

AMENDED

COMPANY REGISTRATION NUMBER 0330823

**TEKZONE SOUND AND VISION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2003**



# **TEKZONE SOUND AND VISION 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

# TEKZONE SOUND AND VISION LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2003.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company changed its name from Walton Cameras Limited to Tekzone Sound and Vision Limited on 14 January 2003.

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 2003 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 not recommended a dividend.

#### 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 2003	At 1 April 2002
G M Gardner	52	78
H M Gardner	78	78
J R Gardner	52	52
J G Gardner	—	—
C Gardner	26	—
M D Russell-Vick	26	26

#### 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 10, and then apply them consistently;

# TEKZONE SOUND AND VISION LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 MARCH 2003

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. 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.

#### DONATIONS

During the year the company made the following contributions:

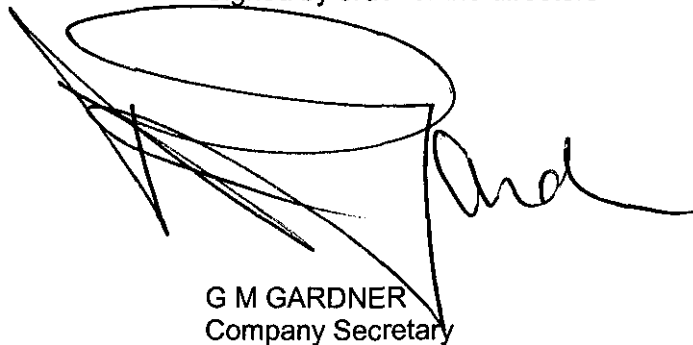
	2003	2002
	£	£
Charitable	<u>850</u>	<u>-</u>

#### 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



G M GARDNER  
Company Secretary

Approved by the directors on 22 September 2003

**TEKZONE SOUND AND VISION LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31 MARCH 2003**

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities 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.

# TEKZONE SOUND AND VISION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

### 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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HONEY BARRETT  
Chartered Accountants  
& Registered Auditors

53 Gildredge Road  
Eastbourne  
East Sussex  
BN21 4SF

6 October 2003

# TEKZONE SOUND AND VISION LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
<b>TURNOVER</b>	<b>2</b>	<b>13,109,653</b>	12,648,593
Cost of sales		<u>8,956,607</u>	<u>8,673,002</u>
<b>GROSS PROFIT</b>		<b>4,153,046</b>	3,975,591
Administrative expenses		<u>3,812,617</u>	3,559,827
Other operating income		<u>—</u>	<u>(12,500)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>340,429</b>	428,264
Interest receivable		<u>1,246</u>	<u>3,212</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>341,675</b>	431,476
Tax on profit on ordinary activities	<b>6</b>	<u>75,056</u>	<u>97,818</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>266,619</b>	333,658
Dividends	<b>7</b>	<u>—</u>	<u>300,000</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>266,619</b>	33,658
Balance brought forward		<u>1,462,872</u>	<u>1,429,214</u>
Balance carried forward		<u><b>1,729,491</b></u>	<u><b>1,462,872</b></u>

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

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

The notes on pages 10 to 16 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## BALANCE SHEET

31 MARCH 2003

	Note	2003 £	£	2002 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		361,917		354,277
<b>CURRENT ASSETS</b>					
Stocks	9	2,237,906		1,894,892	
Debtors	10	455,763		414,874	
Cash at bank		11,741		429,219	
		<u>2,705,410</u>		<u>2,738,985</u>	
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>1,277,005</u>		<u>1,590,130</u>	
<b>NET CURRENT ASSETS</b>			<u>1,428,405</u>		<u>1,148,855</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,790,322</u>		<u>1,503,132</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	12		20,571		—
			<u>1,769,751</u>		<u>1,503,132</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	15		260		260
Share premium account			39,914		39,914
Other reserves	16		86		86
Profit and loss account			<u>1,729,491</u>		<u>1,462,872</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u>1,769,751</u>		<u>1,503,132</u>

These financial statements were approved by the directors on the 22 September 2003 and are signed on their behalf by:

J R GARDNER



The notes on pages 10 to 16 form part of these financial statements.



# TEKZONE SOUND AND VISION LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	2003 £	£	2002 £	£
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(207,927)</b>		<b>475,938</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	<u>1,246</u>		<u>3,212</u>	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>1,246</b>		<b>3,212</b>
<b>TAXATION</b>		<b>(97,295)</b>		<b>(49,389)</b>
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets	<b>(63,502)</b>		<b>(188,113)</b>	
Receipts from sale of fixed assets	<u>-</u>		<u>45,009</u>	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<b>(63,502)</b>		<b>(143,104)</b>
<b>EQUITY DIVIDENDS PAID</b>		<b>(50,000)</b>		<b>-</b>
<b>(DECREASE)/INCREASE IN CASH</b>		<b><u>(417,478)</u></b>		<b><u>286,657</u></b>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>				
	2003 £		2002 £	
Operating profit	340,429		428,264	
Depreciation	55,862		162,303	
Profit on disposal of fixed assets	-		(1,602)	
(Increase)/decrease in stocks	(343,014)		374,491	
Increase in debtors	(40,889)		(34,780)	
Decrease in creditors	(220,315)		(452,738)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b><u>(207,927)</u></b>		<b><u>475,938</u></b>

The notes on pages 10 to 16 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2003

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
(Decrease)/Increase in cash in the period	<u>(417,478)</u>	<u>286,657</u>
Movement in net funds in the period	<u>(417,478)</u>	<u>286,657</u>
<b>Net funds at 1 April 2002</b>	<b>429,219</b>	<b>142,562</b>
<b>Net funds at 31 March 2003</b>	<b><u>11,741</u></b>	<b><u>429,219</u></b>

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	<u>429,219</u>	<u>(417,478)</u>	<u>11,741</u>
<b>Net funds</b>	<b><u>429,219</u></b>	<b><u>(417,478)</u></b>	<b><u>11,741</u></b>

The notes on pages 10 to 16 form part of these financial statements.

