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CHELGATE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

Chelgate

TUESDAY



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Chelgate Limited

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Chelgate Limited

Company Information

Directors

T. Fane-Saunders
K. Fane-Saunders
M.S. Lane (resigned 26.01.09)
N. J. S. Wood-Dow (appointed 26.01.09)

Secretary

M.S. Lane (resigned 26.01.09)
N. J. S. Wood-Dow (appointed 26.01.09)

Registered Office

Number One
Tanner Street
London
SE1 3LE

Auditors

Barnes Roffe LLP
Chartered Accountants and Registered Auditors
16 - 19 Copperfields, Spital Street
Dartford, Kent
DA1 2DE

Bankers

Natwest Bank
PO Box 192
116 Fenchurch Street
London EC3M 5AN

Solicitors

Davenport Lyons
1 Old Burlington Street
London W1X 2NL

Chelgate Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2008.

Principal Activities and Business Review

The principal activity of the company throughout the year was that of public relations consultants. The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and Dividend

The results of the company for the year are set out on page 5. The directors do not recommend the payment of a dividend (2007 - £nil).

The company has a retained profit of £21,023 (2007 - loss £111,126) which has been transferred to/(from) reserves.

Directors and their interests

The directors who served during the year were as follows:

Terence C. Fane-Saunders
Kilmeny J. Fane-Saunders
Mathew S. Lane

Statement of directors responsibility

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accountancy Practice (United Kingdom Accountancy Standards and applicable law). The 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

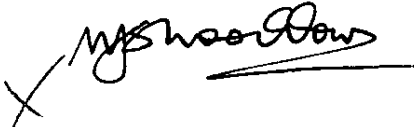
Chelgate Limited

Report of the Directors (continued)

Auditors

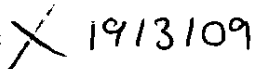
Barnes Roffe LLP have indicated their willingness to continue in office and, in accordance with section 485 of the Companies Act 2006, will be proposed for re-appointment.

By Order of the Board

A handwritten signature in black ink, appearing to read 'N. J. S. Wood-Dow', with a horizontal line underneath it.

N. J. S. Wood-Dow
Secretary

Number One
Tanner Street
London
SE1 3LE

Date: A handwritten date '19/3/09' in black ink, preceded by a large 'X' mark.

Chelgate Limited

Independent Auditors' Report to the Members of Chelgate Limited

We have audited the financial statements of Chelgate Limited for the year ended 31 December 2008 which comprise the Profit & Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Barnes Roffe LLP

Chartered Accountants and Registered Auditors

16 -19 Copperfields

Spital Street

Dartford

Kent

DA1 2DE

Date:

10. March. 2009

Chelgate Limited
Profit and Loss Account
For the year ended 31 December 2008

	Note	2008	2007
		£	£
Turnover	1(c), 2	1,270,333	1,178,703
Cost of Sales		<u>(189,072)</u>	<u>(283,545)</u>
Gross Profit		1,081,261	895,158
Administration Expenses		<u>(1,039,510)</u>	<u>(999,950)</u>
Operating Profit/(Loss)	3	41,751	(104,792)
Interest Receivable and Similar Income		1,448	2,862
Interest Payable and Similar Charges	6	<u>(21,876)</u>	<u>(16,418)</u>
Profit/(Loss) on Ordinary Activities Before Taxation		21,323	(118,348)
Taxation	7	<u>(300)</u>	<u>7,222</u>
Retained Profit/(Loss) after Taxation transferred to/(from) Reserves	8	<u><u>21,023</u></u>	<u><u>(111,126)</u></u>

All amounts derive from continuing activities. There are no other recognised gains or losses in the year other than the result for the year.

The notes on pages 7 to 12 form part of the financial statements.

