

Fords Publicity (Bristol) Limited
Financial statements
For the year ended 31 December 2003

Grant Thornton 



Company No. 1385669

Company information

Company registration number	1385669
Registered office	Discovery House 125 Redcliffe Street Bristol BS1 6HU
Directors	M Brown D J Morris
Secretary	I Howe
Bankers	National Westminster Bank 4th Floor Castlegate House Tower Hill Bristol BS2 OJA
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 43 Queens Square BRISTOL BS1 4QR

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Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the group during the year was the design and management of retail display and merchandising projects.

With the sales team restructured and the employment of two further sales people the year to 31 December 2003 has seen the company return to a profitable year.

The market is still difficult and so our clients are still wanting to reduce costs. With the UK not now being so competitive we have had to globally source much more of our manufacturing in Europe enabling us to retain much more of our core business.

Results and dividends

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

The directors have recommended the following dividends:

	2003	2002
	£	£
Dividend paid on ordinary shares	<u>350,000</u>	<u>—</u>

Directors

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

M Brown
D J Morris

The directors had no interests in the shares of the company at 1 January 2003 and 31 December 2003 nor in any of the group companies headed by ARNO GmbH.

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

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 and of the group at the end of the year and of the group's profit or loss for the year then ended. In preparing those 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 group will continue in business.

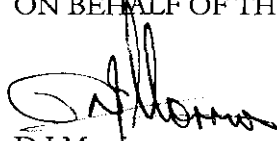
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



D J Morris

Director
2 July 2004

Report of the independent auditors to the members of Fords Publicity (Bristol) Limited

We have audited the financial statements of Fords Publicity (Bristol) Limited for the year ended 31 December 2003 which comprise the principal accounting policies, profit and loss account, group balance sheet and company group balance sheet, group cash flow statement and notes 1 to 26. 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 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 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 report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 group'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 affairs of the company and of the group as at 31 December 2003 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

2 July 2004

Principal accounting policies

Basis of preparation

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

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

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings drawn up to 31 December 2003.

Turnover

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

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:

Fixtures & Fittings	- 12.5% to 25% straight line
Motor Vehicles	- 25% to 33% 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 cost, 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.

Pension costs 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 group 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.

Profit and loss account

	Note	2003 £	2002 £
Group turnover	1	7,771,019	4,727,923
Cost of sales		(5,167,123)	(3,023,648)
Gross profit		2,603,896	1,704,275
Other operating charges	2	(2,316,117)	(2,075,003)
Operating profit/(loss)	3	287,779	(370,728)
Interest receivable	6	15,288	16,411
Interest payable	7	(10,599)	(5,063)
Profit/(loss) on ordinary activities before taxation		292,468	(359,380)
Tax on profit/(loss) on ordinary activities	8	(80,817)	85,872
Profit/(loss) on ordinary activities after taxation	9	211,651	(273,508)
Dividends	10	(350,000)	—
Loss for the financial year		(138,349)	(273,508)

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

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

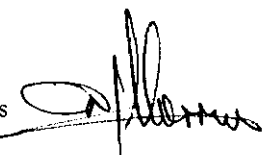
The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

Group balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	11	118,050	195,934
Investments	12	300	300
		<u>118,350</u>	<u>196,234</u>
Current assets			
Stocks	13	270,309	203,086
Debtors	14	756,054	1,074,542
Cash at bank		332,404	1,015,178
		<u>1,358,767</u>	<u>2,292,806</u>
Creditors: amounts falling due within one year	15	<u>1,120,837</u>	<u>1,994,411</u>
Net current assets		<u>237,930</u>	<u>298,395</u>
Total assets less current liabilities		<u>356,280</u>	<u>494,629</u>
Capital and reserves			
Called-up equity share capital	22	80,000	80,000
Share premium account	23	2,506	2,506
Other reserves	23	53,158	53,158
Profit and loss account	23	220,616	358,965
Shareholders' funds	24	<u>356,280</u>	<u>494,629</u>

