Company Registration No. SC219611

Deloitte & Touche

CARNEGIE WORLDWIDE LIMITED

Report and Financial Statements

31 January 2003

Deloitte & Touche
Edinburgh



Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D D Murray
J D G Wilson
D W M Horne (as alternate for D D Murray)

SECRETARY

G Milne

REGISTERED OFFICE

9 Charlotte Square
Edinburgh
EH2 4DR

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Dundas & Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

AUDITORS

Deloitte & Touche
Saltire Court
20 Castle Terrace
Edinburgh
EH1 0BR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2003.

PRINCIPAL ACTIVITIES

The principal activity of the business is the provision of sports hospitality, event management and marketing services to the corporate market.

REVIEW OF DEVELOPMENTS

The retained loss for the year to 31 January 2003 was £168,570 (8 months ended 31 January 2002 – loss of £49,098).

DIVIDENDS

No dividend was paid or proposed in respect of the year (8 months ended 31 January 2002 – £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

D D Murray
J D G Wilson
N G Peel (resigned 8 May 2003)
M E Bain (resigned 2 October 2002)
D W M Horne (as alternate for D D Murray)

At 31 January 2003, none of the directors had any interest in the ordinary share capital of the company (31 January 2002 – nil). The interests of the directors in the share capital of the ultimate holding company (Note 13) are disclosed in the directors' report accompanying that company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- 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.

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DIRECTORS' REPORT (CONTINUED)

AUDITORS

Deloitte & Touche were appointed to fill a casual vacancy during the year following the resignation of Arthur Andersen. Deloitte & Touche have expressed their willingness to seek appointment and a resolution to appoint them as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G Milne

Secretary

1 July 2003

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& Touche

CARNEGIE WORLDWIDE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Carnegie Worldwide Limited for the year ended 31 January 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 transaction with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 at 31 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Edinburgh

1 July 2003

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PROFIT AND LOSS ACCOUNT
Year ended 31 January 2003

	Note	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
TURNOVER	1	1,281,847	107,296
Cost of sales		(977,019)	(69,352)
GROSS PROFIT		304,828	37,944
Other operating expenses (net)	2	(540,944)	(107,485)
OPERATING LOSS		(236,116)	(69,541)
Interest payable and similar charges	3	(5,352)	(23)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(241,468)	(69,564)
Tax on loss on ordinary activities	6	72,898	20,466
RETAINED LOSS FOR THE FINANCIAL YEAR/PERIOD		(168,570)	(49,098)

The current year and prior period results have been derived wholly from continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the results for the current financial year and preceding financial period and accordingly, no statement of total recognised gains and losses is shown.

The accompanying notes form an integral part of these financial statements.

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BALANCE SHEET
31 January 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	7	274,567	73,380
Cash at bank and in hand		-	37,185
		274,567	110,565
CREDITORS: amounts falling due within one year	8	(492,234)	(159,662)
NET CURRENT LIABILITIES		(217,667)	(49,097)
NET LIABILITIES		(217,667)	(49,097)
CAPITAL AND RESERVES			
Called-up equity share capital	9	1	1
Profit and loss account	10	(217,668)	(49,098)
EQUITY SHAREHOLDERS' DEFICIT	11	(217,667)	(49,097)

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 1 July 2003

Signed on behalf of the Board of Directors

D D Murray
Director

J D G Wilson
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 January 2003

1. ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have been applied consistently throughout the year and preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings were reduced wholly or in part by the surrender of losses by other group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertakings.

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 and 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 January 2003

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover, all of which is generated in the United Kingdom, is stated net of VAT and represents the value of sales of sports hospitality, event management and marketing services supplied in the normal course of business.

2. OTHER OPERATING EXPENSES (NET)

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Administrative expenses	*540,944*	*107,485*

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Bank overdrafts	5,352	23

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Auditors' remuneration	3,000	1,000
Staff costs (note 5)	287,733	26,680

5. STAFF COSTS

The average monthly number of persons employed by the company (including executive directors) was:

	Year ended 31 January 2003 Number	8 months ended 31 January 2002 Number
Sales	8	5
Administration	2	1
	10	6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 January 2003

5. STAFF COSTS (CONTINUED)

Employee costs during the year (including executive directors) amounted to:

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Wages and salaries	188,837	22,314
Social security costs	83,010	3,448
Other pension costs	15,886	918
	287,733	26,680

The company contributes to the Carnegie Worldwide Ltd Pension Scheme which is a defined contribution scheme. The pension cost for the year amounted to £15,886 (8 months ended 31 January 2002 - £918).

D D Murray, J D G Wilson and D W M Horne are directors of, and are remunerated by, other group undertakings.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the year/period and comprises:

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Current tax		
UK corporation tax at 30% (2002 – 30%)	72,898	20,466

No provision has been made for deferred taxation. There is an unprovided deferred taxation asset at 31 January 2003 of £112,599 (2002 - £115,271).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 January 2003

6. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

The difference between the total current tax shown above and the current amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 January 2003 £	8 months ended 31 January 2002 £
Loss on ordinary activities before tax	241,468	69,564
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 30% (2002 – 30%)	72,440	20,869
Effects of:		
Expenses not deductible for tax purposes	(1,931)	(1,836)
Capital allowances in excess of depreciation	2,424	11,377
Losses transferred in	-	105,327
Movement in unprovided deferred tax asset	-	(115,271)
Adjustments in respect of prior periods	(35)	-
Current tax credit for year/period	72,898	20,466

7. DEBTORS

Amounts due within one year:

	2003 £	2002 £
Trade debtors	51,322	64,380
Amounts owed by other group undertakings	160,615	7,798
Other debtors	-	1,202
Prepayments and accrued income	62,630	-
	274,567	73,380

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft (secured)	38,294	-
Trade creditors	209,972	95,364
Amounts owed to other group undertakings	27,910	-
Accruals and deferred income	158,123	59,321
Other creditors	57,935	4,977
	492,234	159,662

The bank overdraft is secured by a bond and floating charge over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 January 2003

9. CALLED-UP EQUITY SHARE CAPITAL

	2003 £	2002 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid:		
1 ordinary share of £1 each	1	1

10. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Beginning of year	(49,098)
Retained loss for the financial year	(168,570)
End of year	(217,668)

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	2003 £	2002 £
Retained loss for the financial year	(168,570)	(49,098)
New shares issued	-	1
Net increase in equity shareholders' deficit	(168,570)	(49,097)
Opening equity shareholders' deficit	(49,097)	-
Closing equity shareholders' deficit	(217,667)	(49,097)

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) *Contingent liabilities*

The company has guaranteed bank borrowings of its holding and certain other subsidiary undertakings. The total contingency at 31 January 2003 amounted to £122,613,048 (2002 - £79,486,444). Security for the bank facilities consists of cross guarantees and a bond and floating charge over the assets of the company.

b) *VAT*

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is Murray International Holdings Limited, which is registered in Scotland. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 January 2003

14. ULTIMATE CONTROL

Mr D E Murray, a director of the ultimate holding company (Note 13), and members of his close family control the company as a result of controlling directly or indirectly 82% of the issued share capital of the ultimate holding company.

15. RELATED PARTY TRANSACTIONS

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 90% or more controlled within a group, the company has not disclosed transactions with other subsidiary undertakings of the ultimate holding company (Note 13). All transactions were on an arms length basis.

16. CASH FLOW STATEMENT

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because 90% or more of the voting rights of the company are controlled within the Murray International Holdings Limited group, and the financial statements of Murray International Holdings Limited contain a consolidated cash flow statement and are available to the public.