Chelgate Limited

Balance Sheet at 31 December 2008

	Note	2008	2007
		£	£
Fixed Assets			
Tangible assets	9	7,295	8,493
Current Assets			
Debtors	10	307,284	311,379
Cash at bank and in hand		49,139	36,387
		<u>356,423</u>	<u>347,766</u>
Creditors: Amounts Falling Due Within One Year	11	<u>(98,084)</u>	<u>(86,648)</u>
Net Current Assets		<u>258,339</u>	<u>261,118</u>
Total Assets Less Current Liabilities		265,634	269,611
Creditors: Amounts Falling Due After More Than One Year	12	<u>(157,460)</u>	<u>(182,460)</u>
Net Assets		<u><u>108,174</u></u>	<u><u>87,151</u></u>
Capital and Reserves			
Called up share capital - equity interest	8	25,000	25,000
Profit and loss account	8	<u>83,174</u>	<u>62,151</u>
Shareholder's funds	8	<u><u>108,174</u></u>	<u><u>87,151</u></u>

The financial statements were approved by the Board of Directors on X 19/3/09

and signed on its behalf.

X T. Fane-Saunders

T. Fane-Saunders
Director

The notes on pages 7 to 12 form part of these financial statements.

Chelgate Limited

Notes to the Financial Statements

For the year ended 31 December 2008

1. Accounting Policies

(a) **Accounting Basis and Standards**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The accounting policies remain unchanged from the previous year.

(b) **Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold Property	- 25% straight line
Office Equipment	- 25% straight line
Fixtures and Fittings	- 25% straight line

(c) **Turnover**

Turnover represents sales and expenses plus commissions invoiced by the company during the year, and is exclusive of value added tax.

(d) **Deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. 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 the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis, except when discounting has been applied in accordance with other accounting standards.

(e) **Foreign Currencies**

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. Exchange differences arising from the translation of foreign subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

(f) **Operating Lease Rentals**

Rentals held under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(h) **Pensions**

The company makes contributions to certain employees' private pension schemes, the assets of the schemes being held separately from the assets of the company. The pension cost charge represents contributions payable to the schemes.

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

2 Turnover	2008	2007
	£	£
Geographical Analysis:		
United Kingdom	973,121	899,799
Europe	260,815	216,806
United States and Canada	36,397	54,959
Rest of the World	-	7,139
	<u>1,270,333</u>	<u>1,178,703</u>

3 Operating profit	£	£
The operating profit is stated after charging:		
Auditors' remuneration	4,075	3,900
Auditors' remuneration - non-audit	1,275	3,800
Depreciation of owned tangible fixed assets	3,601	5,472
Operating lease rentals:		
Plant and machinery	4,133	5,526
Other	<u>109,761</u>	<u>94,760</u>

4 Employee information

The average number of persons employed by the company (including directors) during the year was 12 (2007: 12).

	£	£
Their total remuneration was:		
Wages and salaries	465,210	459,612
Social security costs	50,140	49,213
Pension costs	<u>9,000</u>	<u>9,100</u>
	<u>524,350</u>	<u>517,925</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

5 Directors' Emoluments

The emoluments of the directors of the company were as follows:

	2008 £	2007 £
Emoluments (including benefits)	109,897	113,379
Pension contributions	9,000	9,100
	<u>118,897</u>	<u>122,479</u>

During the year, retirement benefits were accruing to two directors (2007: two) in respect of defined contribution pension schemes.

6 Interest Payable

	£	£
Bank loans and overdrafts	90	244
Other loans	21,786	16,174
	<u>21,876</u>	<u>16,418</u>

7 Taxation

a) Charge for the year

	£	£
UK Corporation tax on the results for the year at 21% (2007: 20%)	<u>300</u>	<u>(7,222)</u>

b) Factors affecting tax charge for the year

	2008 £	2008 £	2007 £	2007 £
Profit/(Loss) on ordinary activities before tax		<u>21,323</u>		<u>(118,348)</u>
Theoretical tax charge at 21% (2007: 20%)		4,478		(23,670)
<i>Effects of:</i>				
Expenses not deductible for tax purposes	5,439		5,589	
Depreciation in excess of capital allowances	(183)		96	
Losses (utilised)/carried forward	(9,430)		10,243	
Increase in tax rates	(4)		520	
Marginal relief		<u>(4,178)</u>		<u>16,448</u>
Current tax charge/(credit) for the period (note 7(a))		<u>300</u>		<u>(7,222)</u>

c) Factors that may affect future tax charges

Trading losses carried forward	<u>6,313</u>	<u>51,217</u>
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Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

