

HUGO RUSSELL & CO. LIMITED
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004



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FOR THE YEAR ENDED 31 DECEMBER 2004

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HUGO RUSSELL & CO. LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2004

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2004**

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors during the year under review were:

Mr F J S Tibbitts

Mr R Board

- resigned 31.7.2004

Mr D G Owen

The directors holding office at 31 December 2004 did not hold any beneficial interest in the issued share capital of the company at 1 January 2004 or 31 December 2004.

At 31 December 2004 and 1 January 2004 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, (2003 72 £1 ordinary shares).

Mr D G Owen 2 £1 ordinary shares, (2003 2 £1 ordinary shares).

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Mr F J S Tibbitts - Director

30 December 2005

HUGO RUSSELL & CO. LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
TURNOVER	2	1,788,914	2,019,548
Cost of sales		<u>(912,426)</u>	<u>(1,087,608)</u>
GROSS PROFIT		876,488	931,940
Administrative expenses		<u>(904,568)</u>	<u>(883,169)</u>
OPERATING (LOSS)/PROFIT	3	(28,080)	48,771
Interest receivable and similar income		<u>1,277</u>	<u>377</u>
		(26,803)	49,148
Interest payable and similar charges		<u>(412)</u>	<u>(3,041)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(27,215)	46,107
Tax on (loss)/profit on ordinary activities	4	<u>(155)</u>	<u>(7,357)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(27,370)	38,750
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u>(27,370)</u>	<u>38,750</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	1,604	4,904
CURRENT ASSETS			
Stocks		653,319	589,690
Debtors	6	262,899	151,536
Cash at bank and in hand		5,909	158,102
		<u>922,127</u>	<u>899,328</u>
CREDITORS			
Amounts falling due within one year	7	(334,395)	(287,526)
NET CURRENT ASSETS		<u>587,732</u>	<u>611,802</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>589,336</u>	<u>616,706</u>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account	11	584,336	611,706
SHAREHOLDERS' FUNDS		<u>589,336</u>	<u>616,706</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2004.

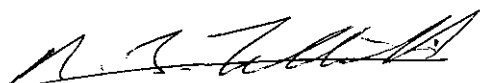
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) 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 June 2002).

ON BEHALF OF THE BOARD:



Mr F J S Tibbitts - Director

Approved by the Board on 30 December 2005

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

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 June 2002).

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 loss (2003 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 31 December 2003 is given below:

UK sales	90.82%
EC sales	4.83%
Sales to the rest of the world	4.35%
	<hr/>
	100.00%
	<hr/>

This analysis is not considered to be applicable to the year ended 31 December 2004.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

3. OPERATING (LOSS)/PROFIT

The operating loss (2003 - operating profit) is stated after charging:

	2004 £	2003 £
Depreciation - owned assets	3,301	7,265
Amounts payable to the auditors in respect of audit services	-	7,400
Amounts payable to the auditors in respect of non-audit services	<u>8,600</u>	<u>1,345</u>
Directors' emoluments and other benefits etc	<u>101,474</u>	<u>127,420</u>

4. TAXATION**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	-	7,686
Deferred tax	<u>155</u>	<u>(329)</u>
Tax on (loss)/profit on ordinary activities	<u>155</u>	<u>7,357</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 2004 and 31 December 2004	<u>58,847</u>	<u>223,846</u>	<u>1,000</u>	<u>57,081</u>	<u>340,774</u>
DEPRECIATION					
At 1 January 2004	58,583	222,864	250	54,172	335,869
Charge for year	<u>262</u>	<u>592</u>	<u>250</u>	<u>2,197</u>	<u>3,301</u>
At 31 December 2004	<u>58,845</u>	<u>223,456</u>	<u>500</u>	<u>56,369</u>	<u>339,170</u>
NET BOOK VALUE					
At 31 December 2004	<u>2</u>	<u>390</u>	<u>500</u>	<u>712</u>	<u>1,604</u>
At 31 December 2003	<u>264</u>	<u>982</u>	<u>750</u>	<u>2,909</u>	<u>4,905</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade debtors	142,232	98,203
Amounts owed by group undertakings	58,359	-
Other debtors	62,308	53,333
	<u>262,899</u>	<u>151,536</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loans and overdrafts	6,059	22,728
Trade creditors	177,076	64,794
Amounts owed to group undertakings	75,000	100,000
Taxation and social security	50,927	62,556
Other creditors	25,333	37,448
	<u>334,395</u>	<u>287,526</u>

8. OPERATING LEASE COMMITMENTS

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

	2004	2003
	£	£
Expiring:		
In more than five years	<u>188,873</u>	<u>188,873</u>

9. DEFERRED TAX

	£
Balance at 1 January 2004	(2,194)
Accelerated capital allowances	155
	<u> </u>
Balance at 31 December 2004	<u>(2,039)</u>

10. CALLED UP SHARE CAPITAL

Authorised:			2004	2003
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:			2004	2003
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 2004

11. RESERVES

	Profit and loss account £
At 1 January 2004	611,706
Deficit for the year	(27,370)
At 31 December 2004	<u>584,336</u>

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 - £75,000 (2003 : £100,000).

Loan by the company to Golfar & Hughes Limited, a member of the same group - £65,815 being £58,358 loan and £7,457 sales ledger balance. (2003 £Nil).

14. ULTIMATE CONTROLLING PARTY

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