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**Report of the Directors and
Financial Statements
for the Period 7 May 2003 to 31 July 2004
for
Beattie Communications Group Limited**



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for the Period 7 May 2003 to 31 July 2004**

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Beattie Communications Group Limited

**Company Information
for the Period 7 May 2003 to 31 July 2004**

DIRECTORS: G Beattie
Ms L O'Donnell
E G W Chambers
Ms P Arnot
I.D. Duffin

SECRETARY: E G W Chambers

REGISTERED OFFICE: 118 North Main Street
Carronshore
Falkirk
STIRLINGSHIRE
FK2 8HU

REGISTERED NUMBER: SC248915 (Scotland)

AUDITORS: Campbell Dallas
Chartered Accountants
Registered Auditors
Sherwood House
7 Glasgow Road
Paisley
PA1 3QS

Beattie Communications Group Limited

Report of the Directors for the Period 7 May 2003 to 31 July 2004

The directors present their report with the financial statements of the company for the period 7 May 2003 to 31 July 2004.

INCORPORATION

The company was incorporated on 7 May 2003 and commenced trading on 1 August 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of a holding company.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary £.01 shares	£0.02775	-
B Ordinary £.01 shares	£23.20	-

The directors recommend that no final dividends be paid.

The total distribution of dividends for the period ended 31 July 2004 will be £245,212.

DIRECTORS

The directors during the period under review were:

G Beattie	- appointed 30.7.03
Ms L O'Donnell	- appointed 5.8.03
E G W Chambers	- appointed 30.7.03
Ms P Arnot	- appointed 11.8.03
I.D. Duffin	- appointed 1.8.03

The beneficial interests of the directors holding office on 31 July 2004 in the issued share capital of the company were as follows:

	31.7.04	at date of appointment
Ordinary £.01 shares		
G Beattie	8,000,800	-
Ms L O'Donnell	-	-
E G W Chambers	-	-
Ms P Arnot	-	-
I.D. Duffin	-	-
B Ordinary £.01 shares		
G Beattie	1,000	-
Ms L O'Donnell	-	-
E G W Chambers	-	-
Ms P Arnot	-	-
I.D. Duffin	-	-

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

Report of the Directors

for the Period 7 May 2003 to 31 July 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

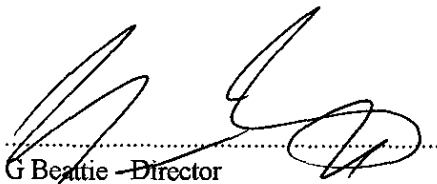
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Campbell Dallas, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
G Beattie - Director

Date: 29.7.05

Report of the Independent Auditors to the Shareholders of Beattie Communications Group Limited

We have audited the financial statements of Beattie Communications Group Limited for the period ended 31 July 2004 on pages six to twelve. 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 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 our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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.

We read the Report of the Directors 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 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 Independent Auditors to the Shareholders of
Beattie Communications Group Limited**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Campbell Dallas
Chartered Accountants
Registered Auditors
Sherwood House
7 Glasgow Road
Paisley
PA1 3QS

Date: 24/2/05

Beattie Communications Group Limited

**Profit and Loss Account
for the Period 7 May 2003 to 31 July 2004**

	Notes	£
TURNOVER		-
Other operating income		<u>46,800</u>
OPERATING PROFIT	3	46,800
Income from fixed asset investments		<u>629,833</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		676,633
Tax on profit on ordinary activities	4	<u>9,000</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		667,633
Dividends	5	<u>245,212</u>
RETAINED PROFIT FOR THE PERIOD		<u><u>422,421</u></u>

CONTINUING OPERATIONS

The company's activities commenced on 1st August 2003.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.

The notes form part of these financial statements

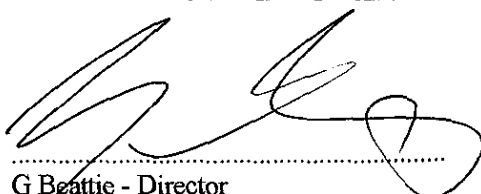
Beattie Communications Group Limited

Balance Sheet

31 July 2004

	Notes	£	£
FIXED ASSETS			
Tangible assets	6		1,606,038
Investments	7		<u>80,008</u>
			1,686,046
CURRENT ASSETS			
Debtors	8	125,383	
CREDITORS			
Amounts falling due within one year	9	<u>142,557</u>	
NET CURRENT LIABILITIES			<u>(17,174)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,668,872
CREDITORS			
Amounts falling due after more than one year	10		<u>1,166,443</u>
			<u>502,429</u>
CAPITAL AND RESERVES			
Called up share capital	13		80,018
Profit and loss account	14		<u>422,411</u>
SHAREHOLDERS' FUNDS	15		<u>502,429</u>

ON BEHALF OF THE BOARD:



G Beattie - Director

Approved by the Board on 29.2.05

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 7 May 2003 to 31 July 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Exemption from preparing consolidated financial statements

The financial statements contain information about Beattie Communications Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Tangible fixed assets

No depreciation is provided on Freehold Property during the period under review. The directors are of the opinion that the net book value of Freehold Property reflects the value of this asset at the year end and that depreciation is immaterial.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. STAFF COSTS

There were no staff costs for the period ended 31 July 2004.

