

SWAP SHOP LIMITED

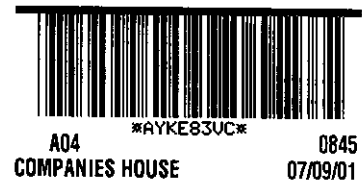
ACCOUNTS

31 August 2000

2	Directors' Report
3	Profit and Loss Account
4	Balance Sheet
5 - 9	Notes to the Accounts
10	Profit and Loss Account Schedule
11	Accountants' Report

REISMAN & CO
CHARTERED ACCOUNTANTS

63 High Road
Bushey Heath
Herts
WD23 1EE



Company Registration Number 3024407

SWAP SHOP LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the accounts of the Company for the eighteen month period ended 31 August 2000.

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was that of pawn broking, the buying and selling of quality pre-owned goods and third party cheque encashment.

REVIEW OF THE BUSINESS

The results of the Company for the period under review are shown on page 3. The state of the Company's affairs at 31 August 2000 was satisfactory.

The directors report that the Company has, during this trading period, absorbed additional overheads of approximately £50,000 as a result of their planned expansion in 2001. The Company has also had a one-off retrospective payment for rent and rates of approximately £15,000.

The directors believe that, as a result of their investment in the future, there will be higher profit levels in subsequent years.

DIRECTORS

The directors in office during the period and their interest in the issued ordinary share capital of the Company (together with that of their families) were as follows:-

	<u>31 August 2000</u>	<u>1 March 1999</u>
D Wheeler	50	50
N Khan	50	50

FIXED ASSETS

Details of changes to the fixed assets of the Company are shown at notes 8 and 9 to the accounts.

DIVIDENDS

The directors recommended and paid dividends amounting to £36,000 for the financial period currently under review (£36,000 in 1999).

Signed on behalf of the Board



D Wheeler

Chairman

30 August 2001

SWAP SHOP LIMITEDProfit and Loss AccountPeriod Ended 31 August 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Turnover	2	663,790	579,547
Cost of Sales		(280,579)	(236,576)
Gross Profit		383,211	342,971
Less Expenses:-			
Distribution costs	62,451	54,980	
Administration & general expenses	446,010	232,990	
Total expenses		(508,461)	(287,970)
		(125,250)	55,001
Other operating income		160,569	7,205
Operating Profit	3	35,319	62,206
Interest payable	5	(8,543)	(8,672)
Profit on ordinary activities before taxation		26,776	53,534
Tax on profit on ordinary activities	6	(7,097)	(11,383)
Profit on ordinary activities after taxation		19,679	42,151
Dividends	7	(36,000)	(36,000)
(Loss)/profit for the period		(16,321)	6,151
RETAINED PROFIT BROUGHT FORWARD		12,098	5,947
(ADVERSE BALANCE)/RETAINED PROFIT CARRIED FORWARD		(4,223)	12,098

None of the Company's activities were acquired or discontinued during the financial period.

The Company made no recognised gains or losses in the period ended 31 August 2000 other than the profit for the period.

The notes on pages 5 to 9 form part of these accounts.

SWAP SHOP LIMITEDBalance Sheet
31 August 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Fixed Assets			
Intangible assets	8	12,652	16,490
Tangible assets	9	53,232	67,109
		<u>65,884</u>	<u>83,599</u>
Current Assets			
Stocks	11	61,426	58,227
Debtors	12	72,544	45,166
Cash at bank and in hand		1,964	18,435
		<u>135,934</u>	<u>121,828</u>
Creditors			
Amounts due within one year	13	205,941	188,730
Net Current Liabilities		<u>(70,007)</u>	<u>(66,902)</u>
Total Assets Less Current Liabilities		<u>(4,123)</u>	<u>16,697</u>
Creditors			
Amounts due after more than one year	14	-	(4,499)
		<u>(4,123)</u>	<u>12,198</u>
Capital and Reserves			
Called up share capital	15	100	100
Profit and loss account		(4,223)	12,098
Shareholders' Funds	16	<u>(4,123)</u>	<u>12,198</u>

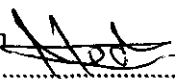
In approving these financial statements as directors of the Company, we hereby confirm:-

- that for the period in question, the Company was entitled to the exemption conferred by section 249A(1) of the Companies Act 1985;
- that no notice has been deposited at the registered office of the Company pursuant to section 249B(2) requesting that an audit be conducted for the period ended 31 August 2000; and
- that we acknowledge our responsibilities for:-
 - ensuring that the Company keeps accounting records which comply with section 221, and
 - preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit for the period then ended and which otherwise comply with the provisions of the Companies Act relating to accounts, so far as applicable to the Company.

The notes on pages 5 to 9 form part of these accounts.

X
D Wheeler  Director

Approved by the Board

N Khan  Director

On 30 August 2001

SWAP SHOP LIMITED

Notes to the Accounts

Period Ended 31 August 2000

1 ACCOUNTING POLICIES

- a. The accounts have been prepared under the historical cost convention.
- b. Turnover represents the net amount of invoices to customers less credit notes for goods returned, excluding VAT.
- c. Depreciation is provided over the expected useful lives of fixed assets, at the following rates:-

Leasehold land and buildings	- over the term of the lease
Fixtures and fittings	- 20% on written down value
Goodwill	- over the term of the franchise
- d. Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.
- e. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.
- f. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.
- g. The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

2 TURNOVER

The turnover and profit before taxation is attributable to the principal activity of the Company, which is as stated in the Report of the Directors. The whole of the turnover is attributable to the UK market.

