

Aventi Distribution Limited

Report and Financial Statements

Year Ended

30 June 2005



A67
COMPANIES HOUSE

A06JQCEF

266
26/01/2006

BDO

BDO Stoy Hayward
Chartered Accountants

Aventi Distribution Limited

Annual report and financial statements for the year ended 30 June 2005

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Cash flow statement
8	Notes forming part of the financial statements

Directors

R Lechartier
W Dobson
G Kelly

Secretary and registered office

D Lechartier, Centro 3, Boundary Way, Hemel Hempstead, Herts, HP2 7SU

Company number

4304100

Auditors

BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road
Hatfield, Herts, AL9 5BS

Aventi Distribution Limited

Report of the directors for the year ended 30 June 2005

The directors present their report together with the audited financial statements for the year ended 30 June 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

An interim ordinary dividend of £52,000 was paid (2004 : £211,897). The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The company's principal activity is the supply of digital optical media, computer components and digital video disks.

The directors are satisfied with the results for the year and are confident that the company will remain profitable.

Post balance sheet events

On 11 December 2005, the company's premises at Hemel Hempstead, Hertfordshire were damaged by the explosion at the Buncefield Oil Terminal. As a consequence, operations were relocated to the company's site at Berkhamsted, Hertfordshire. The company is fully insured for the damage sustained to its property and stock, and the business interruption resulting from that damage. It is currently in negotiation with its insurers to quantify and settle all claims.

Charitable and political contributions

During the year the company made charitable contributions of £NIL (2004: £2,217). There were no political contributions.

Directors

The directors of the company during the year were:

R Lechartier

W Dobson

H Rissen

Resigned 30th April 2005

No director had any beneficial interest in the share capital of the company. R Lechartier and W Dobson are also directors of the ultimate holding company Aventi Holdings Plc and their interests in the share capital of that company are shown in its financial statements.

Mr G Kelly was appointed as a director on 1 August 2005.

Aventi Distribution Limited

Report of the directors for the year ended 30 June 2005 (*Continued*)

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 year. 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; and
- 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

W Dobson



Director

Date: 20.1.06

Aventi Distribution Limited

Report of the independent auditors

To the shareholders of Aventi Distribution Limited

We have audited the financial statements of Aventi Distribution Limited for the year ended 30 June 2005 on pages 5 to 18 which have been prepared under the accounting policies set out on pages 8 to 9.

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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Aventi Distribution Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Hatfield

Date: 25th January 2006

Aventi Distribution Limited

Profit and loss account for the year ended 30 June 2005

	Note	2005 £	2004 £
Turnover	2	25,517,590	25,367,689
Cost of sales		21,549,835	21,752,380
Gross profit		3,967,755	3,615,309
Administrative expenses		3,564,357	2,437,817
		403,398	1,177,492
Other operating income		121,199	-
Operating profit	3	524,597	1,177,492
Interest payable and similar charges	6	(251,130)	(189,287)
Profit on ordinary activities before taxation		273,467	988,205
Taxation on profit on ordinary activities	7	84,486	303,147
Profit on ordinary activities after taxation		188,981	685,058
Dividends	8	52,000	211,897
Retained profit		136,981	473,161
Retained profit brought forward		966,307	493,146
Retained profit carried forward		1,103,288	966,307

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 8 to 18 form part of these financial statements.

Aventi Distribution Limited

Balance sheet at 30 June 2005

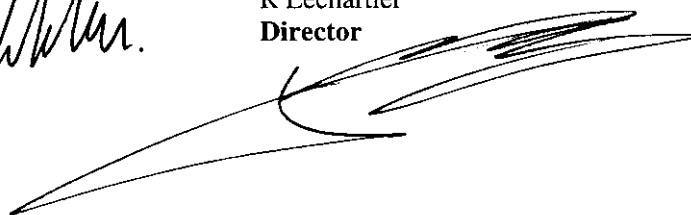
	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	9		152,131		-
Tangible assets	10		197,118		254,115
			<u>349,249</u>		<u>254,115</u>
Current assets					
Stocks	11	3,781,857		7,954,499	
Debtors	12	5,457,606		6,423,600	
Cash at bank and in hand		12,803		4,178,998	
		<u>9,252,266</u>		<u>18,557,097</u>	
Creditors: amounts falling due within one year	13	8,432,159		17,772,574	
		<u>8,432,159</u>		<u>17,772,574</u>	
Net current assets			<u>820,107</u>		<u>784,523</u>
Total assets less current liabilities			<u>1,169,356</u>		<u>1,038,638</u>
Provision for liabilities and charges	14		18,068		24,331
			<u>1,151,288</u>		<u>1,014,307</u>
Capital and reserves					
Called up share capital	15		48,000		48,000
Profit and loss account			1,103,288		966,307
			<u>1,151,288</u>		<u>1,014,307</u>
Equity shareholders' funds			<u>1,151,288</u>		<u>1,014,307</u>

The financial statements were approved by the Board on 20 January 2006

W Dobson
Director



R Lechartier
Director



The notes on pages 8 to 18 form part of these financial statements.

