

HUGO RUSSELL & CO. LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

WEDNESDAY



LCUD6MOK
31/01/2007

L20

COMPANIES HOUSE

316

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7
Trading and Profit and Loss Account	11

HUGO RUSSELL & CO. LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

DIRECTORS:

Mr F J S Tibbitts
Mr D G Owen

SECRETARY:

Mr F J S Tibbitts

REGISTERED OFFICE:

38 Westwood Park Trading Centre
Concord Road
Western Avenue
London
W3 0TH

REGISTERED NUMBER:

1095274

AUDITORS:

Wilkins Kennedy
Chartered Accountants
Registered Auditors
Risborough House
38-40 Sycamore Road
Amersham
Buckinghamshire
HP6 5DZ

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of wholesale distribution of decorative accessories and giftware.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2005.

DIRECTORS

The directors during the year under review were:

Mr F J S Tibbitts
Mr D G Owen

The directors holding office at 31 December 2005 did not hold any beneficial interest in the issued share capital of the company at 1 January 2005 or 31 December 2005.

At 31 December 2005 and 1 January 2005 the share capital was owned by a company called Dilldash Holdings Limited, of which Mr F J S Tibbitts and Mr D G Owen are directors and shareholders.

The beneficial interests of the directors in the share capital of the holding company were as follows:-

Mr F J S Tibbitts 72 £1 ordinary shares, (2004 72 £1 ordinary shares).

Mr D G Owen 2 £1 ordinary shares, (2004 2 £1 ordinary shares).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

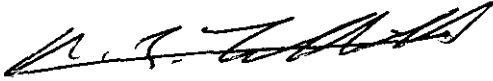
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2005

AUDITORS

The auditors, Wilkins Kennedy, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'F J S Tibbitts', written over a horizontal line.

Mr F J S Tibbitts - Director

29 December 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HUGO RUSSELL & CO. LIMITED**

We have audited the financial statements of Hugo Russell & Co. Limited for the year ended 31 December 2005 on pages five to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 on page two the company's directors are responsible for the preparation of 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 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 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

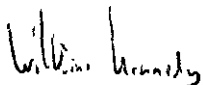
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Wilkins Kennedy
Chartered Accountants
Registered Auditors
Risborough House
38-40 Sycamore Road
Amersham
Buckinghamshire
HP6 5DZ

29 December 2006

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
TURNOVER	2	1,546,167	1,788,914
Cost of sales		(714,688)	(912,426)
GROSS PROFIT		831,479	876,488
Administrative expenses		(825,988)	(904,568)
OPERATING PROFIT/(LOSS)	3	5,491	(28,080)
Interest receivable and similar income		-	1,277
		5,491	(26,803)
Interest payable and similar charges		(3,930)	(412)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,561	(27,215)
Tax on profit/(loss) on ordinary activities	4	240	(155)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		1,801	(27,370)

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	344	1,604
CURRENT ASSETS			
Stocks		514,459	653,319
Debtors	6	268,204	262,899
Cash at bank and in hand		9,104	5,909
		<u>791,767</u>	<u>922,127</u>
CREDITORS			
Amounts falling due within one year	7	(200,974)	(334,395)
NET CURRENT ASSETS		<u>590,793</u>	<u>587,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>591,137</u></u>	<u><u>589,336</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account	11	586,137	584,336
SHAREHOLDERS' FUNDS		<u><u>591,137</u></u>	<u><u>589,336</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors on 29 December 2006 and were signed on its behalf by:



Mr F J S Tibbitts - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture and equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost and 20% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

2. TURNOVER

The turnover and profit (2004 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2005	2004
UK sales	90.19%	89.64%
EC sales	4.63%	5.45%
Sales to the rest of the world	5.17%	4.91%
	<u>100.00%</u>	<u>100.00%</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005

3. OPERATING PROFIT/(LOSS)

The operating profit (2004 - operating loss) is stated after charging:

	2005 £	2004 £
Depreciation - owned assets	1,261	3,301
Amounts payable to the auditors in respect of audit services	7,500	-
Amounts payable to the auditors in respect of non-audit services	<u>3,485</u>	<u>8,600</u>
Directors' emoluments and other benefits etc	<u>63,227</u>	<u>101,474</u>

4. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2005 £	2004 £
Deferred tax	<u>(240)</u>	<u>155</u>
Tax on profit/(loss) on ordinary activities	<u>(240)</u>	<u>155</u>

The directors believe the deferred tax asset to be fully recoverable.

5. TANGIBLE FIXED ASSETS

	Furniture and equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2005 and 31 December 2005	<u>58,847</u>	<u>223,846</u>	<u>1,000</u>	<u>57,081</u>	<u>340,774</u>
DEPRECIATION					
At 1 January 2005	58,844	223,456	500	56,369	339,169
Charge for year	-	311	250	700	1,261
At 31 December 2005	<u>58,844</u>	<u>223,767</u>	<u>750</u>	<u>57,069</u>	<u>340,430</u>
NET BOOK VALUE					
At 31 December 2005	<u>3</u>	<u>79</u>	<u>250</u>	<u>12</u>	<u>344</u>
At 31 December 2004	<u>3</u>	<u>390</u>	<u>500</u>	<u>712</u>	<u>1,605</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	217,430	142,232
Amounts owed by group undertakings	22,299	58,359
Other debtors	<u>28,475</u>	<u>62,308</u>
	<u>268,204</u>	<u>262,899</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts	-	6,059
Trade creditors	98,885	177,076
Amounts owed to group undertakings	37,500	75,000
Taxation and social security	46,189	50,927
Other creditors	18,400	25,333
	<u>200,974</u>	<u>334,395</u>

8. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2005	2004
	£	£
Expiring:		
In more than five years	<u>188,873</u>	<u>188,873</u>

9. DEFERRED TAX

	£
Balance at 1 January 2005	(2,039)
Accelerated capital allowances	(240)
Balance at 31 December 2005	<u>(2,279)</u>

10. CALLED UP SHARE CAPITAL

Authorised:			2005	2004
Number:	Class:	Nominal value:	£	£
5,000	Ordinary 'A'	£1	5,000	5,000
5,000	Ordinary 'B'	£1	5,000	5,000
			<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid:			2005	2004
Number:	Class:	Nominal value:	£	£
2,500	Ordinary 'A'	£1	2,500	2,500
2,500	Ordinary 'B'	£1	2,500	2,500
			<u>5,000</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005

11. RESERVES

	Profit and loss account £
At 1 January 2005	584,336
Profit for the year	1,801
	<hr/>
At 31 December 2005	586,137
	<hr/>

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Dilldash Holdings Limited.

13. RELATED PARTY DISCLOSURES

Loan to the company by Dilldash Holdings Limited, the holding company - £37,500 (2004 : £75,000).

Loan by the company to Golfar & Hughes Limited, a member of the same group - £30,681 (2004 £65,815) being £22,299 (2004 £58,358) loan and £8,541 (2004 £7,457) sales ledger balance.

The company sold goods to Golfar and Hughes Limited, a member of the same group, amount £23,348, during the year (2004 £6,347).

14. ULTIMATE CONTROLLING PARTY

In the opinion of the directors the ultimate controlling party throughout the current year was Mr F J S Tibbitts.