

REGISTRAR OF COMPANIES

COMPANY REGISTRATION NUMBER: 2686097

ARUNHITHE LIMITED  
DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
31 DECEMBER 2005



**ARUNHITHE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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The directors submit their annual report and the financial statements for the year ended 31 December 2005.

**PRINCIPAL ACTIVITIES**

The principal activities of the company are the sale of street furniture and ancillary products, light industrial machines and equipment.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the period and their interests in the share capital of the company at the beginning and end of the year were as follows:

	31 December 2005		1 January 2005	
	A Ordinary shares of £1 each	Ordinary shares of £1 each	Ordinary shares of £1 each	A Ordinary shares of £1 each
J S Green (Appointed 15 December 2005)	-	-	-	-
R Harper (Resigned 14 December 2005)	-	-	10	-
Falco Investments BV	90	10	-	90

**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 company's state of affairs at the end of the year and of its profit or loss 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.
- State whether applicable United Kingdom 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 assume 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.

**ARUNHITHE LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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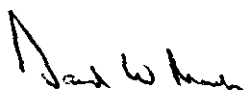
**AUDITORS**

The company has passed an elective resolution under S386 of the Companies Act 1985 to dispense with the appointment of auditors annually. Thompson Wright remain in office until further notice.

**EXEMPTION**

The directors have prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



**D W MARTIN**

Secretary

14 July 2006

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUNHITHE LIMITED**

We have audited the financial statements of Arunhithe Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of Historical Cost Profits and Losses, the Balance Sheet and the related notes. 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 shareholders, as a body, in accordance with Section 235 of 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 auditor's 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 DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, 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 misstatement within it.

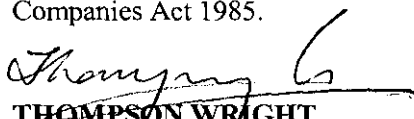
### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the information in the financial statements.

### **OPINION**

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



**THOMPSON WRIGHT**

Chartered Accountants and Registered Auditors

11 Cawdry Buildings, Leek, Staffordshire

14th Aug 2006

**ARUNHITHE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
<b>TURNOVER</b>	2	1,684,888	1,745,710
Cost of sales		(1,096,936)	(1,092,306)
<b>GROSS PROFIT</b>		587,952	653,404
Administrative expenses		(520,060)	(551,655)
<b>OPERATING PROFIT</b>	3	67,892	101,749
Interest receivable		5,946	4,026
Interest payable		(2,560)	(4,762)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		71,278	101,013
Taxation	5	(18,598)	(24,587)
<b>RETAINED PROFIT FOR THE YEAR</b>	15	<b>£52,680</b>	<b>£76,426</b>

None of the company's activities were acquired or discontinued in the year.

The notes on pages 7 to 14 form part of these financial statements.

**ARUNHITHE LIMITED****STATEMENT OF HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
Profit on ordinary activities before taxation	71,278	101,013
Difference between depreciation based on historical costs and on revalued amounts	981	899
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>£72,259</b>	<b>£101,912</b>
<b>HISTORICAL COST RETAINED PROFIT FOR THE YEAR</b>	<b>£53,661</b>	<b>£77,325</b>

The notes on pages 7 to 14 form part of these financial statements.

**ARUNHITHE LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2005**

	Notes	2005 £	2005 £	2004 £
<b>FIXED ASSETS</b>				
Tangible assets	7		412,546	386,545
<b>CURRENT ASSETS</b>				
Stocks		85,203		134,202
Debtors	8	284,986		268,145
Cash at bank and in hand		179,251		204,510
		<u>549,440</u>		<u>606,857</u>
<b>CREDITORS:</b> Amounts falling due within one year	9	(156,773)		(220,242)
<b>NET CURRENT ASSETS</b>			<u>392,667</u>	<u>386,615</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			805,213	773,160
<b>CREDITORS:</b> Amounts falling due after more than one year	10		(21,508)	(32,135)
<b>NET ASSETS</b>			<u><u>£783,705</u></u>	<u><u>£741,025</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		100	100
Revaluation reserve	15		47,142	48,123
Profit and loss account	15		736,463	692,802
<b>SHAREHOLDERS' FUNDS</b>	15		<u><u>£783,705</u></u>	<u><u>£741,025</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 14 July 2006

and signed on its behalf by

J Green

Director

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**1. ACCOUNTING POLICIES**

**a) BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable United Kingdom accounting standards.

The directors have taken advantage of certain exemptions available to small companies under the Companies Act 1985, on the grounds that the company qualifies as a small company.

