

Real World Tours Limited

Financial statements

For the year ended 31 December 2004

Grant Thornton 



Company No. 2780663

Company information

Company registration number	2780663
Registered office	Mill Lane Box Corsham Wiltshire SN14 9PL
Directors	Ms A F Goldsworthy Mr M D Large
Secretary	Ms K H Gumm
Bankers	HSBC Private Bank (UK) Limited
Solicitors	Sheridans
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 43 Queen Square BRISTOL BS1 4QR

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

Principal activities and business review

The principal activity of the company during the year was the production of Peter Gabriel's touring activities outside of North America and the hire of stage and equipment.

A tour of Europe was undertaken in 2004.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2004	At 1 January 2004
Ms A F Goldsworthy	2	2
Mr M D Large	-	-

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

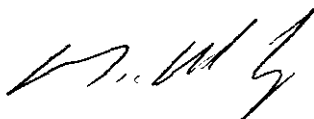
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'M D Large', is written over the printed name.

M D Large
Director
6 July 2005

Report of the independent auditors to the members of Real World Tours Limited

We have audited the financial statements of Real World Tours Limited for the year ended 31 December 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 17. 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 our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Report of the independent auditors to the members of Real World Tours Limited (continued)

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 affairs of the company as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Grant Thornton UK LLP

6 July 2005

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office and musical equipment	25% straight line
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Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	4,824,391	3,860,137
Cost of sales		(4,687,133)	(3,538,145)
Gross profit		<u>137,258</u>	<u>321,992</u>
Other operating charges	2	(145,968)	(318,794)
Operating (loss)/profit	3	<u>(8,710)</u>	<u>3,198</u>
Interest receivable	5	11,526	4,827
Interest payable and similar charges	6	(3,040)	(5,759)
(Loss)/profit on ordinary activities before taxation		<u>(224)</u>	<u>2,266</u>
Tax on (loss)/profit on ordinary activities	7	280	(1,432)
Retained profit for the financial year	15	<u>56</u>	<u>834</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	—	—
Current assets			
Debtors	9	241,397	306,313
Cash at bank		204,917	694,587
		<u>446,314</u>	<u>1,000,900</u>
Creditors: amounts falling due within one year	10	<u>455,445</u>	<u>1,010,087</u>
Net current liabilities		<u>(9,131)</u>	<u>(9,187)</u>
Total assets less current liabilities		<u>(9,131)</u>	<u>(9,187)</u>
Capital and reserves			
Called-up equity share capital	14	2	2
Profit and loss account	15	(9,133)	(9,189)
Deficiency	16	<u>(9,131)</u>	<u>(9,187)</u>

These financial statements were approved by the directors on 6 July 2005 and are signed on their behalf by:


Mr M D Large
Director

Notes to the financial statements

1 Turnover

The turnover and loss before taxation are attributable to the continuing activity of the production of Peter Gabriel's touring activities outside of North America and the hire of stage and equipment.

2 Other operating income and charges

	2004	2003
	£	£
Administrative expenses	<u>145,968</u>	<u>318,794</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2004	2003
	£	£
Auditors' remuneration:		
Audit fees	4,750	3,750
Net loss on foreign currency translation	<u>24,998</u>	<u>74,309</u>

4 Directors and employees

There were no employees of the company during the year, other than the directors who received no remuneration (2003: £nil).

5 Interest receivable

	2004	2003
	£	£
Bank interest receivable	<u>11,526</u>	<u>4,827</u>

6 Interest payable and similar charges

	2004	2003
	£	£
Interest payable on bank borrowing	<u>3,040</u>	<u>5,759</u>

7 Taxation on ordinary activities

(a) Analysis of credit in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year	-	356
(Over)/under provision in prior year	(280)	1,076
Total current tax	<u>(280)</u>	<u>1,432</u>

