Grant Thornton

Financial statements ARNO GB Limited

For the Year Ended 31 December 2008

Company No. 1385669

Company information

Company registration number	1385669
Registered office	Victorian House Coronation Road Bristol BS3 1AA
Directors	M J Aspin G T Palmer S B Rothmeier
Secretary	P Drew
Bankers	National Westminster Bank 4th Floor Castlegate House Tower Hill Bristol BS2 OJA
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Hartwell House 55 - 61 Victoria Street BRISTOL BS1 6FT

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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 2008.

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.

2008 was a year in which strong client relationships delivered very large projects and long term contractual relationships were formed. However inline with the global down term, we also have experienced tough trading conditions and have won tenders within this period based on our very aggressive trading model.

For 2009, we are continuing to trade in a volatile and highly competitive market. With our exceptionally strong client base we have been able to maintain gross profitability whilst continuing to develop and improve the trading business in some extremely challenging times.

Results and dividends

The profit for the year, after taxation, amounted to £379,587. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial risk management objectives and policies

The company uses financial instruments comprising borrowings, some cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to assist in financing the company's operations.

The company also has a bank facility denominated in euros. The purpose of this facility is to manage the currency risk arising from the company's operations.

The main risks arising from the company's financial instruments are foreign currency risk and interest rate risk.

Currency risk
The company is exposed to transaction foreign exchange risk. The company seeks to hedge its exposures using a bank facility denominated in euros, with the objective of minimising the effects of fluctuations in exchange rates on future transactions and cash flows.

Interest rate risk
The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Directors

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

M J Aspin
G T Palmer
S B Rothmeier

G T Palmer was appointed as a director on 1 January 2008.

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 auditor is 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 auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Paul Drew

Secretary
18 August 2009

Grant Thornton

Report of the independent auditor to the members of ARNO GB Limited

We have audited the financial statements of ARNO GB Limited for the year ended 31 December 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 29. 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 (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 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 Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Grant Thornton UK LLP

Bristol
18 August 2009

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.

Turnover

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

Sales of goods are recognised on delivery to the customer and service sales are recognised on completion of the agreed work.

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:

Freehold Property	-	2% straight line
Plant & Machinery	-	25% to 33% straight line
Fixtures, Fittings & Equipment	-	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.

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

The company operates a defined contribution pension scheme for the benefit of its employees and directors.

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 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	2008 £	2007 £
Turnover	1	**8,957,357**	9,978,785
Cost of sales		**(5,495,878)**	(6,036,299)
Gross profit		**3,461,479**	3,942,486
Other operating charges	2	**(2,903,258)**	(2,451,425)
Operating profit	3	**558,221**	1,491,061
Interest receivable	6	**35,598**	33,942
Interest payable and similar charges	7	**(82,018)**	(31,258)
Profit on ordinary activities before taxation		**511,801**	1,493,745
Tax on profit on ordinary activities	8	**(132,214)**	(471,049)
Profit for the financial year	26	**379,587**	1,022,696

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 accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	10	**2,290,670**	90,061
Investments	11	**300**	300
		2,290,970	90,361
Current assets			
Stocks	12	**673,674**	4,723
Debtors	13	**1,649,239**	2,087,144
Cash at bank		**861,758**	1,158,205
		3,184,671	3,250,072
Creditors: amounts falling due within one year	14	**2,186,051**	1,631,560
Net current assets		**998,620**	1,618,512
Total assets less current liabilities		**3,289,590**	1,708,873
Creditors: amounts falling due after more than one year	15	**1,572,500**	–
		1,717,090	1,708,873
Provisions for liabilities			
Deferred taxation	18	**3,513**	–
		1,713,577	1,708,873
Capital and reserves			
Called-up equity share capital	23	**80,000**	80,000
Share premium account	24	**2,506**	2,506
Other reserves	25	**12,049**	12,049
Profit and loss account	26	**1,619,022**	1,614,318
Shareholders' funds	27	**1,713,577**	1,708,873

These financial statements were approved by the directors and authorised for issue on 18 August 2009, and are signed on their behalf by:

M J Aspin

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	28	**761,837**	1,176,482
Returns on investments and servicing of finance	28	**(46,420)**	2,684
Taxation	28	**(49,999)**	(294,474)
Capital expenditure and financial investment	28	**(2,286,982)**	(89,531)
Equity dividends paid		**(374,883)**	–
Cash (outflow)/inflow before financing		**(1,996,447)**	795,161
Financing	28	**1,700,000**	(400,000)
(Decrease)/increase in cash	28	**(296,447)**	395,161

