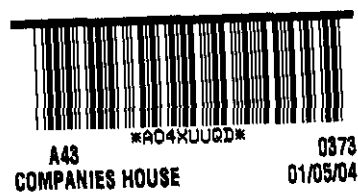


2623610

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003
FOR
CHERRY PIE LIMITED**



CHERRY PIE LIMITED

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for the year ended 30 June 2003

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CHERRY PIE LIMITED

COMPANY INFORMATION
for the year ended 30 June 2003

DIRECTORS:	G R Farrant J Burns
SECRETARY:	G R Farrant
REGISTERED OFFICE:	Whitworth Road St Leonards-on-Sea East Sussex TN37 7PZ
REGISTERED NUMBER:	2623610 (England and Wales)
AUDITORS:	Feist Hedgethorne Limited Registered Auditors Chartered Accountants <i>Preston Park House</i> South Road Brighton East Sussex BN1 6SB
BANKERS:	HSBC Bank plc 26 Norman Road St Leonards-on-Sea East Sussex TN37 6NR

CHERRY PIE LIMITED

REPORT OF THE DIRECTORS for the year ended 30 June 2003

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of printing t-shirts and other promotional goods.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2003.

DIRECTORS

The directors during the year under review were:

G R Farrant	
L J Bull	- resigned 8.1.03
J Burns	- appointed 1.7.02

The beneficial interests of the directors holding office on 30 June 2003 in the issued share capital of the company were as follows:

	30.6.03	1.7.02 or date of appointment if later
Ordinary £1 shares		
G R Farrant	500	500
J Burns	-	-
Ordinary non-voting £1 shares		
G R Farrant	-	-
J Burns	-	-

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 or loss of the company for that period. 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;
- 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. 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.

CHERRY PIE LIMITED

REPORT OF THE DIRECTORS
for the year ended 30 June 2003

AUDITORS

The auditors, Feist Hedgethorpe Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
G R Farrant - Secretary

Date: 07.10.03

CHERRY PIE LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF CHERRY PIE LIMITED

We have audited the financial statements of Cherry Pie Limited for the year ended 30 June 2003 on pages five to nineteen. These financial statements have been prepared under the historical cost convention and 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

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Feist Hedgethorpe Limited
Registered Auditors
Chartered Accountants
Preston Park House
South Road
Brighton
East Sussex
BN1 6SB



Date: 7 October 2003

CHERRY PIE LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
TURNOVER		4,777,366	3,735,583
Cost of sales		<u>(3,821,993)</u>	<u>(2,734,458)</u>
GROSS PROFIT		955,373	1,001,125
Administrative expenses		<u>(721,874)</u>	<u>(531,238)</u>
OPERATING PROFIT	3	233,499	469,887
Interest receivable and similar income		<u>747</u>	<u>19</u>
		234,246	469,906
Interest payable and similar charges	4	<u>(32,682)</u>	<u>(107,195)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		201,564	362,711
Tax on profit on ordinary activities	5	<u>(45,793)</u>	<u>(80,141)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		155,771	282,570
Retained profit brought forward		<u>298,556</u>	<u>15,986</u>
		454,327	298,556
Purchase of own shares		<u>(429,000)</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£25,327</u></u>	<u><u>£298,556</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

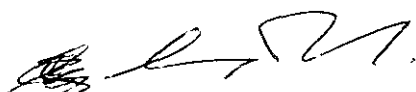
CHERRY PIE LIMITED

BALANCE SHEET

30 June 2003

		2003	2002
	Notes	£	£
FIXED ASSETS:			
Tangible assets	6	678,860	275,063
Investments	7	2	-
		<u>678,862</u>	<u>275,063</u>
CURRENT ASSETS:			
Stocks	8	435,064	333,229
Debtors	9	1,218,989	806,877
Cash at bank and in hand		111,762	182,992
		<u>1,765,815</u>	<u>1,323,098</u>
CREDITORS: Amounts falling due within one year	10	<u>(2,173,467)</u>	<u>(1,249,531)</u>
NET CURRENT (LIABILITIES)/ASSETS:		<u>(407,652)</u>	<u>73,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		271,210	348,630
CREDITORS: Amounts falling due after more than one year	11	(224,657)	(35,323)
PROVISIONS FOR LIABILITIES AND CHARGES:	15	<u>(20,226)</u>	<u>(13,751)</u>
		<u>£26,327</u>	<u>£299,556</u>
CAPITAL AND RESERVES:			
Called up share capital	16	714	1,000
Other reserves	17	286	-
Profit and loss account		25,327	298,556
SHAREHOLDERS' FUNDS:	19	<u>£26,327</u>	<u>£299,556</u>

ON BEHALF OF THE BOARD:



.....
G R Farrant - Director

Approved by the Board on 07.10.03.....