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

Management	5
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3. OPERATING PROFIT

The operating profit is stated after charging:

	£
Directors' emoluments	-

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	9,000
Tax on profit on ordinary activities	9,000

Beattie Communications Group Limited

**Notes to the Financial Statements - continued
for the Period 7 May 2003 to 31 July 2004**

5.	DIVIDENDS	£
	Equity shares:	
	Ordinary shares of £.01 each	
	Interim	222,012
	B Ordinary shares of £.01 each	
	Interim	23,200
		<u>245,212</u>
6.	TANGIBLE FIXED ASSETS	Freehold property £
	COST	
	Additions	1,606,038
	At 31 July 2004	<u>1,606,038</u>
	NET BOOK VALUE	
	At 31 July 2004	<u>1,606,038</u>
7.	FIXED ASSET INVESTMENTS	Shares in group undertakings £
	COST	
	Additions	80,008
	At 31 July 2004	<u>80,008</u>
	NET BOOK VALUE	
	At 31 July 2004	<u>80,008</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Beattie Communications Limited

Nature of business: Provision of public relations

	%	
Class of shares:	holding	
Ordinary shares	100.00	
		£
Aggregate capital and reserves		73,633
Profit for the period		<u>73,631</u>

Notes to the Financial Statements - continued
for the Period 7 May 2003 to 31 July 2004

7. **FIXED ASSET INVESTMENTS - continued**

Beattie New Media Limited

Nature of business: *It online and interactive services*

	%	
Class of shares:	holding	
Ordinary shares	100.00	
		£
Aggregate capital and reserves		64,676
Profit for the period		<u>64,674</u>

Beattie Media Limited

Nature of business: Dormant

	%	
Class of shares:	holding	
Ordinary shares	100.00	
		£
Aggregate capital and reserves		80,000
Loss for the period		<u>(629,833)</u>

Beattie (Uddingston) Limited

Nature of business: Dormant

	%	
Class of shares:	holding	
Ordinary shares	100.00	
		£
Aggregate capital and reserves		<u>2</u>

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Owed by subsidiary	<u>125,383</u>

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Bank loans and overdrafts (see note 11)	53,557
Tax	9,000
Owed to subsidiary	80,000
	<u>142,557</u>

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	£
Bank loans (see note 11)	<u>1,166,443</u>

Notes to the Financial Statements - continued
for the Period 7 May 2003 to 31 July 2004

11. LOANS

An analysis of the maturity of loans is given below:

	£
Amounts falling due within one year or on demand:	
Bank loans	<u>53,557</u>
Amounts falling due between one and two years:	
Bank loans - 1-2 years	<u>53,557</u>
Amounts falling due between two and five years:	
Bank loans - 2-5 years	<u>160,671</u>
Amounts falling due in more than five years:	
Repayable by instalments	
Bank loans more 5 yr by instal	<u>952,215</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

Bank loans	<u>1,220,000</u>
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The bank loan is secured by a bond and floating charge over the assets of the company and a standard security over the property.

13. CALLED UP SHARE CAPITAL

Authorised:		Nominal	£
Number:	Class:	value:	
17,999,000	Ordinary	£.01	179,990
1,000	B Ordinary	£.01	10
2,000,000	A ordinary shares	£.01	20,000
			<u>200,000</u>

Allotted, issued and fully paid:		Nominal	£
Number:	Class:	value:	
8,000,800	Ordinary	£.01	80,008
1,000	B Ordinary	£.01	10
			<u>80,018</u>

Notes to the Financial Statements - continued
for the Period 7 May 2003 to 31 July 2004

13. CALLED UP SHARE CAPITAL - continued

The following shares were allotted as fully paid as a bonus issue out of reserves during the period:

1,000 B Ordinary shares of £.01 each

The ordinary shares in the company were issued as a result of a group reconstruction on 31st July 2004.

The B ordinary shares have no voting rights except in the event of a sale.

14. RESERVES

	Profit and loss account £
Retained profit for the period	422,421
Bonus share issue	(10)
	<hr/>
At 31 July 2004	<u>422,411</u>

On 1 August 2004 there was a bonus issue of 1000 B ordinary shares of £.01 each.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	667,633
Dividends	(245,212)
	<hr/>
Issue of share capital	422,421
	80,008
	<hr/>
Net addition to shareholders' funds	502,429
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>502,429</u>
	<hr/>
Equity interests	<u>502,429</u>

16. EMI SCHEME

The company has set up an EMI scheme for certain employees and has granted share options. No share options have been exercised in the period.

17. CONTROL

The company is under the control of G Beattie a director of the company.