Carnegie Worldwide Limited

Directors' report and financial statements

Registered number SC 219611

31 January 2004



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Officers and professional advisers

Directors:	JF Hyland GM Bone DWM Horne
Secretary:	GM Bone
Registered Office:	Investment House 6 Union Row Aberdeen AB10 1DQ
Bankers:	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors:	Paull & Williamson Investment House 6 Union Row Aberdeen AB10 1DQ
Accountants:	Henderson Loggie Chartered Accountants 10 Great Stuart Street Edinburgh EH3 7TN
Auditors:	Geoghegan & Co 6 St. Colme Street Edinburgh EH3 6AD

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 January 2004.

Principal activity

The principal activity of the business is the provision of sponsorship, PR and event management services to the corporate market.

Review of developments

During the year 80% of the company's share capital was sold to A&A Hyland Limited, a company in which JF Hyland is the sole director. Duocom International Consulting Limited retained ownership of 20% of the company.

The retained profit for the year to 31 January 2004 was £170,275 (*2003: loss £168,570*).

Dividends

No dividend was paid or proposed in respect of the year (*2003: Nil*).

Directors and their interests

The directors who served during the year were:

DD Murray (resigned 16 July 2003)
JDG Wilson (resigned 16 July 2003)
DWM Horne
DE Donnelly (resigned 16 July 2003)
N Peel (resigned 9 May 2003)
GM Bone (appointed 16 July 2003)
JF Hyland (appointed 16 July 2003)

At 31 January 2004 none of the directors had any direct interest in the ordinary share capital of the company (*2003: Nil*).

Auditors

During the year Geoghegan & Co were appointed auditors of the company. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Geoghegan & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The directors' report has been produced in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

GM Bone
Director

21 June 2004

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the directors to ensure that the financial statements comply with the Companies Act 1985. The directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the shareholders of Carnegie Worldwide Limited

We have audited the financial statements of Carnegie Worldwide Limited on pages 5 to 12 for the year ended 31 January 2004. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

Basis of audit 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 accounts 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 January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Geoghegan & Co

Geoghegan & Co
Chartered Accountants
Registered Auditors
Edinburgh

21 June 2004

Profit and loss account

for the year to 31 January 2004

	Note	2004 £	2003 £
Turnover	*1*	**1,246,812**	1,281,847
Cost of sales		**(794,522)**	(977,019)
Gross profit		**452,290**	304,828
Other operating expenses		**(322,526)**	(540,944)
Operating profit/(loss)	*2*	**129,764**	(236,116)
Interest receivable and similar income	*5*	**697**	-
Interest payable and similar charges	*6*	**(7,612)**	(5,352)
Profit/(loss) on ordinary activities before taxation		**122,849**	(241,468)
Tax on profit/(loss) on ordinary activities	*7*	**47,426**	72,898
Retained profit/(loss) for the financial year	*13*	**170,275**	(168,570)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Other than the profit for the year and the loss for the preceding year, there have been no recognised gains and losses.

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

Balance sheet

at 31 January 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	*8*		**16,157**		-
Current assets					
Debtors	*9*	**137,017**		274,567	
Cash at bank and in hand		**202,025**		-	
		339,042		274,567	
Creditors: amounts falling due within one year	*10*	**(211,341)**		(492,234)	
Net current assets/(liabilities)			**127,701**		(217,677)
Total assets less current liabilities			**143,858**		(217,677)
Creditors: amounts falling due after more than one year	*11*		**(191,250)**		-
Net liabilities			**(47,392)**		(217,677)
Capital and reserves					
Called up share capital	*12*		**1**		1
Profit and loss account	*13*		**(47,393)**		(217,678)
Deficit on shareholders' funds	*14*		**(47,392)**		(217,677)

These financial statements were approved by the board of directors on 21 June 2004 and were signed on its behalf by:

JF Hyland
Director

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Leasehold improvements	5 years
Furniture and fittings	3 years
Office equipment	2 years

Deferred taxation

Deferred taxation 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.

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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period 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.

Operating leases

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

Turnover

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

Notes *(continued)*

2 Operating profit/(loss) on ordinary activities before taxation

Operating profit/(loss) on ordinary activities before taxation is stated after charging:

	2004 £	2003 £
Auditors' remuneration	**2,000**	3,000
Depreciation – Owned assets	**1,325**	-
Operating lease rentals: other assets	**9,955**	-

3 Remuneration of directors

	2004 £	2003 £
Directors' emoluments	**38,583**	-
Company contributions to money purchase pension schemes	**2,217**	-
	40,800	-

The number of directors to whom benefits are accruing under money purchase schemes is 1 (*2003: nil*).

