

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu



Company Registration No. 3425917

THE CREATIVE ASSEMBLY LIMITED
(Formerly Tawpia Limited)

Report and Financial Statements

30 November 1998

Deloitte & Touche
63 High Street
Crawley
West Sussex
RH10 1BQ



REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS	Page
Officers and professional advisers	1
Director's report	2
Director's responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Matthew Russell Aucott (appointed 28 August 1997, resigned 5 September 1997)
Timothy John Ansell (appointed 5 September 1997)

SECRETARY

Suzannah Mandy Ansell

REGISTERED OFFICE

63 High Street
Crawley
West Sussex
RH10 1BQ

BANKERS

National Westminster Bank plc
47 Carfax
Horsham
West Sussex
RH10 1FD

SOLICITORS

Adams & Remers
Trinity House
School Hill
Lewes
East Sussex
BN7 2NN

Thomas Eggar Church Adams
Sussex House
North Street
Horsham
West Sussex
RH12 1BJ

ACCOUNTANTS

Deloitte & Touche
Chartered Accountants
63 High Street
Crawley
West Sussex
RH10 1BQ

DIRECTOR'S REPORT

The director presents his first annual report and the unaudited financial statements for the period to 30 November 1998.

INCORPORATION AND CHANGE OF NAME

The company was incorporated on 28 August 1997. On 5 September 1997, the company changed its name from Tawpia Limited to The Creative Assembly Limited.

ISSUE OF SHARES

On 28 August 1997, 2 subscriber shares of £1 each were issued.

ACTIVITIES

The company started to trade on 1 December 1997. The company operates a computer software design business.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interests in the shares of the company were as follows:

	£1 Ordinary Shares At 30 November 1998	£1 Ordinary Shares At 28 August 1997 or subsequent date of appointment
T J Ansell (appointed 5 September 1997)	2	2
Mr Aucott was appointed 28 August 1997 and resigned 5 September 1997.		

YEAR 2000

The company is aware of the issue of Year 2000 compliance in relation to its own business. The director is confident that the company will be able to maintain its present ability to provide services to clients to the millennium and beyond.

The monetary effect of Year 2000 compliance has not been quantified.

AUDITORS

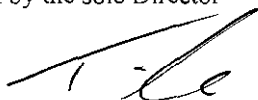
Deloitte & Touche were appointed during the period. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985.

Approved and signed by the sole Director

T J Ansell

24/9 1999





STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 THE CREATIVE ASSEMBLY LIMITED (Formerly Tawpia Limited)

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of the director and auditors

As described on page 3 the company's director is responsible for the preparation of 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.

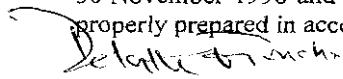
Basis of opinion

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.

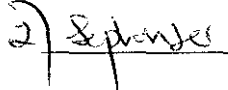
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the company's affairs as at 30 November 1998 and of its profit for the period from 28 August 1997 to 30 November 1998 and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors
Crawley

 2 September 1999


PROFIT AND LOSS ACCOUNT
Period from 28 August 1997 to 30 November 1998

	Note	Period ended 30 November 1998
		£
TURNOVER	3	863,795
Cost of sales		(420,387)
Gross profit		443,408
Administrative expenses		(259,926)
OPERATING PROFIT	4	183,482
Interest receivable and similar income		3,380
Interest payable and similar charges		(34,759)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		152,103
Tax on profit on ordinary activities	5	(44,502)
PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	13	107,601

The company commenced to trade on 1 December 1997, hence there are no comparative figures. All results derive from continuing operations.

There are no gains or losses for the period other than those already dealt with in the Profit and Loss Account.

BALANCE SHEET
30 November 1998

	Note	1998 £
Tangible fixed assets	7	818,806
CURRENT ASSETS		
Debtors	8	81,492
Cash at bank		44,036
		<hr/> 125,528
CREDITORS: amounts falling due within one year	9	<hr/> (220,705)
NET CURRENT LIABILITIES		<hr/> (95,177)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 723,629
CREDITORS: amounts falling due after more than one year	10	(616,026)
		<hr/> <hr/> 107,603
CAPITAL AND RESERVES		
Called up share capital	12	2
Profit and loss account	13	107,601
TOTAL EQUITY SHAREHOLDER'S FUNDS		<hr/> <hr/> 107,603

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

The financial statements were approved and signed by the sole director on 24/9 1999

T J Ansell
Director



**NOTES TO THE ACCOUNTS****Period from 28 August 1997 to 30 November 1998****1. ACCOUNTING POLICIES**

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

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

Freehold land and buildings	- 25 years
Motor vehicles	- 4 years
Fixtures, fittings and equipment	- 18 months - 7 years

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Assets held under finance lease and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital outstanding and are charged to the profit and loss account.

