

Registration number 2953704

Beechfield Brands Limited

Abbreviated accounts

for the year ended 31 December 2002



Beechfield Brands Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the financial statements	7 - 14

Beechfield Brands Limited
Directors' report
for the year ended 31 December 2002

The directors present their report and the accounts for the year ended 31 December 2002.

Principal activity and review of the business

During the year the principal activity of the company continued to be the wholesale distribution of headwear and associated goods.

During the year the company has continued to strengthen its position by the introduction of new and innovative items to its product portfolio. To reflect changes in the approach adopted by the company, during the year a resolution was passed to change the company name from Beechfield cap co Limited to Beechfield Brands Limited

Results and dividends

The results for the year are set out on page 4.

The directors recommend payment of a final dividend amounting to £200,000.

European monetary union

The company has been trading in currencies other than sterling, including the euro, for sometime now without significant impact on the costs of the business.

Future developments

The company hopes to be able to continue to offer new business opportunities to its customers by utilising the skills and experience it has acquired, in the way it offers superior products and customer service.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary A shares		Ordinary B shares	
	31/12/02	01/01/02	31/12/02	01/01/02
Paul Persey	100	100	-	-
Roger McHugh	-	-	100	100

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Beechfield Brands Limited

**Directors' report
for the year ended 31 December 2002**

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.

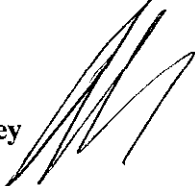
Auditors

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Simpkins Edwards will be deemed to be reappointed for each succeeding financial year.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on and signed on its behalf by

Paul Persey
Secretary



**Independent auditors' report to Beechfield Brands Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 14 together with the financial statements of Beechfield Brands Limited for the year ended 31 December 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B 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 directors and auditors

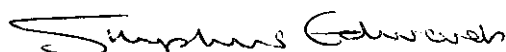
The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

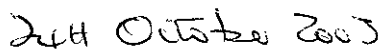
We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 December 2002, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.



**Simpkins Edwards
Chartered Accountants and
Registered Auditor**



**Michael House
Castle Street
Exeter**

Beechfield Brands Limited

**Abbreviated profit and loss account
for the year ended 31 December 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Gross profit		1,356,386	1,238,447
Distribution costs		(263,676)	(262,581)
Administrative expenses		(958,284)	(605,847)
Operating profit	2	134,426	370,019
Interest payable and similar charges	3	(32,804)	(70,916)
Profit on ordinary activities before taxation		101,622	299,103
Tax on profit on ordinary activities	5	(21,362)	(85,226)
Profit on ordinary activities after taxation		80,260	213,877
Dividends	6	(200,000)	-
(Loss)/retained profit for the year		(119,740)	213,877
Retained profit brought forward		1,164,224	950,347
Retained profit carried forward		1,044,484	1,164,224

There are no recognised gains or losses other than the profit or loss for the above two financial years.

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

Beechfield Brands Limited

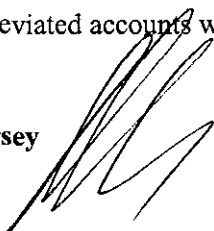
**Abbreviated balance sheet
as at 31 December 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		77,834		72,953
Current assets					
Stocks	8	1,132,085		1,292,713	
Debtors	9	794,557		871,405	
Cash at bank and in hand		67,998		35,798	
		<u>1,994,640</u>		<u>2,199,916</u>	
Creditors: amounts falling due within one year	10	<u>(1,017,436)</u>		<u>(1,102,546)</u>	
Net current assets			<u>977,204</u>		<u>1,097,370</u>
Total assets less current liabilities			1,055,038		1,170,323
Provisions for liabilities and charges	11		<u>(10,354)</u>		<u>(5,899)</u>
Net assets			<u>1,044,684</u>		<u>1,164,424</u>
Capital and reserves					
Called up share capital	13		200		200
Profit and loss account			<u>1,044,484</u>		<u>1,164,224</u>
Equity shareholders' funds	14		<u>1,044,684</u>		<u>1,164,424</u>
Equity interests			1,044,584		1,164,324
Non-equity interests			<u>100</u>		<u>100</u>

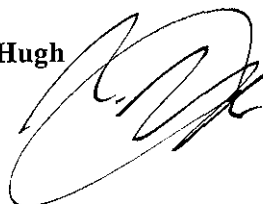
The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies .

