

Register

Swiss Cutlery (UK) Limited
Financial statements
For the year ended 30 April 2004

Grant Thornton 



Company No. 2404333

Officers and professional advisers

Company registration number	2404333
Registered office	Victorinox House 163 Parker Drive Leicester LE4 0JP
Directors	H A Cann D L Walmsley S J Cann B J Berryman C C Hastings
Secretary	S J Cann
Bankers	Lloyds TSB Bank plc Church Street Blackburn Lancashire BB2 1JQ
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 8 West Walk Leicester LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the Group for the Year ended 30 April 2004.

Principal activities and business review

The principal activities of the Group continue to be the marketing and distribution of premium branded consumer products. The Group also manufactures ceramic tableware and giftware and the provision of lectures to the public through the internet.

On 16 May 2003 the company purchased the entire share capital of PD (Holdings) Limited.

Through our continued investment into the business, as predicted, we have improved on our results from 2003. The Group seeks to consolidate its efforts in the coming year in order to improve future trading in a particularly challenging environment.

During the summer the company continued its strategy of acquiring branded businesses purchasing stakes in J Langdon Limited and Bridgedale, the owners of the Sprayway and Bridgedale brands.

Results and dividends

The trading results for the year, and the Group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004 £	2003 £
Proposed dividend on preference shares	<u>80,000</u>	<u>80,000</u>

Directors

The directors who served the company during the year were as follows:

H A Cann
D L Walmsley
S J Cann
B J Berryman
C C Hastings

The interests of the directors in the shares of the company as at 1 May 2003 and 30 April 2004, were as follows:

	Ordinary shares beneficial interest		Preference shares beneficial interest	
	30 April 2004	1 May 2003	30 April 2004	1 May 2003
S J Cann	999,999	999,999	1,000,000	1,000,000
B J Berryman	53,778	53,778	—	—
	<u>1,053,777</u>	<u>1,053,777</u>	<u>1,000,000</u>	<u>1,000,000</u>
	Ordinary shares non beneficial interest		Preference shares non beneficial interest	
D L Walmsley	999,999	999,999	1,000,000	1,000,000
B J Berryman	999,999	999,999	1,000,000	1,000,000
	<u>1,999,998</u>	<u>1,999,998</u>	<u>2,000,000</u>	<u>2,000,000</u>

The beneficial interests of S J Cann arise from his position as a beneficiary of a trust.

The non-beneficial interests of D L Walmsley and B J Berryman arise from their positions as trustees of a trust established by H A Cann.

None of the directors held any interests in the shares of any subsidiary undertakings at any time during the year.

The Board regret to announce that D L Walmsley died since the year end. He will be sadly missed.

Fixed assets

In the opinion of the directors the market values of freehold and leasehold properties at 30 April 2004 exceed their book values.

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 group at the end of the Year and of the group's profit or loss for the Year then ended. 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985. On 1 July 2004, the Grant Thornton partnership converted to a limited liability partnership called Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

BY ORDER OF THE BOARD



S J Cann
Secretary

14 October 2004

Report of the independent auditors to the members of Swiss Cutlery (UK) Limited

We have audited the financial statements of Swiss Cutlery (UK) Limited for the year ended 30 April 2004 which comprise the accounting policies, profit and loss account, group balance sheet and company balance sheet, group cash flow and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group'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 of the state of affairs of the company and of the group as at 30 April 2004 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Grant Thornton UK LLP

LEICESTER
14 October 2004

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidated those of the company and of its subsidiary undertakings drawn up to 30 April 2004. The results of subsidiary undertakings acquired or disposed of during the year have been included from the date of acquisition or to the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life.

Turnover

Group turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and sale between companies.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	20 years
Negative goodwill	-	5 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	4% per annum
Leasehold Property	-	5%/over period of lease
Plant & Machinery	-	10% to 20% per annum
Fixtures & Fittings	-	10% to 25% per annum
Motor Vehicles	-	25% per annum

Stocks

Goods for resale are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis in the premium branded consumer goods business and a first in first out basis in the manufacturing businesses and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

Defined contribution schemes

The group operates a number of defined contribution schemes. The assets of the schemes are held separately from those of the individual companies by independent fund managers.