Rentals are charged to the profit and loss in equal annual amounts over the lease term.

2. GOING CONCERN

The company has net current liabilities at the year end of £95,177. The director has undertaken to continue to make funds available to the company to enable it to continue to trade for the foreseeable future. On this basis the accounts have been prepared on a going concern basis.

3. TURNOVER

Turnover represents the value of goods and services sold, excluding value added tax, and is all derived from the principal activity of the company in the United Kingdom.

NOTES TO THE ACCOUNTS
Period from 28 August 1997 to 30 November 1998

4. OPERATING PROFIT

	Period ended 30 November 1998
	£
Operating profit is after charging:	
Depreciation – owned assets	83,097
- leased asset	17,314
Rentals under operating leases – property	19,626
Auditors' remuneration	2,500
	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 30 November 1998
	£
United Kingdom corporation tax at 31% based on profit for the period	44,502
	<u> </u>

NOTES TO THE ACCOUNTS

Period from 28 August 1997 to 30 November 1998

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<i>Period ended 30 November 1998 £</i>
Director's emoluments	40,000
Wages and salaries	358,823
Social security	42,566
	<u>441,389</u>

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Fixtures, fitting and equipment £	Total £
Cost				
Additions and at 30 November 1998	<u>720,444</u>	<u>26,568</u>	<u>172,205</u>	<u>919,217</u>
Accumulated depreciation				
Charge for the period and at 30 November 1998	<u>14,000</u>	<u>6,642</u>	<u>79,769</u>	<u>100,411</u>
Net book value				
At 30 November 1998	<u>706,444</u>	<u>19,926</u>	<u>92,436</u>	<u>818,806</u>

Included in the net book value of motor vehicles is £11,996 in respect of assets held under finance leases.
Included in the net book value of fixtures, fittings and equipment is £25,311 in respect of assets held under finance leases.

8. DEBTORS

	1998 £
Trade debtors	73,510
Other debtors	7,980
Unpaid share capital	2
	<u>81,492</u>

All amounts are due within one year.



NOTES TO THE ACCOUNTS

Period from 28 August 1997 to 30 November 1998

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £
Bank loan	11,509
Obligations under finance leases and hire purchase contracts	19,014
Trade creditors	43,831
Other creditors	55,282
Director's current account	91,069
	<u>220,705</u>

Included in other creditors is interest of £7,729 (9%) which is payable on the director's loan. The loan has no fixed repayment terms but is repayable at any time at the discretion of the company. £91,069 was the maximum amount outstanding during the period.

10. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	1998 £
Bank loan	486,051
Obligations under finance leases and hire purchase contracts	5,774
Other creditors	124,201
	<u>616,026</u>

Included in other creditors is £124,201 due to Creative Assembly Studios Limited, a company under common control of the director. The maximum outstanding during the period was £124,201.

11. BORROWINGS

	1998 £
Bank loan	497,559
Obligations under finance leases and hire purchase contracts	24,788
	<u>522,347</u>
Due within one year	30,523
Due one to two years	18,028
Due two to five years	56,310
Due after five years	417,486
	<u>522,347</u>

The bank loan is secured by a first legal charge on the freehold premises and a floating charge over the company.

The bank loan bears interest at 8.95% until 1 May 2002, thereafter the loan bears interest at 2% above 3 month LIBOR.

A guarantee up to £75,000 has been given to the bank by T. Ansell.



NOTES TO THE ACCOUNTS

Period from 28 August 1997 to 30 November 1998

12. CALLED UP SHARE CAPITAL

	1998 £
Authorised 1,000 ordinary shares of £1 each	1,000
Called up, allotted and fully paid 2 ordinary shares of £1 each	2

13. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share Capital £	Profit and Loss Account £	Total 1998 £
Issue of shares	2	-	2
Profit attributable to members of the company	-	107,601	107,601
At 30 November 1998	2	107,601	107,603

14. FINANCIAL COMMITMENTS

Operating Lease Commitments

At 30 November 1998, the company was committed to making the following payments during the next year in respect of operating leases:

	Plant and machinery £
Leases which expire: Within 1 to 2 years	7,407

15. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

T J Ansell, the director, is considered to be the immediate and ultimate controlling party of the company.

During the period a management charge of £8,000 was received from Creative Assembly Studios Limited, a company under common control of the director.

£53,670 of fixed asset additions were introduced into the company by T J Ansell, the director, on an arm's length basis.