

**CHELGATE LIMITED**

**Company No. 2262305**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 1999**



# Chelgate Limited

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# **Chelgate Limited**

## **Directors and Officers**

### **Directors**

T. Fane-Saunders  
K. Fane-Saunders  
M. Lane

### **Secretary**

M. Lane

### **Registered Office**

Number One  
Tanner Street  
London  
SE1 3LE

### **Auditors**

Kingston Smith  
Quadrant House  
80-82 Regent Street  
London W1R 5PA

### **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 1999.

### 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.

The directors are satisfied with the results of Chelgate Asia Limited and anticipate a continued growth in contribution from the subsidiary.

### 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 (1998 - £nil).

The retained profit of £34,677 (1998 - £31,112) has been transferred to reserves.

The results of Chelgate Asia Limited for the year ended 31 December 1999 are set out in Note 10 to the financial statements.

### Directors and their Interests

The directors who served during the year were as follows:

Terence C. Fane-Saunders  
Kilmeny J. Fane-Saunders  
Nicholas J.S. Wood-Dow (resigned 30 April 2000)  
Anthony G. Brown (resigned 30 April 2000)  
N. James Darley (resigned 30 April 2000)  
J. Bene't Steinberg (resigned 30 April 2000)

None of the directors has any direct interest in the share capital of the company.

Mr. and Mrs. Fane-Saunders have beneficial interests in the whole of the share capital of the ultimate parent undertaking, Kilmeny Holdings Limited, which are disclosed in that company's financial statements.

On 30 April 2000 Mathew Lane was appointed director of the company.

### Share options

The following share options were granted to directors in the year but not exercised:

	Granted during year	Total at year end
Nicholas J. S. Wood-Dow	-	1,068
Anthony G. Brown	-	855
N. James Darley	-	855
J. Bene't Steinberg	-	641

### Donations

The company made charitable donations during the year amounting to £500 (1998 : £500).

### The Year 2000

The company incurred no material expenditure on business and computer systems in order to comply with the Year 2000 date change. No Year 2000 compliance problems have been experienced by the company.

# Chelgate Limited

## Report of the Directors

### Post Balance Sheet Events

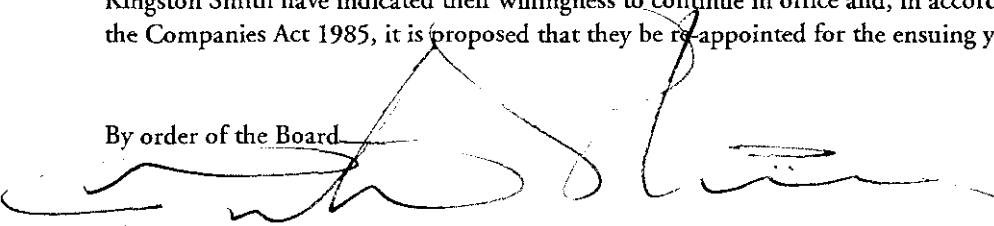
On 5 January 2000 Chelgate Limited acquired 100% of the ordinary share capital of Robinson Bamford Limited for consideration of £1. As part of the sale agreement Chelgate Limited have loaned £30,000 to Robinson Bamford Limited on 5 January 2000, which is secured by a fixed and floating charge over the assets of the company.

The company entered into a 10 property year lease after the year end at a rental charge of £75,000 per annum.

### Auditors

Kingston Smith have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 1985, it is proposed that they be re-appointed for the ensuing year.

By order of the Board



M.S. Lane  
Secretary

Number One  
Tanner Street  
London  
SE1 3LE

Date: 13 September 2000

# **Chelgate Limited**

## **Directors' Responsibilities and Report of the Auditors**

### **Statement of 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 affairs of the company and of the profit or loss of the company for that period.

In preparing those 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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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.

### **Auditors' Report to the Members of Chelgate Limited**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### **Respective Responsibilities of Directors and Auditors**

As described above, the directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

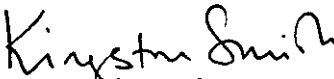
#### **Basis of Opinion**

We conducted our audit in accordance with 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 affairs of the company at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KINGSTON SMITH  
Chartered Accountants  
and Registered Auditors

Quadrant House  
80-82 Regent Street  
London W1R 5PA

Date: 18 September 2000

**Chelgate Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 1999**

	Note	1999	1998
		£	£
Turnover	2	1,044,894	1,039,827
Rechargeable expenses		<u>(98,537)</u>	<u>(120,448)</u>
<b>Gross Profit</b>		946,357	919,379
Administrative expenses		<u>(896,466)</u>	<u>(872,555)</u>
<b>Operating Profit</b>	3	49,891	46,824
Interest Receivable		3,882	6,896
Interest Payable	6	<u>(2,511)</u>	<u>(4,108)</u>
<b>Profit on Ordinary Activities Before Taxation</b>		51,262	49,612
Taxation	7	<u>(16,585)</u>	<u>(18,500)</u>
<b>Retained Profit After Taxation transferred to reserves</b>	8	<u>34,677</u>	<u>31,112</u>

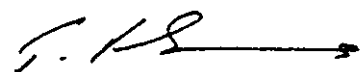
There are no recognised gains and losses in the year other than the profit for the year.

