

**HUGO RUSSELL & CO LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

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FOR THE YEAR ENDED 31 DECEMBER 2006

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**HUGO RUSSELL & CO. LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**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

**HUGO RUSSELL & CO LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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The directors present their report with the financial statements of the company for the year ended 31 December 2006

**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 2006

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2006 to the date of this report

Mr F J S Tibbitts  
Mr D G Owen

At 31 December 2006 and 1 January 2006 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, (2005 - 72 £1 ordinary shares)

Mr D G Owen 2 £1 ordinary shares, (2005 - 2 £1 ordinary shares)

**ON BEHALF OF THE BOARD**



Mr F J S Tibbitts - Director

24 December 2007

HUGO RUSSELL & CO. LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>TURNOVER</b>	2	<b>1,366,670</b>	1,546,167
Cost of sales		<u>(674,435)</u>	<u>(714,688)</u>
<b>GROSS PROFIT</b>		<b>692,235</b>	831,479
Administrative expenses		<u>(724,540)</u>	<u>(825,988)</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(32,305)</b>	5,491
Interest receivable and similar income		<u>1,250</u>	<u>-</u>
		<b>(31,055)</b>	5,491
Interest payable and similar charges		<u>(4,997)</u>	<u>(3,930)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(36,052)</b>	1,561
Tax on (loss)/profit on ordinary activities	4	<u>(84)</u>	<u>240</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>(36,136)</b></u>	<u>1,801</u>

The notes form part of these financial statements

**HUGO RUSSELL & CO LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(36,136)</b>	<b>1,801</b>
Revaluation of fixed assets	<u><b>21,000</b></u>	<u><b>-</b></u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u><b>(15,136)</b></u></u>	<u><u><b>1,801</b></u></u>

The notes form part of these financial statements

HUGO RUSSELL & CO LIMITED

**BALANCE SHEET**  
**31 DECEMBER 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	5	36,926	-
Tangible assets	6	21,063	344
		<u>57,989</u>	<u>344</u>
<b>CURRENT ASSETS</b>			
Stocks		535,984	514,459
Debtors	7	248,127	268,204
Cash at bank and in hand		19,945	9,104
		<u>804,056</u>	<u>791,767</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	(286,043)	(200,974)
<b>NET CURRENT ASSETS</b>		<u>518,013</u>	<u>590,793</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>576,002</u>	<u>591,137</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	5,000	5,000
Revaluation reserve	13	21,000	-
Profit and loss account	13	550,002	586,137
<b>SHAREHOLDERS' FUNDS</b>		<u>576,002</u>	<u>591,137</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2006

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2006 in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibilities for

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

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 24 December 2007 and were signed on its behalf by



Mr F J S Tibbitts - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1 ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets 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

**Intangible fixed assets**

Intangible fixed assets consist of costs in respect of a consultants knowledge of the business capitalised and to be written off over a five year term

**2 TURNOVER**

The turnover and loss (2005 - profit) before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	<b>2006</b>	<b>2005</b>
UK sales	<b>92.68%</b>	90.19%
EC sales	<b>3.66%</b>	4.63%
Sales to the rest of the world	<b>3.66%</b>	5.17%
	<u><b>100.00%</b></u>	<u>100.00%</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**3 OPERATING (LOSS)/PROFIT**

The operating loss (2005 - operating profit) is stated after charging

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	<b>281</b>	1,261
Amounts payable to the auditors in respect of audit services	-	7,500
Amounts payable to the auditors in respect of non-audit services	<b>6,090</b>	3,485
	<u><b>47,646</b></u>	<u>63,227</u>
Directors' emoluments and other benefits etc	<b>47,646</b>	63,227

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

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Deferred tax	<b>84</b>	(240)
Tax on (loss)/profit on ordinary activities	<b>84</b>	(240)

The directors believe the deferred tax asset to be fully recoverable

**5 INTANGIBLE FIXED ASSETS**

	<b>Other intangible assets £</b>
<b>COST</b>	
Additions	<b>36,926</b>
At 31 December 2006	<b>36,926</b>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<b>36,926</b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**6 TANGIBLE FIXED ASSETS**