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

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

2 Other operating charges

	2008 £	2007 £
Administrative expenses	**2,903,258**	2,451,425

3 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of owned fixed assets	**86,373**	36,549
Auditor's remuneration:		
Audit fees	**13,550**	13,200
Accountancy fees	**2,250**	2,000
Operating lease costs:		
Plant and equipment	**73,673**	79,323
Other	**75,061**	113,744
Net gain on foreign currency translation	**(287,832)**	(23,623)

4 Directors and employees

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

	2008 No	2007 No
Client services (production)	15	13
Office administration and sales	13	12
Art studio	13	10
	41	35

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	1,754,626	1,397,923
Social security costs	155,741	168,525
Other pension costs	50,299	49,453
	1,960,666	1,615,901

5 Directors

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Emoluments	340,569	179,483
Value of company pension contributions to money purchase schemes	14,695	10,776
	355,264	190,259

Emoluments of highest paid director:

	2008 £	2007 £
Total emoluments (excluding pension contributions)	191,543	179,483
Value of company pension contributions to money purchase schemes	11,363	10,776
	202,906	190,259

The number of directors who accrued benefits under company pension schemes was as follows:

	2008 No	2007 No
Money purchase schemes	2	1

6 Interest receivable

	2008 £	2007 £
Bank interest receivable	**35,598**	33,942

7 Interest payable and similar charges

	2008 £	2007 £
Interest payable on bank borrowing	**82,018**	31,258

8 Tax on profit from ordinary activities

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	**145,409**	472,415
Under provision in prior year	**(16,708)**	(1,366)
Total current tax	**128,701**	471,049
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	**3,513**	-
Tax on profit on ordinary activities	**132,214**	471,049

8 Tax on profit/(loss) from ordinary activities (continued)

(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 28.50% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	**511,801**	1,493,745
Profit on ordinary activities by rate of tax	**145,863**	448,124
Expenses not deductible for tax purposes	**20,757**	21,979
Capital allowances in excess of depreciation	**(18,997)**	(429)
Deductible on paid basis	-	2,741
Adjustment in respect of prior year	**(16,708)**	(1,366)
Other timing differences	**(2,200)**	-
Tax credits	**(14)**	-
Total current tax (note 8(a))	**128,701**	471,049

9 Dividends

Dividends on shares classed as equity

	2008	2007
	£	£
Paid during the year:		
Dividends on equity shares	**374,883**	–

10 Tangible fixed assets

	Freehold Property	**Plant & Machinery**	**Fixtures & Fittings**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 January 2008	–	394,165	305,203	699,368
Additions	2,216,072	55,217	15,693	2,286,982
At 31 December 2008	2,216,072	449,382	320,896	2,986,350
Depreciation				
At 1 January 2008	–	312,801	296,506	609,307
Charge for the year	44,321	36,151	5,901	86,373
At 31 December 2008	44,321	348,952	302,407	695,680
Net book value				
At 31 December 2008	**2,171,751**	**100,430**	**18,489**	**2,290,670**
At 31 December 2007	–	81,364	8,697	90,061

11 Investments

	£
Cost	
At 1 January 2008 and 31 December 2008	**300**
Net book value	
At 31 December 2008	**300**
At 31 December 2007	300

12 Stocks

	2008	2007
	£	£
Finished goods	**673,674**	4,723

13 Debtors

	2008	2007
	£	£
Trade debtors	**1,528,234**	1,947,083
Amounts owed by group undertakings	**23,713**	–
Other debtors	**11,421**	8,350
Prepayments and accrued income	**85,871**	131,711
	1,649,239	2,087,144

14 Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank loans	**127,500**	–
Payments received on account	**–**	81,794
Trade creditors	**1,055,690**	691,520
Amounts owed to group undertakings	**20,810**	5,754
Corporation tax	**451,117**	372,415
PAYE and social security	**79,311**	89,847
Other creditors	**–**	9,137
Accruals and deferred income	**451,623**	381,093
	2,186,051	1,631,560

15 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Bank loans	**1,572,500**	–

16 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2008	2007
	£	£
Amounts repayable:		
In one year or less or on demand	127,500	-
In more than one year but not more than two years	170,000	-
In more than two years but not more than five years	510,000	-
In more than five years	892,500	-
	1,700,000	-

The bank loan is repayable in equal quarterly instalments of £42,500 commencing on 30 June 2009. Interest is charged at a fixed rate of 5.9%. The loan is secured by a charge over the company's freehold property.

