MACLAURIN LTD
(formerly MacLaurin Group Limited)

Report and Accounts

31 January 2002

2973057

Registered No. 2973057

DIRECTORS
B D MacLaurin
V P Stace
M Murphy
R A B McGrigor

SECRETARY
S Williams

AUDITORS
Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS
Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

SOLICITORS
Travers Smith Braithwaite
10 Snow Hill
London EC1A 2AL

REGISTERED OFFICE
22 Berghem Mews
Blythe Road
London W14 0HN

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 January 2002.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £552,704 (2001 - £88,065). The directors do not recommend a dividend (2001 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of the provision of public and media relations services.

The results for the year and financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

On 1 February 2001, MacLaurin Powerhouse Limited, a wholly owned subsidiary, ceased trading following a group restructuring and all its assets, liabilities and trade were transferred to MacLaurin Ltd at net book value.

On 1 February 2001, the trade of the MCM Productions division was sold to MCM Productions Limited (formerly Earlbaron Limited).

On 12 February 2001 the company changed its name from MacLaurin Group Limited to MacLaurin Ltd.

On 22 May 2001 the entire share capital of the company was acquired by hatch international Limited.

On 1 September 2001, the assets, liabilities and trade of the Scottish division were transferred to hatch UK Limited, a fellow subsidiary, at net book value.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

B D MacLaurin	
V P Stace	
K Walsh	(resigned 22 May 2001)
I H S Monk	(resigned 22 May 2001)
N M Crespin	(resigned 22 May 2001)
H Hastings	(resigned 22 May 2001)
C D King	(appointed 13 February 2001, resigned 22 May 2001)
C Flanagan	(appointed 28 February 2001, resigned 22 May 2001)
M Murphy	(appointed 22 May 2001)
R A B McGrigor	(appointed 17 September 2001)

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 January 2002	*31 January 2001*
	£	*£*
B D MacLaurin	-	835,165

No other director who held office at 31 January 2002 held any beneficial or non-beneficial interest in the company.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)
B D MacLaurin, M Murphy, V P Stace and R A B McGrigor had a beneficial interest in the share capital of hatch-group Limited, the ultimate parent company, at 31 January 2002, details of which are disclosed in that company's accounts.

AUDITORS
Arthur Andersen tendered their resignation as auditors and Ernst & Young LLP were appointed the auditors after the year end. A resolution to reappoint them will be put to the members at the Annual General Meeting.

On behalf of the board

RHS McGrigor

Director

01 MAY 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE INDEPENDENT AUDITORS
to the members of MacLaurin Ltd
(formerly MacLaurin Group Limited)

We have audited the company's accounts for the year ended 31 January 2002, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 23. These accounts have been prepared on the basis of the accounting policies set out therein.

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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

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

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

01 MAY 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2002

	Notes	2002 £	2001 £
TURNOVER	2	5,039,947	4,475,874
Cost of sales		(720,372)	(1,221,151)
Gross profit		4,319,575	3,254,723
Administrative expenses		(4,274,616)	(3,190,771)
Other operating income	6	153,120	43,090
OPERATING PROFIT	3	198,079	107,042
Interest receivable	7	7,868	12,120
Interest payable	8	(13,363)	(6,402)
Exceptional items	9	373,710	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		566,294	112,760
Taxation	10	(13,590)	(24,695)
PROFIT FOR THE YEAR	19	552,704	88,065

There are no recognised gains or losses other than as shown above.

BALANCE SHEET
at 31 January 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	11	376,546	470,350
Investments	12	3,107	501,120
		379,653	971,470
CURRENT ASSETS			
Stocks	13	34,293	20,992
Debtors	14	1,142,699	779,262
Cash at bank and in hand		390,072	377,641
		1,567,064	1,177,895
CREDITORS: amounts falling due within one year	15	(999,339)	(1,664,415)
NET CURRENT ASSETS/(LIABILITIES)		567,725	(486,520)
TOTAL ASSETS LESS CURRENT LIABILITIES		947,378	484,950
CREDITORS: amounts falling due after more than one year	16	(35,492)	(94,791)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(30,976)	(61,953)
NET ASSETS		880,910	328,206
CAPITAL AND RESERVES			
Called-up share capital	18	8,352	8,352
Other reserves	19	25	25
Profit and loss account	19	872,533	319,829
EQUITY SHAREHOLDERS' FUNDS	19	880,910	328,206

Director

01 MAY 2002

1. ACCOUNTING POLICIES

Basis of accounting
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies have been prepared consistently throughout the year and the preceding year.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 248 of the Companies Act 1985 because it qualifies to be treated as a medium sized group under Section 243 of the Companies Act 1985.

Statement of cash flows
The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Depreciation
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over the lease term
Office equipment	-	15% per annum on a reducing balance basis
Fixtures and fittings	-	15% per annum on a straight line basis
Computers	-	25% per annum on a reducing balance basis
Motor vehicles	-	20% per annum on a reducing balance basis

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments
Fixed asset investments are stated at cost less provision for impairment.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks
Work in progress is valued at the lower of cost and net realisable value.

