

**MOVITEX (UK) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**Registered No. 400458**



## **MOVITEX (UK) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31<sup>st</sup> December 2005.

#### **Principal Activity**

The principal activity of the company is catalogue mail order retailing.

#### **Review of Developments and Future Prospects**

The directors consider the performance of the company to be satisfactory and remain optimistic about its future prospects.

#### **Results and Dividends**

The results of the company are set out on page 5. The profit after tax for the year is £2,491,000 (year ended 1<sup>st</sup> January 2005 (restated): profit after tax £1,864,000). On 8<sup>th</sup> June 2006 the directors proposed and paid a dividend of £1,396,000 for the year end 31 December 2005 (year ended 1<sup>st</sup> January 2005 (restated): £1,208,000) and the retained profit for the year of £1,283,000 has been transferred to reserves (year ended 1<sup>st</sup> January 2005 (restated): retained profit of £220,000 was transferred to reserves).

#### **Directors**

The directors who served during the year and subsequently are shown below:

O. Izard	(resigned 2 <sup>nd</sup> October 2006)
M. Green	(resigned 11 <sup>th</sup> February 2005)
D. Luong	(resigned 3 <sup>rd</sup> October 2005)
J. Madeley	(appointed 9 <sup>th</sup> May 2005)
B. Cambier	(appointed 18 <sup>th</sup> October 2005)
S.M.M. Roche	(appointed 2 <sup>nd</sup> October 2006)

The directors and their immediate families had no interests in the issued share capital of the company or any UK group company as at 31<sup>st</sup> December 2005 or 1<sup>st</sup> January 2005.

#### **Supplier Payment Policy**

Company policy is to agree payment terms with all suppliers and to settle payment within those agreed terms on satisfactory delivery of goods and services by the supplier.

The average creditor payment period for trade creditors at 31 December 2005 was 14 days (1 January 2005: not applicable due to nil external trade creditors).

**MOVITEX (UK) LIMITED**

**DIRECTORS' REPORT**

**(Continued)**

**Auditors**

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

**Statement of 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 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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.

The directors confirm that the above requirements have been complied with in the financial statements.

Approved by the Board of Directors  
and signed on behalf of the Board.

  
F. W. OAKES,  
Secretary.

25.10. 2006.

18, Canal Road,  
Bradford.  
BD99 4XB.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **MOVITEX (UK) LIMITED**

We have audited the financial statements of Movitex (UK) Limited for the year ended 31<sup>st</sup> December 2005 which comprise the profit and loss account, the reconciliation of movements in equity shareholders' funds, the balance sheet, the statement of accounting policies and the related notes 1 to 15. 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**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**MOVITEX (UK) LIMITED**

**(Continued)**

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31<sup>st</sup> December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Deloitte + Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Leeds

*31 October* 2006.

**MOVITEX (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

	Notes	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 (restated) £'000
<b>Turnover - Continuing Operations</b>		49,290	49,967
<b>Cost of Sales</b>		(16,397)	(17,213)
		-----	-----
<b>Gross Profit</b>		32,893	32,754
<b>Net Operating Expenses</b>	1	(29,325)	(30,069)
		-----	-----
<b>Operating Profit - Continuing Operations</b>	1	3,568	2,685
<b>Interest receivable and similar income</b>	2	-	5
<b>Interest payable and similar charges</b>	3	(18)	(26)
		-----	-----
<b>Profit on ordinary activities before taxation</b>		3,550	2,664
<b>Tax on profit on ordinary activities</b>	5	(1,059)	(800)
		-----	-----
<b>Profit on ordinary activities after taxation for the financial year</b>		2,491	1,864
<b>Dividends</b>	6	(1,208)	(1,644)
		-----	-----
<b>Retained profit for the financial year transferred to reserves</b>	12	1,283	220
		=====	=====

There are no recognised gains and losses other than as stated in the profit and loss account for the current year and the previous year. Accordingly no separate statement of total recognised gains and losses is given.

