

DIRECTORS REPORT

The Directors submit their annual Report, together with audited Financial Statements for the year ended 30th June 2003.

1. STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare 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 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.

2. PRINCIPAL ACTIVITY

The principal activity of the company is that of publishing Greetings Cards.

3. RESULTS FOR THE YEAR

The results for the year, together with the changes in Fixed Assets are set out in the annexed Financial Statements. The Directors expect the results for the next year to be similar to the year under review.

4. DIVIDENDS

The Directors paid a dividend of £50,000 (2002 £25,000).

5. DIRECTORS

The Directors who have served throughout the year and their shareholdings were:-

	<u>Ordinary Shares of £1 each</u>	
	<u>30th June 2003</u>	<u>30th June 2002</u>
P. Cockerline	2,500	2,500
S. Parker	2,500	2,500

There are no arrangements to which the company is a party whereby the Directors have any rights to acquire shares or debentures in this or any other company.



DIRECTORS REPORT (cont'd)

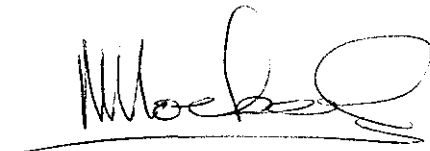
There are no material contracts in which the Directors have an interest and there were no related party transactions.

6. AUDITORS

The Auditors Messrs Bridgen Watkins & Wainwright, Chartered Accountants and Registered Auditors, offer themselves for election under the provisions of the Companies Act 1985.

The Directors Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Statement for Smaller Entities (effective June 2002).

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M. Ockler', is written over a horizontal line.

Secretary

25th March 2004

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF PINEAPPLE PARK LIMITED

We have audited the financial statements of Pineapple Park Limited for the year ended 30th June 2003, which comprise the Profit and Loss Account, 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.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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 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 Director's Report 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 as at 30th June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BRIDGEN WATKINS & WAINWRIGHT
CHARTERED ACCOUNTANTS &
REGISTERED AUDITORS
17a Pixmore Centre
Pixmore Avenue
LETCHWORTH GARDEN CITY
Herts. SG6 1JG

25th March 2004

PINEAPPLE PARK LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover	1c	1,188,972	1,217,708
Cost of Sales		541,764	543,258
Gross Profit		647,208	674,450
Administration Expenses	2	619,504	510,116
Operating Profit		27,704	164,334
Other Income	3	6,138	378
Interest Payable	4	33,842 3,541	164,712 6,366
Profit on Ordinary Activities Before Taxation		30,301	158,346
Taxation	5	7,678	32,052
Profit on Ordinary Activities after Taxation		22,623	126,294
Dividends	6	50,000	25,000
Retained Profit Brought Forward		(27,377) 499,639	101,294 398,345
Retained Profit Carried Forward		£472,262	£499,639

The Company made no recognised gains or losses in 2003 or 2002 other than the profit for the year.

The attached notes form an integral part of these financial statements.

PINEAPPLE PARK LIMITED

BALANCE SHEET
AS AT 30TH JUNE 2003

	<u>Notes</u>	<u>£</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<u>FIXED ASSETS</u>				
Intangible Assets	7		34,222	39,111
Tangible Assets	8		129,968	141,764
			<hr/>	<hr/>
			164,190	180,875
<u>CURRENT ASSETS</u>				
Stock	1(d)	262,289	282,294	
Debtors	9	280,337	250,256	
Balance at Bank and in Hand		8,258	19,475	
		<hr/>	<hr/>	
		550,881	552,025	
<u>CREDITORS</u> falling due with				
one year	10	219,169	214,850	
		<hr/>	<hr/>	
<u>NET CURRENT ASSETS</u>			331,712	337,175
			<hr/>	<hr/>
<u>TOTAL ASSETS LESS LIABILITIES</u>			495,902	518,050
<u>CREDITORS</u> amounts falling due after				
More than one year	11		18,640	13,411
			<hr/>	<hr/>
			£477,262	£504,639
			<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>				
Share Capital	12		5,000	5,000
Profit and Loss Account			472,262	499,639
			<hr/>	<hr/>
Shareholders Funds			£477,262	£504,639
			<hr/>	<hr/>

The Financial Statements have been prepared in accordance with the Special Provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for smaller entities (effective June 2002).

The attached notes form an integral part of these financial statements.
These financial statements were approved by the Board on 25th March 2004

On Behalf of the Board



Director

1. Accounting Policies

a. Basis of Accounting

The accounts have been prepared as a going concern under the historical cost convention and in accordance with statements of standard accounting practice and in accordance with the Financial Reporting Standard for smaller entities (effective June 2002). None of the company's activities were acquired or discontinued during the current or previous year.

b. Cash Flow Statement

The company in complying with accounting policy FRS1 is exempt from its provisions on the grounds that it falls within the definition of a small company under section 248 as amended in the Companies Act 1985.

c. Turnover

Turnover represents the sales to customers within the United Kingdom, excluding VAT.

d. Stock

Stocks represented by goods for resale have been valued the Directors at the lower of cost and net realisable value.

e. Depreciation and Amortisation

Fixed assets are depreciated at a rate estimated to write off the cost over their estimated useful lives at the following rates:-

