

GLOW DESIGNS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR TO 31 DECEMBER 2001



Glow Designs Limited
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Glow Designs Limited
Directors and Advisers

Directors

Simon Harrison

Caroline Messenger

Secretary and Registered office

William Grove

18 Mansell Street, London, E1 8AA

Auditors

Menzies

Chartered Accountants

Company registration number

3971549

Glow Designs Limited

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2001.

Principal activity and business review

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 year on ordinary activities before taxation, amounted to £17,499 (2000: £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 year. 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. The financial statements comply with Part 7 of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD


William Grove
Secretary
29 October 2002

Glow Designs Limited
Independent Auditors' Report to the Shareholders
31 December 2001

We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the auditors and directors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and 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 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 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 as at 31 December 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


Menzies

Chartered Accountants
Registered Auditors
Kingston upon Thames

36 October 2002.

Glow Designs Limited
Profit and Loss Account
For the year ended 31 December 2001

		2001	Period to 31 December 2000 £
	Notes		
Turnover	2	138,576	22,644
Cost of sales and administrative expenses		<u>(156,075)</u>	<u>(46,476)</u>
Loss on ordinary activities before taxation	4	(17,499)	(23,832)
Taxation on ordinary activities	6	<u>5,336</u>	<u>-</u>
Deficit for the financial year		<u><u>(12,163)</u></u>	<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 6 to 8 form part of these accounts.

Glow Designs Limited

Balance Sheet

As at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	7	<u>13,382</u>	<u>3,200</u>
CURRENT ASSETS			
Debtors	8	36,323	3,337
Cash at bank		<u>5,524</u>	<u>-</u>
		41,847	3,337
CREDITORS			
Amounts falling due within one year	9	<u>91,124</u>	<u>(30,269)</u>
NET CURRENT LIABILITIES		<u>(49,277)</u>	<u>(26,932)</u>
NET ASSETS / (LIABILITIES)		<u>(35,895)</u>	<u>(23,732)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	<u>(35,995)</u>	<u>(23,832)</u>
EQUITY SHAREHOLDERS' SURPLUS / (DEFICIT)	12	<u>(35,895)</u>	<u>(23,732)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements on pages 4 to 8 were approved by the Board of Directors on 29 October 2002 and were signed on its behalf by:

S Harrison



C Messenger



)
) Directors
)

The notes on pages 6 to 8 form part of these accounts.

Glow Designs Limited

Notes to the Financial Statements

For the year ended 31 December 2001

1 ACCOUNTING POLICIES

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 Financial Reporting Standard for Smaller Entities (effective March 2000) 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 and accrued for work done in the year, 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

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit is arrived at after charging auditors remuneration:

	2001 £	2000 £
Auditors' remuneration	1,000	1,250
Depreciation of tangible fixed assets	<u>1,916</u>	<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.

	2001 £	2000 £
Directors' emoluments		
Aggregate emoluments	<u>30,000</u>	<u>16,391</u>
Company contributions to Group Personal Pension Plan in respect of directors	<u>1,800</u>	<u>-</u>

The number of directors accruing benefits under the Group Personal Pension Plan was 1 (2000: 1)

Glow Designs Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2001

5 DIRECTORS AND EMPLOYEES (continued)

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

6 TAXATION ON ORDINARY ACTIVITIES

2001	2000
£	£

Corporation tax charge for year	(5,336)	-
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Corporation tax is charged at 20% (2000: 20%)

7 FIXED ASSETS

Computer equipment
£

Cost

Balance b/fwd	3,200
Additions	12,098

15,298

Depreciation

Balance b/fwd	-
Charge for the period	1,916

1,916

Net book value

As at 31 December 2001	13,382
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As at 31 December 2000	3,200
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8 DEBTORS

2001	2000
£	£

Amounts falling due within one year

Trade debtors	8,219	3,337
Prepayments and accrued income	28,104	-

36,323	3,337
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9 CREDITORS

2001	2000
£	£

Amounts falling due within one year

Amounts owed to Group Companies	91,101	22,770
Other creditors	23	7,499

91,124	30,269
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Glow Designs Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2001

10 CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Authorised, issued and fully paid		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

11 PROFIT AND LOSS ACCOUNT

		£
1 January 2001		(23,832)
Loss for the financial period		<u>(12,163)</u>
31 December 2001		<u>(35,995)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Retained loss for the financial year	(12,163)	(23,832)
Shares issued	-	100
Opening shareholders' funds	<u>(23,732)</u>	<u>-</u>
Closing shareholders' deficit	<u>(35,895)</u>	<u>(23,732)</u>

13 GUARANTEES

The company is party to an unlimited multilateral guarantee with certain other group undertakings. At 31 December 2001 there was no contingent liability (2000: £380,000) 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

During the year the company paid management charges of £154,112 to JE Hyde & Co Ltd, and made sales of £57,200 to J E Hyde & Co (Gibraltar) Limited. Both companies are fellow subsidiaries of Hyde Holdings Limited. At 31 December 2002 the company owed Hyde Holdings group companies net balances of £91,101 (2001 - £22,770).

16 STATUS

The Company is registered in England and Wales.