ROSEWOOD PET PRODUCTS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 1997

COMPANY NO 662785

JOHNSON BARTON & CO
Chartered Accountants and Registered Auditors
Byrom House
Quay Street
Manchester
M3 3HQ

ROSEWOOD PET PRODUCTS LTD

DIRECTORS	Mr.H.Irving Mr.N.Panter Mr.R.H. Archer (appointed 1st May 1996)
SECRETARY	Mr.R.H.Archer
REGISTERED OFFICE	45 Coalport Road Broseley Shropshire TF12 5AN
REGISTERED NUMBER	662785
AUDITORS	Johnson Barton & Co Chartered Accountants and Registered Auditors Byrom House Quay Street Manchester M3 3HQ

ANNUAL REPORT AND ACCOUNTS - 30TH APRIL 1997

ROSEWOOD PET PRODUCTS LTD

REPORT OF THE DIRECTORS

The directors present their annual report with the accounts of the company for the year ended 30th April 1997.

PRINCIPAL ACTIVITY
The principal activity of the company and its subsidiary in the year under review was that of manufacturers, factors and distributors of quality pet equipment.

The directors are pleased with the increase in turnover and profitability in the year and expect this to continue.

DIRECTORS
The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows :

	Number of shares	
	30th April 1997	30th April 1996
Mr.H.Irving	-	-
Mr.N.Panter	-	-
Mr.R.H. Archer	-	-

DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

* select suitable accounting policies and then apply them consistently;
* make judgements and estimates that are reasonable and prudent;
* follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.
* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with resonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act. 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, Johnson Barton & Co. will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of
the board of directors

Director

Approved by the board : DATE 9 January 1998

AUDITORS REPORT TO

ROSEWOOD PET PRODUCTS LTD

UNDER SECTION 247B TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 14 together with the full statutory accounts of the company for the year ended 30th April 1997 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A to the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and report our opinion to you.

BASIS OF OPINION
We have carried out the procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered properly prepared.

OPINION
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 14 are properly prepared in accordance with that provision.

JOHNSON BARTON & CO
Chartered Accountants and Registered Auditors
Byrom House
Quay Street
Manchester
M3 3HQ

9th January 1998

ROSEWOOD PET PRODUCTS LTD

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 1997

	Notes	£	1997 £	£	1996 £
GROSS PROFIT			1,201,153		1,057,728
Distribution costs		602,368		577,265	
Administrative expenses		375,806		336,840	
			978,174		914,105
OPERATING PROFIT	3/4		222,979		143,623
Interest receivable	5	2,707		2,268	
Interest payable	6	(11,732)		(14,083)	
			(9,025)		(11,815)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			213,954		131,808
Tax on ordinary activities	7		61,823		38,901
RETAINED PROFIT for the financial year			152,131		92,907
RETAINED profit at 30th April 1996			1,113,207		1,020,300
RETAINED PROFIT at 30th April 1997			£1,265,338		£1,113,207

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

ROSEWOOD PET PRODUCTS LTD

BALANCE SHEET
AS AT 30TH APRIL 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	9		269,148		313,484
Investments	10		4,047		4,047
			273,195		317,531
CURRENT ASSETS					
Stocks	11	714,191		734,559	
Debtors	12	752,888		735,067	
Cash at bank and in hand		102,071		1,801	
		1,569,150		1,471,427	
CREDITORS - amounts falling due within one year	13	(557,980)		(635,921)	
NET CURRENT ASSETS			1,011,170		835,506
ASSETS LESS CURRENT LIABILITIES			1,284,365		1,153,037
CREDITORS - amounts falling due after more than one year	14		(2,627)		(20,424)
Provisions for liabilities and charges	15		-		(3,006)
NET ASSETS			£1,281,738		£1,129,607

Financed by:

CAPITAL AND RESERVES

Called up share capital	16	4,500	4,500
Share premium		2,000	2,000
Revaluation reserve		9,900	9,900
Profit and loss account		1,265,338	1,113,207
		£1,281,738	£1,129,607

The abbreviated accounts have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to medium -sized companies.