The notes form part of these financial statements

CHERRY PIE LIMITED

CASH FLOW STATEMENT
for the year ended 30 June 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(121,699)	410,457
Returns on investments and servicing of finance	2	(122,317)	(53,637)
Taxation		(67,975)	(39,190)
Capital expenditure	2	(475,943)	(25,186)
Equity dividends paid		-	(350,000)
		<u>(787,934)</u>	<u>(57,556)</u>
Financing	2	<u>716,704</u>	<u>39,487</u>
Decrease in cash in the period		<u>£(71,230)</u>	<u>£(18,069)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		(71,230)	(18,069)
Cash outflow from decrease in debt and lease financing		<u>39,515</u>	<u>41,435</u>
Change in net funds resulting from cash flows		<u>(31,715)</u>	<u>23,366</u>
Movement in net funds in the period		<u>(31,715)</u>	<u>23,366</u>
Net funds at 1 July		<u>108,154</u>	<u>84,788</u>
Net funds at 30 June		<u>£76,439</u>	<u>£108,154</u>

The notes form part of these financial statements

CHERRY PIE LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 June 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	233,499	469,887
Depreciation charges	69,351	73,593
Loss on sale of fixed assets	2,796	2,606
Profit on sale of fixed assets	-	(12,104)
(Increase)/Decrease in stocks	(101,835)	42,914
Increase in debtors	(412,112)	(234,694)
Increase in creditors	86,602	68,255
Net cash (outflow)/inflow from operating activities	(121,699)	410,457

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	747	19
Interest paid	(100,028)	(44,703)
Interest element of hire purchase payments	(23,036)	(8,953)
Net cash outflow for returns on investments and servicing of finance	(122,317)	(53,637)
Capital expenditure		
Purchase of tangible fixed assets	(479,943)	(56,686)
Sale of tangible fixed assets	4,000	31,500
Net cash outflow for capital expenditure	(475,943)	(25,186)
Financing		
New loan taken out in year	613,942	-
Loan repayments in year	(6,643)	(4,311)
Hire purchase repayments	(39,515)	(41,434)
Amount introduced by directors	577,920	85,232
Purchase of own shares	(429,000)	-
Net cash inflow from financing	716,704	39,487

The notes form part of these financial statements

CHERRY PIE LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 June 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.02 £	Cash flow £	At 30.6.03 £
Net cash:			
Cash at bank and in hand	182,992	(71,230)	111,762
	<u>182,992</u>	<u>(71,230)</u>	<u>111,762</u>
Debt:			
Hire purchase	(74,838)	39,515	(35,323)
	<u>(74,838)</u>	<u>39,515</u>	<u>(35,323)</u>
Total	<u>108,154</u>	<u>(31,715)</u>	<u>76,439</u>
Analysed in Balance Sheet			
Cash at bank and in hand	182,992		111,762
Hire purchase			
within one year	(39,515)		(34,089)
after one year	(35,323)		(1,234)
	<u>108,154</u>		<u>76,439</u>

The notes form part of these financial statements

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

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 or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

The Directors undertake an annual impairment review of freehold property in accordance with Financial Reporting Standard Number 11 and are of the opinion that the residual value of the property is not materially different from the carrying value of the property. As a result any depreciation arising from applying Financial Reporting Standard number 15 to the carrying value less residual value of the freehold property would be immaterial and therefore no provision has been made.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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 obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

2. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	634,494	469,449
Social security costs	54,973	39,919
Other pension costs	2,010	3,231
	<u>691,477</u>	<u>512,599</u>

The average monthly number of employees during the year was as follows:

