

# **Real World Tours Limited**

Financial statements

For the year ended 31 December 2003

Grant Thornton 



**Company No. 2780663**

## Company information

<b>Company registration number</b>	2780663
<b>Registered office</b>	Mill Lane Box Corsham Wiltshire SN14 9PL
<b>Directors</b>	Ms A F Goldsworthy Mr M D Large
<b>Secretary</b>	Ms K H Gumm
<b>Bankers</b>	HSBC Private Bank (UK) Limited
<b>Solicitors</b>	Sheridans
<b>Auditors</b>	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 2003.

### 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 and the United States of America was undertaken in 2003.

### 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 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 2003	At 1 January 2003
Ms A F Goldsworthy	2	2
Mr M D Large	—	—

Mr H S Kullar resigned as a director on 31 March 2003.

### 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 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.

### Donations

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>—</u>	<u>250</u>

### Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the director(s) consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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



M D Large  
Director  
8 September 2004

## 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 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. 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 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.

We read other information contained in the Directors' Report 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.

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 2003 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*  
GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

**8 September 2004**

## 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) 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	2003 £	2002 £
Turnover	1	3,860,137	3,339,430
Cost of sales		(3,538,145)	(2,894,899)
Gross profit		321,992	444,531
Other operating charges	2	(318,794)	(425,104)
<b>Operating profit</b>	3	3,198	19,427
Interest payable	5	(932)	(13,227)
<b>Profit on ordinary activities before taxation</b>		2,266	6,200
Tax on profit on ordinary activities	6	(1,432)	(319)
<b>Retained profit for the financial year</b>		834	5,881

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	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	—	—
<b>Current assets</b>			
Debtors	8	306,313	1,468,930
Cash at bank		694,587	166
		<u>1,000,900</u>	<u>1,469,096</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>1,010,087</u>	<u>1,479,117</u>
<b>Net current liabilities</b>		<u>(9,187)</u>	<u>(10,021)</u>
<b>Total assets less current liabilities</b>		<u>(9,187)</u>	<u>(10,021)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	2	2
Profit and loss account	14	(9,189)	(10,023)
<b>Deficiency</b>	15	<u>(9,187)</u>	<u>(10,021)</u>

These financial statements were approved by the directors on 8 September 2004 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

	2003	2002
	£	£
Administrative expenses	<u>318,794</u>	<u>425,104</u>

### 3 Operating profit

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Auditors' remuneration:		
Audit fees	3,750	3,750
Net loss/(profit) on foreign currency translation	<u>74,309</u>	<u>(49,927)</u>

### 4 Directors and employees

There were no employees of the company during the year, other than the directors who received no remuneration (2002: £nil).

### 5 Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank borrowing	<u>932</u>	<u>13,227</u>

## 6 Taxation on ordinary activities

### (a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year	356	319
Over/under provision in prior year	1,076	—
Total current tax	<u>1,432</u>	<u>319</u>

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2002 - 20%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>2,266</u>	<u>6,200</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 20% (2001: 20%)	453	1,240
Expenses not deductible for tax purposes	1	—
Capital allowances in excess of depreciation	(98)	(131)
Utilisation of losses	—	(790)
Adjustments to tax charge in respect of previous periods	1,076	—
Total current tax (note 6(a))	<u>1,432</u>	<u>319</u>

## 7 Tangible fixed assets

	Office and musical equipment
	£
Cost	
At 1 January 2003 and 31 December 2003	<u>112,184</u>
Depreciation	
At 1 January 2003	<u>112,184</u>
At 31 December 2003	<u>112,184</u>
Net book value	
At 31 December 2003	—
At 31 December 2002	—

**8 Debtors**

	2003	2002
	£	£
Trade debtors	250	189,426
Corporation tax repayable	—	757
VAT recoverable	189,515	33,965
Amounts owed by related parties	78,369	1,227,175
Other debtors	18,332	—
Prepayments and accrued income	19,847	17,607
	<u>306,313</u>	<u>1,468,930</u>

**9 Creditors: amounts falling due within one year**

	2003	2002
	£	£
Amounts owed to related parties	610,192	1,029,195
Bank loans and overdrafts	—	100,020
Trade creditors	388,641	269,772
Corporation tax	356	—
Accruals and deferred income	10,898	80,130
	<u>1,010,087</u>	<u>1,479,117</u>

The bank borrowings are secured by a fixed and floating charge over the assets of the company.

**10 Capital commitments**

The company had no capital commitments at 31 December 2003 or 31 December 2002.

**11 Contingent liabilities**

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

**12 Related party transactions**

All transactions with related parties totalling over £2,000 are detailed below.

During the year, the company was invoiced £904,245 (2002: £nil) for touring services and £25,258 (2002: £42,456) 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 £nil (2002: £2,516) for recharged expenses.

During the year, the company was invoiced £4,108 (2002: £15,944) for recharged expenses, £155,000 (2002: £nil) in respect of management charges and £36,244 (2002: £nil) for design costs by Real World Holdings 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, £695,303 (2002: £393,449) in respect of touring costs and £4,001 (2002: £nil) in respect of recharged expenses.

During the year, the company was invoiced £nil (2002: £5,294) for recharged expenses and £30,000 (2002: £nil) 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 was invoiced £nil (2002: £3,928) for recharged salaries and expenses by Real World Studios Limited, of which Mr M D Large is also a director.

During the year, the company was invoiced £nil (2002: £100,000) for the use of hotel facilities by Real World Trading Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company owed £602,239 (2002: £940,959) to, and was owed £244 (2002: £2,950) by Peter Gabriel Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company owed £2,251 (2002: £61,039) to Real World Holdings Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company owed £nil (2002: £17,500) to Real World Trading Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company owed £380 (2002: £3,476) to Real World Studios Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company owed £5,250 (2002: £6,220) to Real World Records Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company was owed £78,125 (2002: £69,100) by Real World Productions Limited, of which Mr M D Large is also a director.

## 12 Related party transactions (continued)

At 31 December 2003 the company was owed £nil (2002: £8,436) by Womad Limited, of which Mr M D Large is also a director.

At 31 December 2003 the company was owed £222,215 (2002: £1,146,689) by Real World Inc. The entire amount has been provided against as it is not believed that the debt will be received.

These amounts outstanding at 31 December 2003 have all been included in other debtors or other creditors.

## 13 Share capital

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

## 14 Profit and loss account

	2003	2002
	£	£
Balance brought forward	(10,023)	(15,904)
Retained profit for the financial year	834	5,881
Balance carried forward	<u>(9,189)</u>	<u>(10,023)</u>

## 15 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	834	5,881
Opening shareholders' equity deficit	(10,021)	(15,902)
Closing shareholders' equity deficit	<u>(9,187)</u>	<u>(10,021)</u>

## 16 Controlling related party

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