

Fords Publicity (Bristol) Limited

Financial statements

For the year ended 31 December 2004

Grant Thornton 



A36
COMPANIES HOUSE

A3XRH6E2

0144
24/06/05

Company No. 1385669

Company information

Company registration number	1385669
Registered office	Discovery House 125 Redcliffe Street Bristol BS1 6HU
Directors	M Brown (retired - 31 August 2004) D J Morris M J Aspin
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 Queen Square BRISTOL BS1 4QR

Index

Report of the directors	4 - 5
Report of the independent auditors	6 - 7
Principal accounting policies	8 - 9
Group profit and loss account	10
Group balance sheet	11
Company balance sheet	12
Group cash flow statement	13
Notes to the financial statements	14 - 23

Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2004.

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.

This year was more difficult with fewer opportunities and many more companies competing for the same business, and not charging for design work.

During 2004 we strengthened our new business process and have increased our range of prospective clients ensuring that we target more varied retail sectors.

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 not recommended a dividend.

Directors

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

M Brown
D J Morris
M J Aspin

The directors had no interests in the shares of the company at 1 January 2004 and 31 December 2004 nor in any of the group companies headed by ARNO GmbH.

M J Aspin was appointed as a director on 31 August 2004.

M Brown retired as a director on 31 August 2004.

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

United Kingdom 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:

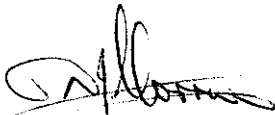
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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.

ON BEHALF OF THE BOARD



D J Morris

Director

17th June 2005

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 2004 which comprise the principal accounting policies, group profit and loss account, group balance sheet and company 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 report of the directors 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 group is not disclosed.

We read other information contained in the report of the directors 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.

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

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 2004 and of the loss 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

Bristol
17 June 2005

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 2004.

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.

Group profit and loss account

	Note	2004 £	2003 £
Group turnover	1	5,758,994	7,771,019
Cost of sales		(3,625,919)	(5,167,123)
Gross profit		2,133,075	2,603,896
Other operating charges	2	(2,208,279)	(2,316,117)
Operating (loss)/profit	3	(75,204)	287,779
Interest receivable	6	14,447	15,288
Interest payable and similar charges	7	(19,092)	(10,599)
(Loss)/profit on ordinary activities before taxation		(79,849)	292,468
Tax on (loss)/profit on ordinary activities	8	32,896	(80,817)
(Loss)/profit on ordinary activities after taxation	9	(46,953)	211,651
Dividends	10	—	(350,000)
Loss for the financial year	23	(46,953)	(138,349)

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.

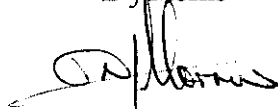
The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

Group balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	11	90,378	118,050
Investments	12	300	300
		90,678	118,350
Current assets			
Stocks	13	133,145	270,309
Debtors	14	1,071,944	756,054
Cash at bank		705,939	332,404
		1,911,028	1,358,767
Creditors: amounts falling due within one year	15	1,692,379	1,120,837
Net current assets		218,649	237,930
Total assets less current liabilities		309,327	356,280
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	173,663	220,616
Shareholders' funds	24	309,327	356,280

These financial statements were approved by the directors on 17th June 2005 and are signed on their behalf by:

D J Morris



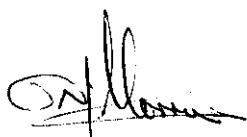
17th June 2005

Company balance sheet

	Note	2004 £	2003 £
Fixed assets			
Investments	12	<u>67,833</u>	<u>67,833</u>
Current assets			
Debtors	14	318,486	254,401
Cash at bank		<u>34,923</u>	<u>27,516</u>
		353,409	281,917
Creditors: amounts falling due within one year	15	<u>95,050</u>	<u>138,463</u>
Net current assets		258,359	143,454
Total assets less current liabilities		<u>326,192</u>	<u>211,287</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	12,049	12,049
Profit and loss account	23	<u>231,637</u>	<u>116,732</u>
Shareholders' funds		<u>326,192</u>	<u>211,287</u>

These financial statements were approved by the directors on 17th June 2005 and are signed on their behalf by:

D J Morris



17th June 2005

Group cash flow statement

	Note	2004 £	2003 £
Net cash outflow from operating activities	25	(11,286)	(175,055)
Returns on investments and servicing of finance	25	(4,645)	4,689
Taxation	25	(80,800)	142,769
Capital expenditure and financial investment	25	(29,734)	(5,177)
Equity dividends paid		–	(350,000)
Cash outflow before financing		<u>(126,465)</u>	<u>(382,774)</u>
Financing	25	500,000	(300,000)
Increase/(decrease) in cash	25	<u>373,535</u>	<u>(682,774)</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

