ARNO GB Limited (formerly ARNO Fords Limited)

Financial statements

For the year ended 31 December 2006

Grant Thornton

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COMPANIES HOUSE

Company No. 1385669

Company information

Company registration number

1385669

Registered office

Discovery House
125 Redcliffe Street
Bnstol
BS1 6HU

Directors

D J Morns (resigned 31 May 2006)
M J Aspin
S B Rothmeier (appointed 9 June 2006)

Secretary

I Howe

Bankers

National Westminster Bank
4th Floor
Castlegate House
Tower Hill
Bnstol
BS2 OJA

Auditor

Grant Thomton UK LLP
Chartered Accountants
Registered Auditors
43 Queen Square
BRISTOL
BS1 4QR

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2006.

Principal activities and business review

The principal activity of the company during the year was the design and management of retail display and merchandising projects. During the previous year the company's principal activity was that of a holding company and the subsidiary's trade and assets were hived up into the company on 31 December 2005.

For the year ended 31 December 2005 the transactions in the company's profit and loss account largely reflected the restructuring of the group. The 2006 results of the company are therefore more comparable to the 2005 consolidated results and to assist with this comparison a profit and loss account with consolidated comparatives has been drawn up and is shown below.

2006 was a strong year for both new and existing account growth. Changes to the sales team together with major new business wins and structural changes within the organisation of the company enabled us to exceed our targets. Project values also increased which helped us to manage the turnover and profit without major increases in staff numbers.

For 2007, we are ahead of target for sales orders in the first quarter. We have an exceptionally strong client base and sales order pipeline. We are increasing our staff - particularly in development and project management - to enable us to manage this anticipated growth.

There was a profit for the year after taxation amounting to £542,699 (2005: £182,714 loss).

"Consolidated" profit and loss account

	Company 2006 £	Consolidated 2005 £
Turnover	8,494,913	4,251,181
Cost of sales	(5,402,268)	(2,580,178)
Gross profit	3,092,645	1,671,003
Other operating charges	(2,319,401)	(1,815,066)
Operating profit/(loss)	773,244	(144,063)
Net interest	(33,718)	(20,870)
Profit/(loss) on ordinary activities before taxation	739,526	(164,933)
Tax on profit/(loss) on ordinary activities	(196,827)	(813)
Profit/(loss) for the financial year	542,699	(165,746)

Report of the directors

Directors

The directors who served the company during the year were as follows:

D J Morris
M J Aspin
S B Rothmeier

S B Rothmeier was appointed as a director on 9 June 2006.

D J Morris resigned as a director on 31 May 2006.

In accordance with the company's articles of association the directors retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the directors

Auditor

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

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

M J Aspin

Director
31 May 2007

Grant Thornton

Report of the independent auditor to the members of ARNO GB Limited (formerly ARNO Fords Limited)

We have audited the financial statements of ARNO GB Limited (formerly ARNO Fords Limited) for the year ended 31 December 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 27. 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 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.

Report of the independent auditor to the members of ARNO GB Limited (formerly ARNO Fords Limited) (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Bristol
31 May 2007

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Goodwill

Purchased goodwill arising on the transfer of the trade and assets of the subsidiary undertaking Fords Publicity (Bristol) Limited (Formerly ARNO Fords Limited) representing the excess of fair value of the consideration given over the fair values of the identifiable net assets acquired, has been capitalised and fully written off in the year of transfer.

Fixed assets

Tangible fixed assets are stated at cost net of depreciation.

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:

Computer equipment	-	25% to 33% straight line
Fixtures & Fittings	-	12.5% to 25% straight line

Investments

Investments are stated at cost less amounts written off.

