

WALTON CAMERAS LIMITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2002

Company Registration Number 0330823



WALTON CAMERAS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|---|
| The board of directors | G M Gardner H M Gardner J R Gardner J G Gardner C Gardner M D Russell-Vick |
| Company secretary | G M Gardner |
| Registered office | Old Court Tyrrells Wood Leatherhead SURREY KT22 8QW |
| Auditors | Honey Barrett Chartered Accountants & Registered Auditors 53 Gildredge Road Eastbourne East Sussex BN21 4SF |

WALTON CAMERAS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the retail of photographic, video, television and audio equipment.

The directors consider the state of affairs of the company at 31 March 2002 to be satisfactory and do not envisage any change in the company's principal activity for the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

| | 2002 £ | 2001 £ |
|---------------------------------------|----------------|----------------|
| Proposed dividends on ordinary shares | <u>300,000</u> | <u>150,000</u> |

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Ordinary Shares of £1 each | |
|------------------|----------------------------|--------------------|
| | At 31 March 2002 | At 1 April 2001 |
| G M Gardner | 78 | 78 |
| H M Gardner | 78 | 78 |
| J R Gardner | 52 | 52 |
| J G Gardner | — | — |
| C Gardner | — | — |
| M D Russell-Vick | <u>26</u> | <u>26</u> |

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, 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.

WALTON CAMERAS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2002

DIRECTORS' RESPONSIBILITIES *(continued)*

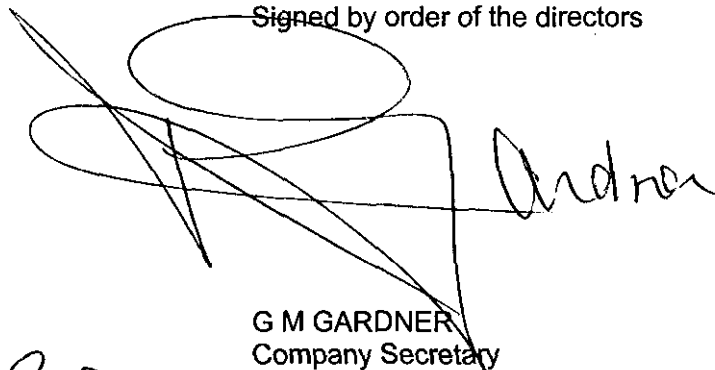
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Honey Barrett as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Old Court
Tyrrells Wood
Leatherhead
SURREY
KT22 8QW

Signed by order of the directors

A large, stylized handwritten signature in black ink, appearing to read 'G M Gardner', is written over the printed name and title.

G M GARDNER
Company Secretary

Approved by the directors on 3.9.02

WALTON CAMERAS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 MARCH 2002

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 on pages 2 to 3.

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 responsibilities do not extend to any other information.

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.

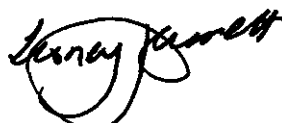
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 March 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

53 Gildredge Road
Eastbourne
East Sussex
BN21 4SF

16th September 2002



HONEY BARRETT
Chartered Accountants
& Registered Auditors

WALTON CAMERAS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2002

| | Note | 2002 £ | 2001 £ |
|--|------|------------------|------------------|
| TURNOVER | 2 | 12,648,593 | 12,252,331 |
| Cost of sales | | <u>8,673,002</u> | <u>8,423,967</u> |
| GROSS PROFIT | | 3,975,591 | 3,828,364 |
| Administrative expenses | | 3,559,827 | 3,564,521 |
| Other operating income | | <u>(12,500)</u> | <u>(12,500)</u> |
| OPERATING PROFIT | 3 | 428,264 | 276,343 |
| Interest receivable | | 3,212 | 5,623 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>431,476</u> | <u>281,966</u> |
| Tax on profit on ordinary activities | 6 | 97,818 | 40,043 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>333,658</u> | <u>241,923</u> |
| Dividends | 7 | 300,000 | 150,000 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | <u>33,658</u> | <u>91,923</u> |
| Balance brought forward | | <u>1,429,214</u> | <u>1,337,291</u> |
| Balance carried forward | | <u>1,462,872</u> | <u>1,429,214</u> |

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 14 form part of these financial statements.

