CARNEGIE CLUBS (INTERNATIONAL) LIMITED
formerly Skibo Contracting Limited

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended

31 December 2001

CARNEGIE CLUBS (INTERNATIONAL) LIMITED

COMPANY INFORMATION

Directors	P J de Savary M A Lutyens P F Fox (appointed 1/7/02) S Fitzgerald W H Walton L L de Savary
Secretaries	P K Fox H Patel
Company Number	SC140146
Registered Office	Skibo Castle Dornoch Sutherland IV25 3RQ
Auditors	MacKenzie Kerr Chartered Accountants and Registered Auditors Redwood 19 Culduthel Road Inverness IV2 4AA
Bankers	Royal Bank of Scotland Chief Office 19 Harbour Road Inverness IV1 1NU
Solicitors	Shepherd & Wedderburn Saltire Court 20 Castle Terrace Edinburgh EH1 2ET

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for the year ended 31 December 2001

DIRECTORS' REPORT
for the year ended 31 December 2001

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

Principal activity
The principal activity of the company during the year was the pursuit of ancillary activities for the Carnegie Club Group, including development, management, consultancy and marketing. The company was dormant and had not previously traded. However, trading commenced on 1 September 2001. The company also elected, by special resolution, to change its name from Skibo Contracting Limited to Carnegie Clubs (International) Limited.

Directors and their interests
The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2001	2000
P J de Savary	-	-
M A Lutyens	-	-
S Fitzgerald	-	-
W H Walton	-	-
L L de Savary	-	-

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 to enable 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.

DIRECTORS' REPORT
for the year ended 31 December 2001

Auditors
Mackenzie Kerr were appointed auditors to the company during the year and in accordance with Section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the Annual General Meeting.

Small company disclosure
This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 29 July 2002 and signed on its behalf by

P J de Savary
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARNEGIE CLUBS (INTERNATIONAL) LIMITED

for the year ended 31 December 2001

We have audited the financial statements of Carnegie Clubs (International) Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is 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 within the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements in it.

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 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 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 its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MacKenzie Kerr

MacKenzie Kerr
Chartered Accountants and Registered Auditors
Redwood
19 Culduthel Road
Inverness
IV2 4AA

29 July 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	2001 £	2000 £
Administrative expenses		(118,668)	-
Loss on ordinary activities before taxation	**3**	(118,668)	-
Tax on loss on ordinary activities	**5**	-	-
Loss for the year	**11**	(118,668)	-

CARNEGIE CLUBS (INTERNATIONAL) LIMITED

BALANCE SHEET
as at 31 December 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Tangible assets	6		36,805		-
Current Assets					
Stocks		515		-	
Debtors	7	33,382		2	
Cash at bank and in hand		669		-	
		34,566		2	
Creditors: amounts falling due within one year	8	(13,421)		-	
Net Current Assets			21,145		2
Total Assets Less Current Liabilities			57,950		2
Creditors: amounts falling due after more than one year	9		(176,616)		-
Net (Liabilities)/Assets			(118,666)		2
Capital and Reserves					
Called up share capital	10		2		2
Profit and loss account	11		(118,668)		-
Shareholders' Funds			(118,666)		2

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 29 July 2002 and signed on its behalf by

P J de Savary
Director

1. Fundamental Accounting Concept

At the balance sheet date the company had net liabilities totalling £118,666. However there are various Carnegie Club projects which should start in the current financial year and which the directors are confident will generate sufficient income to enable the company to become profitable. In addition the immediate parent company, Skibo Limited, has undertaken to provide sufficient funds to enable the company to meet its liabilities as they fall due. Based on the above, the directors are of the opinion that the going concern basis of accounts preparation is appropriate.

2. Accounting Policies

2.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

2.2. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Tenants improvements	-	Straight Line over three years
Office equipment	-	25% Straight Line
Furniture and fittings	-	20% Straight Line

2.3. Stock

Stock is valued at the lower of cost and net realisable value.

3. Operating (loss)/profit

	2001	2000
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	3,801	-
Auditors' remuneration	2,000	-

4. Directors' emoluments

	2001	2000
	£	£
Remuneration and other benefits	60,494	-

5. Taxation

No provision is required for UK corporation tax due to the availability of tax losses.

6. Tangible fixed assets

	Tenants Improvements	Furniture and Fittings	Office Equipment	Total
	£	£	£	£
Cost				
Additions	24,628	13,392	2,586	40,606
At 31 December 2001	24,628	13,392	2,586	40,606
Depreciation				
Charge for the period	2,736	893	172	3,801
At 31 December 2001	2,736	893	172	3,801
Net book values				
At 31 December 2001	21,892	12,499	2,414	36,805

7. Debtors

	2001	2000
	£	£
Other debtors	28,137	2
Prepayments and accrued income	5,245	-
	33,382	2

8. Creditors: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	6,097	-
Accruals and deferred income	7,324	-
	13,421	-

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

	2001	2000
	£	£
Trade creditors	176,616	-

10. Share capital

	2001	2000
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and unpaid		
2 Ordinary shares of £1 each	2	2

11. *Profit and loss account*

	2001	2000
	£	£
(Loss)/retained profit at 1 January 2001	-	-
(Loss) for the year	(118,668)	-
Retained (loss) at 31 December 2001	(118,668)	-

12. Ultimate parent undertaking

The directors believe the ultimate controlling party to be Westbrook Partners LLC, a company incorporated in the United States of America.

The company's immediate parent undertaking is Skibo Limited a company incorporated in the United Kingdom.

13. Comparative figures

As this is the company's first year of trading there are no comparative figures in the profit and loss account.