Stocks

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

Long-term contract balances included in work in progress are stated at recoverable amount, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Retirement benefits

Defined Contribution Schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

All other exchange differences are dealt with through the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2006 £	2005 £
Turnover	1	8,494,913	-
Cost of sales		(5,402,268)	-
Gross profit		3,092,645	-
Other operating charges	2	(2,319,401)	(75,532)
Other operating income	2	-	186,000
Operating profit	3	773,244	110,468
Amortisation of goodwill	6	-	(380,904)
		773,244	(270,436)
Income from shares in group undertakings	7	-	160,463
Interest receivable and similar income	8	15,564	19,299
Amounts written off investments	9	-	(91,227)
Interest payable and similar charges	10	(49,282)	-
Profit/(loss) on ordinary activities before taxation		739,526	(181,901)
Tax on profit/(loss) on ordinary activities	11	(196,827)	(813)
Profit/(loss) for the financial year	25	542,699	(182,714)

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.

Balance sheet

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	12	37,079	55,502
Investments	13	300	300
		37,379	55,802
Current assets			
Stocks	14	72,696	128,967
Debtors	15	1,901,054	1,557,320
Cash at bank		763,044	136,504
		2,736,794	1,822,791
Creditors: amounts falling due within one year	16	2,087,996	1,735,115
Net current assets		648,798	87,676
Total assets less current liabilities		686,177	143,478
Capital and reserves			
Called-up equity share capital	22	80,000	80,000
Share premium account	23	2,506	2,506
Other reserves	24	12,049	12,049
Profit and loss account	25	591,622	48,923
Shareholders' funds	26	686,177	143,478

These financial statements were approved by the directors on 31 May 2007 and are signed on their behalf by:

M J Aspin

Notes to the financial statements

1 Turnover

The turnover and profit/(loss) before taxation are attributable to the design and management of retail display and merchandising projects.

2 Other operating charges and income

	2006	2005
	£	£
Administrative expenses	2,319,401	75,232
Management charges receivable	-	(186,000)

3 Operating profit

Operating profit is stated after charging/(crediting):

	2006	2005
	£	£
Depreciation of owned fixed assets	30,696	-
Auditor's remuneration:		
Audit fees	12,850	2,500
Operating lease costs.		
Plant and equipment	95,998	-
Other	103,444	-

4 Directors and employees

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

	2006	2005
	No	No
Client services (production)	11	-
Office administration and sales	10	2
Art studio	9	-
	30	2

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	1,156,280	56,100
Social security costs	131,177	5,492
Other pension costs	38,338	-
	1,325,795	61,592

5 Directors

Remuneration in respect of directors was as follows:

	2006	2005
	£	£
Emoluments	203,556	-
Value of company pension contributions to money purchase schemes	15,187	-
Compensation for loss of directorship	30,000	-
	248,743	-

Emoluments of highest paid director:

	2006	2005
	£	£
Total emoluments (excluding pension contributions)	118,959	-
Value of company pension contributions to money purchase schemes	10,500	-
	129,459	-

No directors accrued benefits under company pension schemes.

6 Amortisation of goodwill

	2006	2005
	£	£
Amortisation of goodwill arising on group reorganisation	-	(380,904)

7 Income from shares in group undertakings

	2006	2005
	£	£
Income from shares in group undertakings	-	160,463

8 Interest receivable and similar income

	2006	2005
	£	£
Bank interest receivable	15,564	14,899
Waiver of amounts owed to subsidiary undertakings	-	4,400
	15,564	19,299

9 Amounts written off investments

	2006 £	2005 £
Amount written off investments (note 13)	-	91,227

10 Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	49,282	-

11 Tax on profit/(loss) from ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax.		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	195,840	-
Under provision in prior year	987	813
Total current tax	196,827	813

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	739,526	(181,901)
Profit/(loss) on ordinary activities multiplied by standard rate of tax	221,858	(54,570)
Expenses not deductible for tax purposes	14,547	526
Capital allowances in excess of depreciation	(1,397)	-
Group relief surrendered	-	(37,536)
Marginal relief	-	(48,139)
Deductible on paid basis	551	27,368
Loss carried back to earlier years	-	(1,320)
Losses brought forward	(39,719)	-
Adjustment in respect of prior year	987	813
Reduction in provisions	-	(600)
Write off of goodwill	-	114,271
Total current tax (note 11(a))	196,827	813

