

Canterbury Europe Limited

(Registered Number 00295777)

Directors' Report and Accounts

30 June 2004



Canterbury Europe Limited

Directors report and accounts for the year ended 30 June 2004

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Director's and advisors for the year ended 30 June 2004

Directors

Graham Francis Evans
Anthony Hannon
Joe Middleton

Secretary

Gordon Cameron

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

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Trinity Court
16 John Dalton Street
Manchester
M60 8HS

Registered office

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Hurstfield Industrial Estate
Hurst Street
Reddish
Stockport
SK5 7BZ

Registered number

00295777

Directors' Report for the year ended 30 June 2004

The directors present their annual report and the audited accounts for the year ended 30 June 2004.

Principal activity

The principal activity of the company is marketing and distribution of sporting and leisure apparel, footwear and accessories.

Review of business and future developments

The level of business during the year and the financial position as at 30 June 2004 were satisfactory, with trading results showing an improvement on prior years.

The company aims to expand further into European markets in the forthcoming year, and is continually focused on product development and increasing product ranges.

Results and dividends

The loss of £812,000 in the year (2003: loss of £1,025,000) was transferred to accumulated losses.

Directors and their interests

The directors of the company at the date of this report are set out on page 1.

The directors who served during the year are as follows :

Joe Middleton
Graham Francis Evans
Anthony Hannon

The interests of the directors in the shares of Canterbury Limited (the company's ultimate holding company) are disclosed in the accounts of that company.

No directors had any interest in any shares of the company or any other subsidiary of the ultimate parent company as at 30 June 2004.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2004, that applicable accounting standards have been followed.

Directors' Report for the year ended 30 June 2004

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Financing

The Company is reliant on the combined support of its parent company Canterbury Limited. Canterbury Limited has indicated that this support will continue for a period beyond the next twelve months. On this basis the directors believe that the accounts should be prepared on a going concern basis.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'JM: [scribble]'.

Joe Middleton

Director

(Date) 10.1.2005

Independent auditors' Report to the Members of Canterbury Europe Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes and accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit 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 at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
[Date] 10 January 2005

Profit and Loss Account for the year ended 30 June 2004

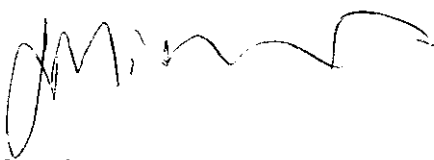
	<i>Note</i>	<i>30 June 2004</i>	<i>30 June 2003</i>
		<i>£'000</i>	<i>£'000</i>
<i>Turnover from continuing operations</i>	2	14,163	13,205
<i>Cost of sales</i>		(9,921)	(8,817)
<i>Gross profit</i>		4,242	4,388
Distribution costs		(783)	(765)
Administrative expenses		(4,271)	(4,636)
<i>Operating loss</i>	3	(812)	(1,013)
Net interest payable and similar charges	6	-	(12)
<i>Loss on ordinary activities before taxation</i>		(812)	(1,025)
Taxation on profit on ordinary activities	7	-	-
<i>Loss for the financial year</i>	15	(812)	(1,025)
<i>Accumulated losses brought forward</i>	15	(8,767)	(7,742)
<i>Accumulated losses carried forward</i>	15	(9,579)	(8,767)

The company has no recognised gains or losses other than its loss for the financial year, and therefore no separate statement of total gains or losses has been produced.

Balance Sheet as at 30 June 2004

	<i>Note</i>	<i>2004 £'000</i>	<i>2003 £'000</i>
Fixed assets			
Tangible assets	8	174	209
Current assets			
Stock	9	2,449	3,101
Debtors	10	1,839	1,767
Cash and bank at hand		178	237
		4,466	5,105
Creditors: amounts falling due within one year	11	(1,960)	(9,580)
Net current assets/(liabilities)		2,506	(4,475)
Total assets less current liabilities		2,680	(4,266)
Creditors: amounts falling due after more than one year	12	(874)	(3,090)
Net assets/(liabilities)		1,806	(7,356)
Capital and Reserves			
Called up share capital	14	11,385	1,411
Profit and loss account	15	(9,579)	(8,767)
Equity of shareholders' funds/(deficit)	16	1,806	(7,356)

The financial statements on pages 5 to 14 were approved by the board of directors on [10th January 2005] and were signed on its behalf by:


 Joe M. Ileton
 Director

Notes to the Accounts – 30 June 2004

1 *Accounting policies*

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Going concern

The going concern basis has been adopted in these financial statements, which assumes that the company will remain in operational existence for the foreseeable future. The directors are confident that there will continue to be ongoing support from the group when required.