17 Pensions

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

18 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008	2007
	£	£
Profit and loss account movement arising during the year	3,513	-
Provision carried forward	3,513	-

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

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	3,513	-

19 Leasing commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	24,208	56,896	-
Within 2 to 5 years	-	66,267	-	76,920
	-	90,475	56,896	76,920

20 Capital commitments

There were no capital commitments at 31 December 2008 or 31 December 2007.

21 Contingent liabilities

There were no contingent liabilities at 31 December 2008 or 31 December 2007.

22 Related party transactions

During the year ARNO GB Limited transacted with its wider group. It made sales of £1,630 (2007: £nil) and purchases of £nil (2007: £2,429) to and from ARNO Hellas S.A.. Sales of £792 (2007: £270,558) and purchases of £99,851 (2007: £449,223) were made to and from ARNO GmbH during the year and purchases of £10,390 (2007: £7,632) were made from ARNO Shop Services GmbH during the year. Sales of £797,220 (2007: £nil) were made to ARNO Russia during the year.

At 31 December 2008 the company owed £20,810 (2007: £549)to ARNO GmbH. Furthermore it owed Arno Shop Services GmbH £nil (2007: £5,205) and was owed £23,713, after a 100% bad debt provision against £23,387, (2007: £nil) by ARNO Russia.

23 Share capital

Authorised share capital:

	2008	2007
	£	£
80,000 Ordinary shares of £1 each	80,000	80,000

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	80,000	80,000	80,000	80,000

24 Share premium account

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

25 Other reserves

	2008	2007
	£	£
Capital redemption reserve	12,049	12,049

26 Profit and loss account

	2008	2007
	£	£
Balance brought forward	1,614,318	591,622
Profit for the financial year	379,587	1,022,696
Equity dividends	(374,883)	–
Balance carried forward	1,619,022	1,614,318

27 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	**379,587**	1,022,696
Equity dividends	**(374,883)**	–
Net addition to shareholders' funds	**4,704**	1,022,696
Opening shareholders' funds	**1,708,873**	686,177
Closing shareholders' funds	**1,713,577**	1,708,873

28 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£	£
Operating profit	**558,221**	1,491,061
Depreciation	**86,373**	36,549
(Increase)/decrease in stocks	**(668,951)**	67,973
Decrease/(increase) in debtors	**437,905**	(186,090)
Increase/(decrease) in creditors	**348,289**	(233,011)
Net cash inflow from operating activities	**761,837**	1,176,482

Returns on investments and servicing of finance

	2008	2007
	£	£
Interest received	**35,598**	33,942
Interest paid	**(82,018)**	(31,258)
Net cash (outflow)/inflow from returns on investments and servicing of finance	**(46,420)**	2,684

Taxation

	2008	2007
	£	£
Taxation	**(49,999)**	(294,474)

Capital expenditure

	2008	2007
	£	£
Payments to acquire tangible fixed assets	**(2,286,982)**	(89,532)
Receipts from sale of fixed assets	**–**	1
Net cash outflow from capital expenditure	**(2,286,982)**	(89,531)

28 Notes to the statement of cash flows (continued)

Financing

	2008 £	2007 £
Increase in/(repayment of) bank loans	1,700,000	(400,000)
Net cash inflow/(outflow) from financing	1,700,000	(400,000)

Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
(Decrease)/increase in cash in the period	(296,447)	395,161
Net cash (inflow) from/outflow from bank loans	(1,700,000)	400,000
	(1,996,447)	795,161
Change in net debt	(1,996,447)	795,161
Net funds at 1 January 2008	1,158,205	363,044
Net debt at 31 December 2008	(838,242)	1,158,205

Analysis of changes in net debt

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	1,158,205	(296,447)	861,758
Debt:			
Debt due within 1 year	–	(127,500)	(127,500)
Debt due after 1 year	–	(1,572,500)	(1,572,500)
	–	(1,700,000)	(1,700,000)
Net debt	1,158,205	(1,996,447)	(838,242)

29 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.