	2003	2002
Directors	2	2
Administration	2	2
Production and sales	33	33
	<u>37</u>	<u>37</u>

3. OPERATING PROFIT

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

	2003	2002
	£	£
Hire of plant and machinery	2,191	1,517
Other operating leases	8,955	-
Depreciation - owned assets	54,240	49,494
Depreciation - assets on hire purchase contracts	15,111	24,099
Loss/(Profit) on disposal of fixed assets	2,796	(9,498)
Auditors' remuneration	2,500	2,300
	<u>93,967</u>	<u>47,643</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank interest	1,685	4,628
Bank loan interest	4,729	-
Loan interest	3,232	93,614
Hire purchase	4,207	8,953
Factor charges	18,829	-
	<u>32,682</u>	<u>107,195</u>

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

5. TAXATION

Analysis of the tax charge

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

	2003	2002
	£	£
Current tax:		
UK corporation tax	39,318	78,683
Deferred taxation	6,475	1,458
Tax on profit on ordinary activities	<u>45,793</u>	<u>80,141</u>

6. TANGIBLE FIXED ASSETS

	Freehold property	Buildings	Plant and machinery
	£	£	£
COST:			
At 1 July 2002	-	65,318	297,471
Additions	315,244	-	35,424
At 30 June 2003	<u>315,244</u>	<u>65,318</u>	<u>332,895</u>
DEPRECIATION:			
At 1 July 2002	-	-	194,753
Charge for year	-	-	27,991
At 30 June 2003	<u>-</u>	<u>-</u>	<u>222,744</u>
NET BOOK VALUE:			
At 30 June 2003	<u>315,244</u>	<u>65,318</u>	<u>110,151</u>
At 30 June 2002	<u>-</u>	<u>65,318</u>	<u>102,718</u>

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

6. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 July 2002	95,212	45,492	97,714	601,207
Additions	13,276	34,250	81,749	479,943
Disposals	-	(18,205)	(34,141)	(52,346)
At 30 June 2003	108,488	61,537	145,322	1,028,804
DEPRECIATION:				
At 1 July 2002	32,279	26,267	72,844	326,143
Charge for year	10,718	5,514	25,128	69,351
Eliminated on disposals	-	(11,647)	(33,903)	(45,550)
At 30 June 2003	42,997	20,134	64,069	349,944
NET BOOK VALUE:				
At 30 June 2003	65,491	41,403	81,253	678,860
At 30 June 2002	62,932	19,225	24,870	275,063

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST:			
At 1 July 2002	126,140	31,642	157,782
Transferred to ownership	-	(31,642)	(31,642)
At 30 June 2003	126,140	-	126,140
DEPRECIATION:			
At 1 July 2002	65,697	19,790	85,487
Charge for year	15,111	-	15,111
Transferred to ownership	-	(19,790)	(19,790)
At 30 June 2003	80,808	-	80,808
NET BOOK VALUE:			
At 30 June 2003	45,332	-	45,332
At 30 June 2002	60,443	11,852	72,295

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

7. FIXED ASSET INVESTMENTS

	£
COST:	
Additions	2
	<u>—</u>
At 30 June 2003	2
	<u>—</u>
NET BOOK VALUE:	
At 30 June 2003	2
	<u>—</u>

	2003	2002
	£	£
Unlisted investments	2	-
	<u>—</u>	<u>—</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Barheath Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

	30.9.02
	£
Aggregate capital and reserves	2
	<u>—</u>

The company is not required to produce group accounts as its subsidiary is dormant.

8. STOCKS

	2003	2002
	£	£
Goods-in-transit	12,433	-
Finished goods	422,631	333,229
	<u>—</u>	<u>—</u>
	435,064	333,229
	<u>—</u>	<u>—</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Trade debtors	660,040	690,937
Prepayments & accrued income	50,111	8,268
Cherry Pie Hediyelek Esy	495,739	107,672
Dysfunctional Clothing (UK)		
Limited	13,099	-
	<u>—</u>	<u>—</u>
	1,218,989	806,877
	<u>—</u>	<u>—</u>