**MOVITEX (UK) LIMITED**

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

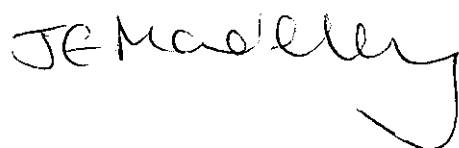
	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 (restated) £'000
Profit for the financial year	2,491	1,864
Dividends	(1,208)	(1,644)
	-----	-----
Net addition to equity shareholders' funds	1,283	220
	-----	-----
Opening equity shareholders' funds (as previously reported)	4,736	4,080
Prior year adjustment	1,208	1,644
	-----	-----
Opening equity shareholders' funds as restated	5,944	5,724
	-----	-----
Closing equity shareholders' funds	7,227	5,944
	=====	=====

**MOVITEX (UK) LIMITED**  
**BALANCE SHEET**  
**AS AT 31<sup>st</sup> DECEMBER 2005**

	Note	31 <sup>st</sup> December 2005 £'000	1 <sup>st</sup> January 2005 (restated) £'000
<b>Current Assets</b>			
Stocks	7	697	796
Debtors	8	17,812	14,862
Cash at bank and in hand		13,284	10,418
		<hr/> 31,793	<hr/> 26,076
<b>Creditors:</b> amounts falling due within one year	9	(24,566)	(20,132)
		<hr/>	<hr/>
<b>Net current assets</b>		7,227	5,944
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	7,226	5,943
		<hr/>	<hr/>
<b>Total Equity Shareholders' Funds</b>		7,227	5,944
		<hr/>	<hr/>

Approved by the Board on

25.10. 2006.



J.E. MADELEY  
Director



**MOVITEX (UK) LIMITED**

**ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention.

The principal accounting policies of the company have not changed during the year with the exception of FRS 21 'Events after the Balance Sheet Date' as disclosed in Note 6.

a. **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

b. **Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Cost is valued at actual purchase price.

c. **Catalogue costs**

The costs of catalogue production and printing are charged to the profit and loss account as they are incurred.

d. **Foreign exchange**

Transactions denominated in foreign currencies are translated at the contracted rate or at the rate ruling at that date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

**MOVITEX (UK) LIMITED**

**ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

e. **Turnover**

Turnover consists of the invoiced value of goods and services sold and delivered during the period stated net of value added tax.

f. **Debt Factoring**

Debts which are subject to debt factoring arrangements are shown in the balance sheet as trade debtors, with the corresponding inter-group liability within creditors, as the associated risks and rewards remain with the company.

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**1. Turnover and operating profit**

Turnover (all of which arises in the United Kingdom) and profit on ordinary activities before taxation are attributable to catalogue mail order retailing.

	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 £'000
Net operating expenses:		
Distribution costs	28,186	28,334
Administration expenses	1,139	1,735
	-----	-----
	29,325	30,069
	=====	=====

Auditors' remuneration has been borne by Redcats (Brands) Limited.

**2. Interest receivable and similar income**

	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 £'000
Other interest receivable	-	5
	===	===

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

**3. Interest payable and similar charges**

	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 £'000
Amounts payable to group companies	18 ==	26 ==

**4. Staff costs**

The company had no employees during the current or preceding financial year. The activities of the company are undertaken by staff employed by Redcats (Brands) Limited. None of the directors received any remuneration from the company during the current or preceding financial year.

All directors were remunerated by other group companies. The directors received combined emoluments of £431,000 (Year ended 1st January 2005: £357,000) from other group companies during the year, of which £267,000 (Year ended 1st January 2005: £208,000) related to the highest paid director. It is not practicable to ascertain what proportion of these emoluments relates to the company.

**5. Tax on profit on ordinary activities**

	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 £'000
U.K. Corporation tax at 30% (year ended 1 <sup>st</sup> January 2005: 30%)	1,065	800
Adjustment in respect of prior years	(7)	-
	-----	-----
	1,058	800
Deferred tax :		
Timing differences; origination and reversal	1	-
	-----	-----
	1,059	800
	=====	=====

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

**5. Tax on profit on ordinary activities (continued)**

The tax assessed for the period is different from that resulting from applying the standard rate of corporation tax in the UK of 30% (Year ended 1st January 2005: 30%). The differences are explained below :

	Year ended 31 <sup>st</sup> December 2005 £'000	Year ended 1 <sup>st</sup> January 2005 £'000
Profit on ordinary activities before taxation	3,550	2,664
Tax at 30% thereon :	1,065	799
Effects of :		
Expenses not deductible for tax purposes	(1)	1
Capital allowances in excess of depreciation	1	-
Prior period adjustments	(7)	-
	-----	-----
Current tax charge for the period	1,058	800
	=====	=====

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

**6. Prior year adjustment**

FRS 21 has been adopted during the year. As a result, dividends proposed but not formally declared at 1<sup>st</sup> January 2005 and 27<sup>th</sup> December 2003 are not recognised as liabilities of the company at those dates. The dividends are recognised as amounts withdrawn from reserves during the year ended 31<sup>st</sup> December 2005 and 1<sup>st</sup> January 2005 when formally declared and paid.