WALTON CAMERAS LIMITED

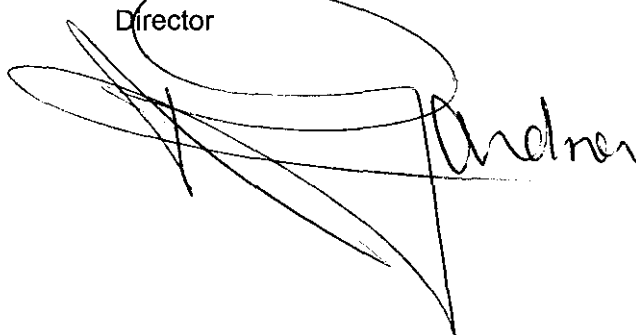
BALANCE SHEET

YEAR ENDED 31 MARCH 2002

| | Note | 2002 £ | £ | 2001 £ | £ |
|---|------|-----------|-----------|-----------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | 8 | | 354,277 | | 371,874 |
| CURRENT ASSETS | | | | | |
| Stocks | 9 | 1,894,892 | | 2,269,383 | |
| Debtors | 10 | 414,874 | | 380,094 | |
| Cash at bank | | 429,219 | | 142,562 | |
| | | 2,738,985 | | 2,792,039 | |
| CREDITORS: Amounts falling due within one year | 11 | 1,590,130 | | 1,694,439 | |
| NET CURRENT ASSETS | | | 1,148,855 | | 1,097,600 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,503,132 | | 1,469,474 |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | 14 | | 260 | | 260 |
| Share premium account | | | 39,914 | | 39,914 |
| Other reserves | 15 | | 86 | | 86 |
| Profit and Loss Account | | | 1,462,872 | | 1,429,214 |
| SHAREHOLDERS' FUNDS | 16 | | 1,503,132 | | 1,469,474 |

These financial statements were approved by the directors on the 3.9.02 and are signed on their behalf by:

G M GARDNER
Director



The notes on pages 9 to 14 form part of these financial statements.

WALTON CAMERAS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2002

| | 2002 | 2001 |
|---|-----------------------|-------------------------|
| | £ | £ |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 475,938 | (255,093) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | <u>3,212</u> | <u>5,623</u> |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 3,212 | 5,623 |
| TAXATION | (49,389) | (46,346) |
| CAPITAL EXPENDITURE | | |
| Payments to acquire tangible fixed assets | (188,113) | (184,953) |
| Receipts from sale of fixed assets | <u>45,009</u> | <u>7,380</u> |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | (143,104) | (177,573) |
| INCREASE/(DECREASE) IN CASH | <u>286,657</u> | <u>(473,389)</u> |

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2002 | 2001 |
|--|-----------------------|-------------------------|
| | £ | £ |
| Operating profit | 428,264 | 276,343 |
| Depreciation | 162,303 | 123,007 |
| Profit on disposal of fixed assets | (1,602) | (4,043) |
| Decrease/(Increase) in stocks | 374,491 | (657,288) |
| Increase in debtors | (34,780) | (97,319) |
| (Decrease)/Increase in creditors | (452,738) | 104,207 |
| Net cash inflow/(outflow) from operating activities | <u>475,938</u> | <u>(255,093)</u> |

The notes on pages 9 to 14 form part of these financial statements.