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains on forward currency contracts are not recognised until realised.

Profit and loss account

	Note	2004 £	2003 £
Turnover			
Continuing operations		29,173,673	27,775,374
Acquisitions		7,969,460	—
		<u>37,143,133</u>	<u>27,775,374</u>
Group Turnover		37,143,133	27,775,374
Cost of sales	1	(25,642,715)	(20,160,914)
Gross profit		<u>11,500,418</u>	<u>7,614,460</u>
Other operating charges	1	<u>9,370,690</u>	<u>6,212,124</u>
Operating profit:	4		
Continuing operations		1,747,829	1,402,336
Acquisitions		381,899	—
Group operating profit		<u>2,129,728</u>	<u>1,402,336</u>
Interest receivable		3,493	2,057
Interest payable and similar charges	7	(354,940)	(191,015)
Profit on ordinary activities before taxation		<u>1,778,281</u>	<u>1,213,378</u>
Tax on profit on ordinary activities	8	252,152	47,649
Profit on ordinary activities after taxation		<u>1,526,129</u>	<u>1,165,729</u>
Minority interests		(6,686)	28,055
Profit attributable to members of the parent company	9	<u>1,519,443</u>	<u>1,193,784</u>
Dividends (including non-equity)	10	80,000	80,000
Retained profit for the financial year		<u><u>1,439,443</u></u>	<u><u>1,113,784</u></u>

All of the activities of the company are classed as continuing.


The company has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and loss account.

Group Balance Sheet

	Note	2004 £	2003 £
Fixed assets			
Intangible assets	11	3,269,632	699,031
Tangible assets	12	1,734,017	1,246,081
		<u>5,003,649</u>	<u>1,945,112</u>
Current assets			
Stocks	14	9,398,813	7,078,099
Debtors	15	7,839,397	4,317,295
Cash at bank		766,106	412,222
		<u>18,004,316</u>	<u>11,807,616</u>
Creditors: amounts falling due within one year	16	12,506,670	5,494,726
Net current assets		<u>5,497,646</u>	<u>6,312,890</u>
Total assets less current liabilities		<u>10,501,295</u>	<u>8,258,002</u>
Creditors: amounts falling due after more than one year	17	3,180,696	2,383,533
		<u>7,320,599</u>	<u>5,874,469</u>
Minority interests		37,139	43,826
		<u>7,357,738</u>	<u>5,918,295</u>
Capital and reserves			
Called-up share capital	24	2,053,778	2,053,778
Profit and loss account	25	5,303,960	3,864,517
		<u>7,357,738</u>	<u>5,918,295</u>
Shareholders' funds:	26		
Equity		6,357,738	4,918,295
Non-equity		1,000,000	1,000,000
		<u>7,357,738</u>	<u>5,918,295</u>

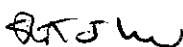
These financial statements were approved by the directors on 13 October 2004 and are signed on their behalf by:


S J Cann

Company Balance Sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	12	571,485	596,512
Investments	13	5,140,715	1,828,175
		<u>5,712,200</u>	<u>2,424,687</u>
Current assets			
Debtors	15	4,207,439	3,906,759
Cash at bank		91,292	2,912
		<u>4,298,731</u>	<u>3,909,671</u>
Creditors: amounts falling due within one year	16	1,975,464	951,608
Net current assets		<u>2,323,267</u>	<u>2,958,063</u>
Total assets less current liabilities		<u>8,035,467</u>	<u>5,382,750</u>
Creditors: amounts falling due after more than one year	17	3,058,956	1,354,234
		<u>4,976,511</u>	<u>4,028,516</u>
Capital and reserves			
Called-up share capital	24	2,053,778	2,053,778
Profit and loss account	25	2,922,733	1,974,738
		<u>4,976,511</u>	<u>4,028,516</u>
Shareholders' funds: Equity		<u>3,976,511</u>	<u>3,028,516</u>
Non-equity		<u>1,000,000</u>	<u>1,000,000</u>
		<u>4,976,511</u>	<u>4,028,516</u>

These financial statements were approved by the directors on 14 October 2004 and are signed on their behalf by:


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S J Cann

Group cash flow

	Note	2004 £	2003 £
Net cash inflow from operating activities	27	507,536	2,348,737
Returns on investments and servicing of finance			
Interest received		3,493	2,057
Interest paid		(348,090)	(183,371)
Finance lease interest paid		(6,850)	(7,644)
Non equity dividends paid		-	(240,000)
Net cash outflow from returns on investments and servicing of finance		(351,447)	(428,958)
Taxation		(38,582)	(443,185)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(247,977)	(93,590)
Sale of tangible fixed assets		27,752	34,246
Net cash outflow from capital expenditure and financial investment		(220,225)	(59,344)
Acquisitions and disposals			
Cash paid to acquire subsidiaries		(2,947,246)	-
Net cash acquired with subsidiary		(1,161,000)	-
Net cash outflow from acquisitions and disposals		(4,108,246)	-
Cash (outflow)/inflow before financing		(4,210,964)	1,417,250
Financing			
Receipts/(repayments) from borrowings		827,597	109,721
Capital element of finance lease rentals		(76,368)	(61,849)
Net cash inflow from financing		751,229	47,872
(Decrease)/increase in cash	27	(3,459,735)	1,465,122

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the Group and arise entirely within the United Kingdom.

	2004 £	2003 £
United Kingdom	34,460,968	27,072,243
Rest of Europe	2,682,165	703,131
	<u>37,143,133</u>	<u>27,775,374</u>

2 Analysis of cost of sales and net operating expenses

	Continuing Operations £	Acquired Operations £	Total £
Year ended 30 April 2004			
Cost of sales	<u>20,362,344</u>	<u>5,280,371</u>	<u>25,642,715</u>
Distribution costs	5,214,085	-	5,214,085
Administrative expenses	1,992,795	2,307,190	4,299,985
Other operating income (Note 3)	(143,380)	-	(143,380)
Net operating expenses	<u>7,063,500</u>	<u>2,307,190</u>	<u>9,370,690</u>
Year ended 30 April 2003			
Cost of sales	<u>20,160,914</u>	<u>-</u>	<u>20,160,914</u>
Distribution costs	4,631,912	-	4,631,912
Administrative expenses	1,727,690	-	1,727,690
Other operating income (Note 3)	(147,478)	-	(147,478)
Net operating expenses	<u>6,212,124</u>	<u>-</u>	<u>6,212,124</u>

3 Other operating income and charges

	2004 £	2003 £
Distribution costs	5,214,085	4,631,912
Administrative expenses	4,299,985	1,727,690
Other operating income	(143,380)	(147,478)
	<u>9,370,690</u>	<u>6,212,124</u>

3 Other operating income and charges (continued)

	2004 £	2003 £
Income from related parties	31,000	30,000
Rental income	112,380	117,478
	<u>143,380</u>	<u>147,478</u>

4 Operating profit

Operating profit is stated after charging:

	2004 £	2003 £
Depreciation of owned fixed assets	133,583	141,670
Depreciation of assets held under finance leases and hire purchase agreements	48,580	49,296
Auditors' remuneration:		
Audit fees	29,300	20,200
Non audit services	8,000	7,800
Operating lease costs:		
Land and buildings	300,148	314,981
Amortisation of goodwill	<u>212,520</u>	<u>43,933</u>

5 Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2004 No	2003 No
Production	34	18
Selling and distribution	75	92
Administration	74	28
	<u>183</u>	<u>138</u>

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	3,898,528	2,661,743
Social security costs	353,412	228,028
Other pension costs	146,683	151,719
	<u>4,398,623</u>	<u>3,041,490</u>

6 Directors

Remuneration in respect of directors' was as follows:

	2004 £	2003 £
Emoluments receivable	132,397	110,444
Value of company pension contributions to money purchase schemes	27,360	48,974
	<u>159,757</u>	<u>159,418</u>