	2004 £	2003 £
Administrative expenses	<u>2,208,279</u>	<u>2,316,117</u>

3 Operating (loss)/profit

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

	2004 £	2003 £
Depreciation of owned fixed assets	57,632	82,051
(Profit)/loss on disposal of fixed assets	(226)	1,010
Auditors' remuneration:		
Audit fees	12,000	11,500
Operating lease costs:		
Land and buildings	110,725	110,725
Vehicles	96,337	90,154
Net loss on foreign currency translation	<u>996</u>	<u>34,315</u>

4 Directors and employees

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

	2004	2003
	No	No
Production staff	7	9
Office administration and sales	14	14
Art studio	15	13
	<u>36</u>	<u>36</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	1,211,105	1,227,115
Social security costs	147,537	150,711
Other pension costs	55,324	50,324
	<u>1,413,966</u>	<u>1,428,150</u>

5 Directors

Remuneration in respect of directors was as follows:

	2004	2003
	£	£
Emoluments	250,976	206,012
Value of company pension contributions to money purchase schemes	29,731	19,496
	<u>280,707</u>	<u>225,508</u>

Emoluments of highest paid director:

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	108,574	103,666
Value of company pension contributions to money purchase schemes	12,070	9,804
	<u>120,644</u>	<u>113,470</u>

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

	2004	2003
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

6 Interest receivable

	2004 £	2003 £
Bank interest receivable	<u>14,447</u>	<u>15,288</u>

7 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowing	<u>19,092</u>	<u>10,599</u>

8 Tax on (loss)/profit from ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	(26,319)	80,817
Over provision in respect of prior year	(6,577)	—
Total current tax	<u>(32,896)</u>	<u>80,817</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	<u>(79,849)</u>	<u>292,468</u>
(Loss)/profit on ordinary activities multiplied by standard rate of tax	(23,955)	87,740
Expenses not deductible for tax purposes	8,794	9,246
Capital allowances for the period more than depreciation	(1,238)	5,306
Losses used	42,695	—
Losses carried back to earlier years	(46,607)	—
Pension contributions paid	(154)	—
Adjustments to tax charge in respect of previous periods	(6,577)	—
Marginal relief	(5,854)	(8,328)
Reduction in provisions	—	(13,147)
Total current tax (note 8(a))	<u>(32,896)</u>	<u>80,817</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 £114,905 (2003: £72,029) which is dealt with in the financial statements of the company.

10 Dividends

	2004	2003
	£	£
Equity dividends:		
Dividend paid on ordinary shares	<u>—</u>	<u>350,000</u>

11 Tangible fixed assets

Group	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£
Cost			
At 1 January 2004	561,163	91,919	653,082
Additions	56,755	—	56,755
Disposals	(10,822)	(91,377)	(102,199)
At 31 December 2004	<u>607,096</u>	<u>542</u>	<u>607,638</u>
Depreciation			
At 1 January 2004	464,304	70,728	535,032
Charge for the year	57,453	179	57,632
On disposals	(4,705)	(70,699)	(75,404)
At 31 December 2004	<u>517,052</u>	<u>208</u>	<u>517,260</u>
Net book value			
At 31 December 2004	<u>90,044</u>	<u>334</u>	<u>90,378</u>
At 31 December 2003	<u>96,859</u>	<u>21,191</u>	<u>118,050</u>

12 Investments

Group	Investments other than loans
	£
Cost	
At 1 January 2004 and 31 December 2004	<u>300</u>
Net book value	
At 31 December 2004	<u>300</u>
At 31 December 2003	<u>300</u>

12 Investments (continued)

Company	Investments other than loans £	Shares in group undertakings £
	300	67,533
		£
Cost		
At 1 January 2004 and 31 December 2004		<u>67,833</u>
Net book value		
At 31 December 2004		<u>67,833</u>
At 31 December 2003		<u>67,833</u>

At 31 December 2004 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

	2004 £	The group 2003 £	2004 £	The company 2003 £
Finished goods	135,520	296,519	-	-
Payments on account	(2,375)	(26,210)	-	-
	<u>133,145</u>	<u>270,309</u>	<u>-</u>	<u>-</u>

14 Debtors

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	912,146	574,509	—	—
Amounts owed by group undertakings	—	—	237,662	171,056
Corporation tax repayable	26,907	—	—	—
VAT recoverable	—	39,638	—	—
Other debtors	25,816	24,714	21,216	18,414
Prepayments and accrued income	107,075	117,193	59,608	64,931
	<u>1,071,944</u>	<u>756,054</u>	<u>318,486</u>	<u>254,401</u>

15 Creditors: amounts falling due within one year

	The group		The company	
	2004	2003	2004	2003
	£	£	£	£
Bank loan	500,000	—	—	—
Payments received on account	272,269	118,131	—	—
Trade creditors	483,932	376,487	—	—
Amounts owed to group undertakings	28,051	64,626	—	—
Corporation tax	—	86,789	19,700	22,204
Social security and other taxes	155,609	64,526	39,605	51,662
Accruals and deferred income	252,518	410,278	35,745	64,597
	<u>1,692,379</u>	<u>1,120,837</u>	<u>95,050</u>	<u>138,463</u>

The bank loan is unsecured and interest is charged on this loan at 6.93% 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 2004 the group had annual commitments under non-cancellable operating leases as set out below.