**b) DEPRECIATION**

Depreciation is provided on all tangible fixed assets in use, at rates calculated to write off the cost or revalued amount, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold land and buildings	-	over fifty years
Plant, machinery etc	-	over four years
Motor vehicles	-	over four years

**c) STOCKS**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and in the case of work in progress and finished goods includes all direct expenditure and production and other overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

**d) DEFERRED TAXATION**

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

**e) FOREIGN CURRENCIES**

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**1. ACCOUNTING POLICIES (Continued)**

**f) FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

Where the company has entered into finance leases, the obligations to the lessor are shown as part of the borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all of the benefits and burdens of ownership other than the right to legal title. Assets acquired under hire purchase contracts are dealt with in the same way as owned assets.

**g) OPERATING LEASES**

Payments in respect of operating lease agreements (being agreements not giving rights approximating to ownership) are charged to the profit and loss account on a straight -line basis.

**h) PENSIONS**

The company operates a defined contribution pension scheme. Contributions payable into this scheme are charged to the profit and loss account in the period to which they relate.

In addition the company makes contributions to individual pension plans of certain employees. These are defined contribution schemes and the pension charge is limited to the amounts paid in the year.

**2. TURNOVER**

Turnover represents amounts invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. Revenue from the sale of goods is recognised and invoiced on delivery. Revenue from installation and other ancillary services is recognised and invoiced on completion of the agreed programme of work and when no significant obligations remain outstanding.

**3. OPERATING PROFIT**

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
This is stated after charging (crediting):		
Directors' remuneration (including pension costs)	59,459	64,983
Director's compensation in lieu of notice	-	2,229
Auditors' remuneration	3,000	2,600
Depreciation – on owned assets	35,900	30,417
Depreciation – on assets held under hire purchase	17,183	9,414
Operating lease rentals	4,814	5,973
Hire of plant and machinery (short term)	13,966	8,123
Profit / loss on disposal of fixed assets	(548)	24,108
Exchange gain	(30,594)	(30,010)
	<u>          </u>	<u>          </u>

**ARUNHITHE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE PERIOD YEAR 31 DECEMBER 2005****3. OPERATING PROFIT (continued)**

The number of directors to whom retirement benefits were accruing under money purchase pension schemes was nil (Period ended 31 December 2004 – 2). No director (Period ended 31 December 2004 – 1) accrued retirement benefits under the company's defined contribution pension scheme. No directors were paid any retirement benefits in the year.

**4. STAFF COSTS (including directors)**

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
Salaries	356,908	322,648
Social security costs	41,422	34,820
Pension costs	-	5,500
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	£398,330	£362,968
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**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**5. TAXATION**

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
Current tax:		
UK corporation tax on profits for the year	18,384	24,587
Adjustments in respect of previous years	214	-
	<u>£18,598</u>	<u>£24,587</u>
Tax on profit on ordinary activities	<u>£18,598</u>	<u>£24,587</u>

The tax assessed for the year is different to the standard rate of corporation tax on the company's accounting profit. The differences are explained below:

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
Profit on ordinary activities before tax	<u>71,278</u>	<u>101,013</u>
Profit on ordinary activities before tax multiplied by the standard rate of UK corporation tax applicable to the company of 30% (period ended 31 December 2004 - 30%). Effects of:	21,383	30,304
Expenses not deductible for taxation purposes	171	898
Capital allowances in excess of depreciation for the year	(738)	(4,660)
Marginal relief	(2,432)	(1,955)
Adjustments to tax charge in respect of previous years	214	-
Current tax charge for current year (as above)	<u>£18,598</u>	<u>£24,587</u>

No provision has been made for a potential deferred tax liability at 31 December 2005 of approximately £13,000 (2004 - £12,000) as the amount is not considered to be material.

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**6. DIVIDENDS**

	Year ended 31 December 2005 £	11 months ended 31 December 2004 £
Dividends paid in the year	<u>£10,000</u>	<u>£20,000</u>

**7. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
1 January 2005	275,000	70,297	121,878	467,175
Additions	-	32,514	56,022	88,536
Disposals	-	(11,480)	(28,240)	(39,720)
	<u>275,000</u>	<u>91,331</u>	<u>149,660</u>	<u>515,991</u>
31 December 2005	<u>275,000</u>	<u>91,331</u>	<u>149,660</u>	<u>515,991</u>
<b>Depreciation</b>				
1 January 2005	5,042	41,690	33,898	80,630
Provision for year	5,500	13,538	34,045	53,083
Eliminated on disposals	-	(10,900)	(19,368)	(30,268)
	<u>10,542</u>	<u>44,328</u>	<u>48,575</u>	<u>103,445</u>
31 December 2005	<u>10,542</u>	<u>44,328</u>	<u>48,575</u>	<u>103,445</u>
<b>Net book values:</b>				
31 December 2005	<u>£264,458</u>	<u>£47,003</u>	<u>£101,085</u>	<u>£412,546</u>
31 December 2004	<u>£269,958</u>	<u>£28,607</u>	<u>£87,980</u>	<u>£386,545</u>

The freehold land and buildings were revalued during 2004 by external valuers, Messrs. Michael Hart and Company, Chartered Surveyors, on the basis of the open market value for existing use.

