

REGISTRAR

Company Number: 1095274

Hugo Russell & Co Limited

Financial Statements

for the year ended 31st December 1997



Hugo Russell & Co Limited

Company Information

Company No: 1095274

Chairman

Mr R G Gomme

Registered Office

40 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
HP6 5DZ

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Hugo Russell & Co Limited

Directors' Report

for the year ended 31st December 1997

The directors submit their report together with the audited financial statements for the year ended 31st December 1997.

Directors' Statement

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 loss 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'
	1997	1997	1996	1996
	No.	No.	No.	No.
Mr R G Gomme	2,500	2,500	2,500	2,500
Mrs E L Chapman	-	-	-	-
Mr R Board	-	-	-	-

Hugo Russell & Co Limited

Directors' Report

for the year ended 31st December 1997

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 relating to small companies.

By Order of the Board:



Mr R G Gomme, Secretary

28th August 1998

Hugo Russell & Co Limited

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st December 1997

We have audited the financial statements on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

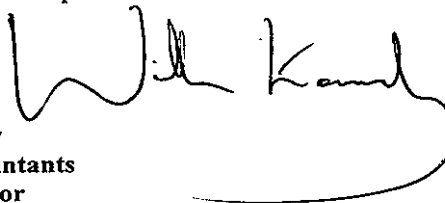
Basis of Opinion

We conducted our audit in accordance with 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


Wilkins Kennedy
Chartered Accountants
Registered Auditor

Risborough House
38/40 Sycamore Road
Amersham
Bucks
HP6 5DZ

28th August 1998

Hugo Russell & Co Limited**Profit and Loss Account****for the year ended 31st December 1997**

	Notes	1997 £	1996 £
Turnover	2	2,555,922	2,608,710
Cost of sales		(1,666,488)	(1,723,700)
Gross profit		889,434	885,010
Administrative expenses		(1,139,102)	(792,556)
Operating (loss)/profit	3	(249,668)	92,454
Interest receivable	4	3,362	4,065
Interest payable	5	(13,813)	(7,813)
(Loss)/Profit on ordinary activities before Taxation		(260,119)	88,706
Tax on (loss)/profit on ordinary activities		20,629	(19,801)
(Loss)/Profit on ordinary activities after Taxation		(239,490)	68,905
Retained profit brought forward		559,343	490,438
Retained profit carried forward		319,853	559,343

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 1997**

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed Assets					
Tangible Fixed Assets	7		35,977		46,215
Current Assets					
Stock	8	519,179		661,289	
Debtors	9	204,884		182,431	
Cash at bank and in-hand		23,619		1,085	
		<u>747,682</u>		<u>844,805</u>	
Creditors:					
Amounts falling due within one year	10	(458,806)		(326,677)	
Net Current Assets			<u>288,876</u>		<u>518,128</u>
			<u>324,853</u>		<u>564,343</u>
Capital and Reserves					
Called up share capital	11		5,000		5,000
Profit and loss account			319,853		559,343
Equity Shareholders' Funds	12		<u>324,853</u>		<u>564,343</u>

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 the Financial Reporting Standard for Small entities.

These accounts were approved by the board on 28th August 1998.

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
Fixtures and fittings	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.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

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.

Hugo Russell & Co Limited

Notes to the Financial Statements

for the year ended 31st December 1997

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 represents a constant proportion of the capital balance outstanding and 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 (loss)/profit for the year was derived from the company's principal activity and was carried out wholly in the UK.

3 Operating (Loss)/Profit

The operating (loss)/profit is stated after charging or crediting:

	1997	1996
	£	£
Hire of plant and machinery - operating leases	601	71
Amounts payable to the auditors in respect of audit services	11,300	8,845
Depreciation - owned assets	15,982	15,170

4 Interest Receivable

	1997	1996
	£	£
Bank interest receivable	3,112	2,065
Other interest receivable	250	2,000
	3,362	4,065

5 Interest Payable

	1997	1996
	£	£
Bank loans and overdrafts	4,031	7,813
Other interest payable	9,782	-
	13,813	7,813

6 Directors

	1997	1996
	£	£
Total remuneration	74,230	69,427

Hugo Russell & Co Limited

Notes to the Financial Statements

for the year ended 31st December 1997

7 Tangible Fixed Assets

	Plant, Machinery and Other Assets £
Cost	
At 1st January 1997	319,464
Additions	5,743
At 31st December 1997	325,207
Depreciation	
At 1st January 1997	273,248
Charge for the year	15,982
At 31st December 1997	289,230
Net Book Value	
At 31st December 1997	35,977
At 31st December 1996	46,216

8 Stocks	1997	1996
	£	£
Stocks	519,179	661,289

9 Debtors	1997	1996
	£	£
Trade debtors	122,334	116,795
Other debtors	82,550	65,636
	204,884	182,431

10 Creditors: Amounts falling due within one year	1997	1996
	£	£
Bank loans and overdrafts - secured	22,553	45,000
Trade creditors	52,767	31,030
Other creditors	383,486	226,886
Corporation tax	-	23,761
	458,806	326,677

Hugo Russell & Co Limited

Notes to the Financial Statements

for the year ended 31st December 1997

11 Share Capital

Authorised	1997 £	1996 £
10,000 Ordinary shares of £1 each (1996: 10,000)	10,000	10,000
Allotted and fully paid	1997 £	1996 £
5,000 Ordinary shares of £1 each (1996: 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 issue and fully paid share capital is divided into 2,500 Class A ordinary £1 shares and 2,500 Class B ordinary £1 shares.

12 Reconciliation of the Movement in Shareholders' Funds

	1997 £	1996 £
(Loss)/Profit for the financial year	(239,490)	68,905
(Decrease)/Increase in shareholders' funds	(239,490)	68,905
Opening shareholders' funds	564,343	495,438
Closing shareholders' funds	324,853	564,343

13 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The company also provides contribution for two of the directors personal pension schemes.

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	Amounts Written Off
			£	£	£
R G Gomme	Director/ Shareholder	Movement on loan to the company	(13,093)	(119,037)	-
A Leme	Connected person to a director	Loan transactions	(17,654)	-	-
J Board	Connected person to a director	Movement on loan by the company	10,344	10,344	-
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	9,782	(9,782)	-

Ultimate controlling party

The company was throughout the current and preceding year controlled by 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:

	1997 Land and buildings £	1996 Land and buildings £
Expiring:		
Within one year	-	-
Within two to five years	-	-
After five years	144,214	144,214
	<u>144,214</u>	<u>144,214</u>

16 Exceptional costs

Included in administrative costs is a £300,000 contribution to a funded unapproved retirement benefit scheme of one of the directors.