7 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowings	309,875	135,134
Finance charges	6,850	7,644
Other similar charges payable	38,215	48,237
	<u>354,940</u>	<u>191,015</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	420,600	92,125
Over provision in prior year	(3,173)	(51,866)
Total current tax	<u>417,427</u>	<u>40,259</u>
Deferred tax:		
(Decrease)/increase in deferred tax provision	(165,275)	7,390
Tax on profit on ordinary activities	<u>252,152</u>	<u>47,649</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>1,778,281</u>	<u>1,213,378</u>
Profit on ordinary activities by rate of tax	533,484	364,013
Expenses not deductible for tax purposes	88,617	2,783
Capital allowances for period in excess of depreciation	3,168	(847)
Utilisation of tax losses	(105,514)	(2,170)
Unrelieved tax losses	6,732	—
Deductions allowable for tax purposes	(105,887)	—
Waiver of debt due from subsidiary companies	—	(271,654)
Adjustments in respect of prior year	(3,173)	(51,866)
Total current tax (note 8(a))	<u>417,427</u>	<u>40,259</u>

9 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £1,027,995 (2003 - £700,265).

10 Dividends

	2004 £	2003 £
Non-equity dividends:		
Proposed dividend on preference shares	<u>80,000</u>	<u>80,000</u>

11 Intangible fixed assets

Group	Goodwill £	Patents £	Total £
Cost			
At 1 May 2003	1,528,130	—	1,528,130
Additions	2,772,283	—	2,772,283
On acquisition	—	12,000	12,000
At 30 April 2004	<u>4,300,413</u>	<u>12,000</u>	<u>4,312,413</u>
Amortisation			
At 1 May 2003	829,099	—	829,099
Charge for the year	212,520	1,162	213,682
At 30 April 2004	<u>1,041,619</u>	<u>1,162</u>	<u>1,042,781</u>
Net book value			
At 30 April 2004	<u>3,258,794</u>	<u>10,838</u>	<u>3,269,632</u>
At 30 April 2003	<u>699,031</u>	<u>—</u>	<u>699,031</u>

Goodwill on acquisitions prior to 30 April 1997 is being amortised over 20 years. The positive goodwill arising on the acquisition of Burton McCall (Industrial) Limited in the year ended 30 April 1999 has been fully written off.

12 Tangible fixed assets

Group	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost						
At 1 May 2003	688,199	583,164	101,389	693,221	177,989	2,243,962
Additions	—	26,058	25,003	188,316	212,016	451,393
Disposals	—	—	—	—	(69,389)	(69,389)
On acquisition	325,613	—	—	556,144	—	881,757
At 30 Apr 2004	<u>1,013,812</u>	<u>609,222</u>	<u>126,392</u>	<u>1,437,681</u>	<u>320,616</u>	<u>3,507,723</u>
Depreciation						
At 1 May 2003	128,223	150,633	40,087	647,615	31,323	997,881
Charge for the year	21,275	31,142	9,503	106,673	82,842	251,435
On disposals	—	—	—	—	(42,367)	(42,367)
On acquisition	91,971	—	—	474,786	—	566,757
At 30 Apr 2004	<u>241,469</u>	<u>181,775</u>	<u>49,590</u>	<u>1,229,074</u>	<u>71,798</u>	<u>1,773,706</u>
Net book value						
At 30 Apr 2004	<u>772,343</u>	<u>427,447</u>	<u>76,802</u>	<u>208,607</u>	<u>248,818</u>	<u>1,734,017</u>
At 30 Apr 2003	<u>559,976</u>	<u>432,531</u>	<u>61,302</u>	<u>45,606</u>	<u>146,666</u>	<u>1,246,081</u>

Included within the net book value of £1,734,017 is £180,862 (2003 - £92,637) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £48,580 (2003 - £49,296).

12 Tangible fixed assets (continued)

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 May 2003	688,199	16,228	55,264	759,691
Additions	—	1,949	3,600	5,549
Disposals	—	—	(10,492)	(10,492)
At 30 April 2004	<u>688,199</u>	<u>18,177</u>	<u>48,372</u>	<u>754,748</u>
Depreciation				
At 1 May 2003	128,223	10,251	24,705	163,179
Charge for the year	14,763	1,861	12,780	29,404
On disposals	—	—	(9,320)	(9,320)
At 30 April 2004	<u>142,986</u>	<u>12,112</u>	<u>28,165</u>	<u>183,263</u>
Net book value				
At 30 April 2004	<u>545,213</u>	<u>6,065</u>	<u>20,207</u>	<u>571,485</u>
At 30 April 2003	<u>559,976</u>	<u>5,977</u>	<u>30,559</u>	<u>596,512</u>

Included within the net book value of £571,485 is £11,825 (2003 - £28,552) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £6,450 (2003 - £8,110).