No provision has been made for additional taxation of approximately £15,000 (2004 -£11,000) which would arise if the land and buildings were disposed of at their revalued amount.

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**7. TANGIBLE FIXED ASSETS (continued)**

The comparable amounts of land and buildings included above at valuation determined according to the historical cost accounting rules are as follows:

	£
Cost	230,064
Accumulated depreciation	(12,748)
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Net book value at 31 December 2005	£217,316
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Net book value at 31 December 2004	£221,835
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The net book value of motor vehicles of £101,085 (2004 - £87,980) includes an amount of £37,445 (2004 - £54,627) in respect of assets held under hire purchase contracts.

**8. DEBTORS**

	2005 £	2004 £
Trade debtors	271,664	250,038
Other debtors	13,322	18,107
	<hr/>	<hr/>
	£284,986	£268,145
	<hr/>	<hr/>

**9. CREDITORS: Amounts falling due within one year**

	2005 £	2004 £
Obligations under hire purchase contracts	10,627	16,240
Trade creditors	32,955	39,798
Amounts owed to parent company	70,902	110,289
Corporation tax	18,384	24,587
Other taxation and social security	20,905	27,228
Other creditors	3,000	2,100
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	£156,773	£220,242
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**10. CREDITORS: Amounts falling after more than one year**

	2005 £	2004 £
Obligations under hire purchase contracts	£21,508	£32,135
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**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	2005 £	2004 £
Amounts payable:		
Within one year	10,627	16,240
Within two to five years	21,508	32,135
	<u>£32,135</u>	<u>£48,375</u>

**12. OPERATING LEASES**

At 31 December 2005 the company had annual commitments under non-cancellable operating leases expiring:

	2005 £	2004 £
Within one year	-	-
Within one to two years	-	5,364
Within two to five years	1,238	2,172
	<u>£1,238</u>	<u>£7,536</u>

**13. CAPITAL COMMITMENTS**

	2005 £	2004 £
Capital expenditure contracted for but not provided in the financial statements	<u>£-</u>	<u>£20,595</u>

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**14. SHARE CAPITAL**

	2005 £	2004 £
Authorised:		
900 A Ordinary shares of £1 each	£900	£900
100 Ordinary shares of £1 each	£100	£100
Issued and fully paid:		
90 A Ordinary shares of £1 each	£90	£90
10 Ordinary shares of £1 each	£10	£10

**15. SHAREHOLDERS' FUNDS**

	Share capital £	Revaluation reserve £	Profit and Loss Account £	Total £
At 1 February 2004	100	49,022	635,477	684,599
Retained profit	-	-	76,426	76,426
Dividends paid	-	-	(20,000)	(20,000)
Difference between historical cost depreciation and that based on revalued amounts	-	(899)	899	-
At 31 December 2004	100	48,123	692,802	741,025
Retained profit	-	-	52,680	52,680
Dividends paid	-	-	(10,000)	(10,000)
Difference between historical cost depreciation and that based on revalued amounts	-	(981)	981	-
At 31 December 2005	£100	£47,142	£736,463	£783,705

Of the total reserves, £47,142 (2004 – £48,123) is not available for distribution

**ARUNHITHE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**16. PARENT COMPANY AND CONTROLLING PARTY**

The company's immediate parent company is Falco Investments BV, a company registered in the Netherlands. The company's ultimate parent company is Friesacher Gemeenschappelijk Bezit Holding BV, a company registered in the Netherlands. Copies of its financial statements are available to the public from the Dutch Chamber of Commerce, Kamer van Koophandel Nederland, Watermolenlaan 1, PO Box 265, 3440 AG Woerden, the Netherlands.

During the year the company purchased goods for resale from Falco BV, a fellow group company of £753,195 (11 months ended 31 December 2004 - £778,079). At 31 December 2005 an amount of £70,902 (2004 - £110,289) was owed to Falco BV, as disclosed in note 8. All the transactions were carried out on an arm's length basis on normal commercial terms.

The ultimate controlling party is Friesacher Gemeenschappelijk Bezit Holding BV.