4 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) analysed by category was as follows:

	2004 Number	2003 Number
Sales	**8**	8
Administration	**1**	2
	9	10

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

	2004 £	2003 £
Wages and salaries	**178,018**	188,837
Social security costs	**20,857**	83,010
Other pension costs	**7,992**	15,886
	206,867	287,733

5 Interest receivable and similar income

	2004 £	2003 £
Bank interest	**697**	-

6 Interest payable and similar charges

	2004 £	2003 £
On bank overdrafts	**4,826**	5,352
On loans	**2,786**	-
	7,612	5,352

Notes *(continued)*

7 Taxation

Analysis of charge in period

	2004 £	2003 £
UK corporation tax		
Current tax on income for the period	-	72,898
Total current tax	-	72,898
Deferred tax		
Origination of timing differences	**47,426**	-
Tax on profit/(loss) on ordinary activities	**47,426**	72,898

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*2003: higher*) than the standard rate of corporation tax in the UK 19% (*2003: 30%*). The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	**122,849**	(241,468)
Current tax at 19% (*2003: 30%*)	**23,341**	(72,440)
Effects of:		
Expenses not deductible for tax purposes	**655**	1,931
Capital allowances in excess of depreciation	**(3,046)**	(2,424)
Utilisation of tax losses	**(20,840)**	-
Depreciation on assets not qualifying for capital allowances	**22**	-
Taxable income chargeable at 0%	**(132)**	-
Adjustments in respect of prior periods	-	35
Total current tax charge/(credit) (see above)	-	(72,898)

8 Tangible fixed assets

	Leasehold improvements	Furniture and fittings	Office equipment	Total
	£	£	£	£
Cost				
At beginning of year	-	-	-	-
Additions	3,509	1,941	12,032	17,482
At end of year	3,509	1,941	12,032	17,482
Depreciation				
At beginning of year	-	-	-	-
Charge for year	116	78	1,131	1,325
At end of year	116	78	1,131	1,325
Net book value				
At 31 January 2004	**3,393**	**1,863**	**10,901**	**16,157**
At 1 February 2003	-	-	-	-

Notes *(continued)*

9 Debtors

	2004 £	2003 £
Trade debtors	**76,466**	51,322
Amounts owed by group undertakings	**-**	160,615
Other debtors	**5,474**	-
Prepayments and accrued income	**7,651**	62,630
Deferred tax asset	**47,426**	-
	137,017	274,567

The components of the deferred tax asset are set out as follows:

	£
Differences between accumulated depreciation and amortisation and capital allowances	1,559
Taxable losses available for future offset	45,867
	47,426

The directors are of the opinion that the deferred tax asset is recoverable as a result of the continued profitable trading of the company. No deferred tax asset or liability was recognised in the year to 31 January 2003.

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft (secured)	**47,179**	38,294
Bank loan	**22,500**	-
Trade creditors	**87,016**	209,972
Amounts owed to other group undertakings	**-**	27,910
Accruals and deferred income	**42,495**	158,123
Taxation and social security and other taxes	**12,151**	54,311
Other creditors	**-**	3,624
	211,341	492,234

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans	**191,250**	-

	2004 £	2003 £
Analysis of debt		
Debt can be analysed as falling due:		
In one year or less, or on demand	**22,500**	38,294
Between one and two years	**22,500**	-
Between two and five years	**67,500**	-
In five years or more	**101,250**	-
	213,750	38,294

Notes *(continued)*

11 Creditors: amounts falling due after more than one year *(continued)*

The bank loan is secured by way of a bond and floating charge and a corporate guarantee by Murray International Holdings Limited and by A & A Hyland Limited both in favour of the bank.

Amounts repayable in more than five years, by quarterly instalments of £5,625 are;

	2004 £	2003 £
Bank loans	**101,250**	-

The loan is repayable in 40 quarterly instalments of £5,625 and the interest rate is the bank's prevailing base rate plus 1%.

12 Called up equity share capital

	2004 £	2003 £
Authorised		
100,000 ordinary shares of £0.01 each	**1,000**	1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £0.01 each	1	1

On 9 July 2003, an ordinary resolution was passed to subdivide each ordinary allotted share and each ordinary authorised share of £1 into 100 ordinary shares of £0.01.

13 Profit and loss account

	£
Beginning of year	(217,668)
Retained profit for the financial year	170,275
At end of year	**(47,393)**

14 Reconciliation of movements in equity shareholders' deficit

	2004 £	2003 £
Retained profit/(loss) for the financial year	**170,275**	(168,570)
Opening equity shareholders' deficit	**(217,667)**	(49,097)
Closing equity shareholders' deficit	**(47,392)**	(217,667)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2004 £	2003 £
Operating leases which expire:		
In two to five years	**15,492**	-

Notes *(continued)*

16 Related party transactions

A&A Hyland Limited, a company in which JF Hyland is a director, owns 80% of the ordinary share capital of Carnegie Worldwide Limited. During the year Carnegie Worldwide Limited incurred management fees of £13,133 from A&A Hyland Limited. This amount remains outstanding at the year end.

The company also incurred management and accountancy fees of £7,283 from Charlotte Ventures Limited. The company holds 20% of the ordinary share capital of Carnegie Worldwide Limited by way of indirect shareholdings. At the year end £3,283 was due to Charlotte Ventures Limited.

Murray International Holdings Limited holds 20% of the ordinary share capital of Carnegie Worldwide Limited by way of indirect shareholdings. Murray International Holdings Limited and A & A Hyland Limited (the ultimate holding company) have both provided guarantees of £263,750 in favour of the bank.

17 Ultimate holding company

In the opinion of the directors, the ultimate holding company is A & A Hyland Limited which is registered in Scotland.

18 Control

In the opinion of the directors, the ultimate controlling party is JF Hyland.