The group	2004		2003	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	8,984	-	8,347
Within 2 to 5 years	121,025	117,348	121,025	106,716
After more than 5 years	-	1,545	-	-
	<u>121,025</u>	<u>127,877</u>	<u>121,025</u>	<u>115,063</u>

Operating lease payments amounting to £248,902 (2003: £236,088) are due within one year.

19 Capital commitments

There were no capital commitments at 31 December 2004 or 31 December 2003.

20 Contingent liabilities

There were no contingent liabilities at 31 December 2004 or 31 December 2003.

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 ARNO Fords Limited a subsidiary company transacted with its wider group. It had sales of £nil (2003: £4,183) to and purchases of £nil (2003: £2,579) from ARNO GmbH and purchases of £nil (2003: £19,421) from ARNO Interactive GmbH.

ARNO Fords Limited also had sales of £nil (2003: £273) to and purchases of £960 (2003: £235,995) from ARNO Shop Services GmbH and purchases of £nil (2003: £4,822) from ARNO Design GmbH.

At 31 December 2004 amounts due to ARNO GmbH were £251 (2003: £1,052). At 31 December 2004 amounts due to ARNO Interactive GmbH were £924 (2003: £19,421). At 31 December 2004 amounts due to ARNO Shop Services GmbH were £26,877 (2003: £39,751).

22 Share capital

Authorised share capital:

	2004 £	2003 £
80,000 Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 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 2004	2,506	12,049	41,109	220,616
Loss for the year	—	—	—	(46,953)
At 31 December 2004	<u>2,506</u>	<u>12,049</u>	<u>41,109</u>	<u>173,663</u>

Company

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2004	2,506	12,049	116,732
Retained profit for the year	—	—	114,905
At 31 December 2004	<u>2,506</u>	<u>12,049</u>	<u>231,637</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

	2004 £	2003 £
(Loss)/profit for the financial year	(46,953)	211,651
Dividends	—	(350,000)
	<u>(46,953)</u>	<u>(138,349)</u>
Opening shareholders' equity funds	356,280	494,629
Closing shareholders' equity funds	<u>309,327</u>	<u>356,280</u>

25 Notes to the statement of cash flows

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

	2004 £	2003 £
Operating (loss)/profit	(75,204)	287,779
Depreciation	57,632	82,051
(Profit)/loss on disposal of fixed assets	(226)	1,010
Decrease/(increase) in stocks	137,164	(67,223)
(Increase)/decrease in debtors	(288,983)	181,691
Increase/(decrease) in creditors	158,331	(660,363)
Net cash outflow from operating activities	<u>(11,286)</u>	<u>(175,055)</u>

Returns on investments and servicing of finance

	2004 £	2003 £
Interest received	14,447	15,288
Interest paid	<u>(19,092)</u>	<u>(10,599)</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(4,645)</u>	<u>4,689</u>

Taxation

	2004 £	2003 £
Taxation	<u>(80,800)</u>	<u>142,769</u>

Capital expenditure

	2004 £	2003 £
Payments to acquire tangible fixed assets	(56,755)	(16,775)
Receipts from sale of fixed assets	27,021	11,598
Net cash outflow from capital expenditure	<u>(29,734)</u>	<u>(5,177)</u>

Financing

	2004 £	2003 £
Receipt from/(repayment) of bank loans	500,000	(300,000)
Net cash inflow/(outflow) from financing	<u>500,000</u>	<u>(300,000)</u>

25 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net funds

	2004 £	2003 £
Increase/(decrease) in cash in the period	373,535	(682,774)
Net cash (inflow)/outflow from bank loans	(500,000)	300,000
Change in net funds	(126,465)	(382,774)
Net funds at 1 January 2004	332,404	715,178
Net funds at 31 December 2004	<u>205,939</u>	<u>332,404</u>

Analysis of changes in net funds

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	332,404	373,535	705,939
Debt:			
Debt due within 1 year	–	(500,000)	(500,000)
Net funds	<u>332,404</u>	<u>(126,465)</u>	<u>205,939</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.