12 Tangible fixed assets

Fixtures and fittings (including computer equipment)	Total £
Cost	
At 1 January 2006	612,061
Additions	12,273
Disposals	(4,658)
At 31 December 2006	619,676
Depreciation	
At 1 January 2006	556,559
Charge for the year	30,696
On disposals	(4,658)
At 31 December 2006	582,597
Net book value	
At 31 December 2006	37,079
At 31 December 2005	55,502

13 Investments

Investments in non group companies	£
Cost	
At 1 January 2006 and 31 December 2006	300
Net book value	
At 31 December 2006	300
At 31 December 2005	300

Investments in subsidiary undertakings
On 31 December 2005 the trade and assets of Fords Publicity (Bristol) Limited were hived up into the company and the full cost of its investments in subsidiary undertakings, £91,227, was written off (note 9). All of the company's subsidiary undertakings were liquidated during the year ended 31 December 2006

14 Stocks

	2006 £	2005 £
Finished goods	72,696	131,342
Payments on account	-	(2,375)
	72,696	128,967

15 Debtors

	2006 £	2005 £
Trade debtors	1,602,987	1,434,132
Amounts owed by group undertakings	185,093	–
Other debtors	5,950	19,327
Prepayments and accrued income	107,024	103,861
	1,901,054	1,557,320

16 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans	400,000	700,000
Payments received on account	266,670	87,555
Trade creditors	712,269	524,115
Amounts owed to group undertakings	–	172,388
Corporation tax	195,840	–
PAYE and social security	138,041	38,077
Accruals and deferred income	375,176	212,980
	2,087,996	1,735,115

The bank loan is unsecured and interest is charged on this loan at 7.6% per annum.

17 Pensions

Defined Contribution Schemes

The company operates defined contribution pension schemes for the benefit of the employees The assets of the schemes are administered by trustees in funds independent from those of the company.

18 Leasing commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	5,848	-	16,866
Within 2 to 5 years	-	78,672	121,025	81,036
After more than 5 years	113,744	-	-	-
	113,744	84,520	121,025	97,902

19 Capital commitments

There were no capital commitments at 31 December 2006 or 31 December 2005.

20 Contingent liabilities

There were no contingent liabilities at 31 December 2006 or 31 December 2005.

21 Related party transactions

During the year ARNO GB Limited transacted with its wider group. It made sales of £13,290 (2005: £nil) and purchases of £6,329 (2005: £nil) to and from Arno Hellas S.A., sales of £228,881 (2005: £nil) and purchases of £62,777 (2005: £nil) to and from ARNO GmbH and management charges of £nil (2005: £186,000) to Fords Publicity (Bristol) Limited during the year.

At 31 December 2006 the amounts due to and from ARNO GmbH were £nil and £185,093 respectively (2005: £172,388 and £nil).

22 Share capital

Authorised share capital:

	2006 £	2005 £
80,000 Ordinary shares of £1 each	80,000	80,000

Allotted, called up and fully paid:

	2006 No	2006 £	2005 No	2005 £
Ordinary shares of £1 each	80,000	80,000	80,000	80,000

23 Share premium account

There was no movement on the share premium account during the financial year

24 Other reserves

	2006 £	2005 £
Capital redemption reserve	12,049	12,049

25 Profit and loss account

	2006 £	2005 £
Balance brought forward	48,923	231,637
Profit/(loss) for the financial year	542,699	(182,714)
Balance carried forward	591,622	48,923

26 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(Loss) for the financial year	**542,699**	(182,714)
Opening shareholders' funds	**143,478**	326,192
Closing shareholders' funds	**686,177**	143,478

27 Ultimate parent company

The ultimate parent undertaking of this company, and the largest and smallest group of undertakings for which group accounts are drawn up, is ARNO GmbH (incorporated in Germany). F Arnholdt is the controlling related party by virtue of his shareholding in ARNO GmbH.