Signed on behalf of
of the board of directors

Mr.H.Irving
Director
Approved by the board : DATE 9 January 1998

ROSEWOOD PET PRODUCTS LTD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 1997

	1997 £
Reconciliation of operating profit to net cash flow from operating activities	
Operating profit	222,979
(Increase) decrease in stocks	20,368
(Increase) decrease in debtors	(17,821)
(Decrease) increase in creditors	(76,070)
(Decrease) increase in long term hire purchase	(17,797)
Depreciation	24,285
(Profit)/loss on disposal of fixed asset	14,811
Net cash inflow from operating activities	£ 170,755

Net cash inflow from operating activities	170,755
Returns on investments and servicing of finance (note 1)	(9,025)
Taxation	(39,225)
Capital Expenditure (note 1)	5,240
Equity dividends paid	
Management of liquid resources (note 1)	
Financing (note 1)	
Increase in cash	£ 127,745

Reconciliation of net cash flow to movement in net debt (note 2)

Increase in cash in the period	127,745	
Cash used to increase liquid resorces		
Change in net debt		127,745
Net debt at 1st May 1996		(25,674)
Net funds at 30th April 1997		£ 102,071

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE CASH FLOW STATEMENT

Note 1 - GROSS CASH FLOWS

Returns on investments and servicing of finance		
Interest received	2,707	
Interest paid	11,732	
		£ 9,025
Capital expenditure		
Payments to acquire intangible fixed assets		
Payments to acquire tangible fixed assets	(19,950)	
Receipts from sale of tangible fixed assets	25,190	
Receipts from the repayment of loans		
		£ 5,240
Management of liquid resources		
Withdrawals from short term deposits		
Inflow from disposals or redemption of any other investments held as liquid resources		
Payments into short term deposits		
Payments into any other investments held as liquid resources		

Note 2 - ANALYSIS OF CHANGES IN NET DEBT

	At 1st May 1996	Cash flows	Other Changes	At 30th April 1997
Cash in hand and at bank	1,801			102,071
Bank overdraft	(27,475)	127,745		
Debt due within year				
Debt due after 1 year				
Current asset investments				
Total	£ (25,674)	£ 127,745		£ 102,071

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Turnover

This represents the invoiced amounts of goods sold and provided, net of value added tax.

1.3 Depreciation of intangible assets

The Company's policy is to write off goodwill.

1.4 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold buildings:	2 % per annum on cost
Fixtures and fittings:	25 % per annum on reducing balance
Plant and equipment:	25 % per annum on reducing balance
Motor vehicles:	25 % per annum on reducing balance

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.6 Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

1.7 Pension costs

The company operates defined contribution pension schemes and the costs represent the premiums payable in the period.

1.8 Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profit as incurred.
Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of the rental obligation is charged to profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

1.9 Consolidation

The company and its subsidiary comprise a medium group. The company has therefore taken advantage of the exmemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

3. OPERATING PROFIT

This is stated after charging (crediting):

	1997 £	1996 £
Staff costs (see note 4)	499,095	473,032
Auditors' remuneration	5,500	5,000
Depreciation	24,285	32,757
Adjustment on disposal of fixed assets	14,811	(210)
Operating lease charges	4,492	2,312

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

4. EMPLOYEE INFORMATION

	1997 £	1996 £
4.1 Staff costs:		
Wages and salaries	453,830	428,887
Social security costs	35,802	35,767
Other pension costs	9,463	8,378
	£ 499,095	£ 473,032

	No.	No.
4.2 The average weekly number of employees during the year was made up as follows:		
Office and management	8	8
Sales and distribution	24	23
	32	31

4.3 Directors' emoluments:		
Fees and salaries	98,955	74,609
Benefits in kind	14,731	10,723
	£ 113,686	£ 85,332
Further details, excluding pension contributions:		
Chairman	£ 26,172	£ 22,000
Highest paid director	£ 40,771	£ 36,004

5. INTEREST RECEIVABLE

	1997 £	1996 £
Bank interest	£ 2,707	£ 2,268

6. INTEREST PAYABLE

	1997 £	1996 £
On bank overdrafts repayable within 5 years	211	826
On loans repayable within 5 years	3,896	3,711
On loan Harry Irving & Co Ltd	7,625	9,546
	£ 11,732	£ 14,083

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

7. TAXATION

	1997 £	1996 £
7.1 The tax charge on the Profit on ordinary activities for the year was as follows:		
U.K corporation tax at 33% (1996 - 33%)	64,829	39,225
Deferred taxation	(3,006)	(324)
	£ 61,823	£ 38,901

7.2 The company is a close company within the terms of section 282 of the Taxes Act 1970

8. INTANGIBLE FIXED ASSETS

	£
Cost:	
At 1st May 1996 and 30th April 1997	4,500
Amortisation:	
At 1st May 1996 and 30th April 1997	4,500
Net book value at 30th April 1997	£ -
Net book value at 30th April 1996	£ -