13 Investments

Company	Group companies
	£
Cost	
At 1 May 2003	2,317,210
Additions	3,147,246
At 30 April 2004	<u>5,464,456</u>
Amounts written off	
At 1 May 2003 and 30 April 2004	<u>550,859</u>
Loans	
At 1 May 2003	1,071,197
Advanced in year	165,294
Amounts written off at 1 May 2003 and 30 April 2004	<u>(1,009,373)</u>
At 30 April 2004	<u>227,118</u>
Net book value	
At 30 April 2004	<u>5,140,715</u>
At 30 April 2003	<u>1,828,175</u>

13. Investments (continued)

	Nature of business	Class of share capital held	Proportion held by parent company and group
Burton McCall Limited	Marketing and distribution of premium branded goods	UK Ordinary £1 shares	100
Direct Design Limited	Property management	UK Ordinary £1 shares	100
Park Rose Limited	Property management	UK Ordinary £1 shares	100
Burton McCall (Industrial) Limited	Dormant	UK Ordinary £1 shares	100
Maglite (UK) Limited	Dormant	UK Ordinary £1 shares	100
Swiss Cutlery (Gifts) Limited	Dormant	UK Ordinary £1 shares	100
Swiss Cutlery (London) Limited	Dormant	UK Ordinary £1 shares	100
Alphabourne Limited	Dormant	UK ordinary £1 shares	100
Podia Limited	Provision of lectures on the internet	UK Ordinary 'A' £1 shares Cum redeemable £50 shares	50
Victorinox Travel Gear Limited	Overseas distribution of travel gear	UK Ordinary £1 shares	75
PD (Holdings) Limited	Holding company	UK Ordinary £1 shares	100
Outdoor & Sports Company (Holdings) Limited	Merchanting and distribution of sports goods	UK Ordinary £1 shares	100
		UK redeemable preference £1 shares	100
		Participating preferred ordinary £1 shares	100
Outdoor & Sports Company Limited	Merchanting and distribution of sports goods	UK Ordinary £1 shares	100

13. Investments (continued)

On 16 May 2003 the group acquired PD (Holdings) Limited and its subsidiary undertakings for a consideration of £3,147,246 satisfied by cash of £2,947,246 and deferred consideration of £200,000. Goodwill arising on the acquisition of PD (Holdings) Limited has been capitalised and will be amortised over 20 years. The investment in PD (Holdings) limited has been included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition:

	Book value £	Other £	Fair value to group £
Cash	(1,161,000)	—	(1,161,000)
Intangible fixed assets	12,000	—	12,000
Tangible fixed assets	315,000	—	315,000
Stock	1,162,000	(150,000)	1,012,000
Debtors	1,458,531	(50,000)	1,408,531
Creditors	(1,211,568)	—	(1,211,568)
	<u>574,963</u>	<u>(150,000)</u>	<u>374,963</u>

Goodwill 2,772,283

Satisfied by:

Cash paid	2,947,246
Deferred consideration	200,000
	<u>3,147,246</u>

Fair value adjustments were made for stock provisions and bad debt provisions.

14 Stocks

The group	2004 £	2003 £
Finished goods	<u>9,398,813</u>	<u>7,078,099</u>

15 Debtors

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	6,667,998	3,921,247	—	—
Amounts owed by group undertakings	—	—	4,131,091	3,820,435
Amounts owed by undertakings in which the company has a participating interest	133,000	32,000	—	—
Other debtors	261,441	135,999	56,843	53,984
Deferred tax (Note 20)	234,100	68,825	10,100	9,900
Prepayments and accrued income	542,858	159,224	9,405	22,440
	<u>7,839,397</u>	<u>4,317,295</u>	<u>4,207,439</u>	<u>3,906,759</u>