These financial statements were approved by the directors on 2 July 2004 and are signed on their behalf by:

D J Morris

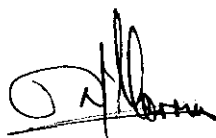


Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Investments	12	<u>67,833</u>	<u>67,833</u>
Current assets			
Debtors	14	<u>254,401</u>	492,108
Cash at bank		<u>27,516</u>	<u>24,057</u>
		<u>281,917</u>	516,165
Creditors: amounts falling due within one year	15	<u>138,463</u>	<u>94,740</u>
Net current assets		<u>143,454</u>	<u>421,425</u>
Total assets less current liabilities		<u>211,287</u>	<u>489,258</u>
Capital and reserves			
Called-up equity share capital	22	<u>80,000</u>	80,000
Share premium account	23	<u>2,506</u>	<u>2,506</u>
Other reserves	23	<u>12,049</u>	<u>12,049</u>
Profit and loss account	23	<u>116,732</u>	<u>394,703</u>
Shareholders' funds		<u>211,287</u>	<u>489,258</u>

These financial statements were approved by the directors on 2 July 2004 and are signed on their behalf by:

D J Morris



Group cash flow statement

	Note	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	25	(175,055)	443,951
Returns on investments and servicing of finance	25	4,689	11,348
Taxation	25	142,769	(149,470)
Capital expenditure and financial investment	25	(5,177)	(36,905)
Equity dividends paid		(350,000)	—
Cash (outflow)/inflow before financing		<u>(382,774)</u>	<u>268,924</u>
Financing	25	(300,000)	300,000
(Decrease)/increase in cash	25	<u>(682,774)</u>	<u>568,924</u>

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

Notes to the financial statements

1 Turnover

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

2 Other operating income and charges

	2003 £	2002 £
Administrative expenses	<u>2,316,117</u>	<u>2,075,003</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	82,051	98,065
Loss on disposal of fixed assets	1,010	8,241
Auditors' remuneration:		
Audit fees	11,500	11,000
Operating lease costs:		
Land and buildings	110,725	83,873
Vehicles	90,154	65,734
Net loss/(profit) on foreign currency translation	<u>34,315</u>	<u>(83)</u>

4 Directors and employees

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

	2003 No	2002 No
Production staff	9	7
Office administration and sales	14	14
Art studio	13	12
	<u>36</u>	<u>33</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,227,115	1,128,098
Social security costs	150,711	121,850
Other pension costs	50,324	57,164
	<u>1,428,150</u>	<u>1,307,112</u>

5 Directors

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	206,012	199,854
Value of company pension contributions to money purchase schemes	19,496	27,000
	<u>225,508</u>	<u>226,854</u>

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	103,666	99,682
Value of company pension contributions to money purchase schemes	9,804	9,000
	<u>113,470</u>	<u>108,682</u>

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

	2003 No	2002 No
Money purchase schemes	<u>2</u>	<u>3</u>

6 Interest receivable

	2003	2002
	£	£
Bank interest receivable	<u>15,288</u>	<u>16,411</u>

7 Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank borrowing	<u>10,599</u>	<u>5,063</u>

8 Tax on profit/(loss) from ordinary activities

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 19%)	80,817	(100,791)
Under provision in prior year	–	14,919
Total current tax	<u>80,817</u>	<u>(85,872)</u>

(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% (2002 - 19%).

	2003	2002
	£	£
Profit/(loss) on ordinary activities before taxation	<u>292,468</u>	<u>(359,380)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of tax	87,740	(68,282)
Expenses not deductible for tax purposes	9,246	2,664
Capital allowances for the period less than depreciation	5,306	2,888
Adjustments to tax charge in respect of previous periods	–	14,919
Marginal relief	(8,328)	–
Loss recovered at higher rate of tax	–	(37,483)
Reduction in provisions	<u>(13,147)</u>	<u>(578)</u>
Total current tax (note 8(a))	<u>80,817</u>	<u>(85,872)</u>

9 Profit attributable to members of the parent company

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a profit of £72,029 (2002: £86,857) which is dealt with in the financial statements of the company.