8 Shareholders' Funds

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2007	25,000	173,277	198,277
Retained profit for the financial year	-	(111,126)	(111,126)
At 31 December 2007	25,000	62,151	87,151
Retained profit for the financial year	-	21,023	21,023
At 31 December 2008	25,000	83,174	108,174

The share capital comprises:

	2008 £	2007 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid:		
25,000 ordinary shares of £1 each	25,000	25,000

Options over 4,274 ordinary shares are available at an exercise price of £23.40 each. Share options can be exercised within 14 days of the company informing the holder that it has either received an offer to acquire its shares or the business or in the event of a listing on the London Stock Exchange or Alternative Investment Market.

9 Tangible Assets

Cost	Leasehold Property £	Office Equipment £	Fixtures and Fittings £	Total £
At 1 January 2008	19,455	40,784	11,480	71,719
Additions	-	2,403	-	2,403
Disposals	(19,455)	(12,819)	(8,558)	(40,832)
At 31 December 2008	-	30,368	2,922	33,290

Depreciation

At 1 January 2008	19,455	33,265	10,506	63,226
Charge for the year	-	3,153	448	3,601
Disposals	(19,455)	(12,819)	(8,558)	(40,832)
At 31 December 2008	-	23,599	2,396	25,995

Net Book Value

At 31 December 2008	-	6,769	526	7,295
At 31 December 2007	-	7,519	974	8,493

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

10 Debtors

	2008	2007
	£	£
Trade debtors	187,157	186,501
Other debtors	11,261	18,951
Prepayments and accrued income	108,866	105,927
	<u>307,284</u>	<u>311,379</u>

11 Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	12,342	12,864
Corporation tax	300	-
Social security and other taxes	39,525	22,467
Other creditors	9,687	15,138
Accruals and deferred income	36,230	36,179
	<u>98,084</u>	<u>86,648</u>

12 Creditors: amounts falling due after more than one year

	£	£
Director's Loan	130,000	155,000
Loans wholly repayable in more than five years	27,460	27,460
	<u>157,460</u>	<u>182,460</u>

The loan was advanced by NM Life Assurance Limited and is secured on a pension policy held by T. Fane-Saunders, a director of the company, and attracts interest at 3% above the bank base rate. The loan is not repayable by installments and falls due for redemption in 2013.

13 Future financial commitments

At 31 December the company had annual commitments under operating leases as set out below:

	2008		2007	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating Leases which expire:				
within one year	42,840	7,242	2,100	-
in the second to fifth year	75,000	3,570	75,000	7,945
after five years	-	-	-	-
	<u>117,840</u>	<u>10,812</u>	<u>77,100</u>	<u>7,945</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

14 Contingent liabilities

There are no outstanding contingent liabilities.

15 Pension Costs

The group contributed to certain employees' personal pension schemes. The total pension cost of £9,000 (2007: £9,100) represents amounts paid into the schemes during the year.

16 Director's loan

T. Fane-Saunders, a director, is owed the following from the company:

	2008 £	2007 £
Balance outstanding at 31 December	<u>130,000</u>	<u>151,456</u>
Interest paid to T. Fane-Saunders on Director's Loan Account	<u>19,800</u>	<u>13,794</u>

17 Ultimate Parent Undertaking and Controlling Party

The company's ultimate parent undertaking is Chelgate (Holdings) Limited. Chelgate (Holdings) Limited does not prepare consolidated financial statements.

The company is controlled by K. Fane-Saunders by virtue of her shareholding in the ultimate parent undertaking.