

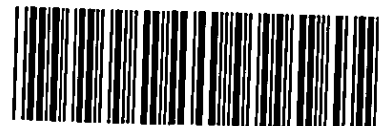
Expert Imaging Limited

Director's report and financial statements

30 September 2008

Registered number 4625136

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Expert Imaging Limited

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Expert Imaging Limited

Director's report

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

Principal activities and business review

The company's principal activity is that of retailing photographic equipment and services.

In the opinion of the directors the company has traded satisfactorily.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year was:

W Rollason

Political and charitable donations

The company made no donations in the year.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware and the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Expert Imaging Limited

Directors' report *(continued)*

Enhanced Business Review Exemption

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

By order of the board

27 May 2009



N J Molyneux
Secretary

98 Scudamore Road
Leicester LE3 1TZ

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Expert Imaging Limited

Independent Auditor's Report To The Members of Expert Imaging Limited

We have audited the financial statements of Expert Imaging Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Expert Imaging Limited

Independent auditor's report to the members of Expert Imaging Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our review conclusion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 concerning the Company's ability to continue as a going concern. The company is subject to cross guarantees in respect of the indebtedness of Jessops plc and its subsidiaries ("the Group") in favour of the Group's lenders and is reliant on intra-group borrowings to allow the company to continue to realise its assets and discharge its liabilities in the normal course of business. This ability is dependent on three main factors. First the Jessops plc group ("the Group") must continue to operate within available banking facilities, which is dependent on the Group achieving net cash flows substantially in line with, or favourable to, projections. Secondly, the Group is dependent on the lenders not exercising any right to demand immediate repayment of borrowings under those facilities should they become repayable on demand, and continuing to make the full amount of those facilities, including undrawn amounts, available until their maturity. Thirdly, any proposal to comprehensively restructure the Group and the facilities available to it may, depending on the precise nature of any such restructuring, mean that the Group is unable to continue to provide intra-group support and as such the Company may not be able to continue to trade as a going concern.

These matters, along with other matters, explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Philip Andrew Pe

27 May 2009

KPMG Audit Plc

Chartered Accountants

Registered Auditor

St Nicholas House,

31 Park Row

NG1 6FQ

Expert Imaging Limited

Profit and loss account

For the year to 30 September 2008

	<i>Note</i>	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
Turnover	<i>1</i>	3,470	15,315
Cost of sales		<u>(2,318)</u>	<u>(13,876)</u>
Gross profit		1,152	1,439
Distribution expenses		<u>(403)</u>	<u>(984)</u>
Profit on ordinary activities before taxation	<i>2</i>	749	455
Tax on profit on ordinary activities	<i>4</i>	<u>-</u>	<u>-</u>
Retained profit for the financial year.	<i>10,11</i>	749	455

The profit for the year is derived from continuing operations.

The company had no recognised gains or losses other than the profit for the year.

Expert Imaging Limited

Balance Sheet

At 30 September 2008

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Fixed assets					
Tangible assets	5		49		78
Current assets					
Debtors	6	3,255		1,866	
Cash		25		54	
		<u>3,280</u>		<u>1,920</u>	
Creditors: amounts falling due within one year	7	<u>(881)</u>		<u>(299)</u>	
Net current assets			2,399		1,621
Provisions for liabilities and charges	8		(6)		(6)
Net Assets			<u>2,442</u>		<u>1,693</u>
Capital and reserves					
Called up share capital	9		-		-
Profit and loss account	10		<u>2,442</u>		<u>1,693</u>
Equity Shareholder's Funds	11		<u>2,442</u>		<u>1,693</u>

The financial statements were approved by the board of directors on 27 May 2009 and were signed on its behalf by:



W P Rollason
Director

Expert Imaging Limited

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The financial statements are being prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The company is subject to cross guarantees in respect of the indebtedness of Jessops plc and its subsidiaries ("the Group") in favour of the Group's lenders and is reliant on intra-group borrowings to allow the company to continue to realise its assets and discharge its liabilities in the normal course of business.

The Group meets its day to day working capital requirements and medium term funding requirements through banking facilities that mature in December 2011. Some of the facilities are made available subject to a number of covenant tests. The Directors have been informed by the Directors of Jessops plc ("the Group Directors") that as at the date of approval of these financial statements the Group was not in breach of these covenants as covenant tests had been deferred. The covenants are next tested at the end of June and quarterly thereafter. In the absence of ongoing covenant waivers from the bank the Group Directors believe that the covenants will be breached for the immediately foreseeable future. The balance of the facilities consists primarily of an overdraft which is repayable on demand. The Group Directors consider that in effect the entire facilities may shortly become repayable on demand at the option of the lenders.

The Group Directors have prepared trading and cash flow forecasts for a period in excess of one year from the date of approval of these financial statements which project that the total facilities are not exceeded over the duration of the forecasts. The forecasts prepared make assumptions in respect of future trading conditions of the Group and in particular the trend in like for like revenue in the remainder of financial year 2009 not being materially worse than that experienced for the six months to 31 March 2009 and then a forecast year-on-year improvement in underlying retail conditions in the UK during 2010, achieving operational improvements, cost reductions and cash outflow deferral in respect of property lease payments. In addition to this the nature of the Group's business is such that there can be variation in the timing of cash inflows as trading patterns develop, in particular the quantum and timing of Summer and Christmas trading activity. The forecasts take into account the aforementioned factors to an extent which the Group Directors consider to be reasonable, based on the information that is available to them at the time of approval of these financial statements.

