

# Proportion (Holdings) Limited

## REPORT AND FINANCIAL STATEMENTS

31 December 2003



# Proportion (Holdings) Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

P Ferstendik  
K Fox

### SECRETARY

K Fox

### REGISTERED OFFICE

3 Blackhorse Lane  
London E17 6DS

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

### SOLICITORS

James Gordon  
Gordons Solicitors  
22 Great James Street  
London WC1N 3ES

# Proportion (Holdings) Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Proportion (Holdings) Limited for the year ended 31 December 2003.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company.

### REVIEW OF THE BUSINESS

The company ceased trading on 1 January 2003.

### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS

The following directors have held office since 1 January 2003:

P Ferstendik  
K Fox

### DIRECTORS' INTERESTS IN SHARES

The directors held no interests in the shares of the company during the year. The directors' interests in the shares of the parent company are disclosed in that company's financial statements.

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

K Fox  
Secretary

10 June 2004



# Proportion (Holdings) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROPORTION (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 12.

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 opinion we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 Accounting 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 Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. 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 judgments 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 at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

10 June 2004

# Proportion (Holdings) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Notes	2003 £	2002 £
TURNOVER	1	-	75,000
Other operating expenses (net)	2	(39,860)	(75,423)
OPERATING LOSS		<u>(39,860)</u>	<u>(423)</u>
Interest payable	3	-	(2,709)
Exceptional item	4	(153,711)	(527,551)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(193,571)</u>	<u>(530,683)</u>
Taxation	6	26,355	-
RETAINED LOSS FOR THE YEAR AFTER TAXATION	13	<u><u>(167,216)</u></u>	<u><u>(530,683)</u></u>

The operating loss for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# Proportion (Holdings) Limited

## BALANCE SHEET

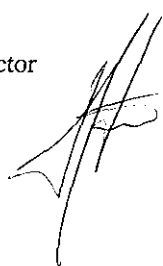
31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible fixed assets	7	-	262,494
Fixed asset investments	8	-	53,402
		<u>-</u>	<u>315,896</u>
CREDITORS: Amounts falling due within one year	9	-	(3,560)
NET CURRENT LIABILITIES		<u>-</u>	<u>(3,560)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		-	312,336
CREDITORS: Amounts falling due after more than one year	10	-	(145,120)
		<u>-</u>	<u>167,216</u>
CAPITAL AND RESERVES			
Called up share capital	11	10,362	10,362
Share premium account	12	81,479	81,479
Profit and loss account	13	(91,841)	75,375
SHAREHOLDERS' FUNDS	14	<u>-</u>	<u>167,216</u>

Approved by the board on 10 June 2004

K Fox

Director



# Proportion (Holdings) Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

### DEPRECIATION

Depreciation is provided on all tangible fixed assets and at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Collection Development	5 years
Plant/showroom and office equipment	10 years
Motor vehicles	4 years
Production moulds	4 and 10 years
Computer equipment	4 years.

### INVESTMENTS

Investments are included at cost less amounts written off.

### LEASES

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreement. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.



# Proportion (Holdings) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

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### 1 TURNOVER

The turnover was derived from the company's principal activity which was carried out wholly within the United Kingdom.

### 2 OTHER OPERATING EXPENSES (NET)

	2003 £	2002 £
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Administration expenses	-	75,423
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### 3 INTEREST PAYABLE

	2003 £	2002 £
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Finance leases	-	2,709
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### 4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
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Loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation and amounts written off tangible fixed assets:

Charge for the year

owned assets	-	60,487
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leased assets	-	8,016
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Loss/(profit) on disposal of fixed assets	39,860	6,920
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Exceptional items:

Provision against amounts due from subsidiary	100,309	527,551
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Write-off investment in subsidiary transferred to parent undertaking	53,402	-
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### 5 EMPLOYEES

No employees were employed by the company during the financial period, and directors received no remuneration

**Proportion (Holdings) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

6	TAXATION	2003 £	2002 £
	Current tax:		
	UK corporation tax on profits of the period	-	-
	Adjustments in respect of previous periods	26,355	-
	Total current tax	26,355	-
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Total deferred tax	-	-
	Tax on loss on ordinary activities	26,355	-
	Factors affecting tax charge for period:	2003 £	2002 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
	Loss on ordinary activities before tax	(193,571)	(530,683)
	Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2002: 30%)	(58,071)	(159,205)
	Effects of:		
	Expenses not deductible for tax purposes/(income not taxable)	46,113	158,412
	Capital allowances in excess of depreciation	11,958	793
	Adjustments in respect of previous period	26,355	-
	Tax charge for period	26,355	-

**7 TANGIBLE FIXED ASSETS**

	Collection Develop- ment £	Plant & equipment £	Motor vehicles £	Production moulds £	Computer equipment £	Total £
Cost						
1 January 2003	34,900	243,961	69,990	170,553	23,982	543,386
Transfers	(34,900)	(103,286)	(69,990)	(170,553)	(23,982)	(402,711)
Written off	-	(140,675)	-	-	-	(140,675)
31 December 2003	-	-	-	-	-	-
Depreciation						
1 January 2003	6,980	123,292	58,357	80,689	11,574	280,892
Transfers	(6,980)	(22,477)	(58,357)	(80,689)	(11,574)	(180,077)
Written off	-	(100,815)	-	-	-	(100,815)
31 December 2003	-	-	-	-	-	-
Net book value						
31 December 2003	-	-	-	-	-	-
31 December 2002	27,920	120,669	11,633	89,864	12,408	262,494

**Proportion (Holdings) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2003*

8	INVESTMENTS	2003 £	2002 £
	Investment in subsidiaries:		
	Cost at 1 January 2003	53,402	253,402
	Less provision	-	(200,000)
	Less transfer to parent undertaking	(53,402)	-
	31 December 2003	-	53,402

Subsidiary undertakings held are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights & shares held	Nature of business	Aggregate capital & reserves
Proportion London Limited	England	100%	100%	Manufacture & distribution of display equipment	£170,409

9	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Obligations under finance leases	-	3,560

10	CREDITORS: Amounts falling due in more than one year	2003 £	2002 £
	Amounts owed to parent undertakings	-	145,120

11	SHARE CAPITAL	2003 £	2002 £
	Authorised:		
	54,400 ordinary shares of £0.10 each	5,440	5,440
	49,220 ordinary A shares of £0.10 each	4,922	4,922
		10,362	10,362
	Allotted, issued and fully paid:		
	54,400 ordinary shares of £0.10 each	5,440	5,440
	49,220 ordinary A shares of £0.10 each	4,922	4,922
		10,362	10,362

12	SHARE PREMIUM ACCOUNT	2003 £	2002 £
	1 January 2003	81,479	81,479
	31 December 2003	81,479	81,479

# Proportion (Holdings) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

13	PROFIT AND LOSS ACCOUNT	2003 £	2002 £
	1 January 2003	75,375	606,058
	(Loss)/profit for the financial year	(167,216)	(530,683)
	31 December 2003	<u>(91,841)</u>	<u>75,375</u>
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003 £	2002 £
	Loss for the financial year	(167,216)	(530,683)
	Net reduction in shareholders' funds	<u>(167,216)</u>	<u>(530,683)</u>
	Opening shareholders' funds	167,216	697,899
	Closing shareholders' funds	<u>-</u>	<u>167,216</u>
15	ULTIMATE PARENT COMPANY		
	100% of the company's ordinary share capital is held by Mandora Group Limited, a company registered in England.		