# Chelgate Limited

## Balance Sheet at 31 December 1999

	Note	1999	1998
		£	£
<b>Fixed Assets</b>			
Tangible assets	9	24,573	24,409
Investments	10	<u>134,851</u>	<u>134,851</u>
		159,424	159,260
<b>Current Assets</b>			
Debtors	11	263,955	290,933
Cash at bank and in hand		<u>95,093</u>	<u>91,103</u>
		359,048	382,036
<b>Creditors: Amounts Falling Due Within One Year</b>	12	<u>(218,667)</u>	<u>(276,168)</u>
<b>Net Current Assets</b>		<u>140,381</u>	<u>105,868</u>
<b>Total assets less current liabilities</b>		<b>299,805</b>	<b>265,128</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	13	<u>(27,460)</u>	<u>(27,460)</u>
<b>Net Assets</b>		<u><u>272,345</u></u>	<u><u>237,668</u></u>
<b>Capital and Reserves</b>			
Called up share capital - equity interest	8	25,000	25,000
Profit and loss account	8	<u>247,345</u>	<u>212,668</u>
<b>Shareholders funds</b>	8	<u><u>272,345</u></u>	<u><u>237,668</u></u>

The financial statements were approved by the Board of Directors on 13 September 2000



T. Fane-Saunders - Director



**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 1999**

**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.

**(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	- Over period of the lease
Office and Computer	
Equipment	- 25% straight line
Fixtures and Fittings	- 25% straight line
Motor Vehicles	- 25% straight line
Race Horses	- 10% 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**

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

**(e) Foreign Currencies**

Transactions denominated in foreign currencies are translated into Sterling at an average rate of exchange. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. All 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.

**(g) Pension**

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.

**(h) Group Accounts**

The company has taken advantage of the exemption conferred by S. 248(1) of the Companies Act 1985 not to prepare consolidated financial statements as the group that it heads is a small group. Accordingly, these financial statements disclose information about the company alone, and not the group that it heads.

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 1999**

<b>2. Turnover</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Geographical Analysis:		
United Kingdom	1,014,884	1,028,684
Europe	-	2,100
Far East	7,907	4,043
Rest of the World	22,103	5,000
	<u>1,044,894</u>	<u>1,039,827</u>

<b>3. Operating profit</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
The operating profit is stated after charging:		
Auditors' remuneration	5,015	5,074
Depreciation of tangible fixed assets	12,027	14,619
Loss on disposal of fixed assets	-	6,681
Operating lease rentals:		
Plant and machinery	25,433	23,100
Other	39,000	39,657
Foreign exchange loss	-	150
Interest on loans repayable in more than five years, not by instalments	2,123	3,070
	<u>2,123</u>	<u>3,070</u>

**4. Employee information**

The average number of persons employed by the company (including directors) during the year was 15 (1998 - 15).

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Their total remuneration was:		
Wages and salaries	530,814	504,503
Social security costs	57,146	48,433
Pension costs (note 16)	12,980	11,630
	<u>600,940</u>	<u>564,566</u>

**5. Directors' Emoluments**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Emoluments (including benefits)	329,488	299,427
Pension contributions	12,980	11,630
	<u>342,468</u>	<u>311,057</u>

During the year, three directors (1998: 3) were members of defined contribution pension schemes.

The emoluments of the highest paid director were £79,567 (1998: £65,960).

Pension contributions of £4,800 (1998: £Nil) were paid in respect of the highest paid director.

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 1999**

**6. Interest Payable**

	1999 £	1998 £
Bank loans and overdrafts	-	3
Other loans	2,123	3,070
Other interest	388	1,035
	<u>2,511</u>	<u>4,108</u>

**7. Taxation**

	1999 £	1998 £
Corporation tax on the results for the year at 20.25% (1998: 21%)	17,000	18,500
Overprovision in previous years	(415)	-
	<u>16,585</u>	<u>18,500</u>

**8. Shareholders Funds**

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 1998	25,000	181,566	206,566
Profit for the financial year	-	31,112	31,112
At 31 December 1998	<u>25,000</u>	<u>212,668</u>	<u>237,678</u>
Profit for the financial year	-	34,677	34,677
At 31 December 1999	<u>25,000</u>	<u>247,345</u>	<u>272,345</u>

The authorised share capital comprises:

	1999 £	1998 £
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid:		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 1999**