Expert Imaging Limited

Notes (forming part of the financial statements) (continued)

1. Accounting policies (continued)

Basis of preparation (continued)

The Directors have been informed by the Group Directors that in discussions with the Group, the existing lenders have indicated that it is their current intention (a) not to seek early repayment of the bank loans, (b) to continue to make available the undrawn element of the facilities and (c) to consider on an ongoing basis any appropriate, alternative options for the structure of the facilities provided to the business. The existing lenders have also indicated that they will not increase the total amount made available to the Group under the existing facilities.

In the event that additional funds are required in excess of the existing facilities as a result of the Group not substantially achieving its forecasts the Group Directors have informed the Directors that the Group would have to supplement, renew or replace those facilities with facilities that are appropriate to the Group's ongoing requirements. The potential source and cost of such supplementary, new or replacement facilities is a matter which the Group Directors are keeping under review although they regard the likelihood of securing such facilities to be low.

As regards the future structure of the facilities provided to the Group by the existing lenders, the Directors have been informed by the Group Directors that a number of options are being considered including a comprehensive restructuring of the Group. The Group Director's are working with the Group's existing lenders towards a satisfactory solution, however, depending on the precise nature of any such proposal the Group, and the Company may or may not be able to continue to trade as a going concern.

The Group Directors have indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As described above, the directors acknowledge that there can be no certainty that this support will be able to continue to be provided by the Group.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to continue to realise assets and discharge liabilities in the normal course of business. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Jessops plc and 100% of the company's voting rights are controlled within the group headed by the ultimate parent company Jessops plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Jessops plc, within which this company is included, can be obtained from the address given in note 12.

Fixed assets and depreciation

Depreciation is provided to write off the cost over the estimated useful lives of tangible fixed assets as follows:

Fixtures and equipment including office equipment - straight line basis over 10 years.

Expert Imaging Limited

Notes forming part of the financial accounts (continued)

1. Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

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

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2. Operating profit

	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
Operating profit is stated after charging:		
Depreciation	<u>24</u>	<u>25</u>

3. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 30 September 2008	Year ended 30 September 2007
Selling	-	2
Administration	<u>2</u>	<u>2</u>
	<u>2</u>	<u>4</u>

Expert Imaging Limited

Notes forming part of the financial accounts *(continued)*

3. Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
Wages and salaries	23	72
Social security costs	3	8
	<u>26</u>	<u>80</u>

The directors of the company received no remuneration in the year from this company.

4. Taxation

	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
UK corporation tax at 29% (2006 30%)	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

<i>Current tax reconciliation</i>	2008 £000	2007 £000
Profit on ordinary activities before taxation	<u>749</u>	<u>455</u>
Current tax at 29% (2007 : 30%)	217	136
<i>Effects of:-</i>		
Group relief received	(224)	(137)
Capital allowances in excess of depreciation	<u>7</u>	<u>1</u>
Total current tax charge	<u>-</u>	<u>-</u>

With effect from 1 April 2008 the statutory rate of corporation tax changed to 28%. As a result the standard rate of tax for the year ended 30 September 2008 was 29%, being 30% from 1 October 2007 to 31 March 2008 and 28% from 1 April to 30 September 2008.

Expert Imaging Limited

Notes forming part of the financial accounts *(continued)*

5. Tangible fixed assets

	Office equipment	Fixtures and fittings, plant and machinery and vehicles	Total
	£000	£000	£000
Cost			
At 1 October 2007	5	125	130
Reclassification	3	(3)	-
Additions	-	-	-
At 30 September 2008	8	122	130
Depreciation			
At 1 October 2007	5	47	52
Charge for year	1	23	24
Transfer from other group companies	1	4	5
At 30 September 2008	7	74	81
Net book value			
At 30 September 2007	-	78	78
At 30 September 2008	1	48	49

6. Debtors

	2008 £000	2007 £000
Trade debtors	139	135
Amounts owed by group undertakings	2,925	1,686
Prepayments and accrued income	191	45
	3,255	1,866

Expert Imaging Limited

Notes forming part of the financial accounts *(continued)*

7. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Taxation	7	7
Other creditors	-	95
Accruals and deferred income	874	197
	<u>881</u>	<u>299</u>

8. Provisions for liabilities and charges

	Deferred taxation £000
As at 1 October 2007	6
Charge for the year in the profit and loss account	-
As at 30 September 2008	<u>6</u>

The amount provided at 30 September 2008 relates entirely to the difference between accumulated depreciation and capital allowances.

9. Called up share capital

	2008 Number	2007 Number	2008 £	2007 £
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10. Reserves

	2008 £000	2007 £000
Opening reserves	1,693	1,238
Profit for the financial year	749	455
Closing reserves	<u>2,442</u>	<u>1,693</u>

Expert Imaging Limited

Notes forming part of the financial accounts *(continued)*

11. Reconciliation in movement in shareholder's funds

	2008 £000	2007 £000
Opening shareholder's funds	1,693	1,238
Profit for the financial year	749	455
Closing shareholder's funds	<u>2,442</u>	<u>1,693</u>

12. Financial Guarantee

The Company guarantees some of the borrowings of its ultimate parent company by means of a mortgage over freehold property, a fixed charge over debtors and a floating charge over all other property.

13. Parent company and controlling party

The company's immediate and ultimate parent company is Jessops plc, a company incorporated in England and Wales. Accounts for this company are available from Companies House, Crown Way, Maindy, Cardiff, CF 14 3UZ.