Aventi Distribution Limited

Cash flow statement for the year ended 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash (outflow)/inflow from operating activities	20		(1,080,601)		1,760,781
Returns on investments and servicing of finance					
Interest paid: other			(251,130)		(189,287)
Taxation					
Corporation tax paid			(228,433)		(211,017)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(157,258)		-	
Payments to acquire tangible fixed assets		(8,965)		(141,655)	
Receipts from sale of tangible fixed assets		-		25,800	
Net cash outflow from capital expenditure and financial investment			(166,223)		(115,855)
Equity dividend paid			(52,000)		(211,897)
Cash (outflow)/inflow before financing			(1,778,387)		1,032,725
Financing					
New loans		-		42,000	
Loans repaid		-		(50,000)	
Net cash outflow from financing			-		(8,000)
(Decrease)/increase in cash	21		(1,778,387)		1,024,725

The notes on pages 8 to 18 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when goods are delivered.

Intangible Assets

Intangible assets are valued at the cost of acquisition. Amortisation is charged on a straight line basis over the expected useful life of the assets which the directors have determined is between 5 and 15 years.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Plant & machinery	- 25% written down value
Motor vehicles	- 25% written down value
Fixtures and fittings and equipment	- 25 % written down value

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Leasing

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

2 Turnover

	2005 £	2004 £
Analysis by geographical market:		
United Kingdom	7,291,476	2,962,919
Rest of the world	18,226,114	22,404,770
	<hr/>	<hr/>
	25,517,590	25,367,689
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

3 Operating profit

	2005 £	2004 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	65,962	63,168
Amortisation of other intangible fixed assets	5,127	-
Loss on disposal of tangible fixed assets	-	1,450
Hire of other assets - operating leases	74,462	85,735
Audit services	15,500	13,000
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2005 £	2004 £
Wages and salaries	-	421,746
Social security costs	-	38,452
Other pension costs	1,666	13,128
	<u> </u>	<u> </u>
	1,666	473,326
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was NIL (2004 - 28).

Staff costs are now borne by the parent company Aventi Holdings Plc and a management charge is made instead.

5 Directors' remuneration

	2005 £	2004 £
Directors' emoluments	-	12,000
Company contributions to money purchase pension schemes	1,666	13,128
	<u> </u>	<u> </u>

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

6 Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdrafts	105,534	86,436
Amounts payable to factors	142,778	102,291
Other Interest	2,818	560
	<u>251,130</u>	<u>189,287</u>

7 Taxation on profit on ordinary activities

	2005 £	2005 £	2004 £	2004 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	90,750		296,998	
Adjustment in respect of previous periods	-		21,000	
	<u>90,750</u>		<u>317,998</u>	
<i>Deferred tax</i>				
Origination and reversal of timing differences		(6,264)		(14,851)
		<u>84,486</u>		<u>303,147</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>273,467</u>	<u>988,205</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	82,040	296,462
Effect of:		
Expenses not deductible for tax purposes	2,446	5,031
Capital allowances for period in excess of depreciation	6,264	(4,495)
Adjustment to tax charge in respect of previous periods	-	21,000
	<u>90,750</u>	<u>317,998</u>

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

8 Dividends

	2005 £	2004 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of £1.08 (2004 - £4.41) per share	52,000	211,897

9 Intangible assets

	Other intangible fixed assets £
<i>Cost or valuation</i>	
Additions and at 30 June 2005	157,258
<i>Amortisation</i>	
Provided for the year and at 30 June 2005	5,127
<i>Net book value</i>	
At 30 June 2005	152,131
At 30 June 2004	-

Intangible assets relate to film rights acquired in the year.