The abbreviated accounts were approved by the Board on and signed on its behalf by

Paul Persey
Director



Roger McHugh
Director



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

Beechfield Brands Limited

**Cash flow statement
for the year ended 31 December 2002**

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		134,426	370,019
Depreciation		24,076	25,937
Decrease in stocks		160,628	429,969
Decrease in debtors		61,149	(46,667)
(Decrease) in creditors		(189,516)	(484,942)
Net cash inflow from operating activities		<u>190,763</u>	<u>294,316</u>
Cash flow statement			
Net cash inflow from operating activities		190,763	294,316
Returns on investments and servicing of finance	18	(32,804)	(70,916)
Taxation	18	(64,223)	(93,263)
Capital expenditure	18	(28,957)	(64,050)
Increase in cash in the year		<u>64,779</u>	<u>66,087</u>
Reconciliation of net cash flow to movement in net funds (Note 19)			
Increase in cash in the year		64,779	66,087
Net debt at 1 January 2002		(364,023)	(430,110)
Net debt at 31 December 2002		<u>(299,244)</u>	<u>(364,023)</u>

Beechfield Brands Limited

Notes to the abbreviated financial statements for the year ended 31 December 2002

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	20% p.a. Straight Line
Fixtures, fittings and equipment	-	20% p.a. Straight Line
Motor vehicles	-	25% p.a. Straight Line
Computers & associated equipment	-	20% p.a. Straight Line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Beechfield Brands Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2002**

..... continued

2. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	24,076	25,937
Operating lease rentals		
- Plant and machinery	9,281	10,527
- Land and buildings	67,821	61,416
Auditors' remuneration	4,035	3,925
	<u> </u>	<u> </u>
and after crediting:		
Profit on foreign currencies	(11,383)	1,722
	<u> </u>	<u> </u>
 3. Interest payable and similar charges	 2002	 2001
	£	£
On bank loans and overdrafts	19,357	24,506
On other loans	13,917	46,410
On overdue tax	(470)	-
	<u> </u>	<u> </u>
	32,804	70,916
	<u> </u>	<u> </u>
 4. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:	2002	2001
Warehouse & distribution	3	2
Office, marketing and administration	10	9
Directors and management	2	2
	<u> </u>	<u> </u>
	15	13
	<u> </u>	<u> </u>
 Employment costs	 2002	 2001
	£	£
Wages and salaries	590,331	300,305
Social security costs	67,248	31,167
	<u> </u>	<u> </u>
	657,579	331,472
	<u> </u>	<u> </u>

Beechfield Brands Limited

Notes to the abbreviated financial statements for the year ended 31 December 2002

..... continued

4.1. Directors' emoluments	2002	2001
	£	£
Remuneration and other emoluments	400,280	161,926
Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	301,573	-

5. Tax on profit on ordinary activities

Analysis of charge in period	2002	2001
	£	£
Current tax		
UK corporation tax	16,907	79,922
Total current tax charge	16,907	79,922
Deferred tax		
Timing differences, origination and reversal	4,455	5,304
Total deferred tax	4,455	5,304
Tax on profit on ordinary activities	21,362	85,226

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before taxation	101,622	299,103
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (31 December 2001 : 28.11%)	19,562	84,078
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	479	830
Capital allowances for period in excess of depreciation	(3,134)	(4,986)
Current tax charge for period	16,907	79,922

Beechfield Brands Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2002**

..... continued

6. Dividends	2002	2001
	£	£
Dividends on equity shares:		
Ordinary A shares - final proposed	200,000	-

7. Tangible fixed assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Computers & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2002	35,907	23,890	20,804	49,648	130,249
Additions	697	4,148	-	24,112	28,957
At 31 December 2002	36,604	28,038	20,804	73,760	159,206
Depreciation					
At 1 January 2002	13,086	10,579	8,148	25,483	57,296
Charge for the year	6,324	4,087	3,451	10,214	24,076
At 31 December 2002	19,410	14,666	11,599	35,697	81,372
Net book values					
At 31 December 2002	17,194	13,372	9,205	38,063	77,834
At 31 December 2001	22,821	13,311	12,656	24,165	72,953