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

9. TANGIBLE FIXED ASSETS

	Land and Buildings	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost:					
At 1st May 1996	214,171	27,882	76,468	119,403	437,924
Additions	-	-	5,000	14,950	19,950
Disposals	-	-	-	(63,205)	(63,205)
At 30th April 1997	214,171	27,882	81,468	71,148	394,669
Depreciation:					
At 1st May 1996	5,530	20,218	66,586	32,106	124,440
Charge for year	1,900	1,914	3,095	17,376	24,285
Disposals	-	-	-	(23,204)	(23,204)
At 30th April 1997	7,430	22,132	69,681	26,278	125,521
Net book value at 30th April 1997	£206,741	£5,750	£11,787	£44,870	£269,148
Net book value at 30th April 1996	£208,641	£7,664	£9,882	£87,297	£313,484

The net book values of land and building comprises:	1997 £	1996 £
Freehold	£206,741	£208,641

Included in the cost of land and buildings is the land at £119135 which is not subject to depreciation.

Included in the amounts for motor vehicles above are the following amounts relating to leased assets and assets which are subject to hire purchase contracts:

	Hire purchase contracts
Cost:	
At 30th April 1997	£39,085
Accumulated depreciation:	
At 1st May 1996	£ 7,303
At 30th April 1997	£15,227
Depreciation charged during year	£ 7,924
Net book value:	
At 30th April 1997	£23,858
30th April 1996	£31,782

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

10. INVESTMENTS

	Subsidiary undertaking
Cost:	
1st May 1996	4,047
30th April 1997	£ 4,047

The company's investment in its subsidiary represents the cost of acquisition of 51% of the ordinary share capital of B.A.Hayward (Rosewood) Ltd a company registered in England.

At 30th April 1997 the aggregate of share capital and reserves of B.A.Hayward (Rosewood) Ltd amounted to £137,218 and the loss for the year to that date was £3901.

11. STOCKS

	1997 £	1996 £
The amounts attributable to the different categories are as follows:		
Finished goods	£714,191	£734,559

12. DEBTORS

	1997 £	1996 £
Trade debtors	724,900	704,289
Prepayments	27,988	30,778
	£752,888	£735,067

13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank loans and overdraft	-	27,475
Obligations under lease and hire purchase contracts	8,742	18,432
Trade creditors	343,490	354,802
Amounts owed to related companies	50,000	100,000
Corporation tax	64,829	39,225
Other taxes and social security costs	43,033	31,860
Directors' current accounts	884	834
Provision for directors' fees	40,124	24,600
Other creditors	-	78
Accruals	6,878	38,615
	£557,980	£635,921

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Obligations under lease and hire purchase contracts	2,627	20,424

15. DEFERRED TAXATION

15.1 Analysis of provision made and amount unprovided

	1997 Provision made £	1997 Amount unprovided £	1996 Provision made £	1996 Amount unprovided £
Accelerated capital allowances	-	-	3,006	-
	£ -	£ -	£ 3,006	£ -

Movements on the provision for deferred taxation are:-

	£
At 1st May 1996	3,006
Transferred from profit and loss account	3,006
At 30th April 1997	£ -

16. SHARE CAPITAL

	Authorised £	Allotted, Issued and fully paid 1997 £	Allotted, Issued and fully paid 1996 £
4,500 Ordinary shares of £1 each	6,000	4,500	4,500

17. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year after taxation	152,131	92,907
Opening shareholders'funds at 30th April 1996	1,129,607	1,036,700
	£1,281,738	£1,129,607

ROSEWOOD PET PRODUCTS LTD

NOTES TO THE ACCOUNTS

18. CAPITAL RESERVE

	1997 £	1996 £
Balance as at 1st May 1996	9,900	9,900
At 30th April 1997	£ 9,900	£ 9,900

19. COMMITMENTS

Capital commitments	1997 £	1996 £
At 30th April 1997 capital expenditure commitments were as follows:		
Contracted but not provided for in the accounts	-	-
Authorised by the directors but not contracted for	-	-
	-	-

Lease commitments - operating leases

At 30th April 1997 the company had annual commitments of £43238 under non-cancellable operating leases which expire within two to five years.

20. RELATED PARTY TRANSACTIONS

During the year the company purchased goods to the value of £109246 (1996 £82407) from Harry Irving & Co Ltd.

During the year the company purchased goods to the value of £199985 (1996 £205133) from B.A.Hayward (Rosewood) Ltd.

The purchases were made on a normal trading basis.

21. ULTIMATE HOLDING COMPANY

The company regards Harry Irving and Co Ltd, incorporated in England as its ultimate holding company.