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

1. **ACCOUNTING POLICIES** (continued)

Deferred taxation (continued)
Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases
Assets held under finance leases and similar contracts, which confer rights and obligations similar to those attached to owned fixed assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals payable under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pensions
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.

Employment Benefit Trust
The assets and liabilities of the company include those assets and liabilities held by the MacLaurin Employee Benefit Trust at the company's financial year end. Payments into the Trust by the company are treated as assets of the company and are not immediately expensed at the date of payment. This is in accordance with UITF 32 'Employee benefit trusts and other intermediate payment arrangements'. The payments are subsequently expensed at the point at which they are irrevocably sub-allocated to identified beneficiaries. The trust was wound down through the year and at the year end held no assets or liabilities.

2. **TURNOVER**

Turnover represents the invoiced amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	2002	2001
	£	£
Auditors' remuneration	30,000	12,000
Depreciation of owned fixed assets	82,611	52,175
Depreciation of assets held under finance leases and hire purchase contracts	49,267	15,583
Operating lease rentals - office equipment	52,330	54,162
- land and buildings	219,871	219,035

4. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
Emoluments for qualifying services	474,460	520,485
Company pension contributions to money purchase schemes	52,762	64,757
Compensation for loss of office	-	2,500
	527,222	587,741

	No.	No.
Members of money purchase pension schemes	3	4

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2002	2001
	£	£
Emoluments for qualifying services	202,472	153,830
Company pension contributions to money purchase schemes	25,200	47,143

5. STAFF COSTS

	2002	*2001*
	£	*£*
Wages and salaries	1,881,004	1,830,656
Social security costs	248,330	155,841
Other pension costs	24,348	71,934
	2,153,682	2,058,431

The average monthly number of employees during the year was as follows:

	2002	*2001*
	No.	*No.*
Fee earning staff	50	57
Support staff	15	13
	65	70

6. OTHER OPERATING INCOME

	2002	*2001*
	£	*£*
Management recharges	52,976	43,090
Rental income	100,144	-
	153,120	43,090

7. INTEREST RECEIVABLE

	2002	*2001*
	£	*£*
Bank interest receivable	7,868	12,120

8. INTEREST PAYABLE

	2002	*2001*
	£	*£*
Hire purchase interest	13,363	6,402

9. EXCEPTIONAL ITEMS

	2002	*2001*
	£	*£*
Write down in investments	(499,020)	-
Waiver of intercompany loans	822,730	-
Sale of the MCM Productions division	50,000	-
	373,710	-

Following the restructuring completed over the last two years, where the assets, liabilities and trade from MacLaurin Powerhouse Limited, MacLaurin Communications Limited and Earlbaron Limited (formerly MCM Productions Limited) were transferred to MacLaurin Ltd, the intercompany balances between all these companies were waived. In addition the investment value of MacLaurin Powerhouse Limited was written off.

On 1 February 2001, the trade of the MCM Production division was sold to MCM Productions Limited (formerly Earlbaron Limited).

10. TAXATION

	2002	*2001*
	£	*£*
Corporation tax:		
Based on the profit for the year	-	24,695
Underprovided in previous years	(13,590)	-
	13,590	24,695

The company has taken advantage of group relief available as a result of the losses of other group companies.

11. TANGIBLE FIXED ASSETS

	Leasehold improvements	*Office equipment*	*Fixtures and fittings*	*Computers*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Cost or valuation:						
At 1 February 2001	109,495	251,891	86,745	133,144	66,672	647,947
Additions	4,425	6,677	3,158	48,717	-	62,977
Transfers from group company	23,236	116,235	73,138	9,018	-	221,627
Transfers to group companies	-	-	-	(73,951)	(8,100)	(82,051)
Disposals	-	(2,619)	(954)	-	-	(3,573)
At 31 January 2002	137,156	372,184	162,087	116,928	58,572	846,927
Depreciation:						
At 1 February 2001	29,300	59,815	53,488	24,982	10,012	177,597
Provided during the year	14,510	64,894	6,151	35,964	10,359	131,878
Transfers from group company	21,667	96,195	73,138	1,574	-	192,574
Transfers to group companies	-	-	-	(28,449)	(1,944)	(30,393)
Disposals	-	(1,193)	(82)	-	-	(1,275)
At 31 January 2002	65,477	219,711	132,695	34,071	18,427	470,381
Net book value:						
At 31 January 2002	71,679	152,473	29,392	82,857	40,145	376,546
At 1 February 2001	80,195	192,076	33,257	108,162	56,660	470,350

Leased assets included above:

	Leasehold improvements	*Office equipment*	*Fixtures and fittings*	*Computers*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Net book value:						
At 31 January 2002	-	68,653	-	-	40,145	108,798
At 1 February 2001	-	107,884	-	-	50,181	158,065

