

CHELGATE LIMITED

Company No. 2262305

ABBREVIATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1995



**Report of the Auditors to the Directors of
Chelgate Limited
Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the full financial statements of Chelgate Limited under section 226 of the Companies Act 1985 for the year ended 31 December 1995.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that schedule.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of schedule 8 to that Act, in respect of the year ended 31 December 1995 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that schedule.

Other Information

In January 1997 we reported, as auditors of Chelgate Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995 and our audit report was as follows:

"We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described above, the company's 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

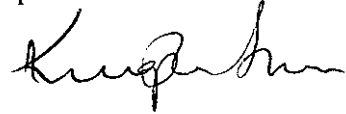
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

Report of the Auditors to the Directors of
Chelgate Limited
Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1995 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

24 January 1997
10 Bruton Street
London, W1X 7AG

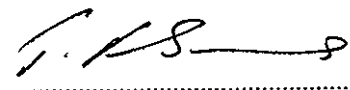
Chelgate Limited

Abbreviated Balance Sheet at 31 December 1995

	Note	1995	1994
		£	£
Fixed Assets			
Tangible assets	2	42,446	21,388
Current Assets			
Work in progress		-	7,000
Debtors		408,783	227,609
Cash at bank and in hand		145,004	113,941
		<u>553,787</u>	<u>348,550</u>
Creditors: Amounts Falling Due Within One Year		<u>386,140</u>	<u>182,139</u>
Net Current Assets		<u>167,647</u>	<u>166,411</u>
Total Assets less Current Liabilities		210,093	187,799
Creditors: Amount Falling Due After More Than One Year	3	<u>27,460</u>	<u>27,460</u>
Net Assets		<u><u>182,633</u></u>	<u><u>160,339</u></u>
Capital and Reserves			
Called up share capital	4	25,000	25,000
Profit and loss account		<u>157,633</u>	<u>135,339</u>
		<u><u>182,633</u></u>	<u><u>160,339</u></u>

In preparing these abbreviated financial statements we have relied on the exemptions conferred by Section A of Pt.III of Schedule 8 under Sections 246 and 247 of the Companies Act 1985 on the grounds that the Company is entitled to those exemptions as a small company.

Approved by the Board on *27 January 1997*



 T. Fane-Saunders

- Director

Chelgate Limited
Notes to the Abbreviated Financial Statements
For the year ended 31 December 1995

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% reducing balance
Race Horse	- 25% straight line

(c) Turnover

Turnover represents the invoiced value of services provided net 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) Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

(g) Work in Progress

Work in progress is stated at the lower of cost and net realisable value. Costs include all direct costs incurred to date which are recoverable from the client.

(h) 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.

Chelgate Limited
Notes to the Abbreviated Financial Statements
For the year ended 31 December 1995

2. Tangible Assets

Cost	Total £
At 1 January 1995	109,229
Additions	38,133
Disposals	(5,125)
At 31 December 1995	<u>142,237</u>
Depreciation	
At 1 January 1995	87,841
Charge for the period	17,075
Eliminated on Disposals	(5,125)
At 31 December 1995	<u>99,791</u>
Net Book Value	
At 31 December 1995	<u>42,446</u>
At 31 December 1994	<u>21,388</u>

3. Creditors: Amounts Falling Due After One Year

	1995 £	1994 £
Other Loans	<u>27,460</u>	<u>27,460</u>

The other loan was advanced by NM Life Assurance Limited through an executive pension plan. The loan is secured on a pension policy held by T. Fane -Saunders, a director of the company, and attracts interest at 2% above the bank base rate.

4. Shareholders Funds

	Called up Share Capital £	Profit and Loss Account £	Total £
Balance at 1 January 1994	25,000	115,117	140,117
Transfer from profit and loss account	-	20,222	20,222
Balance at 1 January 1995	<u>25,000</u>	<u>135,339</u>	<u>160,339</u>
Transfer from profit and loss account	-	22,294	22,294
Balance at 31 December 1995	<u>25,000</u>	<u>157,633</u>	<u>182,633</u>

The authorised share capital comprises:

Authorised:	1995 £	1994 £
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>
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Chelgate Limited
Notes to the Abbreviated Financial Statements
For the year ended 31 December 1995

5 Directors Loans

The maximum loan made available to T. Fane-Saunders, a director of the company was £14,717. No amounts were outstanding at 31 December 1995.

6 Ultimate Parent Undertaking

The Company's ultimate parent undertaking is Kilmeny Holdings Limited, incorporated in the Channel Islands.