# **TEKZONE SOUND AND VISION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2003**

### **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.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **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.

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 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:

	2003 £	2002 £
United Kingdom	<u>13,109,653</u>	<u>12,648,593</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Directors' emoluments	518,903	272,487
Depreciation of owned fixed assets	55,862	162,303
Profit on disposal of fixed assets	—	(1,602)
Auditors' remuneration		
- as auditors	6,000	5,000
Operating lease costs:		
Land and buildings	9,500	9,500
Rentals under operating leases - concessionary outlets	1,371,348	1,328,709
Release of surrender premiums	<u>—</u>	<u>(12,500)</u>

### 4. PARTICULARS OF EMPLOYEES

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

	2003 No	2002 No
Number of administrative staff	10	11
Number of operational staff	<u>87</u>	<u>69</u>
	<u>97</u>	<u>80</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,815,251	1,470,185
Social security costs	<u>184,079</u>	<u>146,866</u>
	<u>1,999,330</u>	<u>1,617,051</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 5. DIRECTORS' EMOLUMENTS

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

	2003 £	2002 £
Emoluments receivable	<u>518,903</u>	<u>272,487</u>

#### Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	<u>152,546</u>	<u>76,455</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 30%)	55,110	97,818
Over/under provision in prior year	<u>(625)</u>	<u>—</u>
Total current tax	<u>54,485</u>	<u>97,818</u>
Deferred tax:		
Increase in deferred tax provision	<u>20,571</u>	<u>—</u>
Tax on profit on ordinary activities	<u>75,056</u>	<u>97,818</u>

#### (b) 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 19% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>341,675</u>	<u>431,476</u>
Profit on ordinary activities by rate of tax	64,918	129,443
Effect of disallowed expenses	570	968
Capital allowances in excess of depreciation	10,193	(1,658)
Effect of surrender premium release	—	(3,750)
Marginal small companies relief	—	(27,083)
Adjustment re prior years	(625)	(102)
Deferred tax	<u>(20,571)</u>	<u>—</u>
Total current tax (note 6(a))	<u>54,485</u>	<u>97,818</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 7. DIVIDENDS

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

	2003 £	2002 £
Proposed dividend on ordinary shares	<u>—</u>	<u>300,000</u>

### 8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>			
At 1 April 2002	652,111	23,033	675,144
Additions	<u>53,944</u>	<u>9,558</u>	<u>63,502</u>
<b>At 31 March 2003</b>	<u>706,055</u>	<u>32,591</u>	<u>738,646</u>
<b>DEPRECIATION</b>			
At 1 April 2002	304,476	16,391	320,867
Charge for the year	<u>46,831</u>	<u>9,031</u>	<u>55,862</u>
<b>At 31 March 2003</b>	<u>351,307</u>	<u>25,422</u>	<u>376,729</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2003</b>	<u>354,748</u>	<u>7,169</u>	<u>361,917</u>
At 31 March 2002	<u>347,635</u>	<u>6,642</u>	<u>354,277</u>

Included in fixtures and fittings are assets to the value of £180,896 (2002 - £183,998), 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.

### 9. STOCKS

	2003 £	2002 £
Stock	<u>2,237,906</u>	<u>1,894,892</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 10. DEBTORS

	2003 £	2002 £
Trade debtors	292,538	313,547
Other debtors	109,280	54,969
Prepayments and accrued income	53,945	46,358
	<u>455,763</u>	<u>414,874</u>

All amounts are due within one year.

### 11. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	435,488	337,072
Other creditors including taxation and social security:		
Corporation tax	55,110	97,920
Other taxation and social security	69,787	43,857
Dividends payable	400,000	450,000
Other creditors	296,660	15,000
Directors current accounts	—	150,838
	<u>1,257,045</u>	<u>1,094,687</u>
Accruals and deferred income	19,960	495,443
	<u>1,277,005</u>	<u>1,590,130</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. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Profit and loss account movement arising during the year	20,571	—
Provision carried forward	<u>20,571</u>	<u>—</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 12. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	20,571	—
	<u>20,571</u>	<u>—</u>

### 13. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003 £	2002 £
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.

### 14. 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.

### 15. SHARE CAPITAL

#### Authorised share capital:

	2003 £	2002 £
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

#### Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>260</u>	<u>260</u>	<u>260</u>	<u>260</u>



# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

### 16. OTHER RESERVES

	2003	2002
	£	£
Capital redemption reserve	<u>86</u>	<u>86</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	266,619	333,658
Dividends	<u>—</u>	<u>(300,000)</u>
	266,619	33,658
Opening shareholders' equity funds	<u>1,503,132</u>	<u>1,469,474</u>
Closing shareholders' equity funds	<u>1,769,751</u>	<u>1,503,132</u>