WALTON CAMERAS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2002

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2002 £ | 2001 £ |
|---|----------------|------------------|
| Increase/(Decrease) in cash in the period | <u>286,657</u> | <u>(473,389)</u> |
| Movement in net funds in the period | <u>286,657</u> | <u>(473,389)</u> |
| Net funds at 1 April 2001 | <u>142,562</u> | <u>615,951</u> |
| Net funds at 31 March 2002 | <u>429,219</u> | <u>142,562</u> |

ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 Apr 2001 £ | Cash flows £ | At 31 Mar 2002 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | <u>142,562</u> | <u>286,657</u> | <u>429,219</u> |
| Net funds | <u>142,562</u> | <u>286,657</u> | <u>429,219</u> |

The notes on pages 9 to 14 form part of these financial statements.

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|---------------------------|
| Fixtures & Fittings | - 10% - 33% Straight line |
| Motor Vehicles | - 25% Straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Surrender premiums

Surrender premiums are credited to profit and loss in equal amounts over the lease term to which the premium relates.

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | 2002 £ | 2001 £ |
|----------------|-------------------|-------------------|
| United Kingdom | <u>12,648,593</u> | <u>12,252,331</u> |

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | 2002 £ | 2001 £ |
|--|-----------------|-----------------|
| Depreciation | 162,303 | 123,007 |
| Profit on disposal of fixed assets | (1,602) | (4,043) |
| Auditors' remuneration | | |
| - as auditors | 5,000 | 10,000 |
| Operating lease costs: | | |
| Land and buildings | 9,500 | 9,500 |
| Rentals under operating leases - concessionary outlets | 1,328,709 | 1,265,201 |
| Release of surrender premiums | <u>(12,500)</u> | <u>(12,500)</u> |

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

| | 2002 No. | 2001 No. |
|--------------------------------|-------------|-------------|
| Number of administrative staff | 11 | 10 |
| Number of operational staff | 69 | 66 |
| | <u>80</u> | <u>76</u> |

The aggregate payroll costs of the above were:

| | 2002 £ | 2001 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,470,185 | 1,539,324 |
| Social security costs | 146,866 | 234,551 |
| | <u>1,617,051</u> | <u>1,773,875</u> |

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2002 £ | 2001 £ |
|-----------------------|----------------|----------------|
| Emoluments receivable | <u>272,487</u> | <u>575,431</u> |

Emoluments of highest paid director:

| | 2002 £ | 2001 £ |
|---|---------------|----------------|
| Total emoluments (excluding pension contributions): | <u>76,455</u> | <u>167,530</u> |

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

| | 2002 £ | 2001 £ |
|--|---------------|---------------|
| Current tax: | | |
| UK Corporation tax based on the results for the year at 30% (2001 - 20%) | <u>97,818</u> | <u>40,043</u> |
| Total current tax | <u>97,818</u> | <u>40,043</u> |
| Tax on profit on ordinary activities | <u>97,818</u> | <u>40,043</u> |

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 20%).

| | 2002 £ | 2001 £ |
|---|----------------|----------------|
| Profit on ordinary activities before taxation | <u>431,476</u> | <u>281,966</u> |
| Profit on ordinary activities by rate of tax | 129,443 | 56,393 |
| Effect of disallowed expenses | 968 | 1,005 |
| Capital allowances in excess of depreciation | (1,658) | (5,268) |
| Effect of surrender premium release | (3,750) | (2,500) |
| Marginal small companies relief | (27,083) | - |
| Adjustment re prior years | (102) | (9,587) |
| Total current tax | <u>97,818</u> | <u>40,043</u> |

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

7. DIVIDENDS

The following dividends have been proposed in respect of the year:

| | 2002 £ | 2001 £ |
|--------------------------------------|----------------|----------------|
| Proposed dividend on ordinary shares | <u>300,000</u> | <u>150,000</u> |

