preparation

The financial statements have been prepared and are in accordance with the Accounting Standards applicable in the United Kingdom. In accordance with the provisions of Financial Reporting Standard 1 (Revised), a cash flow statement has not been included.

The financial statements have been prepared on a going concern basis as Hyde Holdings Limited, the parent company, has confirmed that it will continue to support the Company.

Fixed assets and depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost less estimated residual value of each asset over their expected useful lives. The rates generally applicable are: -

Computer equipment - 33.33% per annum on original cost
 Fixtures and fittings - 25% per annum on written down cost.

Pensions

The company contributes 6% of employee salary to either a Group Personal Pension Plan set up by the company, or to an employees personal pension.

Deferred taxation

Deferred tax is provided for when timing difference occur due to the different treatment of transactions for tax and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that a liability will crystallise.

2 TURNOVER

Turnover represents the value of fees receivable excluding value added tax and is all earned in the United Kingdom.

3 INTEREST RECEIVABLE

The Company is part of a group arrangement whereby the total cleared funds are pooled and offset against the Hyde Group overdraft facility. The interest is credited to the company on the basis of the funds held by each entity during the year.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit is arrived at after charging auditors remuneration :

	2000 £
Auditors' remuneration	1,250
Depreciation of tangible fixed assets	<u>-</u>

5 DIRECTORS AND EMPLOYEES

All directors and employees were employed by a fellow subsidiary. The management fee payable to that subsidiary included the following directors' and employees' emoluments.

	2000 £
Directors' emoluments	
Aggregate emoluments	<u>16,391</u>
Company contributions to Group Personal Pension Plan in respect of directors	<u>-</u>

Glow Designs Limited

Notes to the Financial Statements (continued)

For the period 13 April 2000 to 31 December 2000

5 DIRECTORS AND EMPLOYEES (continued)

	2000 £
Staff costs (including directors)	
Wages and salaries	29,175
Social security costs	2,889
Other pension costs	-
	<u>32,064</u>

This recharge is in respect of an average number of employees during the year of 2.

The Group provides pension benefits for its employees, details of which are provided in the Group accounts.

6 TAXATION ON ORDINARY ACTIVITIES

	2000 £
Corporation tax charge for year	-

No tax is payable on the loss for the year.

7 FIXED ASSETS

	Computer equipment 2000 £
Cost	
Additions	<u>3,200</u>
	<u>3,200</u>
Depreciation	
Charge for the period	-
	<u>-</u>
Net book value	
As at 31 December 2000	<u>3,200</u>

8 DEBTORS

	2000 £
Amounts falling due within one year	
Trade debtors	<u>3,337</u>
	<u>3,337</u>

9 CREDITORS

	2000 £
Amounts falling due within one year	
Amounts owed to Group Companies	22,770
Other creditors	<u>7,499</u>
	<u>30,269</u>

10 CALLED UP SHARE CAPITAL

	2000 £
Authorised, issued and fully paid	
100 Ordinary Shares of £1 each	<u>100</u>

Glow Designs Limited

Notes to the Financial Statements (continued)

For the period 13 April 2000 to 31 December 2000

11 PROFIT AND LOSS ACCOUNT

£

(Loss) for the financial period	<u>(23,832)</u>
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31 December 2000	<u><u>(23,832)</u></u>
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12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

2000

£

Retained loss for the financial year	(23,832)
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Shares issued	<u>100</u>
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Closing shareholders' deficit	<u><u>(23,732)</u></u>
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13 GUARANTEES

The company is party to an unlimited multilateral guarantee with certain other group undertakings. At 31 December 2000 there was a contingent liability of £380,000 (1999: £500,000) in respect of this agreement.

14 ULTIMATE PARENT COMPANY

The ultimate parent company of Glow Designs Limited is Hyde Holdings Limited, a company registered in England and Wales.

15 RELATED PARTY TRANSACTIONS

JE Hyde & Co Ltd, a fellow subsidiary of Hyde Holdings Limited, acts as a management company to other group members, incurring expenditure which is then recharged to the group member. The directors do not consider there to be any material related party transactions that require disclosure under Financial Reporting Standard 8.

16 STATUS

The Company is registered in England and Wales.

Glow Designs Limited
Profit and Loss Account
For the period 13 April 2000 to 31 December 2000

	2000 £
INCOME	
Fees receivable	22,644
Bad debt provision	-
Interest receivable	-
	<u>22,644</u>
EXPENDITURE	
Salaries	(32,064)
Premises	(5,250)
Communications	(806)
Training	(425)
Recruitment	(5,000)
Printing & stationery	(2,924)
Bank charges & interest	<u>(7)</u>
	<u>(46,476)</u>
NET LOSS BEFORE TAXATION	<u><u>(23,832)</u></u>