NOTES TO THE ACCOUNTS
at 31 January 2002

12. INVESTMENTS

	Listed investments	Investments in subsidiary undertakings	Total
	£	£	£
Cost:			
At 1 February 2001 and 31 January 2002	5,888	501,120	507,008
Amounts written off:			
At 1 February 2001	(5,888)	-	(5,888)
Write down of investments	-	(499,020)	(498,013)
Correction of share capital investments in subsidiaries	-	1,007	-
At 31 January 2002	(5,888)	(498,013)	(503,901)
Net book value:			
At 31 January 2002	-	3,107	3,107
At 1 February 2001	-	501,120	501,120

Following the transfer of the net assets and trade of MacLaurin Powerhouse Limited into MacLaurin Ltd, the investment in MacLaurin Powerhouse Limited has been written down to the value of its share capital. The impact of this write-down is included as part of exceptional items. In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Principal subsidiary undertakings
The company has investments in the following subsidiary undertakings at 31 January 2002. To avoid excessive length, details of investments which are not significant have been omitted.

Company	*Class of capital*	*%*
MacLaurin Communications Limited	Ordinary	100
Earlbaron Limited (formerly MCM Productions Limited)	Ordinary	100
MacLaurin Powerhouse Limited	Ordinary	100

The aggregate amount of capital and reserves as at 31 January 2002 and the results of these undertakings for the financial year then ended were as follows:

	Capital and reserves	*Loss for the year*
	£	£
MacLaurin Communications Limited	1,000	337,088
Earlbaron Limited (formerly MCM Production Limited)	100	39,064
MacLaurin Powerhouse Limited	1,000	446,577

All the above companies have ceased trading and the losses are represented by the waiver of intercompany debt only.

NOTES TO THE ACCOUNTS
at 31 January 2002

13. STOCKS

	2002 £	2001 £
Work in progress	34,293	20,992

14. DEBTORS

	2002 £	2001 £
Trade debtors	839,858	434,449
Amounts owed by group companies	52,451	81,436
Other debtors	106,552	137,812
Prepayments and accrued income	143,838	125,565
	1,142,699	779,262

Amounts falling due after more than one year included above are:

	2002 £	2001 £
Rent deposits	102,500	81,867

15. CREDITORS: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	-	81,850
Obligations under finance leases and hire purchase contracts (note 21)	59,298	52,980
Trade creditors	116,800	305,812
Amounts owed to group companies	506,504	377,253
Corporation tax	-	21,790
Other taxes and social security costs	161,159	80,693
Other creditors	-	376,791
Accruals and deferred income	155,578	367,246
	999,339	1,664,415

16. CREDITORS: amounts falling after more than one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts (note 21)	35,492	94,791

17. PROVISIONS FOR LIABILITIES AND CHARGES

	2002
	£
At 1 February 2001	61,953
Charged to the profit and loss account	(30,977)
At 31 January 2002	30,976

This provision is in respect of a lease commitment.

18. CALLED-UP SHARE CAPITAL

	Authorised	
	2002	2001
	£	£
1,000,000 ordinary shares of 1 pence each	10,000	10,000

			Allotted, called-up and fully paid	
	2002	2001	2002	2001
	No.	No.	£	£
Ordinary shares of 1 pence each	835,165	835,165	8,352	8,352

19. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called-up share capital	Other reserve	Profit and loss account	Total
	£	£	£	£
At 1 February 2000	975	25	239,141	240,141
Bonus issue of shares	7,377	-	-	7,377
Retained profit for the year	-	-	88,065	88,065
Utilisation of reserves for bonus issue	-	-	(7,377)	(7,377)
At 1 February 2001	8,352	25	319,829	328,206
Profit for the year	-	-	552,704	552,704
At 31 January 2002	8,352	25	872,533	880,910

20. PENSION COMMITMENTS

The company contributes to personal pension plans. The assets of the scheme are held separately from those of the company in independently administered funds. The charge to the profit and loss account for the year ended 31 January 2002 was £90,169 (2001 - £71,934).

21. OTHER FINANCIAL COMMITMENTS

At 31 January 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings			*Other*
	2002	*2001*	*2002*	*2001*
	£	£	£	£
Operating leases which expire:				
within one year	-	-	3,333	13,300
in two to five years	131,375	152,975	30,521	35,898
in over five years	110,485	63,985	-	-
	241,860	216,960	33,854	49,198

Finance lease commitments:

	2002	*2001*
	£	£
Minimum lease payments payable:		
within one year	66,338	66,338
within two to five years	36,796	103,135
	103,134	169,473
Finance charges allocated to future periods	(8,344)	(21,702)
	94,790	147,771

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is hatch international Limited. The directors consider the ultimate parent company and controlling party to be hatch-group Limited.

The parent company of the group of companies for which group accounts are drawn up and of which the company is a member is hatch-group Limited. Copies of these accounts can be obtained from the registered office.

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the group.