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Company Registration No. 3400140 (England and Wales)

STATUTORY COPY

BERRYS DIRECT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2004



BERRYS DIRECT LIMITED

COMPANY INFORMATION

Directors	N Jossel	
	V Jossel	
	N Menashe	(Appointed 1 April 2004)
	P Fortune	(Appointed 1 April 2004)
Secretary	N Jossel	
Company number	3400140	
Registered office	72 New Cavendish Street London W1G 8AU	
Auditors	Leigh Carr 72 New Cavendish Street London W1G 8AU	
Business address	1000 North Circular Road London NW2 7JP	
Bankers	National Westminster Bank PLC 105 Prince of Wales Road Norwich NR1 1DZ	

BERRYS DIRECT LIMITED

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BERRYS DIRECT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2004

The directors present their report and financial statements for the year ended 31 January 2004.

Principal activities and review of the business

The principal activity of the company is that of distributors and retailers of office and computer supplies, and of repairing and retailing domestic and business electrical equipment.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

Directors

The following directors have held office since 1 February 2003:

N Jossel	
V Jossel	
N Menashe	(Appointed 1 April 2004)
M E Jossel	(Resigned 1 April 2004)
P Fortune	(Appointed 1 April 2004)

Directors' interests

None of the above directors had any beneficial interest at the end of the period.

	Ordinary shares of £ 1 each	
	31 January 2004	1 February 2003
N Jossel	-	-
V Jossel	-	-
M E Jossel	-	-

Charitable donations	2004	2003
	£	£

During the year the company made the following payments:

Charitable donations	22,127	21,487
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Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Leigh Carr be reappointed as auditors of the company will be put to the Annual General Meeting.

BERRYS DIRECT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2004

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 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:

- select suitable accounting policies and then 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.

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.

On behalf of the board



N Menashe

Director

25 November 2004

BERRYS DIRECT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BERRYS DIRECT LIMITED

We have audited the financial statements of Berrys Direct Limited on pages 4 to 15 for the year ended 31 January 2004. 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 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 directors' 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 affairs as at 31 January 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Leigh Carr

Chartered Accountants
Registered Auditor

26 November 2004

72 New Cavendish Street
London
W1G 8AU

BERRYS DIRECT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2004

	Notes	2004 £	2003 £
Turnover	2	11,943,652	14,172,397
Cost of sales		<u>(9,453,311)</u>	<u>(10,898,326)</u>
Gross profit		2,490,341	3,274,071
Administrative expenses		<u>(2,733,168)</u>	<u>(3,200,144)</u>
Operating (loss)/profit	3	(242,827)	73,927
Interest payable and similar charges	4	<u>(90,514)</u>	<u>(46,598)</u>
(Loss)/profit on ordinary activities before taxation		(333,341)	27,329
Tax on (loss)/profit on ordinary activities	5	9,390	(12,438)
(Loss)/profit on ordinary activities after taxation	15	<u><u>(323,951)</u></u>	<u><u>14,891</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BERRYS DIRECT LIMITED

BALANCE SHEET AS AT 31 JANUARY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	6		97,036		104,008
Tangible assets	7		476,913		540,716
			<u>573,949</u>		<u>644,724</u>
Current assets					
Stocks	8	1,412,898		1,057,491	
Debtors	9	1,912,751		1,909,787	
Cash at bank and in hand		-		17,758	
		<u>3,325,649</u>		<u>2,985,036</u>	
Creditors: amounts falling due within one year	10	(2,406,116)		(1,802,937)	
Net current assets			<u>919,533</u>		<u>1,182,099</u>
Total assets less current liabilities			<u>1,493,482</u>		<u>1,826,823</u>
Creditors: amounts falling due after more than one year	11		(1,043,601)		(1,643,601)
Provisions for liabilities and charges	12		(2,388)		(11,778)
			<u>447,493</u>		<u>171,444</u>
Capital and reserves					
Called up share capital	14		700,000		1
Profit and loss account	15		(252,507)		171,443
Shareholders' funds - equity interests	16		<u>447,493</u>		<u>171,444</u>

The financial statements were approved by the Board on 25 November 2004



N Menashe
Director

BERRYS DIRECT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2004

	£	2004 £	£	2003 £
Net cash (outflow)/inflow from operating activities		(47,960)		532,896
Returns on investments and servicing of finance				
Interest paid	(39,490)		(44,213)	
Net cash outflow for returns on investments and servicing of finance		(39,490)		(44,213)
Taxation		(36,839)		738
Capital expenditure				
Payments to acquire tangible assets	(163,157)		(176,898)	
Receipts from sales of tangible assets	13,022		33,017	
Net cash outflow for capital expenditure		(150,135)		(143,881)
Net cash (outflow)/inflow before management of liquid resources and financing		(274,424)		345,540
(Decrease)/increase in cash in the year		(274,424)		345,540

BERRYS DIRECT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2004

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities			2004	2003
				£	£
	Operating (loss)/profit			(242,827)	73,927
	Depreciation of tangible assets			213,309	231,174
	Amortisation of intangible assets			6,972	6,972
	Loss on disposal of tangible assets			629	1,245
	Increase in stocks			(355,407)	(280,891)
	(Increase)/decrease in debtors			(2,964)	655,681
	Increase/(decrease) in creditors within one year			332,328	(155,212)
	Net cash (outflow)/inflow from operating activities			(47,960)	532,896
2	Analysis of net debt	1 February 2003	Cash flow	Other non-cash changes	31 January 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	17,758	(17,758)	-	-
	Bank overdrafts	(468,644)	(256,666)	-	(725,310)
	Net debt	(450,886)	(274,424)	-	(725,310)
3	Reconciliation of net cash flow to movement in net debt			2004	2003
				£	£
	(Decrease)/increase in cash in the year			(274,424)	345,540
	Movement in net debt in the year			(274,424)	345,540
	Opening net debt			(450,886)	(796,426)
	Closing net debt			(725,310)	(450,886)