	Furniture and equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2006	58,847	223,846	1,000	57,081	340,774
Revaluations	21,000	-	-	-	21,000
At 31 December 2006	79,847	223,846	1,000	57,081	361,774
<b>DEPRECIATION</b>					
At 1 January 2006	58,844	223,767	750	57,069	340,430
Charge for year	-	32	249	-	281
At 31 December 2006	58,844	223,799	999	57,069	340,711
<b>NET BOOK VALUE</b>					
At 31 December 2006	21,003	47	1	12	21,063
At 31 December 2005	3	79	250	12	344

Cost or valuation at 31 December 2006 is represented by

	Furniture and equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2006	21,000	-	-	-	21,000
Cost	58,847	223,846	1,000	57,081	340,774
	79,847	223,846	1,000	57,081	361,774

If the mezzanine flooring had not been revalued it would have been included at the following historical cost

	2006 £	2005 £
Cost	58,847	-
Aggregate depreciation	58,847	-

The mezzanine flooring was valued on an open market basis on 31 December 2006 by the directors

**7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade debtors	186,621	217,430
Amounts owed by group undertakings	32,398	22,299
Other debtors	29,108	28,475
	248,127	268,204

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**8 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>106,340</b>	-
Trade creditors	<b>145,514</b>	98,885
Amounts owed to group undertakings	-	37,500
Taxation and social security	<b>16,514</b>	46,189
Other creditors	<b>17,675</b>	18,400
	<u><b>286,043</b></u>	<u><b>200,974</b></u>

**9 OPERATING LEASE COMMITMENTS**

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Expiring		
In more than five years	<u><b>188,873</b></u>	<u><b>188,873</b></u>

**10 SECURED DEBTS**

The following secured debts are included within creditors

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank overdraft	<u><b>106,340</b></u>	<u>-</u>

**11 DEFERRED TAX**

	<b>£</b>
Balance at 1 January 2006	<b>(2,279)</b>
Tax on net depreciation	<b>84</b>
Balance at 31 December 2006	<u><b>(2,195)</b></u>

**12 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	<b>2006</b>	<b>2005</b>
			<b>£</b>	<b>£</b>
5,000	Ordinary 'A'	£1	<b>5,000</b>	5,000
5,000	Ordinary 'B'	£1	<b>5,000</b>	5,000
			<u><b>10,000</b></u>	<u><b>10,000</b></u>

Allotted, issued and fully paid Number	Class	Nominal value	<b>2006</b>	<b>2005</b>
			<b>£</b>	<b>£</b>
2,500	Ordinary 'A'	£1	<b>2,500</b>	2,500
2,500	Ordinary 'B'	£1	<b>2,500</b>	2,500
			<u><b>5,000</b></u>	<u><b>5,000</b></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**13 RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2006	586,138	-	586,138
Deficit for the year	(36,136)		(36,136)
Revaluation of fixed assets	-	21,000	21,000
	<u>550,002</u>	<u>21,000</u>	<u>571,002</u>
At 31 December 2006	<u>550,002</u>	<u>21,000</u>	<u>571,002</u>

**14 ULTIMATE PARENT COMPANY**

The ultimate parent company is Dilidash Holdings Limited

**15 RELATED PARTY DISCLOSURES**

Loan by the company to Dilidash Holdings Limited, the holding company - £7,656 (2005 £(37,500))  
 Movement - £45,156

Loan by the company to Golfar and Hughes Limited, a member of the same group - £59,866 (2005 £30,681) being £24,742 (2005 £22,299) loan and £35,124 (2005 £8,382) sales ledger balance

The company sold goods to Golfar and Hughes Limited, a member of the same group, amount £39,655 during the year (2005 £23,348)

Amounts owed by the company to Mr F J S Tibbitts, a director of the company, amount £3,775 (2005 £Nil)

**16 ULTIMATE CONTROLLING PARTY**

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