The effect of this change is to increase dividends payable and decrease retained profits in the profit and loss account for the year ended 1<sup>st</sup> January 2005 by £436,000, to reduce creditors: amounts falling due within one year by £1,208,000 and to increase brought forward retained earnings at 2<sup>nd</sup> January 2005 by £1,644,000.

The impact of the adoption of FRS 21 on the year ended 31<sup>st</sup> December 2005 is to increase dividends payable and reduce retained profit by £1,208,000.

**Analysis of prior year adjustment**

	Total £'000
Adjustment to opening reserves at 28 <sup>th</sup> December 2003	1,644
Adjustment to profit and loss for the year ended 1 <sup>st</sup> January 2005	(436)
	-----
	1,208
	=====

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

**7. Stocks**

Stocks comprise goods for resale. The directors consider that the replacement cost of stock is not significantly different from the value shown in the balance sheet.

<b>8. Debtors</b>	<b>31<sup>st</sup> December 2005 £'000</b>	<b>1<sup>st</sup> January 2005 £'000</b>
Trade debtors	16,908	14,027
Amounts due from fellow subsidiaries	59	20
Deferred tax (see note 10)	2	3
Other debtors	416	434
Prepayments and accrued income	427	378
	-----	-----
	17,812	14,862
	=====	=====

A charge in favour of HSBC to secure borrowing shown in another group company exists over trade debtors and £380,000 (Year ended 1st January 2005: £400,000) included within other debtors shown above.

<b>9. Creditors: amounts falling due within one year</b>	<b>31<sup>st</sup> December 2005 £'000</b>	<b>1<sup>st</sup> January 2005 (restated) £'000</b>
Trade creditors		
Amounts due to parent company and fellow subsidiaries	647	-
Other taxation and social security	17,759	15,610
Corporation tax	2,898	1,399
Other creditors	567	342
Accruals and deferred income	511	557
	2,184	2,224
	-----	-----
	24,566	20,132
	=====	=====

Bank overdrafts are covered by multi-lateral guarantees for all group companies totalling £8,834,000 (Year ended 1st January 2005: £8,183,000).

**MOVITEX (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2005**  
**(Continued)**

**10. Deferred taxation**

**Deferred taxation (assets) provided**

	Assets	
	31 <sup>st</sup> December	1 <sup>st</sup> January
	2005	2005
	£'000	£'000
At beginning of year	(3)	(3)
Current year charge	1	-
	----	----
At end of year (see note 8)	(2)	(3)
	===	===

**Deferred taxation assets comprised :**

	Provided assets	
	31 <sup>st</sup> December	1 <sup>st</sup> January
	2005	2005
	£'000	£'000
Capital allowances in excess of depreciation	2	-
Other timing differences	-	3
	----	----
	2	3
	===	===

There were £Nil amounts in respect of unprovided deferred tax (Year ended 1st January 2005: £Nil).



**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

	31 <sup>st</sup> December 2005 £	1 <sup>st</sup> January 2005 £
<b>11. Called up share capital</b>		
2,000 authorised shares of £1 each	2,000 =====	2,000 =====
600 ordinary shares of £1 each called up, allotted and fully paid	600 ===	600 ===
<b>12. Profit and loss account</b>		£'000
At 1 <sup>st</sup> January 2005 (as previously reported)		4,735
Prior year adjustment		1,208 -----
At 1 <sup>st</sup> January 2005 as restated		5,943
Retained profit for the year		1,283 -----
At 31 <sup>st</sup> December 2005		7,226 =====

Dividends of £1,396,000 (£698 per share) were paid on 8<sup>th</sup> June 2006. Due to the adoption of FRS 21 in the year, this amount has not been deducted from reserves in the year ending 31<sup>st</sup> December 2005.

**MOVITEX (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2005**

**(Continued)**

**13. Cash flow statement**

The company has taken advantage of the exemption contained in FRS 1 not to publish its own cash flow statement as it is indirectly a wholly owned subsidiary of PPR S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

**14. Related party transactions**

The company has taken advantage of the exemption contained in FRS 8 not to disclose related party transactions with other group companies as it is a wholly owned subsidiary of PPR S.A.

**15. Ultimate parent company**

The company's immediate parent company is REDCATS (UK) plc, which is registered in England and Wales.

The company's ultimate parent company and ultimate controlling party is PPR S.A., which is incorporated in France. The only group in which the results of the company are consolidated is headed by PPR S.A.

Copies of the group financial statements of PPR S.A. are available from the Company Secretary, REDCATS (UK) plc, 18 Canal Road, Bradford, West Yorkshire, BD99 4XB.