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Assets for rental	25% Straight line
Fixtures and equipment	15-25% Straight line
Motor vehicles	25% Straight line

1.5 Leasing

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

1.6 Stock

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

1.7 Pensions

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.8 Foreign currency translation

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

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

3	Operating (loss)/profit	2004	2003
		£	£
	Operating (loss)/profit is stated after charging:		
	Amortisation of intangible assets	6,972	6,972
	Depreciation of tangible assets	213,309	231,174
	Loss on disposal of tangible assets	629	1,245
	Operating lease rentals	147,500	154,518
	Auditors' remuneration	25,000	30,161
	and after crediting:		
	Profit on foreign exchange transactions	(7,452)	-
		<u> </u>	<u> </u>
4	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	39,490	44,213
	On other loans wholly repayable within 5 years	50,984	-
	On overdue tax	-	2,385
	On other loans	40	-
		<u> </u>	<u> </u>
		90,514	46,598
		<u> </u>	<u> </u>

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

5	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	-	2,978
	Adjustment for prior years	-	5,519
		<hr/>	<hr/>
	Current tax charge	-	8,497
	Deferred tax		
	Deferred tax charge/credit current year	(9,390)	3,941
		<hr/>	<hr/>
		(9,390)	12,438
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(333,341)	27,329
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 19.00%)	-	5,193
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	-	1,987
	Depreciation add back	-	45,248
	Capital allowances	-	(48,492)
	Adjustments to previous periods	-	5,519
	Chargeable disposals	-	237
	Other tax adjustments	-	(1,195)
		<hr/>	<hr/>
		-	3,304
		<hr/>	<hr/>
	Current tax charge	-	8,497
		<hr/>	<hr/>

On the basis of these financial statements no provision has been made for Corporation taxation.

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 February 2003 & at 31 January 2004	139,449
Amortisation	
At 1 February 2003	35,441
Charge for the year	6,972
At 31 January 2004	42,413
Net book value	
At 31 January 2004	97,036
At 31 January 2003	104,008

7 Tangible fixed assets

	Assets for rental	Fixtures and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2003	51,778	963,345	176,800	1,191,923
Additions	-	153,157	10,000	163,157
Disposals	-	-	(95,185)	(95,185)
At 31 January 2004	51,778	1,116,502	91,615	1,259,895
Depreciation				
At 1 February 2003	51,778	477,454	121,975	651,207
On disposals	-	-	(81,534)	(81,534)
Charge for the year	-	186,988	26,321	213,309
At 31 January 2004	51,778	664,442	66,762	782,982
Net book value				
At 31 January 2004	-	452,060	24,853	476,913
At 31 January 2003	-	485,891	54,825	540,716

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

8	Stocks	2004	2003
		£	£
	Finished goods and goods for resale	1,412,898	1,057,491
		<u> </u>	<u> </u>
9	Debtors	2004	2003
		£	£
	Trade debtors	1,479,219	1,723,731
	Other debtors	336,159	119,718
	Prepayments and accrued income	97,373	66,338
		<u> </u>	<u> </u>
		1,912,751	1,909,787
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	2004	2003
		£	£
	Bank loans and overdrafts	725,310	468,644
	Trade creditors	1,565,832	641,480
	Corporation tax	40	36,879
	Other taxes and social security costs	52,001	379,240
	Accruals and deferred income	62,933	276,694
		<u> </u>	<u> </u>
		2,406,116	1,802,937
		<u> </u>	<u> </u>
11	Creditors: amounts falling due after more than one year	2004	2003
		£	£
	Other creditors	1,043,601	1,643,601
		<u> </u>	<u> </u>

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 February 2003	11,778
Profit and loss account	(9,390)
	<u>2,388</u>
Balance at 31 January 2004	<u>2,388</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>2,388</u>	<u>11,778</u>

13 Pension costs

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>19,516</u>	<u>33,651</u>

14 Share capital

	2004 £	2003 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
700,000 Ordinary shares of £1 each	<u>700,000</u>	<u>1</u>

During the year 600,000 ordinary shares of £1 each were allotted and fully paid at par and a further 99,999 ordinary share of £1 each were allotted and fully paid by way of capitalisation of reserves.

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2003	171,444
Retained loss for the year	(323,951)
Less: Capitalisation of reserves	(100,000)
	<u> </u>
Balance at 31 January 2004	<u>(252,507)</u>

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
(Loss)/Profit for the financial year	(323,951)	14,891
Opening shareholders' funds	171,444	156,553
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>447,493</u>	<u>171,444</u>

17 Financial commitments

At 31 January 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date:		
In over five years	<u>147,500</u>	<u>147,500</u>

18 Directors' emoluments

	2004 £	2003 £
Emoluments for qualifying services	<u>117,720</u>	<u>187,720</u>

BERRYS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Management	5	3
Administrative	25	25
Service and maintenance	20	11
Marketing and selling	12	30
	<u>62</u>	<u>69</u>

Employment costs

	£	£
Wages and salaries	1,452,353	1,773,652
Social security costs	143,153	174,429
Other pension costs	19,516	33,651
	<u>1,615,022</u>	<u>1,981,732</u>

20 Control

The ultimate controlling party is Berry's Holdings Limited, which is also the ultimate parent company. Berry's Holdings Limited is registered in the Isle of Man.