

Company Number: 1095274

Hugo Russell & Co. Limited

Financial Statements

for the year ended 31st December 2001



Chairman

Mr R G Gomme

Registered Office

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

Directors

Mr R G Gomme
Mrs E L Chapman
Mr R Board

Secretary

Mr R G Gomme

Auditors

Wilkins Kennedy
Risborough House
38-40 Sycamore Road
Amersham
Bucks
HP7 9BG

Page No.

1	Directors' Report
2	Independent Auditors' Report
3	Profit and Loss Account
4	Balance Sheet
5 to 9	Notes to the Financial Statements

Directors' Report

for the year ended 31st December 2001

The directors submit their report together with the audited financial statements for the year ended 31st December 2001.

Statement of Directors' Responsibilities

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 for that year. 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 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.

Principal Activity

The principal activity of the company continued to be that of wholesale warehousing and sale of giftware.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary 'A'	Ordinary 'B'	Ordinary 'A'	Ordinary 'B'
	2001	2001	2000	2000
	No.	No.	No.	No.
Mr R G Gomme	2,500	2,500	2,500	2,500
Mrs E L Chapman	-	-	-	-
Mr R Board	-	-	-	-

Auditors

The Auditors, Wilkins Kennedy Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Exemption Statement

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

By Order of the Board:


Mr R G Gomme, Secretary

12th September 2002

Independent Auditors' Report to the Shareholders
on the Financial Statements for the year ended 31st December 2001

We have audited the financial statements on pages 3 to 9, which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 7.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

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

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 as at 31st December 2001 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 Auditor

Risborough House
38-40 Sycamore Road
Amersham
Bucks
HP7 9BG

12th September 2002

Hugo Russell & Co. Limited**Profit and Loss Account****for the year ended 31st December 2001**

	Notes	2001 £	2000 £
Turnover	2	2,261,645	2,511,484
Cost of sales		(1,340,209)	(1,565,910)
Gross profit		921,436	945,574
Administrative expenses		(860,974)	(856,798)
Operating profit	3	60,462	88,776
Interest receivable	4	4,071	3,186
Interest payable	5	(16,806)	(23,050)
Profit on ordinary activities before Taxation		47,727	68,912
Tax on profit on ordinary activities		(9,553)	(2,403)
Profit on ordinary activities after Taxation		38,174	66,509
Retained profit brought forward		575,271	508,762
Retained profit carried forward		613,445	575,271

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

Hugo Russell & Co. Limited

Balance Sheet

as at 31st December 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Tangible Fixed Assets	7		13,521		15,816
Current Assets					
Stock	8	641,292		661,638	
Debtors	9	163,966		170,104	
Cash at bank and in-hand		92,981		139,991	
		898,239		971,733	
Creditors:					
Amounts falling due within one year	10	(293,315)		(407,278)	
Net Current Assets			604,924		564,455
			618,445		580,271
Capital and Reserves					
Called up share capital	12		5,000		5,000
Profit and loss account			613,445		575,271
Equity Shareholders' Funds	11		618,445		580,271

The 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 Standards for Smaller Entities (effective March 2000).

These accounts were approved by the board on 12th September 2002.

Mr R G Gomme



Director

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Cash Flow Statement

In the opinion of the directors the company qualifies as a small company and accordingly a cash flow statement is not required.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Motor vehicles	25% straight line
Furniture and equipment	20% straight line

Stocks

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

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Notes to the Financial Statements

for the year ended 31st December 2001

Leased Assets

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 operating profit for the year was derived from the company's principal activity.