Turnover

Turnover represents amounts (excluding VAT) derived from the sale of the company's products to third party customers, net of returns, trade allowances, duties and taxes paid. Turnover is recognised on despatch.

Foreign exchange transactions

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into sterling at the rates ruling at the balance sheet date. Gains or losses on exchange arising from trading operations are taken into account in arriving at the operating profit.

Operating Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

Pension costs represent contributions made by the company to the personal pension schemes of senior management employees. Contributions are recognised in the profit and loss account when they fall due.

Taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that, based on all available evidence, it is considered 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 a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Brands

The company owns and distributes a large range of branded products. Although the business derives significant value from these brands it is not the policy of the company to value brands in the balance sheet.

Notes to the Accounts – 30 June 2004 (continued)

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated using rates which write down the historic cost of depreciable assets to their estimated residual values over their expected economic lives, on a straight line basis.

The principal economic lives are:

	Years
	Lease term
Short leasehold improvements	3 – 12
Plant and machinery	6
Motor vehicles	3
Computer equipment	5 – 10
Fixtures and fittings	

Stock

Stock is valued at the lower of cost and net realisable value, on a first-in, first-out basis. Due allowance has been made for slow moving, obsolete and damaged stock.

Debtors

Debtors are valued at expected realisable value. Where a debt is considered on an individual basis to be irrecoverable, it has been written off. An estimate has been made for doubtful debts, based on a review of all outstanding amounts at the year end.

Cash flow statement

The company is a wholly owned subsidiary of Canterbury International Limited, a company incorporated in New Zealand, whose accounts are publicly available.

The company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996): Cash Flow Statements.

Related party transactions

The company has taken advantage of the exemption under the terms of Financial Reporting Standard 8: Related Party Disclosures from disclosing transactions with its parent company and other group companies.

Notes to the Accounts – 30 June 2004 (continued)

2 *Analysis of turnover and loss on ordinary activities before taxation*

The turnover and loss on ordinary activities before taxation relate to the company's principal activity.

Turnover arises as follows :

	2004 £'000	2003 £'000
United Kingdom	9,659	9,356
Rest of the world	4,504	3,849
	14,163	13,205

3 *Operating loss*

	2004 £'000	2003 £'000
<i>Operating loss is stated after charging :</i>		
Depreciation of tangible fixed assets		
- owned assets	96	116
Loss on disposal of fixed assets	-	6
Operating lease charges		
- land and buildings	28	36
- other	72	74
Auditors' remuneration		
- audit services	15	15
- non-audit services	4	18

4 *Directors' remuneration*

No amounts were paid to the directors for serving as directors of the company in the year or the prior year.

5 *Wages and salaries*

The average monthly number of persons (including directors) employed by the company during the period was 29 (2003: 28).

The aggregate payroll costs of these persons were as follows :

	2004 £'000	2003 £'000
Wages and salaries	899	775
Social security costs	93	91
Other pension costs	12	6
<i>Total staff costs</i>	<i>1,004</i>	<i>872</i>

Notes to the Accounts – 30 June 2004 (continued)

6 *Interest payable and similar charges*

	2004 £'000	2003 £'000
Interest payable on other bank loans and overdrafts	2	14
Interest receivable	(2)	(2)
	-	12

7 *Tax on profit on ordinary activities*

	2004 £'000	2003 £'000
Tax on loss on ordinary activities	-	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2004 £'000	2003 £'000
Loss on ordinary activities before tax	(812)	(1,025)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2002: 30%)	(244)	(308)
Effects of:		
Unrelieved tax losses available to carry forward	221	276
Expenses not deductible for tax purposes	17	27
Depreciation in excess of capital allowances	-	5
Other timing differences	6	-
Current tax charge for the year	-	-