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Bank loans and overdrafts (see note 12)	388,293	4,417
Hire purchase contracts (see note 13)	34,089	39,515
Trade creditors	193,310	32,230
Other creditors	43,326	-
Directors' current accounts	1,355,428	820,832
V.A.T.	18,837	73,694
Paye/Nic	19,774	11,830
Corporation tax account	39,318	78,683
Income taxation	18,723	8,015
Accrued expenses	62,369	180,315
	<u>2,173,467</u>	<u>1,249,531</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
Bank loans (see note 12)	223,423	-
Hire purchase contracts (see note 13)	1,234	35,323
	<u>224,657</u>	<u>35,323</u>

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2003	2002
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>388,293</u>	<u>4,417</u>
Amounts falling due between one and two years:		
Bank loans	<u>7,292</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>24,531</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>191,600</u>	<u>-</u>

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2003	2002
	£	£
Gross obligations repayable:		
Within one year	34,089	39,515
Between one and five years	1,234	35,323
	<u>35,323</u>	<u>74,838</u>
Net obligations repayable:		
Within one year	34,089	39,515
Between one and five years	1,234	35,323
	<u>35,323</u>	<u>74,838</u>

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

	Operating leases			
	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiring:				
Between one and five years	11,000	11,000	10,546	-
In more than five years	13,000	-	-	-
	<u>24,000</u>	<u>11,000</u>	<u>10,546</u>	<u>-</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2003	2002
	£	£
Bank loans	611,716	4,417
Hire purchase contracts	35,323	74,838
	<u>647,039</u>	<u>79,255</u>

The bank loans are secured by a fixed and floating charge over the assets of the company. The Hire Purchase contracts are secured against those company assets to which they relate.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Deferred tax	20,226	13,751

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

15. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Deferred tax £	
Balance at 1 July 2002	13,751	
Accelerated capital allowances	6,475	
	<hr/>	
Balance at 30 June 2003	20,226	
	<hr/>	
 Deferred tax provision	 2003	2002
	£	£
Accelerated capital allowances	20,226	13,751
	<hr/>	<hr/>
	20,226	13,751
	<hr/>	<hr/>

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2003	2002
			£	£
786	Ordinary	£1	786	1,000
(2002 - 1,000)				
214	Ordinary non-voting	£1	214	-
			<hr/>	<hr/>
			1,000	1,000
			<hr/>	<hr/>
 Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003	2002
			£	£
500	Ordinary	£1	500	1,000
(2002 - 1,000)				
214	Ordinary non-voting	£1	214	-
			<hr/>	<hr/>
			714	1,000
			<hr/>	<hr/>

On 8 January 2003 the company purchased 286 of its own ordinary £1 shares for £429,000, and 214 ordinary £1 shares were re-designated ordinary non-voting £1 shares. These events were connected to the resignation of L J Bull as director on 8 January 2003.

17. OTHER RESERVES

	2003	2002
	£	£
Purchase of own shares	286	-
	<hr/>	<hr/>

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

18. RELATED PARTY DISCLOSURES

During the period 1 July 2002 to 7 January 2003 the company was under the control of the directors G R Farrant and L J Bull. On 8 January 2003 L Bull resigned as director. During the year there were the following related party transactions:

G R Farrant

- 1) Amounts loaned by G R Farrant to the company: £1,396,500
- 2) Amounts paid by the company to/on behalf of G R Farrant: £886,813
- 3) Interest credited to G R Farrant by the company: £72,125

At 30 June 2003 the company owed G R Farrant £1,355,428 (2002: £773,616).

L Bull (resigned 8 January 2003)

- 1) Amounts paid by the company on behalf of L J Bull: £6,656
- 2) Interest credited to L Bull by the company: £2,766

At 8 January 2003 the company owed L J Bull £43,326 (2002: £47,216).

ATB Sales Limited

The father of G R Farrant is the managing director of ATB Sales Limited which provides both business premises and services to the company.

- 1) Purchases of goods and services - £101,771
- 2) Sales - £144

At 30 June 2003 £1,666 (2002: £8,333) was accrued for as due to ATB Sales Limited and £37,849 (2002: £nil) was included as a creditor balance.

Cherry Pie Hediyeelik Esy

At 30 June 2003 G Farrant was the owner of Cherry Pie Hediyeelik Esy a company incorporated in Turkey.