(b) Factors affecting current tax credit

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2003 - 20%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	<u>(224)</u>	<u>2,266</u>
(Loss)/profit on ordinary activities by rate of tax	(43)	453
Expenses not deductible for tax purposes	20	1
Capital allowances in excess of depreciation	(70)	(98)
Utilisation of losses	93	-
Adjustments to tax charge in respect of previous periods	(280)	1,076
Total current tax (note 7(a))	<u>(280)</u>	<u>1,432</u>

8 Tangible fixed assets

	Office and musical equipment £
Cost	
At 1 January 2004 and 31 December 2004	<u>112,184</u>
Depreciation	
At 1 January 2004	112,184
At 31 December 2004	<u>112,184</u>
Net book value	
At 31 December 2004	-
At 31 December 2003	-

9 Debtors

	2004	2003
	£	£
Trade debtors	-	250
VAT recoverable	240,047	189,515
Amounts owed by related parties	830	78,369
Other debtors	520	18,332
Prepayments and accrued income	-	19,847
	<u>241,397</u>	<u>306,313</u>

10 Creditors: amounts falling due within one year

	2004	2003
	£	£
Amounts owed to related parties	210,292	610,192
Trade creditors	240,426	388,641
Corporation tax	-	356
Accruals and deferred income	4,727	10,898
	<u>455,445</u>	<u>1,010,087</u>

11 Capital commitments

The company had no capital commitments at 31 December 2004 or 31 December 2003.

12 Contingent liabilities

There were no contingent liabilities at 31 December 2004 or 31 December 2003.

13 Related party transactions

All transactions with related parties totalling over £5,000 are detailed below.

During the year, the company was invoiced £636,739 (2003: £904,245) for touring services and £42,993 (2003: £25,258) for recharged salaries and expenses by Peter Gabriel Limited, of which Mr M D Large is also a director. The company invoiced Peter Gabriel Limited £16,805 (2003: £nil) for recharged expenses.

During the year, the company was invoiced £110,000 (2003: £155,000) in respect of management charges and £nil (2002: £36,244) for design costs by Real World Holdings Limited of which Mr M D Large is also a director. The company invoiced Real World Holdings Limited £7,946 (2003: £nil) for recharged expenses.

During the year, the company was invoiced £22,716 (2003: £30,000) in respect of touring costs by Real World Records Limited, of which Mr M D Large is also a director.

During the year, the company invoiced Real World Productions Limited, of which Mr M D Large is also a director, £1,103,259 (2003: £695,303) in respect of touring costs.

During the year, the company invoiced Real World Music Limited, of which Mr M D Large and Ms A F Goldsworthy are also directors, £193,648 (2003: £nil) in respect of touring costs.

At 31 December 2004 the company owed £204,526 (2003: £602,239) to, and was owed £nil (2003: £244) by Peter Gabriel Limited, of which Mr M D Large is also a director.

At 31 December 2004 the company owed £125 (2003: £2,251) to Real World Holdings Limited, of which Mr M D Large is also a director.

At 31 December 2004 the company owed £nil (2003: £380) to Real World Studios Limited, of which Mr M D Large is also a director.

At 31 December 2004 the company owed £5,641 (2003: £5,250) to Real World Records Limited, of which Mr M D Large is also a director.

At 31 December 2004 the company was owed £830 (2003: £78,125) by Real World Productions Limited, of which Mr M D Large is also a director.

At 31 December 2004 the company was owed £nil (2003: £222,215) by Real World Inc. The entire amount, which had previously been provided against in full, was written off during the year.

These amounts outstanding at 31 December 2004 have all been included in other debtors or other creditors.

14 Share capital

Authorised share capital:

	2004	2003
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15 Profit and loss account

	2004	2003
	£	£
Balance brought forward	(9,189)	(10,023)
Retained profit for the financial year	56	834
Balance carried forward	<u>(9,133)</u>	<u>(9,189)</u>

16 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	56	834
Opening shareholders' equity deficit	(9,187)	(10,021)
Closing shareholders' equity deficit	<u>(9,131)</u>	<u>(9,187)</u>

17 Controlling related party

Ms A F Goldsworthy is the company's controlling party by virtue of her majority shareholding.