**9. Tangible Assets**

	Leasehold Property	Office Equipment	Fixtures, Fittings and Other Assets	Motor Vehicle	Total
<b>Cost</b>					
	£	£	£	£	£
At 1 January 1999	4,207	63,115	75,927	8,200	151,449
Additions	-	12,191	-	-	12,191
At 31 December 1999	<u>4,207</u>	<u>75,306</u>	<u>75,927</u>	<u>8,200</u>	<u>163,640</u>
<b>Depreciation</b>					
At 1 January 1999	3,575	54,376	62,597	6,492	127,040
Charge for the year	629	5,881	3,810	1,707	12,027
At 31 December 1999	<u>4,204</u>	<u>60,258</u>	<u>66,406</u>	<u>8,199</u>	<u>139,067</u>
<b>Net Book Value</b>					
At 31 December 1999	<u>3</u>	<u>15,048</u>	<u>9,521</u>	<u>1</u>	<u>24,573</u>
At 31 December 1998	<u>632</u>	<u>8,739</u>	<u>13,330</u>	<u>1,708</u>	<u>24,409</u>

**10. Investments**

	1999 £	1998 £
<b>Shares in subsidiary undertakings:</b>		
At 1 January	134,851	134,853
Dissolution of Chelgate Marketing Limited	-	(2)
At 31 December	<u>134,851</u>	<u>134,851</u>

	Country of incorporation or registration	Class of shares held	Percentage of ordinary shares	Nature of business	Aggregate capital and reserves £	Retained profit for the period £
<b>Representing:</b>						
Chelgate Asia Limited	Hong Kong	Ordinary	100%	Public Relations Consultants	75,845	43,921

The results of Chelgate Asia Limited are for the year ended 31 December 1999.

**Chelgate Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 1999**

**11. Debtors**

	1999	1998
	£	£
Trade debtors	139,153	171,027
Amounts owed by group undertakings	25,127	32,157
Other debtors	8,130	4,117
Prepayments and accrued income	91,545	83,632
	<u>263,955</u>	<u>290,933</u>

**12. Creditors: amounts falling due within one year**

	1999	1998
	£	£
Trade creditors	12,495	37,582
Amounts owed to group undertakings	-	2,358
Corporation tax	17,000	29,447
Social security and other taxes	43,215	53,735
Other creditors	125,339	126,781
Accruals and deferred income	20,618	26,265
	<u>218,667</u>	<u>276,168</u>

**13. Creditors: amounts falling due after more than one year**

	1999	1998
	£	£
Loans wholly repayable in more than five years	<u>27,460</u>	<u>27,460</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 instalments and falls due for redemption in 2013.

**14. Future financial commitments**

At 31 December 1999 the company had annual commitments under operating leases as set out below:

	1999		1998	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating Leases which expire:				
within one year	9,093	4,759	39,000	9,657
in the second to fifth year	-	11,254	-	7,681
	<u>9,093</u>	<u>16,013</u>	<u>39,000</u>	<u>17,338</u>

# Chelgate Limited

## Notes to the Financial Statements

### For the year ended 31 December 1999

#### 15. Contingent liabilities

Additional capital payments may fall due relating to the acquisition of the entire issued share capital of Chelgate Asia Limited, dependant on the attainment of performance targets. The directors best estimate of the maximum amount due has been provided in these financial statements. In any event, the additional extra consideration payable cannot exceed HK\$ 1,500,000.

#### 16. Pension Costs

The company contributes to certain employees' personal pension schemes. The total pension cost of £12,980 (1998 - £11,630) represents amounts paid into the schemes during the year.

#### 17. Related Party Transactions

Chelgate Asia Limited reduced their inter-company loan by £1,436 during the year and the balance outstanding from Kilmeny Holdings Limited, the ultimate parent undertaking, was repaid. During the period under review management fees were charged from Kilmeny Holdings Limited to Chelgate Limited amounting to £5,000, and a management fee of £1,725 was charged from Chelgate Limited to Chelgate Asia Limited.

Balances due to and from related parties at the year end are as follows:

	1999 £	1998 £
Included in debtors:		
Loan to Chelgate Asia Limited	25,127	26,563
Chelgate Asia Limited current account	-	594
Loan to Kilmeny Holdings Limited	-	5,000
	<u>25,127</u>	<u>32,157</u>

A loan of £20,000 was advanced to Chelgate Asia Limited in 1997 and is repayable on demand at the local equivalent of £20,000 at the rate of exchange prevailing at the time of repayment. The loan attracts interest at the rate of 4% over National Westminster Bank plc base rate.

Included in creditors:

Chelgate Asia Limited		
HK Dollar current account	<u>-</u>	<u>2,358</u>

No amounts were written off in respect of these balances during the year.

#### 18. Ultimate Parent Undertaking and Controlling Party

The company's ultimate parent undertaking is Kilmeny Holdings Limited, a company incorporated in the Channel Islands. The company is controlled by Mr and Mrs Fane-Saunders by virtue of their shareholding in the ultimate parent undertaking.

#### 19. Post Balance Sheet Events

On 5 January 2000, Chelgate Limited acquired 100% of the ordinary share capital of Robinson Bamford Limited for consideration of £1. As part of the sale agreement Chelgate Limited loaned £30,000 to Robinson Bamford Limited on 5 January 2000, which is secured by a fixed and floating charge over the assets of the company.

The company entered into a 10 year property lease after the year end at a rental charge of £75,000 per annum.