Notes to the Accounts – 30 June 2004 (continued)

8 Tangible fixed assets

	<i>Fixtures, Fittings & Equipment</i>
Cost	
At 1 July 2003	636
Additions	64
Disposals	(3)
At 30 June 2004	697
Depreciation	
At 1 July 2003	427
Charge for the period	96
Disposals	-
At 30 June 2004	523
Net book value	
At 30 June 2004	174
At 30 June 2003	209

9 Stock

	<i>2004 £'000</i>	<i>2003 £'000</i>
Finished goods and goods for resale	2,449	3,101

10 Debtors

	<i>2004 £'000</i>	<i>2003 £'000</i>
Trade debtors	1,635	1,669
Amounts owed by group undertakings	14	-
Other debtors	50	3
Prepayments and accrued income	140	95
	1,839	1,767

Notes to the Accounts – 30 June 2004 (continued)

11 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	642	475
Amounts due to group undertakings	145	7,815
Taxation and social security	35	58
Accruals and deferred income	1,138	1,232
	1,960	9,580

12 Loans and other borrowings

	2004 £'000	2003 £'000
Amounts due to group undertakings	874	3,090

The loan due to Canterbury International Limited is non-interest bearing, unsecured, and repayment is postponed for the next twelve months.

13 Provisions for liabilities and charges

	2004 £'000	2003 £'000
Accelerated capital allowances	(28)	(20)
Short term timing differences	(20)	(3)
Tax losses carried forward	(2,668)	(2,450)
Deferred tax	(2,716)	(2,473)

The company has not recognised deferred tax assets in the amount of £2,716k (2003: £2,473k) represented by accelerated capital allowances £28k (2003: £20k), short term timing differences £20k (2003: £3k) and tax losses available to carry forward against future profits £2,668k (2003: £2,450k).

A deferred tax asset has not been recognised in respect of these amounts since it is considered unlikely that the losses will be recovered within the foreseeable future.

Notes to the Accounts – 30 June 2004 (continued)

14 Share capital

	2004 £'000	2003 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	2,000
Allotted, called up and fully paid		
11,385,000 ordinary shares of £1 each	11,385	1,411

On 26 May 2004, a special resolution was passed to increase the authorised share capital of Canterbury Europe Limited to £20,000,000 by the creation of 18,000,000 ordinary shares of £1 each.

On the same day, a further special resolution was passed, authorising the directors to issue and allot 9,974,326 ordinary shares of £1 each in the capital of the Company to Canterbury International Limited, the holding company of the Company at par.

15 Reserves

	<i>Profit and loss account £'000</i>
Accumulated losses	
At 1 July 2003	(8,767)
Loss for the financial period	(812)
At 30 June 2004	(9,579)

16 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Loss for the period	(812)	(1,025)
Shares issued in the period	9,974	-
Net increase/ (decrease) in shareholders' funds	9,162	(1,025)
Shareholders' (deficit) as at 1 July	(7,356)	(6,331)
Shareholders' funds/ (deficit) as at 30 June	1,806	(7,356)

Notes to the Accounts – 30 June 2004 (continued)

17 Commitments

	2004 £'000	2003 £'000
<i>Contracts placed for future revenue expenditure not provided in the financial statements</i>		
Sponsorship of rugby clubs	6,433	2,789

At 30 June the company had annual commitments under non-cancellable operating leases expiring as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Within one year	503	-	57	5
Within two to five years	240	28	13	47
	743	28	70	52

18 Immediate and ultimate holding company

The immediate holding company is Canterbury International Limited, a company incorporated in New Zealand.

The ultimate holding company is Canterbury Limited, a company incorporated in New Zealand.

The largest set of accounts in which the results of the company are consolidated are those of Canterbury Limited. Copies of these accounts can be obtained from 5 Durham St, P.O. Box 279, Christchurch, New Zealand.