8. TANGIBLE FIXED ASSETS

| | Fixtures & Fittings £ | Motor Vehicles £ | Total £ |
|-------------------------|-----------------------------|------------------------|----------------|
| COST | | | |
| At 1 April 2001 | 463,998 | 136,510 | 600,508 |
| Additions | 188,113 | — | 188,113 |
| Disposals | — | (113,477) | (113,477) |
| At 31 March 2002 | <u>652,111</u> | <u>23,033</u> | <u>675,144</u> |
| DEPRECIATION | | | |
| At 1 April 2001 | 147,931 | 80,703 | 228,634 |
| Charge for the year | 156,545 | 5,758 | 162,303 |
| On disposals | — | (70,070) | (70,070) |
| At 31 March 2002 | <u>304,476</u> | <u>16,391</u> | <u>320,867</u> |
| NET BOOK VALUE | | | |
| At 31 March 2002 | <u>347,635</u> | <u>6,642</u> | <u>354,277</u> |
| At 31 March 2001 | <u>316,067</u> | <u>55,807</u> | <u>371,874</u> |

Included in fixtures and fittings are assets to the value of £183,998 (2001 - £259,614), over which Walton Cameras Limited does not hold legal title. The legal owner of these assets are obliged to pay Walton Cameras Limited, a percentage of the assets' cost, if Walton Cameras Limited leave the sites and this is reflected in the depreciation policy.

Capital commitments

| | 2002 £ | 2001 £ |
|---|-----------|----------------|
| Contracted but not provided for in the financial statements | <u>—</u> | <u>146,433</u> |

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

9. STOCKS

| | 2002 £ | 2001 £ |
|-------|------------------|------------------|
| Stock | <u>1,894,892</u> | <u>2,269,383</u> |

10. DEBTORS

| | 2002 £ | 2001 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 313,547 | 132,586 |
| Other debtors | 54,969 | 165,068 |
| Prepayments and accrued income | <u>46,358</u> | <u>82,440</u> |
| | <u>414,874</u> | <u>380,094</u> |

All amounts are due within one year.

11. CREDITORS: Amounts falling due within one year

| | 2002 £ | 2001 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 337,072 | 745,614 |
| Corporation tax | 97,920 | 49,491 |
| Other taxation and social security | 43,857 | 50,383 |
| Other creditors | 615,838 | 603,086 |
| Accruals and deferred income | <u>495,443</u> | <u>245,865</u> |
| | <u>1,590,130</u> | <u>1,694,439</u> |

A mortgage debenture is held by the National Westminster plc, incorporating a fixed and floating charge over all current and future assets of the company.

12. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as set out below.

| | Land & Buildings 2002 £ | 2001 £ |
|---|-------------------------------|--------------|
| Operating leases which expire: After more than 5 years | <u>9,500</u> | <u>9,500</u> |

Payments will be made in respect of rental commissions at Harrods, Selfridges and Bentalls, however, as these are calculated, based on turnover levels, the commitment cannot be quantified.

WALTON CAMERAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2002

13. RELATED PARTY TRANSACTIONS

The interests of the directors in the shares of the company at 31 March 2002 are stated in the directors report. No individual director is considered to be an ultimate controlling party.

During the year the company sold three motor vehicles to three of its directors. G M Gardner, J R Gardner and C Gardner. These transactions were undertaken on an arms length basis. No amounts were outstanding at the balance sheet date.

14. SHARE CAPITAL

Authorised share capital:

| | 2002 | 2001 |
|--------------------------------|------------|------------|
| | £ | £ |
| 500 Ordinary shares of £1 each | <u>500</u> | <u>500</u> |

Allotted, called up and fully paid:

| | 2002 | 2001 |
|------------------------|------------|------------|
| | £ | £ |
| Ordinary share capital | <u>260</u> | <u>260</u> |

15. OTHER RESERVES

| | 2002 | 2001 |
|----------------------------|-----------|-----------|
| | £ | £ |
| Capital redemption reserve | <u>86</u> | <u>86</u> |

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2002 | 2001 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 333,658 | 241,923 |
| Dividends | <u>(300,000)</u> | <u>(150,000)</u> |
| | 33,658 | 91,923 |
| Opening shareholders' equity funds | <u>1,469,474</u> | <u>1,377,551</u> |
| Closing shareholders' equity funds | <u>1,503,132</u> | <u>1,469,474</u> |