- 1) The company loaned Cherry Pie Hediyeelik Esy £509,139
- 2) The company paid £59,171 expenses on behalf of Cherry Pie Hediyeelik Esy
- 3) Purchases of goods - £180,243

At 30 June 2003 Cherry Pie Hediyeelik Esy owed the company £495,739 (2002: £107,672).

Dysfunctional Clothing (UK) Limited

G Farrant is the majority shareholder in this company.

The company paid £11,982 expenses on behalf of Dysfunctional Clothing (UK) Limited.

CHERRY PIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

At 30 June 2003 Dysfunctional Clothing (UK) Limited owed the company £11,982.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	155,771	282,570
Re-purchase 286 ordinary £1 shares	(429,000)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(273,229)	282,570
Opening shareholders' funds	299,556	16,986
	<hr/>	<hr/>
Closing shareholders' funds	26,327	299,556
	<hr/>	<hr/>
Equity interests	26,327	299,556
	<hr/>	<hr/>

CHERRY PIE LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2003

	2003		2002	
	£	£	£	£
Sales		4,777,366		3,735,583
Cost of sales:				
Opening stock	333,229		376,143	
Purchases	3,458,584		2,353,598	
Import charges	982		10	
Freight and carriage	56,206		42,932	
Samples & promotion	4,387		5,078	
Wages	361,278		266,949	
National insurance	29,448		21,621	
Pensions	510		1,356	
	<hr/>		<hr/>	
	4,244,624		3,067,687	
Closing stock	(422,631)		(333,229)	
	<hr/>	3,821,993	<hr/>	2,734,458
GROSS PROFIT		955,373		1,001,125
Other income:				
Deposit account interest		747		19
		<hr/>		<hr/>
		956,120		1,001,144
Expenditure:				
Directors' remuneration	93,967		47,643	
National insurance	10,066		5,116	
Wages	179,249		154,857	
National insurance	15,459		13,182	
Pensions	1,500		1,875	
Telephone	17,892		9,572	
Printing postage & stationery	11,728		12,325	
Advertising	32,492		24,033	
Website maintenance	174		2,169	
Motor and travel expenses	41,353		22,902	
Other operating leases	8,955		-	
Hire & maintenance of equipment	2,191		1,517	
Equipment repairs	1,293		6,077	
Household & cleaning	54		206	
Subscriptions	385		475	
Computer maintenance	2,471		1,703	
Training and recruitment fees	2,212		1,749	
Computer consultancy	51,739		18,060	
Sundry expenses	488		3,381	
Auditors remuneration	2,500		2,300	
Accountancy	8,905		7,702	
Legal and professional fees	37,607		13,368	
Entertaining	4,226		1,999	
Bad debts	29,299		13,252	
Rent	37,435		42,850	
	<hr/>		<hr/>	
Carried forward	593,640	956,120	408,313	1,001,144

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CHERRY PIE LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2003

	2003		2002	
	£	£	£	£
Brought forward	593,640	956,120	408,313	1,001,144
Rates & water	19,882		20,392	
Insurance	14,301		8,979	
Light & heat	(7,431)		12,655	
Repairs to property	11,606		1,188	
	<hr/>	631,998	<hr/>	451,527
		324,122		549,617
Finance costs:				
Bank interest	1,685		4,628	
Bank loan interest	4,729		-	
Loan interest	3,232		93,614	
Hire purchase	4,207		8,953	
Factor charges	18,829		-	
Bank charges	14,932		12,733	
Credit card	2,652		2,874	
Loss/(profit) on foreign exchange	145		9	
	<hr/>	50,411	<hr/>	122,811
		273,711		426,806
Depreciation:				
Plant & machinery	27,991		34,239	
Fixtures & fittings	10,718		11,106	
Motor vehicles	5,514		6,409	
Computer equipment	25,128		21,839	
	<hr/>	69,351	<hr/>	73,593
		204,360		353,213
(Loss)/Profit on disposal of fixed assets:				
Plant & machinery	-		12,104	
Motor vehicles	(2,558)		(2,606)	
Computer equipment	(238)		-	
	<hr/>	(2,796)	<hr/>	9,498
NET PROFIT		<hr/> £201,564 <hr/>		<hr/> £362,711 <hr/>

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