10 Dividends

	2003 £	2002 £
Equity dividends:		
Dividend paid on ordinary shares	<u>350,000</u>	<u>—</u>

11 Tangible fixed assets

Group	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 January 2003	544,930	131,060	675,990
Additions	16,233	542	16,775
Disposals	—	(39,683)	(39,683)
At 31 December 2003	<u>561,163</u>	<u>91,919</u>	<u>653,082</u>
Depreciation			
At 1 January 2003	407,122	72,934	480,056
Charge for the year	57,182	24,869	82,051
On disposals	—	(27,075)	(27,075)
At 31 December 2003	<u>464,304</u>	<u>70,728</u>	<u>535,032</u>
Net book value			
At 31 December 2003	<u>96,859</u>	<u>21,191</u>	<u>118,050</u>
At 31 December 2002	<u>137,808</u>	<u>58,126</u>	<u>195,934</u>

12 Investments

Group	Investments other than loans £
Cost	
At 1 January 2003 and 31 December 2003	<u>300</u>
Net book value	
At 31 December 2003	<u>300</u>
At 31 December 2002	<u>300</u>

12 Investments (continued)

Company	Investments other than loans £	Shares in group undertakings £
	<u>300</u>	<u>67,533</u>
		£
Cost		
At 1 January 2003 and 31 December 2003		<u>67,833</u>
Net book value		
At 31 December 2003		<u>67,833</u>
At 31 December 2002		<u>67,833</u>

At 31 December 2003 the group held more than 20% of the allotted share capital of the following companies all of which are subsidiary undertakings:

	Class of share capital held £	% held by company £	% held by group £	Nature of business £
Fords Group Holdings (Bristol) Limited	Ordinary	100%	-	Holding company
Brennan Ford (Canada) Limited	Ordinary	-	100%	Dormant
ARNO Fords Limited	Ordinary	-	100%	Design

13 Stocks

	The group		The company	
	2003 £	2002 £	2003 £	2002 £
Finished goods	296,519	337,279	-	-
Payments on account	(26,210)	(134,193)	-	-
	<u>270,309</u>	<u>203,086</u>	<u>-</u>	<u>-</u>

14 Debtors

	The group		The company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	574,509	810,490	—	—
Amounts owed by group undertakings	—	—	171,056	420,515
Corporation tax repayable	—	136,797	—	—
VAT recoverable	39,638	—	—	—
Other debtors	24,714	19,908	18,414	14,458
Prepayments and accrued income	117,193	107,347	64,931	57,135
	<u>756,054</u>	<u>1,074,542</u>	<u>254,401</u>	<u>492,108</u>

15 Creditors: amounts falling due within one year

	The group		The company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	—	300,000	—	—
Payments received on account	118,131	634,137	—	—
Trade creditors	376,487	530,225	—	—
Amounts owed to group undertakings	64,626	20,884	—	—
Corporation tax	86,789	—	22,204	1,432
Social security and other taxes	64,526	127,036	51,662	37,581
Accruals and deferred income	410,278	382,129	64,597	55,727
	<u>1,120,837</u>	<u>1,994,411</u>	<u>138,463</u>	<u>94,740</u>

The bank loan was unsecured and interest was charged on this loan at 5.5% per annum.

16 Pensions

Defined Contribution Schemes

The group 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 group.

17 Deferred taxation

There is no deferred taxation in either year.

18 Commitments under operating leases

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

The group	2003		2002	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	8,347	-	14,714
Within 2 to 5 years	121,025	106,716	121,025	94,098
After more than 5 years	-	-	-	1,545
	<u>121,025</u>	<u>115,063</u>	<u>121,025</u>	<u>110,357</u>

Operating lease payments amounting to £236,088 (2002: £231,382) are due within one year.

19 Capital commitments

There were no capital commitments at 31 December 2003 or 31 December 2002.

