

WEDDING LIST SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002



HEXTALL MEAKIN
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WEDDING LIST SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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WEDDING LIST SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of supplying wedding list services.

FUTURE DEVELOPMENTS

In order to develop the business more effectively the directors have agreed to merge the business with a well known competitor organisation. The merger arrangements were effective on 1 September 2003 and committed financing to the amount of £375,000 has been secured.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At	At
		31 December 2002	1 January 2002 or later date of appointment
Colin Dachtler		50	50
Verity Dachtler		50	50
Sarah Tooley	(Appointed 1 June 2002)	—	—
Catherine Cooper	(Resigned 31 May 2002)	—	—

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint Hextall Meakin as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

WEDDING LIST SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

SMALL COMPANY PROVISIONS

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

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'V Dachtler', with a stylized initial 'V'.

VERITY DACHTLER
Company Secretary

Approved by the directors on 30.10.2003

Hextall Meakin

Chartered Accountants

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WEDDING LIST SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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 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.

T.C. Hextall FCA³ G.R. Meakin FCA

Tax manager: A Morley CTA MBIAC Audit Manager: G.R.Barrett FCA

Also at: Beckett House, Bridge Street, Salisbury SP1 2LX. Telephone: 01722 414445 Fax: 01722 414196

Our audit work is regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

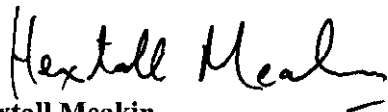
WEDDING LIST SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Hextall Meakin
Chartered Accountants
& Registered Auditors

Dated: 30/10/03

WEDDING LIST SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER		1,514,181	1,707,363
Cost of sales		794,167	885,282
GROSS PROFIT		720,014	822,081
Administrative expenses		821,290	816,039
OPERATING (LOSS)/PROFIT	2	(101,276)	6,042
Interest receivable	4	129	1,593
Interest payable		—	(410)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(101,147)	7,225
Tax on (loss)/profit on ordinary activities		(11,021)	—
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(90,126)	7,225
Balance brought forward		(1,184)	(8,409)
Balance carried forward		(91,310)	(1,184)

The notes on pages 7 to 12 form part of these financial statements.

WEDDING LIST SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	5	56,033	—
Tangible assets	6	54,370	77,793
		<u>110,403</u>	<u>77,793</u>
CURRENT ASSETS			
Stocks		63,488	74,121
Debtors	7	63,826	59,087
Cash at bank		3,168	37,011
		<u>130,482</u>	<u>170,219</u>
CREDITORS: Amounts falling due within one year	9	<u>318,427</u>	<u>235,428</u>
NET CURRENT LIABILITIES		(187,945)	(65,209)
TOTAL ASSETS LESS CURRENT LIABILITIES		(77,542)	12,584
CREDITORS: Amounts falling due after more than one year	10	13,668	13,668
		<u>(91,210)</u>	<u>(1,084)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	100	100
Profit and loss account		(91,310)	(1,184)
DEFICIENCY		<u>(91,210)</u>	<u>(1,084)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 30/10/2003 and are signed on their behalf by:



VERITY DACHTLER

The notes on pages 7 to 12 form part of these financial statements.

WEDDING LIST SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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:

Lease premium - over the life of the lease

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:

Property improvements	- 50% on cost
Website development	- 25% on cost
Motor Vehicle	- 25% on cost
Office Equipment	- 25% 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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company does not run its own pension scheme but makes contributions to certain directors personal pension plans as part of their remuneration package. Contributions are charged to the profit and loss account when paid.

WEDDING LIST SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

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

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Going concern

The financial statements have been prepared on a going concern basis on the assumption that the funding arrangements and merger referred to in the Post Balance Sheet Events (Directors' Report and Note 15) will significantly improve the future trading performance of both operations.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2002 £	2001 £
Amortisation	1,367	-
Depreciation of owned fixed assets	35,876	30,966
Auditors' fees	<u>3,000</u>	<u>3,000</u>

WEDDING LIST SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Aggregate emoluments	100,442	106,677
Value of company pension contributions to money purchase schemes	10,000	10,000
	<u>110,442</u>	<u>116,677</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002	2001
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

4. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest receivable	<u>129</u>	<u>1,593</u>

5. INTANGIBLE FIXED ASSETS

	Lease premium £
COST	
Additions	57,400
At 31 December 2002	<u>57,400</u>
AMORTISATION	
Charge for the year	1,367
At 31 December 2002	<u>1,367</u>
NET BOOK VALUE	
At 31 December 2002	<u>56,033</u>
At 31 December 2001	<u>-</u>

WEDDING LIST SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

6. TANGIBLE FIXED ASSETS

	Leasehold improvement £	Website development £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 January 2002	22,426	65,056	8,325	105,437	201,244
Additions	6,547	1,880	—	4,026	12,453
At 31 December 2002	<u>28,973</u>	<u>66,936</u>	<u>8,325</u>	<u>109,463</u>	<u>213,697</u>
DEPRECIATION					
At 1 January 2002	21,276	23,975	8,325	69,875	123,451
Charge for the year	1,827	16,734	—	17,315	35,876
At 31 December 2002	<u>23,103</u>	<u>40,709</u>	<u>8,325</u>	<u>87,190</u>	<u>159,327</u>
NET BOOK VALUE					
At 31 December 2002	<u>5,870</u>	<u>26,227</u>	<u>—</u>	<u>22,273</u>	<u>54,370</u>
At 31 December 2001	<u>1,150</u>	<u>41,081</u>	<u>—</u>	<u>35,562</u>	<u>77,793</u>

7. DEBTORS

	2002 £	2001 £
Trade debtors	15,632	19,328
Other debtors	—	6,174
Prepayments and accrued income	37,173	33,585
Deferred taxation (note 8)	11,021	—
	<u>63,826</u>	<u>59,087</u>

8. DEFERRED TAXATION

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	(4,339)	—
Tax losses available	15,360	—
	<u>11,021</u>	<u>—</u>

WEDDING LIST SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

9. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	16,175	—
Trade creditors	257,153	184,955
Other creditors including taxation and social security:		
PAYE and social security	11,822	6,904
VAT	968	—
Other creditors	—	613
Accruals and deferred income	32,309	42,956
	<u>318,427</u>	<u>235,428</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	<u>16,175</u>	<u>—</u>

10. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Other creditors	<u>13,668</u>	<u>13,668</u>

The director's loan is repayable only when the company is in a position to afford the repayments.

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002	2001
	£	£
Operating leases which expire:		
After more than 5 years	<u>115,000</u>	<u>60,000</u>

12. TRANSACTIONS WITH THE DIRECTORS

At 31 December 2002, the balance on the loan to the company from Mrs V Dachtler was £13,668 (2001 - £20,000). This loan is interest free and repayments will only be made when the company is in a position to afford the repayments.

Mr and Mrs Dachtler own the freehold building 127 Queenstown Road, the company's showroom. They are renting out the property to the company at a commercial rate and received rental income during the year of £10,000 (2001 - £10,000).

WEDDING LIST SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

13. RELATED PARTY TRANSACTIONS

The company was under the control of C Dachtler and V Dachtler, directors of the company, throughout the current and previous year. Each owns 50% of the issued ordinary share capital of the company.

14. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15. POST BALANCE SHEET EVENTS

In order to develop the business more effectively the directors have agreed to merge the business with a well known competitor organisation. The merger arrangements were effective on 1 September 2003 and committed financing to the amount of £375,000 has been secured.