16 Creditors: amounts falling due within one year

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	4,732,290	771,152	1,104,634	384,740
Trade creditors	5,402,687	3,656,798	—	—
Amounts owed to group undertakings	—	—	—	750
Amounts due under finance leases and hire purchase agreements	45,729	35,767	2,596	13,538
Proposed dividends	400,000	320,000	400,000	320,000
Corporation tax	499,179	120,334	2,000	28,209
Other taxation and social security	406,263	340,616	6,325	6,427
Other creditors	479,119	49,262	314,950	32,101
Accruals and deferred income	541,403	200,797	144,959	165,843
	<u>12,506,670</u>	<u>5,494,726</u>	<u>1,975,464</u>	<u>951,608</u>

The bank loans and overdraft are secured by fixed and floating charges over the assets of the individual companies where the borrowings arise. The company has also provided an unlimited guarantee in respect of the bank borrowings of its subsidiaries.

17 Creditors: amounts falling due after more than one year

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	1,707,318	1,027,241	1,707,318	—
Amounts due under finance leases and hire purchase agreements	121,740	4,654	—	2,596
Other creditors	1,351,638	1,351,638	1,351,638	1,351,638
	<u>3,180,696</u>	<u>2,383,533</u>	<u>3,058,956</u>	<u>1,354,234</u>

18 Creditors - capital instruments

Creditors include bank loans which are due for repayment as follows:

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	480,000	332,480	480,000	—
In more than one year but not more than two years	480,000	250,000	480,000	—
In more than two years but not more than five years	1,227,318	777,241	1,227,318	—
	<u>2,187,318</u>	<u>1,359,721</u>	<u>2,187,318</u>	<u>—</u>

19 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Amounts payable within 1 year	43,133	22,228	2,596	13,538
Amounts payable between 1 and 2 years	42,181	2,058	—	2,596
Amounts payable between 3 and 5 years	69,559	—	—	—
	<u>154,873</u>	<u>24,286</u>	<u>2,596</u>	<u>16,134</u>

20 Deferred taxation

The movement in the deferred taxation asset during the year was:

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Asset brought forward	68,825	76,215	9,900	1,889
Increase/(decrease) in asset	165,275	(7,390)	200	8,011
Asset carried forward	<u>234,100</u>	<u>68,825</u>	<u>10,100</u>	<u>9,900</u>

20 Deferred taxation (continued)

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	24,900	19,341	8,400	8,171
Tax losses available	143,100	-	-	-
Other timing differences	66,100	49,484	1,700	1,729
	<u>234,100</u>	<u>68,825</u>	<u>10,100</u>	<u>9,900</u>

In addition to the above, there are unprovided losses in certain subsidiaries totalling £117,000 (2003: £nil).

21 Commitments under operating leases

At 30 April 2004 the group had annual commitments under non-cancellable operating leases as set out below.

The group	2004		2003	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	126,389	4,099	118,713	28,145
Within 2 to 5 years	-	80,492	-	32,472
After more than 5 years	190,500	-	201,500	-
	<u>316,889</u>	<u>84,591</u>	<u>320,213</u>	<u>60,617</u>

The company had no annual commitments.

22 Contingent liabilities

Group

The Group has contingent liabilities in respect of documentary credits on forward contracts of £145,941 (2003: £284,520).

The group has liabilities forward under a licencing contract, in the form of minimum guaranteed royalties paid annually to the year 2013. Total liabilities for this period under the contract are £4,280,000.

Company

Swiss Cutlery (UK) Limited has given guarantees in respect of bank borrowings of other group subsidiaries of £1,884,667 (2003: £34,600).

23 Related party transactions / ultimate controlling party

Included in creditors is a loan from the H A Cann Accumulation and Maintenance Trust. The balance at 30 April 2004, comprising capital and interest accrued, was £1,429,782 (2003: £1,391,856). The capital element is regarded as long term, and all monies carry interest at 1% below Lloyds TSB base rate. Interest charged during the year amounted to £37,926 (2003: £41,728).

The company has received charges for goods and services from S & HAC Holdings Limited amounting to £85,678 (2003: £66,880) and the creditor at 30 April 2004 was £30,716 (2003: £32,101). Mr H A Cann and Mr S J Cann are directors and shareholders of that company.