20 Contingent liabilities

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

21 Related party transactions

The company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Fords Publicity (Bristol) Limited. During the year the company transacted with its wider group. It had sales of £4,183 (2002: £40,181) to and purchases of £2,579 (2002: £681) from ARNO GmbH and sales of £nil (2002: £2,363) to and purchases of £19,421 (2002: £41,782) from ARNO Interactive GmbH.

The company also had sales of £273 (2002: £nil) to and purchases of £253,995 (2002: £nil) from ARNO Shop Services GmbH and purchases of £4,822 (2002: £nil) from ARNO Design GmbH.

At 31 December 2003 amounts due to ARNO GmbH were £1,052 (2002: £251). At 31 December 2003 amounts due to ARNO Interactive GmbH were £19,421 (2002: £20,633). At 31 December 2003 amounts due to ARNO Shop Services GmbH were £39,751 (2002: £nil).

22 Share capital

Authorised share capital:

	2003 £	2002 £
80,000 Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

23 Reserves

Group	Share premium account £	Capital redemption reserve £	Capital reserve £	Profit and loss account £
At 1 January 2003	2,506	12,049	41,109	358,965
Loss for the year	—	—	—	(138,349)
At 31 December 2003	<u>2,506</u>	<u>12,049</u>	<u>41,109</u>	<u>220,616</u>

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2003	2,506	12,049	394,703
Loss for the year	—	—	(277,971)
At 31 December 2003	<u>2,506</u>	<u>12,049</u>	<u>116,732</u>

The capital reserve represents the excess value of the net assets over the cost of investment in the subsidiary undertakings and arises on consolidation.

24 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(Loss) for the financial year	211,651	(273,508)
Dividends	(350,000)	—
	<u>(138,349)</u>	<u>(273,508)</u>
Opening shareholders' equity funds	494,629	768,137
Closing shareholders' equity funds	<u>356,280</u>	<u>494,629</u>

25 Notes to the statement of cash flows

**Reconciliation of operating profit/(loss) to net cash
(outflow)/inflow from operating activities**

	2003 £	2002 £
Operating profit/(loss)	287,779	(370,728)
Depreciation	82,051	98,065
Loss on disposal of fixed assets	1,010	8,241
Increase in stocks	(67,223)	(77,664)
Decrease in debtors	181,691	556,851
(Decrease)/increase in creditors	(660,363)	229,186
Net cash (outflow)/inflow from operating activities	<u>(175,055)</u>	<u>443,951</u>

Returns on investments and servicing of finance

	2003 £	2002 £
Interest received	15,288	16,411
Interest paid	(10,599)	(5,063)
Net cash inflow from returns on investments and servicing of finance	<u>4,689</u>	<u>11,348</u>

Taxation

	2003 £	2002 £
Taxation	<u>142,769</u>	<u>(149,470)</u>

Capital expenditure

	2003 £	2002 £
Payments to acquire tangible fixed assets	(16,775)	(64,806)
Receipts from sale of fixed assets	11,598	27,901
Net cash outflow from capital expenditure	<u>(5,177)</u>	<u>(36,905)</u>

Financing

	2003 £	2002 £
Repayment of bank loans	(300,000)	300,000
Net cash (outflow)/inflow from financing	<u>(300,000)</u>	<u>300,000</u>

25 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
(Decrease)/increase in cash in the period	(682,774)	568,924
Net cash outflow from/(inflow) from bank loans	300,000	(300,000)
	<u>(382,774)</u>	<u>268,924</u>
Change in net funds	(382,774)	268,924
Net funds at 1 January 2003	715,178	446,254
Net funds at 31 December 2003	<u>332,404</u>	<u>715,178</u>

Analysis of changes in net funds

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	<u>1,015,178</u>	<u>(682,774)</u>	<u>332,404</u>
Debt:			
Debt due within 1 year	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
Net funds	<u>715,178</u>	<u>(382,774)</u>	<u>332,404</u>

26 Ultimate parent company

The ultimate parent undertaking of this company, and the largest 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.