8. Stocks	2002	2001
	£	£
Finished goods and goods for resale	1,132,085	1,292,713

9. Debtors	2002	2001
	£	£
Trade debtors	718,395	780,227
Other debtors	15,952	37,784
Prepayments and accrued income	60,210	53,394
	794,557	871,405

Beechfield Brands Limited

Notes to the abbreviated financial statements for the year ended 31 December 2002

..... continued

10. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft	367,242	399,821
Trade creditors	72,526	83,535
Corporation tax	16,907	79,922
Other taxes and social security costs	9,585	9,442
Directors' accounts	2,883	427,883
Other creditors	649	16
Accruals and deferred income	347,644	101,927
Proposed dividend	200,000	-
	<u>1,017,436</u>	<u>1,102,546</u>

Bank overdrafts are secured by a debenture over the trading assets of the company.

11 Provisions for liabilities and charges

	Deferred taxation (Note 12) £	Total £
At 1 January 2002	5,899	5,899
Movements in the year	4,455	4,455
At 31 December 2002	<u>10,354</u>	<u>10,354</u>

Beechfield Brands Limited

Notes to the abbreviated financial statements for the year ended 31 December 2002

..... continued

12. Provision for deferred taxation

	2002 £	2001 £
Accelerated capital allowances	10,054	5,368
Other timing differences	300	531
Discounted provision for deferred tax	<u>10,354</u>	<u>5,899</u>
Provision at 1 January 2002	5,899	
Deferred tax charge in profit and loss account	<u>4,455</u>	
Provision at 31 December 2002	<u>10,354</u>	

13. Share capital

	2002 £	2001 £
Authorised		
900 Ordinary A shares of 1 each	900	900
100 Ordinary B shares of 1 each	100	100
	<u>1,000</u>	<u>1,000</u>
Equity interest	900	900
Non-equity interest	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary A shares of 1 each	100	100
100 Ordinary B shares of 1 each	100	100
	<u>200</u>	<u>200</u>
Equity interest	100	100
Non-equity interest	<u>100</u>	<u>100</u>

The ordinary B shares are classified, in accordance with FRS4 as non-equity. They have no automatic or cumulative right to dividends, they are only redeemable at par on winding up in priority to the 'A' shares and carry no voting rights.

Beechfield Brands Limited

Notes to the abbreviated financial statements for the year ended 31 December 2002

..... continued

14. Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the year	80,260	213,877
Dividends	(200,000)	-
	(119,740)	213,877
Opening shareholders' funds	1,164,424	950,547
Closing shareholders' funds	1,044,684	1,164,424

15. Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002 £	2001 £	2002 £	2001 £
Expiry date:				
Within one year	-	-	2,508	-
Between one and five years	69,200	61,520	-	9,217
	69,200	61,520	2,508	9,217

The company has a lease on premises in Bury with annual rental reviews.

16. Transactions with directors

During the year the company sold goods, on an arms length basis to PenCarrie Limited. Mr P Persey is a director of that company.

The company pays interest on funds advanced by Mr P Persey to the company to assist its working capital requirements.

17. Related party transactions

During the year the company sold goods to PenCarrie Limited amounting to £845,923. At the end of the year £108,157 was due from PenCarrie representing the net balance on this trading account.

Throughout the year the company was indebted to Mr P Persey in respect of funds advanced. The amount owing to him at the end of the year was £2,883. Interest amounting to £13,916 was paid in respect of funds advanced during the year.

Beechfield Brands Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2002**

..... continued

18. Gross cash flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest paid	(32,804)	(70,916)
	<u> </u>	<u> </u>
Taxation		
Corporation tax paid	(79,922)	(93,263)
Corporation tax repaid	15,699	-
	<u> </u>	<u> </u>
	(64,223)	(93,263)
	<u> </u>	<u> </u>
Capital expenditure		
Payments to acquire tangible assets	(28,957)	(90,550)
Receipts from sales of tangible assets	-	26,500
	<u> </u>	<u> </u>
	(28,957)	(64,050)
	<u> </u>	<u> </u>

19. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	35,798	32,200	67,998
Overdrafts	(399,821)	32,579	(367,242)
	<u> </u>	<u> </u>	<u> </u>
	(364,023)	64,779	(299,244)
	<u> </u>	<u> </u>	<u> </u>
Net funds	(364,023)	64,779	(299,244)
	<u> </u>	<u> </u>	<u> </u>