The company has received income from Springpart Manufacturing Limited amounting to £31,000 (2003: £30,000) in respect of management services provided. Mr HA Cann is a director and shareholder of that company.

The company has not disclosed transactions with fellow subsidiaries in accordance with the exemption available under the terms of Financial Reporting Standard Number 8.

The directors regard B J Berryman, K Woodford and M Andrews as the ultimate controlling parties by virtue of their status as controlling trustees of a trust which holds a 95% interest in the equity capital of the company.

24 Share capital

Authorised share capital:

	2004	2003
	£	£
2,000,000 Ordinary shares of £1 each	2,000,000	1,111,111
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>3,000,000</u>	<u>2,111,111</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	1,053,778	1,053,778	1,053,778	1,053,778
Preference shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
	<u>2,053,778</u>	<u>2,053,778</u>	<u>2,053,778</u>	<u>2,053,778</u>

24 Share capital (continued)

On 15 October 2003 the authorised ordinary share capital was increased by £888,889.

Preference shares

The preference shares are convertible into ordinary shares by written notice within 14 days of each third anniversary from 30 April 1994 and redeemable at the option of the shareholder on each third anniversary from 30 April 1994 at par. The shares do not carry any rights to vote at a general meeting of the company.

25 Reserves

Group	Profit and loss account £
At 1 May 2003	3,864,517
Retained profit for the year	1,439,443
At 30 April 2004	<u>5,303,960</u>
Company	Profit and loss account £
At 1 May 2003	1,974,738
Retained profit for the year	947,995
At 30 April 2004	<u>2,922,733</u>

26 Reconciliation of movements in shareholders' funds

Equity shareholders' funds

	2004 £	2003 £
Profit for the financial year	1,519,443	1,193,784
Dividends	(80,000)	(80,000)
	<u>1,439,443</u>	<u>1,113,784</u>
Opening shareholders' equity funds	4,918,295	3,804,511
Closing shareholders' equity funds	<u>6,357,738</u>	<u>4,918,295</u>

Non-equity shareholders' funds

Opening and closing shareholders' non-equity funds	<u>1,000,000</u>	<u>1,000,000</u>
Total shareholders' funds	<u>7,357,738</u>	<u>5,918,295</u>

27 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	2,129,728	1,402,336
Amortisation	213,682	43,933
Depreciation	251,435	190,966
Profit on disposal of fixed assets	(730)	(8,824)
(Increase)/decrease in stocks	(1,308,714)	593,085
Increase in debtors	(1,948,296)	(254,482)
Increase in creditors	1,170,431	381,723
Net cash inflow from operating activities	<u>507,536</u>	<u>2,348,737</u>

Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
(Decrease)/increase in cash in the period	(3,459,735)	1,465,122
Net cash (inflow) from bank loans	(827,597)	(109,721)
Cash outflow in respect of finance leases and hire purchase	76,368	61,849
Change in net debt resulting from cash flows	(4,210,964)	1,417,250
New finance leases	(203,416)	—
Movement in net debt in the period	<u>(4,414,380)</u>	<u>1,417,250</u>
Net debt at 1 May 2003	<u>(2,778,230)</u>	<u>(4,195,480)</u>
Net debt at 30 April 2004	<u>(7,192,609)</u>	<u>(2,778,230)</u>

Analysis of changes in net debt

	At 1 May 2003 £	Cash flows £	Other changes £	At 30 Apr 2004 £
Net cash:				
Cash in hand and at bank	412,222	353,884	—	766,106
Overdrafts	(438,672)	(3,813,618)	—	(4,252,290)
	<u>(26,450)</u>	<u>(3,459,734)</u>	<u>—</u>	<u>(3,486,184)</u>
Debt:				
Debt due within 1 year	(332,480)	(147,520)	—	(480,000)
Debt due after 1 year	(2,378,879)	(680,077)	—	(3,058,956)
Finance leases and hire purchase agreements	(40,421)	76,368	(203,416)	(167,469)
	<u>(2,751,780)</u>	<u>(751,229)</u>	<u>(203,416)</u>	<u>(3,706,425)</u>
Net debt	<u>(2,778,230)</u>	<u>(4,210,963)</u>	<u>(203,416)</u>	<u>(7,192,609)</u>