3 Operating Profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Other operating lease rentals	160,675	191,833
Amounts payable to the auditors in respect of audit services	6,600	6,300
Amounts payable to the auditors in respect of non-audit services	3,160	7,475
Depreciation - owned assets	6,679	9,298
(Profit) on disposal of fixed assets	-	(585)
	<u> </u>	<u> </u>

4 Interest Receivable

	2001	2000
	£	£
Bank interest receivable	4,071	2,832
Other interest receivable	-	354
	<u> </u>	<u> </u>
	4,071	3,186
	<u> </u>	<u> </u>

5 Interest Payable

	2001	2000
	£	£
Bank loans and overdrafts	1,806	8,050
Other interest payable	15,000	15,000
	<u> </u>	<u> </u>
	16,806	23,050
	<u> </u>	<u> </u>

6 Directors

	2001	2000
	£	£
Total emoluments	188,039	129,221
	<u> </u>	<u> </u>

7 Tangible Fixed Assets**Plant,
Machinery
and Other
Assets
£****Cost**

At 1st January 2001

340,464

Additions

4,384

At 31st December 2001

344,848

Depreciation

At 1st January 2001

324,648

Charge for the year

6,679

At 31st December 2001

331,327

Net Book Value

At 31st December 2001

13,521

At 31st December 2000

15,816

8 Stocks**2001****2000****£****£**

Stocks

641,292

661,638

9 Debtors**2001****2000****£****£**

Trade debtors

101,269

112,985

Other debtors

62,697

57,119

163,966

170,104

10 Creditors: Amounts falling due within one year**2001****2000****£****£**

Trade creditors

55,357

47,008

Other creditors

228,474

356,683

Corporation tax

9,484

3,587

293,315

407,278

Notes to the Financial Statements

for the year ended 31st December 2001

11	Reconciliation of the Movement in Shareholders' Funds	2001 £	2000 £
	Profit for the financial year	38,174	66,509
	Increase in shareholders' funds	38,174	66,509
	Opening shareholders' funds	580,271	513,762
	Closing shareholders' funds	618,445	580,271

12	Share Capital	2001 £	2000 £
	Authorised		
	10,000 Ordinary shares of £1 each (2000: 10,000)	10,000	10,000
	Allotted and fully paid		
	5,000 Ordinary shares of £1 each (2000: 5,000)	5,000	5,000

The authorised share capital is divided into 5,000 Class A ordinary £1 shares and 5,000 Class B ordinary £1 shares.

The allotted and fully paid share capital is divided into 2,500 Class A ordinary £1 shares and 2,500 Class B ordinary £1 shares.

13 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of one of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company. The company also provides contributions for all three of the directors' personal pension schemes. The charge in the accounts was £98,128 (2000 : £49,970).

14 Related Party Transactions

Details of related party transactions occurring during the year are as follows:

Name of related party	Nature of Relationship	Transaction Details	Amount £	Balance 2001 £	Balance 2000 £
R G Gomme	Director/ Shareholder	Movement on loan to the company	302	-	(302)
Gomme F.U.R.B.S.	Retirement fund of a director	Movement on loan to the company	-	(150,000)	(150,000)
Gomme F.U.R.B.S.	Retirement fund of a director	Interest paid on loan to the company	15,000	-	-

Ultimate controlling party

The company was throughout the current and preceding year controlled by Mr R G Gomme who is a director and shareholder of the company.

15 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	2001	2000
	Land and	Land and
	buildings	buildings
	£	£
Expiring:		
After five years	188,873	212,652

Hugo Russell & Co. Limited

Trading, Profit and Loss Account

for the year ended 31st December 2001

	2001 £	2001 £	2000 £	2000 £
Turnover		2,261,645		2,511,484
Cost of sales				
Opening stocks	661,638		685,675	
Purchases	1,319,863		1,541,873	
	<u>1,981,501</u>		<u>2,227,548</u>	
Closing stocks	(641,292)		(661,638)	
		<u>(1,340,209)</u>		<u>(1,565,910)</u>
Gross profit		921,436		945,574
Interest receivable		<u>4,071</u>		<u>3,186</u>
		925,507		948,760
Overheads				
Administrative expenses - per schedule	(860,974)		(856,798)	
Interest payable - per schedule	<u>(16,806)</u>		<u>(23,050)</u>	
		<u>(877,780)</u>		<u>(879,848)</u>
Profit on ordinary activities before Taxation		<u><u>47,727</u></u>		<u><u>68,912</u></u>