	<u>2000</u>	<u>1999</u>
	£	£
3 OPERATING PROFIT		
The operating profit is stated after charging:-		
Staff costs (see note 4)	163,001	94,188
Hire of equipment	18,024	6,942
Operating lease rentals - land and buildings	81,246	31,561
Audit fees	-	750
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (see note 9)		
Owned assets	18,106	14,085
Amortisation of intangible fixed assets	3,838	2,559
	<u> </u>	<u> </u>
	<u>21,944</u>	<u>16,644</u>

SWAP SHOP LIMITEDNotes to the AccountsPeriod Ended 31 August 2000

	<u>2000</u>	<u>1999</u>
4 STAFF COSTS	£	£
Directors' remuneration	10,916	5,551
Wages and salaries	141,915	81,951
Social security	10,170	6,686
	<u>163,001</u>	<u>94,188</u>

The average weekly number of employees during the period was as follows:-

Office and management	3	3
Sales	8	11
	<u>11</u>	<u>14</u>

5 INTEREST PAYABLE

Bank interest	4,518	3,097
Hire purchase interest	2,328	1,593
Other interest	-	3,982
Interest on late paid taxation	1,697	-
	<u>8,543</u>	<u>8,672</u>

The above bank interest is on loans and overdrafts wholly repayable within five years.

6 TAXATION

Corporation tax at 10%/20%/22½ % (1999 - 21%/20%)	<u>7,097</u>	<u>11,383</u>
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7 DIVIDENDS

Paid net	<u>36,000</u>	<u>36,000</u>
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8 INTANGIBLE FIXED ASSETS

GoodwillCost

At 1 March 1999 and 31 August 2000	<u>25,590</u>
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Depreciation

At 1 March 1999	9,100
Charge for period	3,838
At 31 August 2000	<u>12,938</u>

Net Book Value

At 31 August 2000	<u>12,652</u>
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At 1 March 1999	<u>16,490</u>
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SWAP SHOP LIMITEDNotes to the AccountsPeriod Ended 31 August 2000

9 TANGIBLE FIXED ASSETS

	<u>Fixtures & Fittings</u>	<u>Land & Buildings</u>	<u>Total</u>
<u>Cost</u>			
At 1 March 1999	69,208	31,772	100,980
Additions	4,229	-	4,229
Disposals	-	-	-
At 31 August 2000	73,437	31,772	105,209
<u>Depreciation</u>			
At 1 March 1999	25,794	8,077	33,871
Charge for period	13,340	4,766	18,106
Depreciation on disposals	-	-	-
At 31 August 2000	39,134	12,843	51,977
<u>Net Book Value</u>			
At 31 August 2000	34,303	18,929	53,232
At 1 March 1999	43,415	23,694	67,109

Included in fixtures and fittings are the following assets, which are held under finance lease contracts:-

Cost	11,700
Accumulated depreciation	5,148
Net book value at 28 February 1999	9,360
Net book value at 31 August 2000	6,552

	<u>2000</u>	<u>1999</u>
10 LAND AND BUILDINGS	£	£
Short leasehold	18,929	23,694
11 STOCK		
General stock	61,426	58,227
12 DEBTORS		
Trade debtors	65,944	37,882
Prepayments and accrued income	6,086	6,656
Other debtors	514	628
	72,544	45,166

SWAP SHOP LIMITEDNotes to the AccountsPeriod Ended 31 August 2000

	<u>2000</u>	<u>1999</u>
	£	£
13 CREDITORS - amounts falling due within one year		
Bank overdrafts	35,238	14,353
Trade creditors	28,630	20,466
Accrued expenses and deferred income	34,319	13,814
Corporation tax	18,480	22,514
Taxes other than corporation tax	13,073	17,805
Directors' current accounts	72,558	96,404
Obligations under finance leases (secured)	3,643	3,374
	<u>205,941</u>	<u>188,730</u>

The bank overdraft is guaranteed by the directors of the Company on a joint and several guarantee to a limit of £20,000.

14 CREDITORS - amounts falling due after more than one year

Obligations under finance leases (secured)	-	4,499
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15 CALLED UP SHARE CAPITAL

Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, issued and fully paid		
100 Ordinary shares of £1 each	100	100

16 MOVEMENT OF SHAREHOLDERS' FUNDS

Profit for the period	19,679	42,151
Less dividends	(36,000)	(36,000)
	<u>(16,321)</u>	<u>6,151</u>
Opening shareholders' funds	12,198	6,046
	<u>(4,123)</u>	<u>12,198</u>

17 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the period to 31 August 2001.

	<u>2000</u>	<u>2000</u>	<u>1999</u>	<u>1999</u>
	<u>Land & Buildings</u>	<u>Plant & Other</u>	<u>Land & Buildings</u>	<u>Plant & Other</u>
Expiring:-				
Within one year	-	1,269	-	1,173
Within two to five years	-	7,945	-	2,440
After five years	45,000	-	45,000	-
	<u>45,000</u>	<u>9,214</u>	<u>45,000</u>	<u>3,613</u>

SWAP SHOP LIMITEDNotes to the AccountsPeriod Ended 31 August 2000

19 COMPARATIVE FIGURES

The comparative figures are in respect of the year ended 28 February 1999.