Goodwill	Over 10 years
Motor Vehicles	25% on net book value
Fixtures and Fittings	25% on net book value
Plant and Machinery	25% on net book value

f. Pension Scheme

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension scheme charge represents contributions payable by the company to the funds.

g. Leasing and Hire Purchase Commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

2. Administration Expenses

Administration expenses are stated after charging:-

	<u>2003</u>	<u>2002</u>
	£	£
Director and Employee costs (see below)	345,545	287,581
Property Rents	35,174	34,497
Auditors Remuneration	1,800	1,450
Depreciation and Amortisation	48,276	40,084
Loss on Disposal of Assets	9,188	6,836
	<hr/>	<hr/>

Directors and Employee Costs

Directors Remuneration	16,000	16,000
Directors Benefits	12,418	-
Staff Wages and Salaries	291,361	251,765
Employers NIC	20,826	19,816
Directors Pension Contributions	4,940	-
	<hr/>	<hr/>

£345,545	£287,581
<hr/>	<hr/>

3. Other Income

	£	£
Licence Fees	5,597	44
Bank Interest	541	334
	<hr/>	<hr/>
	£6,138	£378
	<hr/>	<hr/>

4. Interest Payable

	£	£
Hire Purchase Interest	3,393	6,366
Bank Interest	148	-
	<hr/>	<hr/>
	£3,541	£6,366
	<hr/>	<hr/>

5. Taxation

	<u>2003</u>	<u>2002</u>
	£	£
Corporation Tax		
Current Year at 19%/20%	8,100	32,052
Prior Year Adjustment	(422)	-
	<hr/>	<hr/>
	£7,678	£32,052
	<hr/>	<hr/>

The current year corporation tax has been calculated at the small companies rate of 19% on the adjusted profits for tax purposes after deducting capital allowances.

6. Dividends

Dividends paid on the issued share capital during the year were as follows:-

	<u>2003</u>	<u>2002</u>
	£	£
Net Paid	£50,000	£25,000
	<hr/>	<hr/>

7. Intangible Fixed Assets

	<u>Goodwill</u>
	£
<u>Cost</u>	
Balance Brought Forward and as at 30 th June 2003	£47,787
<u>Amortisation</u>	
Balance Brought Forward	8,676
Charge for Year	4,889
	<hr/>
As at 30 th June 2003	£13,565
<u>Net Book Value</u>	
As at 30 th June 2003	£34,222
	<hr/>
As at 30 th June 2002	£39,111
	<hr/>

8. Tangible Fixed Assets

	<u>Fixtures & Fittings</u>	<u>Motor Vehicles</u>	<u>Plant & Machinery</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
Balance Brought Forward	28,425	181,852	15,453	225,730
Additions	579	66,456	494	67,529
Disposals	-	(68,245)	-	(68,245)
	_____	_____	_____	_____
At 30 th June 2003	£29,004	£180,063	£15,947	£225,014
	_____	_____	_____	_____
<u>Depreciation</u>				
Balance Brought Forward	14,612	58,096	11,258	83,966
Charge for Year	3,646	38,569	1,172	43,387
Written Back	-	(32,307)	-	(32,307)
	_____	_____	_____	_____
At 30 th June 2003	£18,258	£64,358	£12,430	£95,046
	_____	_____	_____	_____
<u>Net Book Value</u>				
At 30 th June 2003	£10,746	£115,705	£3,517	£129,968
	_____	_____	_____	_____
At 30 th June 2002	£13,813	£123,756	£4,195	£141,764
	_____	_____	_____	_____

Vehicles held under finance leases

	<u>2003</u>	<u>2002</u>
	£	£
Cost	90,833	104,060
Depreciation	23,851	18,491
	_____	_____
	66,982	85,569
	_____	_____

9. Debtors

Amount falling due within one year:

	£	£
Trade Debtors	246,159	227,022
Prepayments	34,032	20,681
Staff Loans	146	2,553
	_____	_____
	£280,337	£250,256
	_____	_____

10. Creditors payable within one year

	<u>2003</u>	<u>2002</u>
	£	£
Bank Overdraft	21,907	-
Trade Creditors	109,879	101,990
Other Taxes & Social Security Costs	37,383	28,166
Accruals	4,163	11,258
Hire Purchase	37,737	36,384
Corporation Tax	8,100	32,052
Directors Loan Account	-	5,000
	<hr/>	<hr/>
	£219,169	£214,850
	<hr/>	<hr/>

The closing balance on the Directors Loan Account was the highest balance throughout the year. Interest is not payable on this account.

11. Creditors payable after one year

	<u>2003</u>	<u>2002</u>
	£	£
Hire Purchase	£18,640	£13,411
	<hr/>	<hr/>

12. Share Capital

	£	£
Authorised		
10,000 Ordinary Shares of £1 each	£10,000	£10,000
	<hr/>	<hr/>
Allotted, Issued and Fully Paid		
5,000 Ordinary Shares of £1 each	£5,000	£5,000
	<hr/>	<hr/>

13. Capital Commitments and Contingent Liabilities

There were no capital commitments or contingent liabilities as at 30th June 2003 (2002 Nil).

14. Other Financial Commitments

Commitments in respect of an operating lease payable in the next year are as follows:-

Leasehold Property	£34,096
	<hr/>

15. Related Parties

The company is controlled by its directors.

There were no related party transactions during the year.