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

10 Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Plant & Machinery £	Total £
<i>Cost</i>				
At 1 July 2004	34,519	155,954	149,139	339,612
Additions	-	7,954	1,011	8,965
	<u>34,519</u>	<u>163,908</u>	<u>150,150</u>	<u>348,577</u>
<i>Depreciation</i>				
At 1 July 2004	9,891	30,638	44,968	85,497
Provided for the year	6,157	33,509	26,296	65,962
	<u>16,048</u>	<u>64,147</u>	<u>71,264</u>	<u>151,459</u>
<i>Net book value</i>				
At 30 June 2005	<u>18,471</u>	<u>99,761</u>	<u>78,886</u>	<u>197,118</u>
At 30 June 2004	<u>24,628</u>	<u>125,316</u>	<u>104,171</u>	<u>254,115</u>

11 Stocks

	2005 £	2004 £
Finished goods and goods for resale	<u>3,781,857</u>	<u>7,954,499</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Aventi Distribution Limited**Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)****12 Debtors**

	2005 £	2004 £
Trade debtors	4,647,059	4,376,201
Amounts owed by group undertakings	-	1,218,427
Other debtors	678,097	79,967
Prepayments and accrued income	132,450	749,005
	<u>5,457,606</u>	<u>6,423,600</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts (secured)	1,749,426	4,137,234
Trade creditors	2,808,418	13,015,388
Amounts owed to group undertakings	2,744,608	21,122
Corporation tax	159,315	296,998
Other taxation and social security	101,231	-
Other creditors	2,627	2,627
Accruals and deferred income	866,534	299,205
	<u>8,432,159</u>	<u>17,772,574</u>

The company has guaranteed any bank debts of fellow group undertakings, who in turn have cross guaranteed the bank debt of each undertaking. At 30 June 2005 the total of the bank debts covered by these guarantees amounted to £2,997,913 (2004: £3,406,605). The debts are secured by a fixed and floating charge over the assets of the group.

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

14 Provision for liabilities and charges

	Deferred taxation £
At 1 July 2004	24,332
Credited to profit and loss account	(6,264)
	<hr/>
At 30 June 2005	18,068
	<hr/>
<i>Deferred taxation</i>	
	2005 2004
	£ £
Accelerated capital allowances	18,068 24,332
	<hr/> <hr/>

15 Share capital

	2005	Authorised	Allotted, called up	and fully paid
	2005	2004	2005	2004
	£	£	£	£
<i>Equity share capital</i>				
100,000 shares of £1 each	100,000	100,000	48,000	48,000
	<hr/>	<hr/>	<hr/>	<hr/>

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £1,666 (2004 - £13,128). There were no unpaid contributions at the year end.

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005	2004
	Land and	Land and
	buildings	buildings
	£	£
Operating leases which expire:		
Within one year	22,000	-
In two to five years	170,336	209,410
	<hr/>	<hr/>
	192,336	209,410
	<hr/>	<hr/>

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Aventi Holdings Plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

19 Post balance sheet events

On 11 December 2005, the company's premises at Hemel Hempstead, Hertfordshire were damaged by the explosion at the Buncefield Oil Terminal. As a consequence, operations were relocated to the company's site at Berkhamsted, Hertfordshire. The company is fully insured for the damage sustained to its property and stock, and the business interruption resulting from that damage. It is currently in negotiation with its insurers to quantify and settle all claims.

Aventi Distribution Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

20 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2005 £	2004 £
Operating profit	524,597	1,177,492
Amortisation of intangible fixed assets	5,127	-
Depreciation of tangible fixed assets	65,962	63,168
Loss on sale of tangible fixed assets	-	1,450
Decrease/(increase) in stocks	4,172,642	(6,248,393)
Decrease/(increase) in debtors	965,994	(1,203,548)
(Decrease)/increase in creditors	(6,814,923)	7,970,612
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(1,080,601)	1,760,781
	<hr/>	<hr/>

21 Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
(Decrease)/increase in cash	(1,778,387)	1,044,949
	<hr/>	<hr/>
Movement in net funds	(1,778,387)	1,044,949
Opening net funds/(debt)	41,764	(1,003,185)
	<hr/>	<hr/>
Closing net (debt)/funds	(1,736,623)	41,764
	<hr/>	<hr/>

22 Analysis of net funds

	At 1 July 2004 £	Cash flow £	At 30 June 2005 £
Cash at bank and in hand	4,178,998	(4,166,195)	12,803
Bank overdrafts	(4,137,234)	2,387,808	(1,749,426)
		<hr/>	
		(1,778,387)	
	<hr/>	<hr/>	<hr/>
Total	41,764	(1,778,387)	(1,736,623)
	<hr/>	<hr/>	<hr/>

23 Ultimate parent company and parent undertaking of larger group

The company is ultimately controlled by Aventi Holdings Plc, which is controlled equally by W Dobson and R Lechartier.

The largest and smallest group in which the results of the company are consolidated is that headed by Aventi Holdings Plc. The consolidated accounts of this company are available from Companies House.